

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
HOPKINS, MINNESOTA**

**FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2024

**PREPARED BY THE
FINANCE DEPARTMENT**



CPAs | CONSULTANTS | WEALTH ADVISORS

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INDEPENDENT SCHOOL DISTRICT NO. 270
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INTRODUCTORY SECTION

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2024**

The Hopkins School Board — comprised of seven members elected at large by District residents — is the governing authority of Hopkins Public Schools. The responsibilities of the Board are primarily focused on three areas:

- Budget adoption, revenue management, and expenditure authorization
- Superintendent selection, contract, and evaluation
- Establishing District policy

The District Superintendent serves as an ex officio, nonvoting member of the Board.



Hopkins School Board members (standing, left to right): Dr Rhoda Mhiripiri-Reed, Superintendent; Shannon Andreson, Vice Chair, Steve Adams, Treasurer, Katie Pederson, Clerk, (seated, left to right): Rachel Hartland, Director, Jen Westmoreland, Board Chair, Jason Ross, Director; Tanya Khan, Director

ADMINISTRATION

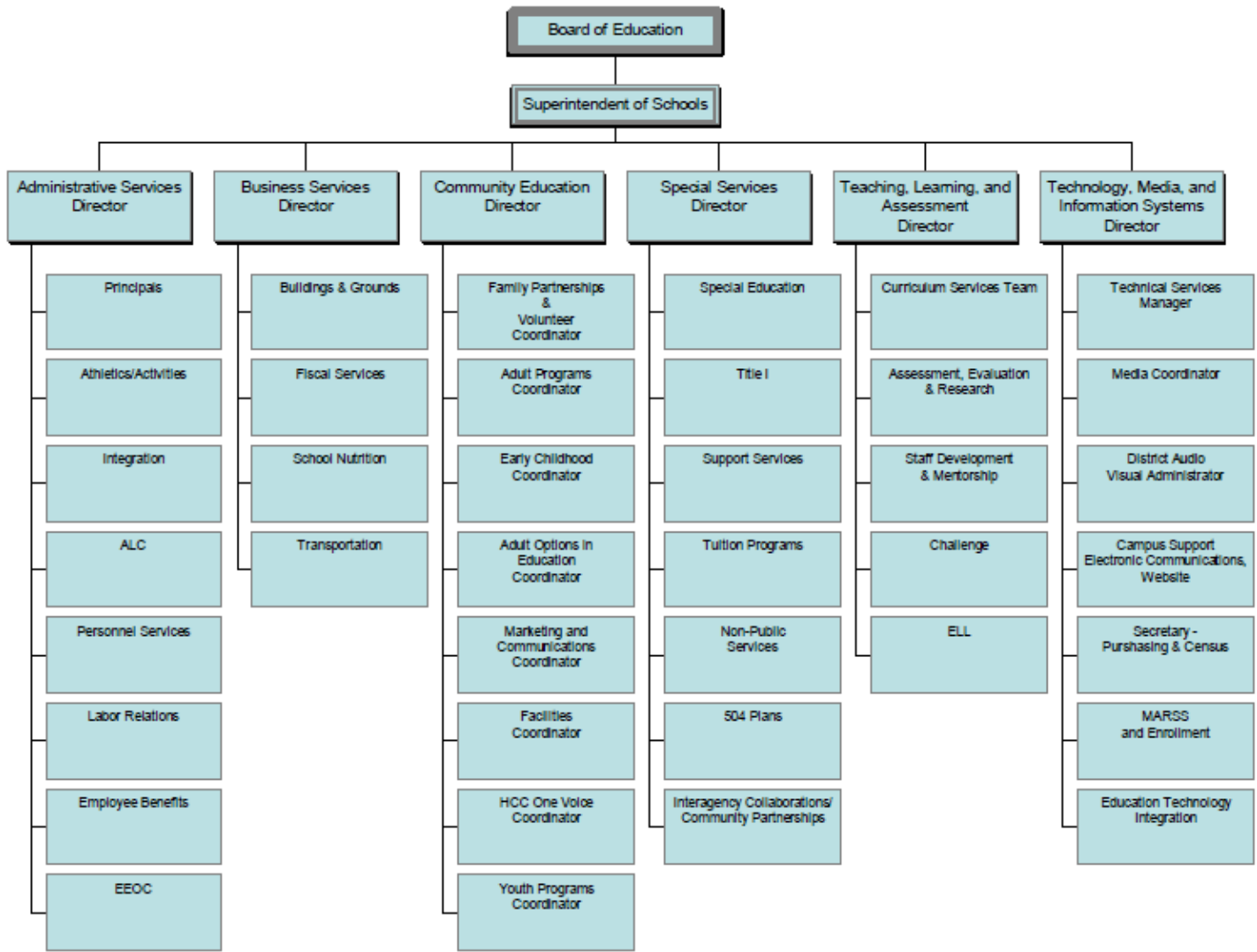
Dr. Rhoda Mhiripiri-Reed
Nik Lightfoot

Superintendent
Assistant Superintendent

District Offices:

Independent School District No. 270
Hopkins Public Schools
1001 Highway 7
Hopkins, MN 55305-4722
(952) 988-4000

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
ORGANIZATIONAL STRUCTURE
JUNE 30, 2024**



FINANCIAL SECTION



Independent Auditor's Report

To the School Board
Independent School District No. 270
Hopkins, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 270, Hopkins, Minnesota, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 270, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Independent School District No. 270 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Prior Period Restatements

As discussed in Note 16, prior period restatements were required to correct errors identified that related to previously issued financial statements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The management of Independent School District No. 270 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BerganKDV, Ltd.

Minneapolis, Minnesota
February 4, 2026

REQUIRED SUPPLEMENTARY INFORMATION

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

This section of Hopkins Public Schools – Independent School District No. 270's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the District's basic financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2023-2024 fiscal year include the following:

- Net position of the District in total increased by \$19,751,186, from June 30, 2023, as restated, resulting in an ending net position of \$15,749,202.
- Overall General Fund revenues were \$140,946,835 as compared to \$137,623,939 of expenditures.
- Total fund balance of the General Fund increased by \$7,072,353 from the prior year, this is primarily due to having increased state aid and tax revenue without a corresponding increase in expenditures during fiscal year 2024.
- The District had \$133,460,000 in General Obligation Bonds outstanding at year-end.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *Government-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the Government-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates *like businesses*.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or custodian* for the benefit of others to whom the resources belong. The District does not currently have any fiduciary funds.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

Government-Wide Statements

The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Government-wide statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the Government-wide financial statements the District's activities are shown in one category:

- *Governmental Activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds* – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The District has two kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, we provide additional information at the bottom of the governmental funds statements to explain the relationship (or differences) between them.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

- The District uses *internal service funds* to report activities that provide supplies and services for the District's other programs and activities. The District currently has an internal service fund for self-insurance of health and dental benefits, for its OPEB Revocable Trust and for a Retiree Severance Fund.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's *combined* net position was \$15,749,202 on June 30, 2024.

**Table A-1
The District's Net Position**

	Governmental Activities as of June 30,		Percentage Change
	2024	2023	
Current and Other Assets	\$ 155,144,880	\$ 150,619,906	3.00 %
Capital Assets	188,625,241	188,464,675	0.09
Total Assets	<u>343,770,121</u>	<u>339,084,581</u>	1.38
Deferred Outflows of Resources	24,705,464	30,426,737	(18.80)
Current Liabilities	10,450,751	13,147,422	(20.51)
Long-Term Liabilities	259,594,485	271,126,846	(4.25)
Total Liabilities	<u>270,045,236</u>	<u>284,274,268</u>	(5.01)
Deferred Inflows of Resources	<u>81,518,604</u>	<u>87,882,023</u>	(7.24)
Net Position:			
Net Investment in Capital Assets	43,064,309	31,956,736	34.76
Restricted	24,758,930	30,561,149	(18.99)
Unrestricted	<u>(52,074,037)</u>	<u>(66,450,683)</u>	(21.64)
Total Net Position	<u>\$ 15,749,202</u>	<u>\$ (3,932,798)</u>	(500.46)

Net position of the District increased by \$19,751,186 from the June 30, 2023, as restated, amount primarily due to a decrease in the deferred inflows of resources related to the statewide administered pension plan. There was also a very significant decrease in long term debt obligations of the School District during fiscal year 2024.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

Changes in Net Position

The District's total revenues were \$173,948,795 for the year ended June 30, 2024. Property taxes and state formula aid accounted for 75% of total revenue for the year (see Figure A-2). Another 3% came from other general revenues combined with investment earnings and the remaining 22% from program revenues.

**Table A-2
Change in Net Position**

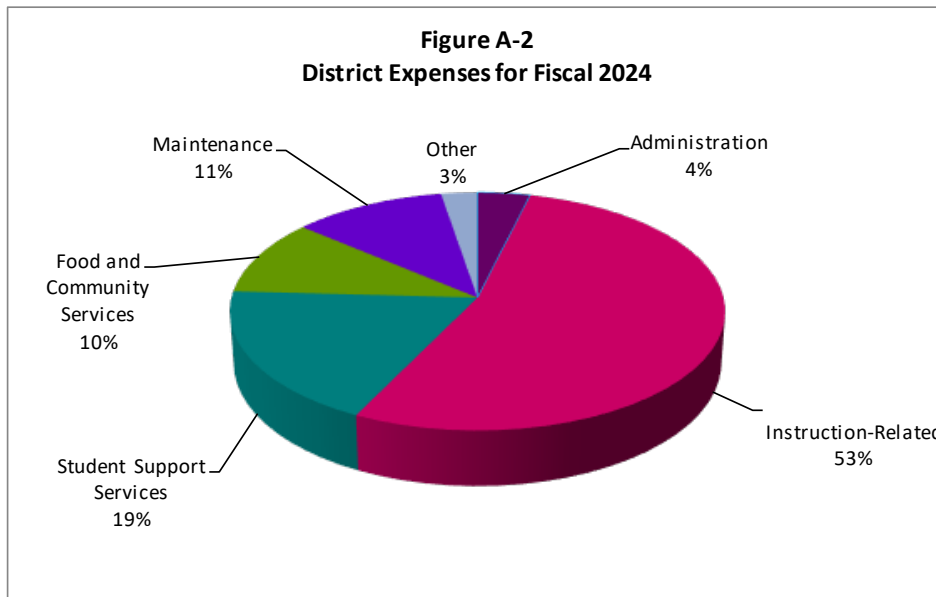
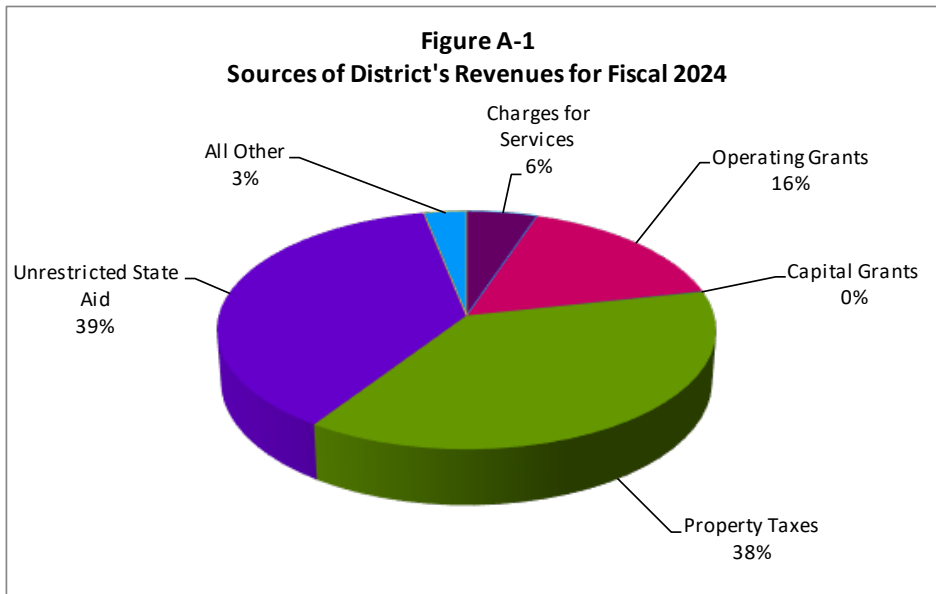
	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2024	2023	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 8,950,748	\$ 9,021,465	(0.78)%
Operating Grants and Contributions	28,617,685	22,025,618	29.93
Capital Grants and Contributions	165,823	212,676	(22.03)
<u>General Revenues</u>			
Property Taxes	65,439,069	60,035,544	9.00
Unrestricted State Aid	64,864,838	58,187,707	11.48
Earnings on Investments	4,511,717	2,678,910	68.42
Other	1,398,915	537,492	160.27
Total Revenues	<u>173,948,795</u>	<u>152,699,412</u>	13.92
Expenses			
Administration	5,910,690	4,749,210	24.46
District Support Services	9,951,822	8,106,902	22.76
Regular Instruction	61,359,322	49,617,854	23.66
Vocational Education Instruction	1,098,882	897,262	22.47
Special Education Instruction	19,961,298	13,477,596	48.11
Instructional Support Services	4,929,685	4,164,552	18.37
Pupil Support Services	13,769,984	10,861,936	26.77
Sites and Buildings	17,255,369	13,485,476	27.96
Fiscal and Other Fixed Cost Programs	586,773	488,519	20.11
Food Service	4,789,365	4,216,548	13.58
Community Service	11,080,835	9,454,180	17.21
Interest and Fiscal Charges on Long-Term Liabilities	3,503,584	4,271,550	(17.98)
Total Expenses	<u>154,197,609</u>	<u>123,791,585</u>	24.56
Change in Net Position	19,751,186	28,907,827	
Beginning Net Position	(3,932,798)	(32,840,625)	
Prior Period Restatement - See Note 16	(69,186)	-	
Beginning Net Position, as Restated	<u>(4,001,984)</u>	<u>(32,840,625)</u>	
Ending Net Position	<u>\$ 15,749,202</u>	<u>\$ (3,932,798)</u>	

The total cost of all programs and services was \$154,197,609. Total revenues exceeded expenses increasing net position by \$19,751,186 from the prior year net position.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

The total revenues of all *governmental* activities this year was \$173,948,795

- Some of the cost was paid by the users of the District's programs (\$8,950,748).
- The federal and state governments subsidized certain programs with grants and contributions (\$28,769,959).
- Most of the District's costs (\$130,303,907), however, were paid for by District taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with \$65,439,069 in property taxes, and \$64,864,838 of unrestricted state aid based on the statewide education aid formula.



**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

All governmental funds include not only the funds received for the general operation of the District, which are used for classroom instruction, but also include resources from the entrepreneurial-type funds of Food Service and Community Education, and from resources for fiscal service transactions. Funding for the general operation of the District is controlled by the state and the District does not have the latitude to allocate money received in Food Service or Community Education or for fiscal services to enhance classroom instruction resources. The District cannot take funds from these restricted areas and use the funds to hire teachers to enhance instruction.

**Table A-3
Program Expenses and Net Cost of Services**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2024	2023		2024	2023	
Administration	\$ 5,910,690	\$ 4,749,210	24.46 %	\$ 5,432,981	\$ 4,761,527	14.10 %
District Support Services	9,951,822	8,106,902	22.76	9,942,503	73,935,957	(86.55)
Regular Instruction	61,359,322	49,617,854	23.66	56,035,987	30,285,279	85.03
Vocational Education Instruction	1,098,882	897,262	22.47	1,069,360	874,213	22.32
Special Education Instruction	19,961,298	13,477,596	48.11	3,935,240	725,424	442.47
Instructional Support Services	4,929,685	4,164,552	18.37	4,872,364	4,141,765	17.64
Pupil Support Services	13,769,984	10,861,936	26.77	13,721,497	10,598,962	29.46
Sites and Buildings	17,255,369	13,485,476	27.96	16,151,308	12,452,897	29.70
Fiscal and Other Fixed Cost Programs	586,773	488,519	20.11	586,773	488,519	20.11
Food Service	4,789,365	4,216,548	13.58	120,657	232,443	48.09
Community Service	11,080,835	9,454,180	17.21	1,091,099	535,295	(103.83)
Interest and Fiscal Charges on Long-Term Liabilities	3,503,584	4,271,550	(17.98)	3,503,584	4,271,550	(17.98)
Total	<u>\$ 154,197,609</u>	<u>\$ 123,791,585</u>	24.56	<u>\$ 116,463,353</u>	<u>\$ 143,303,831</u>	(18.73)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$43,073,124, or \$876,275 more than last year's ending fund balance of \$42,196,849, as restated.

Total revenues and other financing sources for the District's governmental funds were \$177,146,346 while total expenditures and other financing uses were \$176,270,071.

GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12 including pupil transportation activities and capital outlay projects.

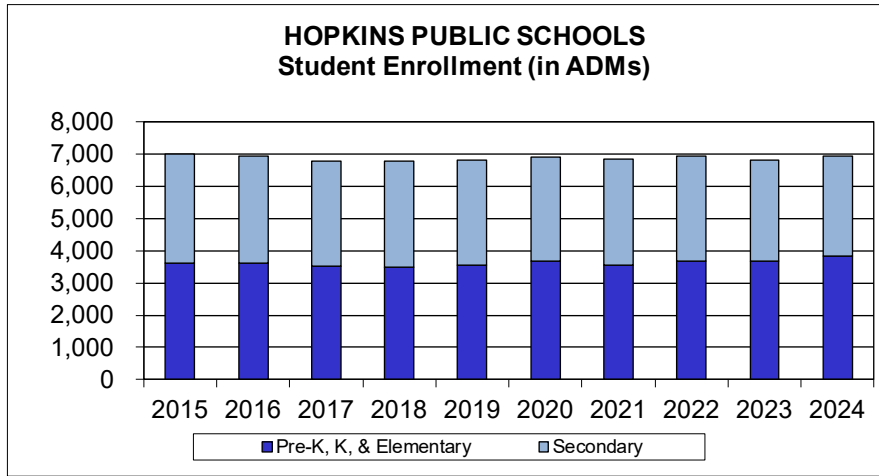
Approximately 60% of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having no meaningful authority to determine the level of resources. This includes special education state aid that is based upon a cost reimbursement model providing approximately 68% of personnel expenditures. Other state formulas then determine what portion of the revenue will be provided by property taxes and what portion will come from state aid.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

ENROLLMENT

Enrollment is a critical factor in determining revenue with approximately 60% of General Fund revenue being determined by enrollment. The following chart shows that the number of students has decreased slightly over the last 10 years.

**Table A-4
Ten-Year Enrollment Trend
Average Daily Membership (ADM)**



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Pre-K & KH	91.51	101.71	110.70	120.03	133.02	176.14	151.59	157.87	172.30	128.19
Reg K	505.31	504.80	425.27	448.38	455.36	495.58	460.46	534.40	480.53	575.57
Elementary	3,025.60	3,016.15	2,991.90	2,909.26	2,952.53	2,991.80	2,949.82	2,984.59	3,030.43	3,133.91
Pre-K, K, & Elementary	3,622.42	3,622.66	3,527.87	3,477.67	3,540.91	3,663.52	3,561.87	3,676.86	3,683.26	3,837.67
Secondary	3,370.47	3,302.99	3,251.02	3,292.46	3,286.16	3,250.18	3,296.99	3,257.18	3,127.74	3,106.37
Total Students for Aid	6,992.89	6,925.65	6,778.89	6,770.13	6,827.07	6,913.70	6,858.86	6,934.04	6,811.00	6,944.04
Percent Change	0.29%	-0.96%	-2.12%	-0.13%	0.84%	1.27%	-0.79%	1.10%	-1.77%	1.95%

Over the last 10 years, the District has experienced a net decrease in average daily membership of 49 students, or (0.007)%. It is anticipated that enrollment will remain flat in the next five years, due to school choice and the expansion of charter networks. The District continues to market and accept open enrollment students to mitigate some of the natural decline.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

The following schedule presents a summary of General Fund Revenues.

**Table A-5
General Fund Revenues**

	Year Ended		Change	
	June 30, 2024	June 30, 2023	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 50,147,292	\$ 41,759,192	\$ 8,388,100	20.1 %
Earnings on Investments	1,658,769	650,672	1,008,097	154.9
Other	4,334,989	3,794,174	540,815	14.3
State Sources	78,445,390	68,350,609	10,094,781	14.8
Federal Sources	6,360,395	5,884,899	475,496	8.1
Total General Fund Revenue	<u>\$ 140,946,835</u>	<u>\$ 120,439,546</u>	<u>\$ 20,507,289</u>	17.0

Total General Fund Revenue increased by \$20,507,289 or 17% from the previous year. Basic general education revenue is determined by multiple state formulas, largely enrollment driven, and consists of an equalized mix of property tax and state aid revenue. Other state-authorized revenue may also involve an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net change on total revenue.

Local property tax revenue increased by \$8,388,100, or 20.1%. Earnings on investments increased by \$1,008,097.

State Sources increased by \$10,094,781, or 14.8%, Federal Sources increased by 475,496 or 8.1%, and Other revenue increased by \$475,496, or 8.1%.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

The following schedule presents a summary of General Fund Expenditures.

**Table A-6
General Fund Expenditures**

	Year Ended		Change	
	June 30, 2024	June 30, 2023	Increase (Decrease)	Percent Change
Salaries	\$ 71,580,806	\$ 67,472,972	\$ 4,107,834	6.1 %
Employee Benefits	25,228,720	23,554,265	1,674,455	7.1
Purchased Services	23,389,051	19,681,398	3,707,653	18.8
Supplies and Materials	3,096,541	4,333,359	(1,236,818)	(28.5)
Capital Expenditures	11,897,391	6,514,550	5,382,841	82.6
Debt Service	1,719,343	782,849	936,494	119.6
Other Expenditures	712,087	381,988	330,099	86.4
Total General Fund Expenditures	<u>\$ 137,623,939</u>	<u>\$ 122,721,381</u>	<u>\$ 14,902,558</u>	12.1

Total General Fund Expenditures increased \$14,902,558 or 12.1% from the previous year. The major factor driving the increase from 2022-2023 to 2023-2024 were increases in employee benefits due to increased expenditures in workers compensation claims and increased salaries expenditures due to increased cost of labor across different bargaining groups. Purchased services expenditures increased due to escalating transportation contracts, financial services contracts, as well as additional consulting support for social emotional and mental wellness of students. Capital expenditures increased significantly due to work being performed on building construction and the purchase of additional equipment during fiscal year 2024.

In fiscal 2023-2024, General Fund revenues and other financing sources were greater than expenditures by \$7,072,353. Therefore, total fund balance increased from \$20,249,166, as restated at June 30, 2023 to \$27,321,519 as of June 30, 2024. After deducting statutory categories of fund balance and District commitments and assignments, the General Fund unassigned fund balance increased from \$11,648,357 at June 30, 2023 to \$16,324,754 at June 30, 2024. This represents about 12% of 2023-2024 total general fund expenditures. The School Board fund balance policy states that the administration shall plan and manage annual revenue and expenditure budgets that provide a General Fund unassigned fund balance of no less than 6% of annual expenditures and treats any excess above 6% as a contingency reserve to be utilized for nonrecurring costs.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

General Fund Budgetary Highlights

Following approval of the budget prior to the beginning of the fiscal year, the District revises the annual operating budget in mid-year. These budget amendments typically fall into two categories:

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over.
- Legislation passed subsequent to budget adoption, changes necessitated by collective bargaining agreements, and increases in appropriations for significant unbudgeted costs.

Actual revenues were \$81,104 or 0.06% less than budgeted, while expenditures were \$3,403,503 or 2.41% less than budgeted.

While the District's final budget for the General Fund anticipated that fund balance would increase by \$497, the actual results for the year show that fund balance increased in total by \$7,072,353.

CAPITAL PROJECTS AND DEBT SERVICE FUNDS

In the Capital Projects Fund, expenditures exceeded revenues by \$7,605,209 in 2023-2024. The ending Capital Projects fund balance at June 30, 2024 is \$4,222,048. These funds are restricted for future capital projects.

In the Debt Service Fund, expenditures exceeded revenues by \$347,905 in 2023-2024. The ending Debt Service fund balance at June 30, 2024 of \$4,444,534 is restricted for meeting future regular debt service obligations.

OTHER MAJOR FUNDS

Revenue exceeded expenditures by \$307,887, resulting in the fund balance of the Food Service Fund ending at \$1,102,615 for 2023-2024. In the Community Service Fund revenue exceeded expenditures by \$1,449,149 and resulted in the fund balance of the Community Service Fund ending at \$5,982,408 with all of that being restricted for community education programs.

From the standpoint of maintaining current operating expenditures within the range of annual revenue and maintaining a sound fund balance, the Food Service and Community Service funds have respective budgets for 2024-2025 that allow them to continue to operate on a sound financial basis.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2024, the District had invested approximately \$387 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Table A-7). More detailed information about capital assets can be found in Note 4 to the financial statements. Total depreciation and amortization expense for the year was approximately \$14.4 million.

**Table A-7
Capital Assets**

	2024	2023	Percentage Change
Land	\$ 2,867,600	\$ 2,867,600	-
Construction in Progress	-	5,012,192	(100.0)
Land Improvements	30,286,522	26,729,697	13.3
Buildings and Improvements	297,523,620	286,855,118	3.7
Equipment	56,719,492	51,686,298	9.7
Less: Accumulated Depreciation and Amortization	(198,771,993)	(184,686,230)	7.6
Total Capital Assets	<u>\$ 188,625,241</u>	<u>\$ 188,464,675</u>	0.1

Construction – Next Five Years

In fiscal year 2024, the District continued its 19-year (19th construction year) of a rolling 10-year program to address in excess of \$180 million in deferred maintenance needs, with an emphasis on improving indoor air quality and roof, parking lot and window replacement. The revised 10-year facilities management plan identified \$8.5 million in projects for Phase IX for fiscal year 2024. The program name has also changed from the Alternative Facilities Bonding and Levy program to the Long-Term Facilities Maintenance Revenue (LTFMR) program.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

Long-Term Liabilities

At year-end, the District had \$133,460,000 in general obligation bonds outstanding – a decrease of 6.8% from last year – as shown in Note 5 to the financial statements. Net Pension Payable represents the District's proportionate share of the Public Employees' Retirement Association of Minnesota General Employees' Retirement Fund's net pension liability, the District's portion of the Teacher's Retirement Association's Coordinated and Basic Plan net pension liability, as well as the net pension liability of the District's supplemental pension plan. The District's pension benefits payable related to these net pension liabilities decreased \$2,587,637 or 2.7%. The District's liability for postemployment severance and health benefits payable decreased by a net amount of \$158,299, representing a modest change.

**Table A-8
The District's Long-Term Liabilities**

	2024	2023	Percentage Change
Net Pension Liability	\$ 94,365,072	\$ 96,952,709	(2.7)%
Other Postemployment Benefits Payable	22,073,733	22,232,032	(0.7)
Other Long-Term Liabilities:			
General Obligation Bonds	133,460,000	143,190,000	(6.8)
Bond Premiums	6,138,150	7,418,485	(17.3)
Financed Purchases	3,959,097	1,573,537	151.6
Leases Payable	760,976	1,047,908	(27.4)
Total Long-Term Liabilities	<u>\$ 260,757,028</u>	<u>\$ 272,414,671</u>	(4.3)
Long-Term Liabilities:			
Due Within One Year	\$ 14,234,576	\$ 13,823,410	3.0 %
Due in More Than One Year	246,522,452	258,591,261	(4.7)
Total	<u>\$ 260,757,028</u>	<u>\$ 272,414,671</u>	(4.3)

FACTORS BEARING ON THE DISTRICT'S FUTURE

Hopkins Public Schools remained financially stable as of June 30, 2024. Hopkins Public Schools remained financially stable as of June 30, 2024. The economy of the district is robust and the enrollment trend is positive. Resident income is healthy at 121% of the US median. The three year enrollment trend is stable.

The state legislature set the budget for a 4% increase in per pupil funding for 2023-24 and 2% increase for 2024-25. A 4% increase in per pupil funding was assumed when creating the FY2023-24 budgets. Hopkins Public Schools remain in a stable fiscal position assuming conservative increases for education funding in the future.

Hopkins Public Schools will need to continue to look at possible ways to increase other nonstate revenue and continue to identify efficiencies to control expenditures for fiscal year 2024-2025 and beyond.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

Hopkins Public Schools utilizes a financial planning model that incorporates anticipated revenue and expenditure increases to more closely monitor the finances of the District on a long-range basis. The model anticipates separately the amount of reductions necessary due to declining student enrollment, which Hopkins Public Schools has experienced in the near past. The model is also intended to show the total amount of reductions necessary for the District to adhere to its fund balance policy, while striving to maintain its long-standing commitment to academic excellence and educational opportunity for students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District 270, 1001 Highway 7, Hopkins, Minnesota 55305.

BASIC FINANCIAL STATEMENTS

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF NET POSITION
JUNE 30, 2024**

ASSETS

Cash and Investments	\$ 101,244,276
Cash with Fiscal Agent	29,000
Receivables:	
Property Taxes	36,302,694
Other Governments	15,058,687
Other	1,074,003
Leases	594,525
Prepays	607,547
Inventory	234,148
Capital Assets:	
Land and Construction in Progress	2,867,600
Other Capital Assets, Net of Depreciation and Amortization	185,757,641
Total Assets	343,770,121

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Resources Related to Other Postemployment Benefits	2,623,596
Deferred Outflows of Resources Related to Pensions	22,081,868
Total Deferred Outflows	24,705,464

LIABILITIES

Salaries Payable	973,807
Accounts and Contracts Payable	4,175,244
Accrued Interest	1,941,540
Due to Other Governmental Units	1,570,759
Unearned Revenue	1,789,401
Long-Term Liabilities:	
Net Pension Liability Due Within One Year	1,162,543
Net Pension Liability	93,202,529
Other Postemployment Benefits Due Within One Year	1,911,625
Other Postemployment Benefits Payable Due in More than One Year	20,162,108
Bonds and Other Liabilities Due Within One Year	11,160,408
Bonds and Other Liabilities Due in More Than One Year	133,157,815
Total Liabilities	271,207,779

DEFERRED INFLOWS OF RESOURCES

Property Taxes Levied for Subsequent Year	66,497,768
Gains on Debt Refunding	306,245
Deferred Inflows of Resources Related Other Postemployment Benefits	2,521,082
Deferred Inflows of Resources Related to Pensions	11,525,342
Leases	668,167
Total Deferred Inflows of Resources	81,518,604

NET POSITION

Net Investment in Capital Assets	43,064,309
Restricted for:	
General Fund State-Mandated Reserves	3,953,130
Food Service	1,102,615
Community Service	5,989,712
Debt Service	2,566,221
Capital Projects	11,147,252
Unrestricted	(52,074,037)
Total Net Position	\$ 15,749,202

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

2024

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and
					Change in Net Position
					Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
Administration	\$ 5,910,690	\$ 65,809	\$ 246,077	\$ 165,823	\$ (5,432,981)
District Support Services	9,951,822	9,319	-	-	(9,942,503)
Regular Instruction	61,359,322	794,723	4,528,612	-	(56,035,987)
Vocational Education Instruction	1,098,882	133	29,389	-	(1,069,360)
Special Education Instruction	19,961,298	-	16,026,058	-	(3,935,240)
Instructional Support Services	4,929,685	-	57,321	-	(4,872,364)
Pupil Support Services	13,769,984	26,439	22,048	-	(13,721,497)
Sites and Buildings	17,255,369	601,261	502,800	-	(16,151,308)
Fiscal and Other Fixed Cost Programs	586,773	-	-	-	(586,773)
Food Service	4,789,365	406,325	4,262,383	-	(120,657)
Community Service	11,080,835	7,046,739	2,942,997	-	(1,091,099)
Interest and Fiscal Charges on Long-Term Liabilities	3,503,584	-	-	-	(3,503,584)
Total School District	<u>\$ 154,197,609</u>	<u>\$ 8,950,748</u>	<u>\$ 28,617,685</u>	<u>\$ 165,823</u>	<u>(116,463,353)</u>
GENERAL REVENUES					
Property Taxes Levied for:					
General Purposes					49,903,292
Community Service					1,527,479
Debt Service					14,008,298
State Aid Not Restricted to Specific Purposes					64,864,838
Investment Income					4,511,717
Miscellaneous					1,398,915
Total General Revenues					<u>136,214,539</u>
CHANGE IN NET POSITION					
19,751,186					
Net Position - Beginning of Year					
(3,932,798)					
Prior Period Restatement - See Note 16					
(69,186)					
Net Position - Beginning of Year, as Restated					
<u>(4,001,984)</u>					
NET POSITION - END OF YEAR					
<u>\$ 15,749,202</u>					

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General	Food Service	Community Service	Capital Projects	Debt Service	Total
ASSETS						
Cash and Investments	\$ 38,099,414	\$ 921,776	\$ 7,417,588	\$ 4,729,463	\$ 11,460,118	\$ 62,628,359
Cash with Fiscal Agent	-	-	-	29,000	-	29,000
Receivables:						
Current Property Taxes	28,152,380	-	530,183	-	7,224,549	35,907,112
Delinquent Property Taxes	293,086	-	9,489	-	93,007	395,582
Accounts and Interest Receivable	821,246	2,748	3,201	-	-	827,195
Due from Other Minnesota School Districts	8,177	2,792	-	-	-	10,969
Due from Minnesota Department of Education	7,643,603	95,797	208,023	-	-	7,947,423
Due from Federal through Minnesota Department of Education	5,976,898	104,604	239,217	-	-	6,320,719
Due from Other Governmental Units	674,695	-	104,881	-	-	779,576
Leases Receivable	594,525	-	-	-	-	594,525
Inventory	124,784	109,364	-	-	-	234,148
Prepays	171,556	1,402	-	434,589	-	607,547
Total Assets	<u>\$ 82,560,364</u>	<u>\$ 1,238,483</u>	<u>\$ 8,512,582</u>	<u>\$ 5,193,052</u>	<u>\$ 18,777,674</u>	<u>\$ 116,282,155</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Salaries Payable	\$ 442,555	\$ 12,094	\$ 157,312	\$ -	\$ -	\$ 611,961
Payroll Deductions and Employer Contributions Payable	105,916	49,939	200,451	5,540	-	361,846
Accounts and Contracts Payable	1,605,831	20,280	316,939	965,464	3,326	2,911,840
Due to Other Governmental Units	1,055,127	-	515,632	-	-	1,570,759
Unearned Revenue	-	53,555	285,563	-	-	339,118
Total Liabilities	<u>3,209,429</u>	<u>135,868</u>	<u>1,475,897</u>	<u>971,004</u>	<u>3,326</u>	<u>5,795,524</u>
Deferred Inflows of Resources:						
Unavailable Revenue - Property Taxes Levied for Subsequent Year	51,184,208	-	1,046,973	-	14,266,587	66,497,768
Unavailable Revenue - Delinquent Property Taxes	177,041	-	7,304	-	63,227	247,572
Leases	668,167	-	-	-	-	668,167
Total Deferred Inflows of Resources	<u>52,029,416</u>	<u>-</u>	<u>1,054,277</u>	<u>-</u>	<u>14,329,814</u>	<u>67,413,507</u>
Fund Balances:						
Nonspendable:						
Inventory	124,784	109,364	-	-	-	234,148
Prepays	171,556	1,402	-	434,589	-	607,547
Restricted for:						
Student Activities	205,063	-	-	-	-	205,063
Scholarships	144,717	-	-	-	-	144,717
Staff Development	1,180,134	-	-	-	-	1,180,134
Capital Projects Levy	5,496,004	-	-	4,153,904	-	9,649,908
School Library	82,656	-	-	-	-	82,656
Student Support Personnel	90,330	-	-	-	-	90,330
Medical Assistance	1,315,094	-	-	-	-	1,315,094
Community Education	-	-	5,404,642	-	-	5,404,642
Early Childhood and Family Education	-	-	236,933	-	-	236,933
School Readiness	-	-	93,552	-	-	93,552
Adult Basic Education	-	-	247,281	-	-	247,281
Safe Schools Levy	935,136	-	-	-	-	935,136
Long-Term Facilities Maintenance	126,291	-	-	-	-	126,291
Food Service	-	991,849	-	-	-	991,849
Debt Service	-	-	-	-	4,444,534	4,444,534
Assigned for:						
Enrollment Contingency	500,000	-	-	-	-	500,000
Transportation	625,000	-	-	-	-	625,000
Unassigned	16,324,754	-	-	(366,445)	-	15,958,309
Total Fund Balances	<u>27,321,519</u>	<u>1,102,615</u>	<u>5,982,408</u>	<u>4,222,048</u>	<u>4,444,534</u>	<u>43,073,124</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 82,560,364</u>	<u>\$ 1,238,483</u>	<u>\$ 8,512,582</u>	<u>\$ 5,193,052</u>	<u>\$ 18,777,674</u>	<u>\$ 116,282,155</u>

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

Total Fund Balance for Governmental Funds \$ 43,073,124

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	2,867,600
Land Improvements, Net of Accumulated Depreciation	13,122,450
Buildings and Improvements, Net of Accumulated Depreciation	147,455,829
Equipment, Net of Accumulated Depreciation and Amortization	25,179,362

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows in the funds.

247,572

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

(1,941,540)

The District's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:

Net Pension Liability	(94,365,072)
Deferred Inflows of Resources - Pensions	(11,525,342)
Deferred Outflows of Resources - Pensions	22,081,868

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long term - are reported in the statement of net position. Balances at year-end are:

Bonds Payable	(133,460,000)
Unamortized Premiums	(6,138,150)
Unamortized Deferred Gains on Refunding	(306,245)
Financed Purchases	(3,959,097)
Leases Payable	(760,976)

The District's other postemployment benefits liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:

Other Postemployment Benefits Payable	(22,073,733)
Deferred Inflows of Resources - Other Postemployment Benefits	(2,521,082)
Deferred Outflows of Resources - Other Postemployment Benefits	2,623,596

Internal service funds are used by management to charge the costs of health and dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end is:

36,149,038

Total Net Position of Governmental Activities

\$ 15,749,202

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024**

	General	Food Service	Community Service	Capital Projects	Debt Service	Total
REVENUES						
Local Sources:						
Property Taxes	\$ 50,147,292	\$ -	\$ 1,537,485	\$ -	\$ 14,133,169	\$ 65,817,946
Investment Income	1,658,769	111,170	564,933	465,247	253,598	3,053,717
Other	4,334,989	409,977	7,474,125	-	-	12,219,091
State Sources	78,445,390	1,973,312	2,551,906	-	-	82,970,608
Federal Sources	6,360,395	2,629,807	345,325	-	-	9,335,527
Total Revenues	<u>140,946,835</u>	<u>5,124,266</u>	<u>12,473,774</u>	<u>465,247</u>	<u>14,386,767</u>	<u>173,396,889</u>
EXPENDITURES						
Current:						
Administration	6,439,791	-	-	-	-	6,439,791
District Support Services	9,142,852	-	-	-	-	9,142,852
Elementary and Secondary Regular Instruction	54,471,156	-	-	-	-	54,471,156
Vocational Education Instruction	1,217,200	-	-	-	-	1,217,200
Special Education Instruction	21,617,436	-	-	-	-	21,617,436
Instructional Support Services	5,020,293	-	-	-	-	5,020,293
Pupil Support Services	13,131,558	-	-	-	-	13,131,558
Sites and Buildings	12,024,958	-	-	2,528,996	-	14,553,954
Fiscal and Other Fixed Cost Programs	586,773	-	-	-	-	586,773
Food Service	-	4,764,658	-	-	-	4,764,658
Community Service	355,188	-	10,974,724	-	-	11,329,912
Capital Outlay	11,897,391	51,721	49,901	5,541,460	-	17,540,473
Debt Service:						
Principal	1,650,829	-	-	-	9,730,000	11,380,829
Interest and Fiscal Charges	68,514	-	-	-	5,004,672	5,073,186
Total Expenditures	<u>137,623,939</u>	<u>4,816,379</u>	<u>11,024,625</u>	<u>8,070,456</u>	<u>14,734,672</u>	<u>176,270,071</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,322,896	307,887	1,449,149	(7,605,209)	(347,905)	(2,873,182)
OTHER FINANCING SOURCES (USES)						
Leases	67,798	-	-	-	-	67,798
Finance Purchase Agreement	3,681,659	-	-	-	-	3,681,659
Total Other Financing Sources (Uses)	<u>3,749,457</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,749,457</u>
NET CHANGE IN FUND BALANCES	7,072,353	307,887	1,449,149	(7,605,209)	(347,905)	876,275
FUND BALANCES						
Beginning of Year, as Originally Reported	20,466,038	1,031,171	5,438,541	11,827,257	4,116,302	42,879,309
Prior Period Restatement - See Note 16	(216,872)	(236,443)	(905,282)	-	676,137	(682,460)
Beginning of Year, as Restated	<u>20,249,166</u>	<u>794,728</u>	<u>4,533,259</u>	<u>11,827,257</u>	<u>4,792,439</u>	<u>42,196,849</u>
End of Year	<u>\$ 27,321,519</u>	<u>\$ 1,102,615</u>	<u>\$ 5,982,408</u>	<u>\$ 4,222,048</u>	<u>\$ 4,444,534</u>	<u>\$ 43,073,124</u>

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Net Change in Fund Balance - Total Governmental Funds	\$ 876,275
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation or amortization expense. The amount by which capital outlays exceeded depreciation and amortization in the current period is:</p>	
Capital Outlays	14,563,517
Depreciation and Amortization Expense	(14,402,951)
<p>Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds.</p>	
	(455,554)
<p>Some capital asset additions are financed through long-term leases. In governmental funds the arrangement is considered a source of financing, but in the statement of net position the obligation is reported as a liability. Repayment of lease principal is an expenditures in the governmental funds, but repayment reduces the obligation in the statement of net position.</p>	
Principal Payments - Leases	354,730
<p>Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in the net pension liability and the related deferred inflows and outflows of resources.</p>	
	7,247,409
<p>In the statement of activities, certain operating expenses - severance benefits and compensated absences - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts paid).</p>	
	348,092
<p>Other postemployment benefit (OPEB) expenditures in the governmental funds are measured by current year employer contributions. OPEB expenses on the statement of activities are measured by the change in the total OPEB liability and the related deferred inflows and outflows of resources.</p>	
	160,865
<p>The governmental funds report bond or other financing proceeds as financing sources, while repayment of principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:</p>	
Repayment of Debt	9,730,000
Change in Deferred Gain on Bond Refunding	121,344
Repayment of Financed Purchases	1,296,099
Change in Accrued Interest	167,923
Amortization of Bond Premium	1,280,335
Financed Purchases	(3,681,659)
Lease Liability	(67,798)
<p>Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The change in net position of the internal service funds is reported with governmental activities.</p>	
	<u>2,212,559</u>
Change in Net Position of Governmental Activities	<u>\$ 19,751,186</u>

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF NET POSITION
PROPRIETARY FUND
INTERNAL SERVICE FUNDS
JUNE 30, 2024**

ASSETS

Cash and Investments	\$ 21,191,434
Investments	17,424,483
Accounts Receivable	93,785
Interest Receivable	153,023
Total Assets	38,862,725

LIABILITIES

Accounts Payable	54,088
Claims Payable - Medical	1,209,316
Unearned Revenue	1,450,283
Total Liabilities	2,713,687

NET POSITION

Unrestricted	\$ 36,149,038
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See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION
PROPRIETARY FUND
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2024**

OPERATING REVENUES

Charges for Services:	
Health Insurance Premiums	\$ 13,518,471
Contributions	1,855,461
Total Operating Revenues	15,373,932

OPERATING EXPENSES

Health Insurance Claim Payments	12,454,519
Severance Payments	2,051,489
Administrative Costs	113,365
Total Operating Expenses	14,619,373

OPERATING INCOME

754,559

NONOPERATING INCOME

Investment Income	1,458,000
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CHANGE IN NET POSITION

2,212,559

Net Position - Beginning of Year, as Originally Reported	33,323,205
Prior Period Adjustment - See Note 16	613,274
Net Position - Beginning of Year, as Restated	33,936,479

NET POSITION - END OF YEAR

\$ 36,149,038

See accompanying Notes to Basic Financial Statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Interfund Services Provided	\$ 15,910,720
Payments for Administrative Costs	(113,365)
Payments for Medical Fees and Insurance Claims	(12,001,017)
Payments for Severance Benefits	<u>(2,051,489)</u>
Net Cash Provided by Operating Activities	<u>1,744,849</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Investments	(527,194)
Interest Received	<u>1,446,970</u>
Net Cash Provided by Investing Activities	<u>919,776</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

2,664,625

Cash and Cash Equivalents - Beginning of Year

18,526,809

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 21,191,434

DISPLAYED ON STATEMENT OF NET POSITION AS:

Cash and Cash Equivalents	\$ 21,191,434
Investments	<u>17,424,483</u>
Total Cash and Investments on the Statement of Net Position	<u><u>\$ 38,615,917</u></u>

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 754,559
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
(Increase) Decrease in Accounts Receivable	512,519
Increase in Accounts Payable	48,775
Increase (Decrease) in Claims Payable	404,727
Increase in Unearned Revenue	<u>24,269</u>
Total Adjustments	<u>990,290</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,744,849</u></u>

NONCASH INVESTING ACTIVITIES

Increase in Fair Value of Investments	<u><u>\$ 527,194</u></u>
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See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 270 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Financial Reporting Entity

The District is an instrumentality of the state of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

U.S. GAAP requires that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units - entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. There are no other entities for which the District is financially accountable.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board has a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. In accordance with Minnesota state statutes, the District's student activity accounts are included in these financial statements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation

The Government-wide financial statements (i.e. the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for any fiduciary funds, which would only be reported in the statement of fiduciary net position at the fund financial statement level. The District does not currently have any fiduciary funds.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Depreciation/amortization expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. Generally, the effect of material interfund activity has been removed from the Government-wide financial statements.

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal users of internal services are the District's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the Government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service fund is charges for service in the form of insurance premiums and OPEB/severance contributions. Operating expenses for the internal service fund include the cost of services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory "tax shift" described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

2. Recording of Expenditures

Expenditures are generally recorded when liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

The District reports unearned revenue on its statement of net position and balance sheet. Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to incurring the qualifying expenditures. In subsequent periods when the District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds

The existence of various District funds has been established by the state of Minnesota, Department of Education. The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. A description of the funds included in this report is as follows:

Major Governmental Funds

General Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the District, as well as capital related activities such as maintenance of facilities, equipment purchases, and health and safety projects.

Food Service Special Revenue Fund

The Food Service Fund is used to account for food service revenues and expenditures. Major sources of revenue include meal sales to students and federal and state grants.

Community Service Special Revenue Fund

The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs, K-6 extended day programs or other similar services. Major sources of revenue include fees collected for these programs.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and payment of general long-term obligation bond principal, interest, and related costs.

Proprietary Fund

Internal Service Fund

The Internal Service Fund accounts for financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The District's Internal Service Fund includes its self-insured health insurance plan for its employees. In fiscal year 2009, the District also established a revocable trust to account for cash and other assets held by the District for the payment of Other Postemployment Benefits, which is accounted for as an internal service fund. In fiscal year 2012, the District established an internal service fund for the payment of certain severance benefits to District employees.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with U.S. GAAP. Each June, the board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, Capital Project, and Debt Service Funds. The approved budget is published in summary form in the District's legal newspaper. Reported budgeted amounts represent the amended budget as adopted by the Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget included proposed expenditures and the means to finance them. The budget is legally enacted by Board action. Revisions to budgeted amounts must be approved by the board.

Total fund expenditures in excess of the budget require approval of the Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line level items.

Budget provisions for the Debt Service Fund are set by state law governing required debt service levels. Budgeted revenues exclude other financing sources such as long-term debt proceeds.

At the end of each fiscal year, if the General Fund has a net unassigned deficit fund balance, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts which excludes certain restricted balances specified in Minnesota Statutes, exceeding 2.5% of expenditures, a condition referred to as "statutory operating debt" exists. That deficit requires elimination through the accumulation of subsequent operating surpluses in accordance with a "special operating plan" approved by the Commissioner of the Department of Education.

F. Cash and Investments

Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Investments are stated at their fair value as determined by quoted market prices, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less which are recorded at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations. Investments in external investment pools that are not SEC-registered are valued at the pool's share price, or amortized cost if the external investment pool meets certain requirements.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accounts Receivable

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary. The only receivables not expected to be collected within one year are property taxes receivable.

H. Inventories

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Expense is allocated over the periods benefitted.

J. Property Taxes

Property tax levies are established by the School Board in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes and are responsible for spreading all levies over taxable property. Such taxes become a lien on January 1. Taxes are generally due on May 15 and October 15 and counties generally remit taxes to the Districts at periodic intervals as they are collected. A portion of property taxes levied is paid through state credits which are included in revenue from state sources in the financial statements.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as a deferred inflow of resources (unavailable property taxes levied for subsequent year). The majority of District revenue in the General and Special Revenue Funds is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift."

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Property Taxes (Continued)

In accordance with state law, the current tax shift consists of an amount equal to 31% of the District's 2000 Pay 2001 operating referendum levy (frozen at \$4,134,655) advance recognized as revenue in fiscal 2020 with no corresponding state aid adjustment. Certain other portions of the District's 2023 pay 2024 levy, normally revenue for the 2024-2025 fiscal year, are also advance recognized at June 30, 2024, as required by state statute to match revenue with the same fiscal year as the related expenditures.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is a deferred inflow because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the state which will be recognized as revenue in the next fiscal year beginning July 1, 2024, are included in Property Taxes Levied for Subsequent Year to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

K. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the Government-wide financial statement but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements, buildings, and improvements and 7 to 20 years for equipment.

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Currently, the District has two types of items that qualify for reporting in this category related to pensions and Other Postemployment Benefits. See Notes 8 through Note 10 for additional detail.

In addition to liabilities, the financial statements report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has six types of items which occur related to revenue recognition. They relate to property tax receivables which are recorded in the current year, but whose revenue will be recorded in the subsequent year, property taxes collected more than 60 days after year-end (unavailable revenue), deferred pensions amounts, deferred OPEB amounts, deferred gains on bond refundings, and deferred inflows related to leases. See Notes 8 through Note 10 for additional detail on deferred inflows related to pensions and OPEB.

M. Long-Term Obligations

In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are expensed on both the fund financial statements and government-wide financial statements.

N. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net positions of the Public Employees Retirement Association (PERA) and Teachers Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on the same basis as they are reported by PERA and TRA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Accrued Employee Benefits

Sick Pay

Substantially all District employees are entitled to sick leave at various rates. For certain employees, unused sick leave is a factor in the calculation of an employee's severance pay upon termination.

Pension and Health Benefits

Severance and health benefits consist of lump sum early retirement incentive payments and postemployment health care benefits. Accounting policies for severance and health benefits are described below.

1. Early Retirement Incentive and Convertible Sick Leave

The District maintains various early retirement incentive payment plans for its employee groups. Each employee group plan contains benefit formulas based on years of service and/or minimum age requirements. No employee can receive early retirement incentive payments exceeding one year's salary. Benefits are not considered vested until actual turnover occurs.

The long-term portion of early retirement incentive and administrator experience benefits is recognized as part of other pension benefits payable.

At June 30, 2024, the long-term portion of the estimated early retirement incentive and convertible sick leave liability is included as part of the net pension liability on the statement of net position. See Note 10 for further information.

2. Postemployment Health Care Benefits

In addition to retirement benefits, the District provides postretirement medical insurance benefits to teachers, administrators, principals, food service workers, custodians, and clerical employees, in accordance with their respective master employment agreements. The eligibility for, amount of, duration of, and District's contribution to the cost of the benefits provided varies by contract and date of retirement. See Note 10 for further information.

P. Statement of Cash Flows

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalents. The Internal Service Fund's equity in the Government-wide cash and investment management pool is considered to be cash equivalents.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balance

In the fund financial statements, governmental funds report fund balances in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable – portions of fund balance related to prepaids, inventories, long-term receivables, and corpus on any permanent fund.

Restricted – funds are constrained from outside parties (statute, grantors, bond agreements, etc.).

Committed – funds are established and modified by a resolution approved by the Board of Education.

Assigned – consists of internally imposed constraints. The Board of Education passed a resolution authorizing the Superintendent and Director of Business Services to assign fund balances and their intended uses.

Unassigned – is the residual classification for the general fund and also reflects negative residual amounts in other funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance.

When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned amounts.

The District formally adopted a fund balance policy for the General Fund. The policy establishes a year-end minimum unassigned fund balance of 6% of the annual budget.

R. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and workers' compensation. The District purchases commercial insurance coverage for such risks.

There have been no significant reductions in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Net Position

Net position represents the difference between assets and liabilities in the Government-wide and Proprietary Fund financial statements. Net investment in capital assets consists of capital assets, net of accumulation depreciation and amortization, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the Government-wide financial statement when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

T. Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reporting amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

A. Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following funds:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Funds:			
Community Service Fund	11,172,581	11,024,625	(147,956)
Capital Projects Fund	15,149,970	8,070,456	(7,079,514)
Debt Service Fund	13,469,054	14,734,672	1,265,618

These overages were considered by District management to be the result of necessary expenditures critical to operations and were covered by fund balance.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 DEPOSITS AND INVESTMENTS

A. Deposits

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and the balance sheet as "Cash and Investments." In accordance with Minnesota Statutes, the District maintains deposits at financial institutions which are authorized by the School District's Board.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does have a deposit policy that will minimize Custodial Credit Risk by obtaining collateral or bond for all uninsured amounts on deposit, and by obtaining necessary documentation to show compliance or bond for all uninsured amounts on deposit, and by obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository. All of the District's deposits were fully insured during the year ended June 30, 2024.

B. Investments

The District may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less
- General obligations rated "A" or better; revenue obligations rated "AA" or better
- General obligations of the Minnesota Housing Finance Agency rate "A" or better
- Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less

**HOPKINS PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories
- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

At June 30, 2024, the District’s investment balances were as follows:

Investments Measured at Fair Value	Fair Value
U.S. Treasuries with Maturities at Purchase of Greater Than 1 Year	\$ 1,903,461
Federal Home Loan Bank	1,763,764
Federal National Mortgage Association	1,729,950
Federal Farm Credit Bank	1,862,661
Municipal Bonds	7,827,093
Corporate Bonds	873,055
Mutual Funds	1,352,207
Total Investments Measured at Fair Value	\$ 17,312,191
Investments Measured at Amortized Cost	
MSDLAF+ Liquid Class	\$ 21,584,458
MSDLAF+ Max Class	62,206,376
Total Investments Measured at Amortized Cost	\$ 83,790,834
Total District Investments	\$ 101,103,025

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District’s investment policies do not limit the maturities of investments; however, when purchasing investments, the District considers such things as interest rates and cash flow needs.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The credit ratings and maturities of the District's investments are as follows:

Type	Total	Maturity Duration in Years				No Maturities	Rating
		Less Than 1	1 to 5	6 to 10	> 10		
U.S. Treasury Notes	\$ 1,903,460	\$ -	\$1,135,266	\$204,672	\$563,522	\$ -	N/A
Federal Home Loan Bank	1,763,765	-	1,422,285	279,226	62,254	-	AAA - AA
Federal National Mortgage Association	1,729,950	397,888	1,140,146	-	191,916	-	AAA - AA
Federal Farm Credit Bank	1,862,661	-	200,500	724,654	937,507	-	AAA - AA
Municipal Bonds	7,827,093	488,060	3,157,888	3,632,245	548,900	-	AAA - A
Corporate Bonds	873,055	-	373,749	378,778	120,528	-	A - BB+
Mutual Funds	1,352,207	1,352,207	-	-	-	-	AAA
MSDLAF+	83,790,834	-	-	-	-	83,790,834	N/A
Total	<u>\$ 101,103,025</u>	<u>\$ 2,238,155</u>	<u>\$ 7,429,834</u>	<u>\$ 5,219,575</u>	<u>\$ 2,424,627</u>	<u>\$ 83,790,834</u>	

Concentration of Credit Risk – The District places no limit on the amount that the District may invest in any on issuer. The District had no investments at June 30, 2024 which individually comprised more than 5% of total investments.

The deposits and investments are presented in the financial statements as follows:

Cash and Investments - Statement of Net Position	\$ 101,244,276
Cash and Investments with Fiscal Agent - Statement of Net Position	29,000
Total Cash and Investments	<u>\$ 101,273,276</u>

C. Fair Value Measurements

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The District follows an accounting standard which defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the District has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quotes prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Fair Value Measurements (Continued)

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset.

Assets of the District measured at fair value on a recurring basis:

Investment	Level 1	Level 2	Level 3	Total
U.S. Treasuries with Maturities at Purchase of Greater Than One Year	\$ 1,903,461	\$ -	\$ -	\$ 1,903,461
Federal Home Loan Bank	-	1,763,764	-	1,763,764
Federal National Mortgage Association	-	1,729,950	-	1,729,950
Federal Farm Credit Bank	-	1,862,661	-	1,862,661
Municipal Bonds	-	7,827,093	-	7,827,093
Corporate Bonds	873,055	-	-	873,055
Mutual Funds	1,352,207	-	-	1,352,207
Total	<u>\$ 4,128,723</u>	<u>\$ 13,183,468</u>	<u>\$ -</u>	<u>17,312,191</u>
Investments Measured at Amortized Cost				83,790,834
Total				<u>\$ 101,103,025</u>

Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities as well as governmental agencies securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

NOTE 4 LEASES

The District, acting as lessor, leases space under long-term, noncancelable lease agreements. The leases expire at various dates through 2026 and contain discount rates of 2.59%. During the year ended June 30, 2024, the District recognized \$392,162 and \$19,465 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Total future payments to be received under lease agreements are as follows:

Year Ending June 30,	Future Lease Payments	
	Principal	Interest
2025	\$ 357,347	\$ 10,382
2026	237,178	2,823
Total	<u>\$ 594,525</u>	<u>\$ 13,205</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,867,600	\$ -	\$ -	\$ 2,867,600
Construction in Progress	5,012,192	4,926,678	(9,938,870)	-
Total Capital Assets, Not Being Depreciated	<u>7,879,792</u>	<u>4,926,678</u>	<u>(9,938,870)</u>	<u>2,867,600</u>
Capital Assets, Being Depreciated:				
Land Improvements	26,729,697	3,556,825	-	30,286,522
Buildings and Improvements	285,748,963	10,985,690	-	296,734,653
Equipment	51,239,674	4,965,396	-	56,205,070
Total Capital Assets, Being Depreciated	<u>363,718,334</u>	<u>19,507,911</u>	<u>-</u>	<u>383,226,245</u>
Less Accumulated Depreciation:				
Land Improvements	(15,905,564)	(1,258,508)	-	(17,164,072)
Buildings and Improvements	(140,493,209)	(9,198,764)	-	(149,691,973)
Equipment	(27,733,804)	(3,579,025)	-	(31,312,829)
Total Accumulated Depreciation	<u>(184,132,577)</u>	<u>(14,036,297)</u>	<u>-</u>	<u>(198,168,874)</u>
Total Capital Assets, Being Depreciated or Amortized, Net	179,585,757	5,471,614	-	185,057,371
Right-to-Use Lease Assets:				
Buildings and Improvements	1,106,155	-	(317,188)	788,967
Equipment	446,624	67,798	-	514,422
Total Right-to-Use Lease Assets	<u>1,552,779</u>	<u>67,798</u>	<u>(317,188)</u>	<u>1,303,389</u>
Less Accumulated Amortization:				
Buildings and Improvements	(460,606)	(232,400)	317,188	(375,818)
Equipment	(93,047)	(134,254)	-	(227,301)
Total Accumulated Amortization	<u>(553,653)</u>	<u>(366,654)</u>	<u>317,188</u>	<u>(603,119)</u>
Total Right-to-Use Lease Assets, Net	<u>999,126</u>	<u>(298,856)</u>	<u>-</u>	<u>700,270</u>
Governmental Activities Capital Assets, Net	<u>\$ 188,464,675</u>	<u>\$ 10,099,436</u>	<u>\$ (9,938,870)</u>	<u>\$ 188,625,241</u>

Depreciation and amortization expense was charged to functions of the District as follows:

Governmental Activities	
District Support Services	\$ 127,110
Regular Instruction	12,327,397
Special Education Instruction	1,370
Instructional Support Services	59,091
Pupil Support Services	627,025
Sites and Buildings	929,192
Food Service	214,890
Community Service	116,876
Total Depreciation and Amortization Expense	<u>\$ 14,402,951</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 LONG-TERM LIABILITIES

A. Components of Long-Term Debt

Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding	
				Due Within One Year	Total
5/21/2015	2.00% - 4.00%	\$ 4,425,000	2/1/2030	\$ 320,000	\$ 2,295,000
1/25/2017	3.00% - 4.00%	14,140,000	2/1/2032	-	14,140,000
2/21/2018	3.00% - 5.00%	29,030,000	2/1/2034	615,000	24,745,000
11/8/2018	3.25% - 5.00%	18,835,000	2/1/2027	3,550,000	10,465,000
3/14/2019	3.00% - 4.00%	17,895,000	2/1/2035	-	17,895,000
11/4/2020	2.00% - 4.00%	40,650,000	2/1/2037	2,975,000	34,360,000
12/7/2022	4.00% - 5.00%	10,635,000	2/1/2037	-	10,635,000
3/2/2023	0.05% - 4.00%	21,060,000	2/1/2030	2,135,000	18,925,000
Total General Obligation Bonds				9,595,000	133,460,000
Bond Premiums				-	6,138,150
Financed Purchases				1,305,075	3,959,097
Leases Payable				260,333	760,976
Total				<u>\$ 11,160,408</u>	<u>\$ 144,318,223</u>

B. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term debt, not including severance and health benefits payable are as follows:

Year Ending June 30,	General Obligation Bonds Payable		Financed Purchases Payable	
	Principal	Interest	Principal	Interest
2025	\$ 9,595,000	\$ 4,631,643	\$ 1,305,075	\$ 25,785
2026	10,290,000	4,302,825	1,314,263	16,597
2027	10,630,000	3,943,625	1,339,759	7,192
2028	10,735,000	3,535,288	-	-
2029	11,565,000	3,102,888	-	-
2030-2034	42,880,000	8,279,488	-	-
2035-2039	37,765,000	2,500,300	-	-
Total	<u>\$ 133,460,000</u>	<u>\$ 30,296,056</u>	<u>\$ 3,959,097</u>	<u>\$ 49,574</u>

Year Ending June 30,	Leases Payable	
	Principal	Interest
2025	\$ 260,333	\$ 26,972
2026	277,539	13,911
2027	173,925	3,621
2028	49,179	184
Total	<u>\$ 760,976</u>	<u>\$ 44,688</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt

General Obligation School Building Bonds

These bonds were issued to finance acquisition, construction, and/or improvement of capital facilities or to refinance (refund) previous bond issues. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of these bonds. Total deferred tax levies are available to retire bond principal and interest payable. These levies are subject to reduction if fund balances exceed limitations imposed by Minnesota law. In addition, assets are available in an escrow account to be used for the repayment of certain refunded bonds.

On May 21, 2015, the District issued \$4,425,000 General Obligation Capital Facilities Bonds, Series 2015B. The proceeds of this issue were used to finance energy conservation measures throughout the District.

On February 21, 2018, the District issued \$29,030,000 General Obligation School Building Bonds, Series 2018A, to provide funds for the acquisition and betterment of school sites and facilities, and to prepay the District's \$4,273,000 Lease Purchase, Series 2013, and the District's \$4,215,000 Lease Purchase, Series 2014.

General Obligation Alternative Facilities Bonds

On February 7, 2023, the District issued \$21,060,000 of General Obligation Alternative Facilities Refunding Bonds, Series 2023A. The proceeds were issued to refund the 2028 through 2030 maturities of the District's General Obligation Alternative Facilities Bonds, Series 2013A and the 2024 through 2026 maturities of the District's General Obligation Alternative Facilities Refunding Bonds, Series 2013B. The refunding resulted in cash flow savings of \$875,067 and net present value cash flow savings of \$747,263.

General Obligation Facilities Maintenance Bonds

On January 25, 2017, the District issued \$14,140,000 of General Obligation Facilities Maintenance Bonds, Series 2017A. The proceeds of this issue were used to finance facility maintenance projects included in the 10-year facility plan of the District.

On November 8, 2018, the District issued \$18,835,000 General Obligation Alternative Facilities Refunding Bonds, Series 2018B, to call and prepay the 2020 through 2027 maturities of the District's outstanding 2009B Alternative Facilities Bonds.

On March 14, 2019, the District issued \$17,895,000 of General Obligation Facilities Maintenance Bonds, Series 2019A. The proceeds of this issue were used to finance facility maintenance projects included in the 10-year facility plan of the District.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

General Obligation Facilities Maintenance Bonds (Continued)

On November 4, 2020, the District issued \$40,650,000 of General Obligation Facilities Maintenance Bonds, Series 2020A. The proceeds of this issue were used to finance facility maintenance projects included in the 10-year facility plan of the District as well as to finance a refunding of the 2022 through 2028 maturities of the District's \$29,410,000 General Obligation School Building Refunding Bonds, Series 2011A.

On December 7, 2022, the District issued \$10,635,000 of General Obligation Facilities Maintenance Bonds, Series 2022A. The proceeds of this issue were used to finance certain facilities and site maintenance projects which are included in the District's ten-year facilities plan.

Financed Purchases Payable

On December 29, 2016, the District entered into a financed purchase agreement with First Resource Bank to finance the construction, installation, and equipping of synthetic turf fields at Hopkins High School. The total financed was \$3,667,000, with an interest rate of 2.50% and requires the District to make semi-annual principal and interest payments through February 1, 2027.

On July 1, 2023 the District entered into a financed purchase agreement with Apple Inc. to finance the purchase of computer equipment. The total financed was \$3,681,659, payable through July 1, 2026.

Leases

The District leases equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2028 and contain discount rates ranging from 2.59% to 6.25%.

D. Changes in Long-Term Debt

	June 30, 2023	Additions	Retirements	June 30, 2024
Bonds Payable	\$ 143,190,000	\$ -	\$ 9,730,000	\$ 133,460,000
Bond Premiums	7,418,485	-	1,280,335	6,138,150
Financed Purchases	1,573,537	3,681,659	1,296,099	3,959,097
Leases Payable	1,047,908	67,798	354,730	760,976
Total	<u>\$ 153,229,930</u>	<u>\$ 3,749,457</u>	<u>\$ 12,661,164</u>	<u>\$ 144,318,223</u>

During the year ended June 30, 2024 Moody's Ratings (Moody's) withdrew the underlying ratings of Hopkins Public Schools. The impacts of Moody's withdrawing the underlying rating on the District's outstanding debt is unknown at this time.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 FUND BALANCES

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. A description of deficit balance restrictions is included herein since the District has specific statutory authority to levy taxes for such deficits.

A. Restricted for Student Activities

Represents the resources available for the extracurricular activity funds raised by students.

B. Restricted for Scholarships

The District receives donations from third parties designated for scholarships. The cumulative amount of such donations in excess of scholarship expenditures has been reported as a restriction of fund balance in the General Fund.

C. Restricted for Staff Development

A portion of the general education aid received by the District is restricted for staff development. The cumulative amount of aid received in excess of staff development expenditures has been reported as a restriction of fund balance in the General Fund.

D. Restricted for Capital Projects Levy

Represents resources restricted for projects financed with the District's capital projects levy.

E. Restricted for Operating Capital

The District levies taxes and receives state aid to be used for the purchase of equipment or facilities. The cumulative excess of such revenues over equipment and facilities expenditures is reported as a restriction of fund balance in the General Fund.

F. Restricted for School Library

This fund balance restriction represents resources to be used for school library expenditures.

G. Restricted for Student Support Personnel

This fund balance restriction represents resources to be used for student support personnel that are in addition to current staffing levels.

H. Restricted for Medical Assistance

This fund balance restriction represents resources to be used for Medical Assistance expenditures.

I. Restricted for Safe Schools

Represents the unspent resources from the safe school levy to be used for safety related expenditures.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 FUND BALANCES (CONTINUED)

J. Restricted for Community Education Programs

This fund balance restriction represents accumulated resources available to provide general community education programming.

K. Restricted for Early Childhood and Family Education Programs

This fund balance restriction represents accumulated resources available to provide services for early childhood and family education programming.

L. Restricted for Adult Basic Education Programs

This fund balance restriction represents accumulated resources available to provide adult basic education programming.

M. Restricted for School Readiness

Represents the unspent resources available to support programs designated to help preschool-aged children develop the skills needed to succeed in school.

N. Restricted for Long-Term Facilities Maintenance

Represents unspent general obligation bond proceeds issued to finance facilities plans approved by the Board.

O. Food Service Fund

Represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation related to capital projects.

P. Restricted for Debt Service

Represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation for the payment of debt service obligations.

Q. Restricted for Building Construction

Represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation related to capital projects.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLANS

Substantially all employees of Hopkins Public Schools are required by state law to belong to pension plans administered by Teachers' Retirement Association (TRA) or Public Employees' Retirement Association (PERA), all of which are administered on a statewide basis. Disclosures relating to these plans follow:

A. Plan Description

The District participates in the following cost-sharing, multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association (PERA) and Teachers Retirement Fund (TRA). PERA's and TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353, 354, and 356. PERA's and TRA's defined benefit pension plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan

All full-time and certain part-time employees of the District, other than teachers, are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Teachers Retirement Fund (TRA)

The Teacher's Retirement Association (TRA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member, and three statutory officials.

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul schools or Minnesota state colleges and universities). Educations first hired by Minnesota state my elect either TRA coverage or coverage through the Defined Contribution Plan (DCP) administered by the state of Minnesota.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided

PERA and TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

1. General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits

TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota Statute and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age, and a formula multiplier based on years of credit at termination of service.

Two methods are used to compute benefits for TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989, receive the greater of the Tier I or Tier II benefits as described.

Tier 1 Benefits

Tier 1	Step Rate Formula	Percentage
Basic	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years if Service Years Are Up to July 1, 2006	1.2% per Year
	First Ten Years if Service Years Are July 1, 2006 or After	1.4% per Year
	All Other Years of Service if Service Years Are up to July 1, 2006	1.7% per Year
	All Other Years of Service if Service Years Are July 1, 2006 or After	1.9% per Year

With these provisions:

- (a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- (b) 3.0% per year early retirement reduction factor for all years under normal retirement age.
- (c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7% per year for coordinated members and 2.7% per year for basic members. For years of service July 1, 2006 and after, a level formula of 1.9% per year for Coordinated members and 2.7% for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statute. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

Members first employed after June 30, 1989, receive only the Tier II calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

**HOPKINS PUBLIC SCHOOLS
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JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree - no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits but not yet receiving them are bound by the plan provisions in effect at the time they last terminated their public service.

C. Contributions

1. General Employees Fund Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2024 were \$1,828,298. The District's contributions were equal to the required contributions as set by state statute.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354, rates for the fiscal year for Coordinated Plan members were 7.75% for the employee and 8.75% for the employer. Basic Plan rates were 11.25% for the employee and 12.75% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2024 were \$4,801,143. The District's contributions were equal to the required contributions for each year as set by state statute.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs

1. General Employees Plan Pension Costs

At June 30, 2024, the District reported a liability of \$15,332,957 for its proportionate share of the General Employees Plan's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled \$422,738, for a total net pension liability of \$15,755,695 associated with the District. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The District's proportion was .2742% at the end of the measurement period and 0.2636% at the beginning of the period.

For the year ended June 30, 2024, the District recognized pension expense of \$1,972,890 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized an additional \$1,900 as pension expense (and corresponding grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2024, the District reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 503,540	\$ 105,627
Changes in Actuarial Assumptions	2,482,191	4,202,635
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	573,400
Changes in Proportion	558,094	351,246
District Contributions Subsequent to the Measurement Date	1,828,298	-
Total	<u>\$ 5,372,123</u>	<u>\$ 5,232,908</u>

**HOPKINS PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Plan Pension Costs (Continued)

A total of \$1,828,298 reported as deferred outflows of resources related to pensions resulting from District contributions to GERP subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to GERP pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2025	\$ 224,493
2026	(2,099,024)
2027	518,072
2028	(332,624)

2. TRA Pension Costs

At June 30, 2024, the District reported a liability of \$67,296,482 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.8151% at the end of the measurement period and 0.8010% for the beginning of the period.

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	\$ 67,296,482
State's Proportionate Share of the Net Pension Liability Associated with the District	4,714,042
Total	\$ 72,010,524

**HOPKINS PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

For the year ended June 30, 2024, the District recognized pension expense of (\$2,563,115). It also recognized (\$466,001) as pension expense and grant revenue for the support provided by direct aid.

At June 30, 2024, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 667,144	\$ 979,968
Changes in Actuarial Assumptions	7,839,668	-
Net Difference Between Projected and Actual Earnings on Plan Investments	-	249,603
Changes in Proportion	1,781,040	2,371,108
District Contributions Subsequent to the Measurement Date	4,801,143	-
Total	<u>\$ 15,088,995</u>	<u>\$ 3,600,679</u>

A total of \$4,801,143 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2025	\$ 665,947
2026	(440,011)
2027	7,077,972
2028	(685,056)
2029	68,321
Thereafter	-

The District's total pension expense for all plans for the year ended June 30, 2024 was (\$1,054,326).

**HOPKINS PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0% for PERA and TRA. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0% for PERA and TRA was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan and benefit increases after retirement are assumed to be 1.25% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation.

TRA pre-retirement mortality rates were based on the RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 scale. Postretirement mortality rates were based on the RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale. Post-disability mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment.

Inflation is assumed to be 2.5% for TRA. Benefit increases after retirement are assumed to be 1.0% for January 2020 through January 2023 then increasing by 0.10% each year up to 1.5% annually.

Salary growth assumptions for TRA range in the annual increments from 2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028.

The following changes in actuarial assumptions and plan provisions for the General Employees Fund occurred in 2023:

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5 percent to 7 percent.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

There were no changes in actuarial assumptions and plan provisions for the TRA in 2023.

The State Board of Investment, which manages the investments of PERA and TRA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.50 %	5.10%
International Equity	16.50	5.30%
Fixed income	25.00	0.75%
Private Markets	25.00	5.90%
Totals	100.00 %	

F. Discount Rate

The discount rate used to measure the PERA General Employees Plan liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Discount Rate (Continued)

The discount rate used to measure the TRA pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contribution will be made at the fiscal year 2023 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

The following presents the School's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
<u>GERF Discount Rate</u>	6.00%	7.00%	8.00%
District's Proportionate Share of the GERF Net Pension Liability	\$ 27,125,232	\$ 15,332,957	\$ 5,633,362
<u>TRA Discount Rate</u>	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	\$ 107,332,939	\$ 67,296,482	\$ 34,521,767

G. Pension Plan Fiduciary Net Position

Detailed information about GERF's fiduciary's net position is available in a separately issued PERA financial report. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

Detailed information about TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org; by writing to TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-4000; or by calling (651) 296-2409 or 1-800-657-3669.

**HOPKINS PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 SUPPLEMENTAL PENSION PLAN

A. Plan Description

The District provides a single-employer defined benefit supplemental pension benefit to eligible employees. Currently, certain groups of employees are eligible to retire and receive the pension supplement after the completion of a minimum amount of years of service and, for some employee groups, the attainment of age 55. Benefits range from a flat dollar amount to percentages of annual salary up to a maximum of 100% of annual salary. Certain benefits are also dependent on the number of unused sick days remaining.

Currently, there are 704 active employees, no inactive employees entitled to but not receiving benefit payments and 88 inactive employees currently receiving benefit payments under the plan as of July 1, 2022 valuation.

B. Funding Policy

Payments under the plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated in a trust for the payment of future benefits. The General Fund is used for funding all of the pension/retirement benefits. The employer makes all contributions.

C. Total Pension Liability

The District's total pension liability was determined by an actuarial valuation dated July 1, 2022 with a measurement date of July 1, 2023. At June 30, 2024, the District reported a total pension liability of \$11,735,633. Changes in the District's total pension liability were as follows:

Total Pension Liability - Beginning Balance	\$	11,935,659
Changes for the Year		
Service Cost		691,476
Interest		455,591
Changes of Assumptions		(59,268)
Benefit Payments		(1,287,825)
Net Changes		<u>(200,026)</u>
Total Pension Liability - Ending Balance	\$	<u>11,735,633</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 SUPPLEMENTAL PENSION PLAN (CONTINUED)

D. Pension Costs

For the year ended June 30, 2024, the District recognized pension expense of \$814,451. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 1,312,785
Changes of Assumptions of Other Inputs	458,207	1,378,970
Benefit Payments Subsequent to the Measurement Date	1,162,543	-
Total	\$ 1,620,750	\$ 2,691,755

The District's benefit payments and amounts incurred by the District for pension benefit expenses subsequent to the measurement date of \$1,162,543 reported as deferred outflows of resources will be recognized as a reduction of the total pension liability in the year ended June 30, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2025	\$ (332,616)
2026	(332,616)
2027	(332,616)
2028	(332,607)
2029	(290,849)
Thereafter	(612,244)

E. Actuarial Methods and Assumptions

The actuarial total pension liability was measured as of July 1, 2023 and was determined by an actuarial valuation dated July 1, 2022. Updating procedures were used to roll forward the total liability to the measurement date.:

Actuarial Cost Method:	Entry Age, Level Percentage of Pay
Discount Rate:	3.90%
Inflation:	2.50%
Salary Increases:	Service Graded Tables
Retirement Age:	55
Mortality:	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale

Since the most recent actuarial valuation, the following changes have been made:

- The discount rate was changed from 3.80% to 3.90%.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 SUPPLEMENTAL PENSION PLAN (CONTINUED)

F. Discount Rate

The discount rate used to measure the total pension liability was 3.90%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds. The discount rate was changed from 3.80% in the prior measurement period to 3.90%.

G. Total Pension Liability Sensitivity

The following presents the District's total pension liability, calculated using the discount rate of 3.90%, as well as what the District's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.90%) or one percentage point higher (4.90%) than the current rate:

	1% Decrease (2.90%)	Current Discount Rate (3.90%)	1% Increase (4.90%)
Total Pension Liability	<u>\$ 12,450,122</u>	<u>\$ 11,735,633</u>	<u>\$ 11,050,282</u>

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PAYABLE

A. Plan Description

The District operates a single-employer retiree benefit plan (the Plan) that provides health and dental insurance to eligible employees and their spouses through the District's health insurance plan. There are 1,112 active participants, 124 retired participants, and 17 spouses. Benefit and eligibility provisions are established through individual contracts and negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report.

B. Funding Policy

The District has assets designated for OPEB. These assets are in a revocable trust which is included as an internal service fund in these financial statements. Because contributions to the trust are not irrevocable, the trust does not meet the criteria in GASB Statement No. 75. Contribution requirements are also negotiated between the District and union representatives. The eligibility for, amount of, duration of, and District's contribution to the cost of the benefits provided varies by contract and date of retirement. For fiscal year 2024, the District contributed \$1,911,625 to the plan.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

C. Actuarial Methods and Assumptions

The District's total OPEB liability of \$22,073,733 was measured as of July 1, 2023 and was determined by an actuarial valuation dated July 1, 2022. Updating procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Service graded tables
Discount Rate	3.90%
Health Care Trend Rates	6.25% Decreasing to 5.00% Over 6 Years and Then to 4.00% Over the Next 48 Years

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of the Teacher Retirement Association of Minnesota actuarial experience study for the period July 1, 2014 through June 30, 2018 and a study of economic assumptions dated November 2017. The rates for other employees are based on the Public Employees Retirement Association of Minnesota most recent six-year experience study for the General Employees Plan completed in 2015 and a review of the inflation assumption dated September 11, 2017. The retirement and withdrawal assumptions used to value GASB 75 liabilities are similar to those used to value pension liabilities for Minnesota school district employees. The rates are based on the Teacher Retirement Association of Minnesota actuarial experience study for the period July 1, 2008 through June 30, 2014.

The discount rate used to measure the total OPEB liability was 3.90%. The discount rate is based on the estimated yield of 20-year AA-rated bonds.

Since the most recent actuarial valuation, the following changes have been made:

- The discount rate was changed from 3.80% to 3.90%.

**HOPKINS PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

D. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning Balance	\$ 22,232,032
Changes for the Year:	
Service Cost	1,184,896
Interest Cost	850,468
Changes of Assumptions	(101,800)
Benefit Payments	<u>(2,091,863)</u>
Net Changes	<u>(158,299)</u>
 Ending Balance	 <u><u>\$ 22,073,733</u></u>

E. Total Liability Sensitivity

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.90%)	Discount Rate (3.90%)	1% Increase (4.90%)
Total OPEB Liability	\$ 23,297,344	\$ 22,073,733	\$ 20,889,298

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (5.25% decreasing to 4.00% or 1% point higher (7.25% decreasing to 6.00%) than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease (5.25% Decreasing to 4.00% Then 3.00%)	Current Trend Rates (6.25% Decreasing to 5.00% Then 4.00%)	1% Increase (7.25% Decreasing to 6.00% Then 5.00%)
Total OPEB Liability	\$ 21,173,994	\$ 22,073,733	\$ 23,119,490

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

F. OPEB Liability Costs

For the year ended June 30, 2024, the District recognized OPEB expense of \$1,750,756. At June 30, 2024, the District reported \$2,521,082 of deferred inflows of resources and \$2,623,596 of deferred outflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 24,742	\$ 1,228,985
Change of Assumptions	687,229	1,292,097
Contributions Between Measurement Date and Reporting Date	1,911,625	-
Total	<u>\$ 2,623,596</u>	<u>\$ 2,521,082</u>

The contributions subsequent to the measurement date will reduce the District's total OPEB liability in the District's fiscal year ended June 30, 2025.

Other amounts reported as deferred outflows and inflows of resources will be recognized in OPEB expense as follows:

Year Ending June 30,	Expense
2025	\$ (284,608)
2026	(284,608)
2027	(284,608)
2028	(284,613)
2029	(334,119)
Thereafter	(336,555)

NOTE 11 FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan which is classified as a "cafeteria plan" under Section 125 of the Internal Revenue Code. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the plan for health care and dependent care benefits.

Before the beginning of the plan year, which is July 1 to June 30, each participant designates a total amount of pre-tax dollars to be contributed to the plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the plan, whether or not such contributions have been made.

All assets of the plan are held in a separate bank account, administered by a third-party. Payments are made by the District to participating employees for eligible medical expenses. Payments of insurance premiums (health, dental, life, and disability) are made by the District directly to designated insurance companies. These payments are made on a monthly basis and all plan activity is included in the financial statements in the general fund.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 FLEXIBLE BENEFIT PLAN (CONTINUED)

All plan property and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to eligible health care and dependent care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 12 HEALTH AND DENTAL SELF-INSURANCE PLAN

The District maintains an Internal Service Fund to account for and finance a self-insurance program for health and dental benefits. Accordingly, the District has not purchased outside insurance for the risks of losses to which it is exposed for amounts under its stop-loss limit of \$100,000. District management believes it is more economical to manage its risks internally and set aside assets for claim settlement. The Internal Service Fund currently services all claims and risk of loss to which the District is exposed for health and dental expenses.

Participants in the program make premium payments to the fund based on the insurance premium. The District contributes a portion of premiums to the plan based on employment contracts. The excess amount received above current year claims is used to establish a reserve for future claims. At June 30, 2024, there is a reserve of \$6,741,577.

District liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing a claim liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

There is a possibility for loss if claims are in excess of the premiums collected. The District does not believe this occurrence would have a material financial effect on the District. The District held \$9,361,479 in cash and investments at June 30, 2024 for payment of claims.

Changes in the balances of claim liabilities during fiscal years 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Beginning of Fiscal Year Liability - July 1,	\$ 804,589	\$ 1,076,086
Current Year Claims, Changes in Estimates, and Other Charges	12,454,519	11,716,119
Current Year Claims Paid, Including an Estimate of Claims Incurred But Not Reported (IBNR)	<u>(12,049,792)</u>	<u>(11,987,616)</u>
End of Fiscal Year Liability - June 30,	<u>\$ 1,209,316</u>	<u>\$ 804,589</u>

**HOPKINS PUBLIC SCHOOLS
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JUNE 30, 2024**

NOTE 13 COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

B. Joint Powers Agreement

The District entered into a joint powers agreement with the City of Minnetonka to provide for the joint construction, use, maintenance, and operation of the Lindbergh Center, a multi-use athletic and community center. As specified in the agreement and related management plan, the District and the city will share in the proportionate costs to build, maintain, and operate the facility. The agreement also outlines finance-related issues such as revenue sharing.

Operating results of the Lindbergh Center for fiscal 2023-2024 are as follows:

	School District	City
Total Expenditures	\$ 238,846	\$ 97,557
Total Revenue	136,864	55,903
Final Operating Costs to Respective Government	\$ 101,982	\$ 41,654

C. Contract Commitment

As of June 30, 2024, Hopkins Public Schools had entered into a professional service agreement for capital project management services. The total remaining commitment is approximately \$3,800,000, which will be funded through a combination of capital project levy, long term facilities maintenance and bond proceeds.

NOTE 14 DEFINED CONTRIBUTION PLAN

The District provides eligible employees future retirement benefits through the District's 403(b) Plan (the Plan). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Eligible employees may elect to have a percentage of their pay contributed to the Plan. Some employees are eligible to receive a District match of employee contributions up to the qualifying amount set forth in their respective bargaining agreements. Contributions are invested in tax-deferred annuities selected and owned by Plan participants. Employer contributions to the Defined Contribution Plan for the fiscal year ended June 30, 2024 totaled \$249,116.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 15 NET INVESTMENT IN CAPITAL ASSETS

The District's net investment in capital assets was calculated as follows:

Net Investment in Capital Assets

Governmental Activities:	
Capital Assets, Net of Accumulated Depreciation	\$ 188,625,241
Less: General Obligation Bonds Outstanding	(133,460,000)
Less: Financed Purchases Payable	(3,959,097)
Less: Unamortized Premium on Capital-Related Bonds	(6,138,150)
Less: Leases Payable	(760,976)
Less: Deferred Gain on Bond Refundings	(306,245)
Less: Capital-Related Accounts and Contracts Payable	(965,464)
Plus: Capital Projects Fund Unspent Bond Proceeds	29,000
Total Net Investment in Capital Assets	<u><u>\$ 43,064,309</u></u>

NOTE 16 RESTATEMENT

During fiscal year 2024, the District identified errors in previously issued financial statements related to the overstatement of unearned revenue and the misallocation of interest earnings.

The overstatement of unearned revenue resulted from revenue that had met the eligibility requirements for recognition but was incorrectly deferred in the self-insurance fund. Additionally, interest earnings were misallocated between funds due to a clerical error in the investment income distribution process resulting in an overstatement of revenue in the general fund, food service and community service fund and an understatement of revenue in the debt service, self-insurance and severance fund. Lastly, food service revenues were overstated due to the inclusion of the July and August meal revenue.

As a result, the beginning fund balances/net position as of July 1, 2024, have been restated as follows to correct the errors:

	Governmental Activities	Self Insurance	Severance	
Beginning Net Position - as Originally Reported	\$ (3,932,798)	\$ 5,176,843	\$ 11,092,157	
Prior Period Restatement - Interest Allocation	-	169,543	443,731	
Prior Period Restatement - Revenue Overstatement	(69,186)	-	-	
Beginning Net Position, as Restated	<u><u>\$ (4,001,984)</u></u>	<u><u>\$ 5,346,386</u></u>	<u><u>\$ 11,535,888</u></u>	
	General	Food Service	Community Service	Debt Service
Beginning Fund Balance - as Originally Reported	\$ 20,466,038	\$ 1,031,171	\$ 5,438,541	\$ 4,116,302
Prior Period Restatement - Interest Allocation	(216,872)	(167,257)	(905,282)	676,137
Prior Period Restatement - Revenue Overstatement	-	(69,186)	-	-
Beginning Fund Balance - as Restated	<u><u>\$ 20,249,166</u></u>	<u><u>\$ 794,728</u></u>	<u><u>\$ 4,533,259</u></u>	<u><u>\$ 4,792,439</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 48,062,451	\$ 48,062,451	\$ 50,147,292	\$ 2,084,841
Investment Income (Loss)	50,000	1,505,037	1,658,769	153,732
Other	1,688,855	2,645,148	4,334,989	1,689,841
State Sources	81,171,061	81,583,257	78,445,390	(3,137,867)
Federal Sources	3,103,662	7,232,046	6,360,395	(871,651)
Total Revenues	<u>134,076,029</u>	<u>141,027,939</u>	<u>140,946,835</u>	<u>(81,104)</u>
EXPENDITURES				
Current:				
Administration	7,887,805	6,155,561	6,439,791	284,230
District Support Services	7,271,782	10,209,724	9,142,852	(1,066,872)
Elementary and Secondary Regular Instruction	53,190,589	59,322,547	54,471,156	(4,851,391)
Vocational Education Instruction	1,016,522	1,201,457	1,217,200	15,743
Special Education Instruction	20,222,535	23,382,874	21,617,436	(1,765,438)
Community Education	-	175,091	355,188	180,097
Instructional Support Services	5,992,381	5,827,631	5,020,293	(807,338)
Pupil Support Services	11,445,979	11,522,888	13,131,558	1,608,670
Sites and Buildings	16,714,224	16,553,949	12,024,958	(4,528,991)
Fiscal and Other Fixed Cost Programs	1,796,905	805,727	586,773	(218,954)
Capital Outlay:	8,088,979	4,422,376	11,897,391	7,475,015
Debt Service:				
Principal	345,000	1,367,617	1,650,829	283,212
Interest and Fiscal Charges	80,000	80,000	68,514	(11,486)
Total Expenditures	<u>134,052,701</u>	<u>141,027,442</u>	<u>137,623,939</u>	<u>(3,403,503)</u>
EXCESS OF REVENUES OVER EXPENDITURES	23,328	497	3,322,896	3,322,399
OTHER FINANCING SOURCES				
Leases	-	-	67,798	67,798
Finance Purchase Agreement	-	-	3,681,659	3,681,659
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>3,749,457</u>	<u>3,749,457</u>
NET CHANGE IN FUND BALANCE	<u>\$ 23,328</u>	<u>\$ 497</u>	7,072,353	<u>\$ 7,071,856</u>
FUND BALANCE				
Beginning of Year, as Originally Reported			20,466,038	
Prior Period Restatement - See Note 16			<u>(216,872)</u>	
Beginning of Year, as Restated			<u>20,249,166</u>	
End of Year			<u>\$ 27,321,519</u>	

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Investment Income	\$ -	\$ -	\$ 111,170	\$ 111,170
Other - Primarily Meal Sales	1,439,723	425,950	409,977	(15,973)
State Sources	117,023	1,587,920	1,973,312	385,392
Federal Sources	2,404,296	2,224,710	2,629,807	405,097
Total Revenues	<u>3,961,042</u>	<u>4,238,580</u>	<u>5,124,266</u>	<u>885,686</u>
EXPENDITURES				
Current:				
Food Service	3,818,870	4,137,505	4,764,658	627,153
Capital Outlay	72,008	47,153	51,721	4,568
Total Expenditures	<u>3,890,878</u>	<u>4,184,658</u>	<u>4,816,379</u>	<u>631,721</u>
NET CHANGE IN FUND BALANCE	<u>\$ 70,164</u>	<u>\$ 53,922</u>	307,887	<u>\$ 253,965</u>
FUND BALANCE				
Beginning of Year, as Originally Reported			1,031,171	
Prior Period Restatement - See Note 16			<u>(236,443)</u>	
Beginning of Year, as Restated			794,728	
End of Year			<u>\$ 1,102,615</u>	

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 1,411,817	\$ 1,411,817	\$ 1,537,485	\$ 125,668
Investment Income	-	-	564,933	564,933
Other - Primarily Tuition and Fees	7,316,036	6,796,879	7,474,125	677,246
State Sources	2,166,079	2,945,815	2,551,906	(393,909)
Federal Sources	207,394	18,070	345,325	327,255
Total Revenues	<u>11,101,326</u>	<u>11,172,581</u>	<u>12,473,774</u>	<u>1,301,193</u>
EXPENDITURES				
Current:				
Community Service	11,014,862	11,123,178	10,974,724	(148,454)
Capital Outlay	49,600	49,403	49,901	498
Total Expenditures	<u>11,064,462</u>	<u>11,172,581</u>	<u>11,024,625</u>	<u>(147,956)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 36,864</u>	<u>\$ -</u>	1,449,149	<u>\$ 1,449,149</u>
FUND BALANCE				
Beginning of Year, as Originally Reported			5,438,541	
Prior Period Restatement - See Note 16			(905,282)	
Beginning of Year, as Restated			<u>4,533,259</u>	
End of Year			<u>\$ 5,982,408</u>	

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SEVEN MEASUREMENT PERIODS**

	Measurement Date						
	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Service Cost	\$ 1,184,896	\$ 1,168,117	\$ 1,715,432	\$ 1,591,130	\$ 1,415,894	\$ 1,285,813	\$ 1,344,733
Interest	850,468	528,227	583,337	801,908	874,625	829,379	799,678
Changes in Benefit Terms	-	-	-	(929,162)	-	-	-
Differences Between Expected and Actual Experience	-	(1,186,516)	-	(610,383)	-	61,858	-
Changes of Assumptions of Other Inputs	(101,800)	(1,604,030)	339,428	52,216	517,304	433,227	-
Benefit Payments	(2,091,863)	(1,548,190)	(1,929,929)	(2,253,223)	(1,955,835)	(1,254,410)	(1,170,163)
Other Changes	-	118,794	-	-	-	(542,630)	-
Net Changes	(158,299)	(2,523,598)	708,268	(1,347,514)	851,988	813,237	974,248
Total OPEB Liability - Beginning	<u>22,232,032</u>	<u>24,755,630</u>	<u>24,047,362</u>	<u>25,394,876</u>	<u>24,542,888</u>	<u>23,729,651</u>	<u>22,755,403</u>
Total OPEB Liability - Ending	<u>\$ 22,073,733</u>	<u>\$ 22,232,032</u>	<u>\$ 24,755,630</u>	<u>\$ 24,047,362</u>	<u>\$ 25,394,876</u>	<u>\$ 24,542,888</u>	<u>\$ 23,729,651</u>
Covered Employee Payroll	\$ 71,109,492	\$ 69,038,342	\$ 64,407,640	\$ 62,531,689	\$ 62,285,759	\$ 60,471,611	\$ 53,977,701
Total OPEB Liability as a Percentage of Covered Employee Payroll	31.04%	32.20%	38.44%	38.46%	40.77%	40.59%	43.96%

NOTE: The District implemented GASB Statement No 75 in fiscal year 2018, and the above table will be expanded to 10 years of information as the information becomes available.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
TRA SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
LAST TEN MEASUREMENT DATES**

	Measurement Date June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.8151%	0.8010%	0.8040%	0.8441%	0.8198%	0.8197%	0.8411%	0.8633%	0.8628%	0.9324%
District's Proportionate Share of the Net Pension Liability	\$ 67,296,482	\$ 64,139,843	\$ 35,185,444	\$ 62,363,239	\$ 52,254,224	\$ 51,482,236	\$ 167,898,818	\$ 205,917,648	\$ 53,372,713	\$ 42,964,321
State's Proportionate Share of the Net Pension Liability Associated with District	4,714,042	4,756,537	2,967,469	5,226,003	4,624,083	4,837,086	16,230,127	20,669,786	6,546,465	3,022,504
Total	<u>\$ 72,010,524</u>	<u>\$ 68,896,380</u>	<u>\$ 38,152,913</u>	<u>\$ 67,589,242</u>	<u>\$ 56,878,307</u>	<u>\$ 56,319,322</u>	<u>\$ 184,128,945</u>	<u>\$ 226,587,434</u>	<u>\$ 59,919,178</u>	<u>\$ 45,986,825</u>
District's Covered Payroll	\$ 51,739,193	\$ 50,333,549	\$ 48,513,641	\$ 49,047,790	\$ 44,824,280	\$ 45,207,213	\$ 45,321,333	\$ 44,803,453	\$ 43,789,520	\$ 42,563,629
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	130.07%	127.43%	72.53%	127.15%	116.58%	113.88%	370.46%	459.60%	121.88%	100.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.42%	76.17%	86.63%	75.48%	78.21%	78.07%	51.57%	44.88%	76.80%	81.50%

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
PERA SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
LAST TEN MEASUREMENT DATES**

	Measurement Date June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.2742%	0.2636%	0.2608%	0.2839%	0.2950%	0.2817%	0.2923%	0.2993%	0.3135%	0.3326%
District's Proportionate Share of the Net Pension Liability	\$ 15,332,957	\$ 20,877,207	\$ 11,137,328	\$ 17,021,102	\$ 16,309,889	\$ 15,627,561	\$ 18,660,239	\$ 24,301,675	\$ 16,247,197	\$ 15,623,882
State's Proportionate Share of the Net Pension Liability Associated with District	422,738	611,994	340,156	524,773	506,978	512,717	234,649	317,389	-	-
Total	<u>\$ 15,755,695</u>	<u>\$ 21,489,201</u>	<u>\$ 11,477,484</u>	<u>\$ 17,545,875</u>	<u>\$ 16,816,867</u>	<u>\$ 16,140,278</u>	<u>\$ 18,894,888</u>	<u>\$ 24,619,064</u>	<u>\$ 16,247,197</u>	<u>\$ 15,623,882</u>
District's Covered Payroll	\$ 21,635,467	\$ 19,881,573	\$ 18,771,547	\$ 20,236,880	\$ 20,802,413	\$ 18,956,667	\$ 20,876,400	\$ 18,755,067	\$ 18,427,268	\$ 17,458,331
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	70.87%	105.01%	59.33%	84.11%	78.40%	82.44%	89.38%	129.57%	88.17%	89.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.10%	76.70%	87.00%	79.10%	80.23%	79.50%	75.90%	68.90%	78.20%	78.70%

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
TRA SCHEDULE OF DISTRICT CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	Fiscal Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 4,801,143	\$ 4,423,701	\$ 4,197,818	\$ 3,944,159	\$ 3,884,585	\$ 3,455,952	\$ 3,390,541	\$ 3,399,100	\$ 3,360,259	\$ 3,284,214
Contributions in Relation to the Statutorily Required Contribution	(4,801,143)	(4,423,701)	(4,197,818)	(3,944,159)	(3,884,585)	(3,455,952)	(3,390,541)	(3,399,100)	(3,360,259)	(3,284,214)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 54,870,206	\$ 51,739,193	\$ 50,333,549	\$ 48,513,641	\$ 49,047,790	\$ 44,824,280	\$ 45,207,213	\$ 45,321,333	\$ 44,803,453	\$ 43,789,520
Contributions as a Percentage of Covered Payroll	8.75%	8.55%	8.34%	8.13%	7.92%	7.71%	7.50%	7.50%	7.50%	7.50%

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
PERA SCHEDULE OF DISTRICT CONTRIBUTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30.

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 1,828,298	\$ 1,622,660	\$ 1,491,118	\$ 1,407,866	\$ 1,517,766	\$ 1,560,181	\$ 1,421,750	\$ 1,565,730	\$ 1,406,630	\$ 1,359,011
Contributions in Relation to the Statutorily Required Contribution	(1,828,298)	(1,622,660)	(1,491,118)	(1,407,866)	(1,517,766)	(1,560,181)	(1,421,750)	(1,565,730)	(1,406,630)	(1,359,011)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 24,377,307	\$ 21,635,467	\$ 19,881,573	\$ 18,771,547	\$ 20,236,880	\$ 20,802,413	\$ 18,956,667	\$ 20,876,400	\$ 18,755,067	\$ 18,427,268
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.38%

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL PENSION LIABILITY AND RELATED RATIOS
SUPPLEMENTAL PENSION PLAN
LAST SEVEN MEASUREMENT DATES**

	Measurement Date						
	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Service Cost	\$ 691,476	\$ 681,575	\$ 1,073,859	\$ 996,490	\$ 732,001	\$ 664,771	\$ 689,485
Interest	455,591	318,571	356,364	428,693	460,096	473,190	296,170
Changes in Benefit Terms	-	(950,039)	-	1,012,410	-	-	4,153,716
Differences Between Expected and Actual Experience	-	(650,095)	-	(569,816)	-	(946,225)	-
Changes of Assumptions of Other Inputs	(59,268)	(1,384,780)	214,562	219,894	297,433	(111,774)	(459,274)
Benefit Payments	(1,287,825)	(1,130,203)	(1,068,274)	(884,964)	(1,252,641)	(967,459)	(935,517)
Other Changes	-	-	-	-	-	189,756	-
Net Changes	(200,026)	(3,114,971)	576,511	1,202,707	236,889	(697,741)	3,744,580
Total Pension Liability - Beginning	11,935,659	15,050,630	14,474,119	13,271,412	13,034,523	13,732,264	9,987,684
Total Pension Liability - Ending	\$ 11,735,633	\$ 11,935,659	\$ 15,050,630	\$ 14,474,119	\$ 13,271,412	\$ 13,034,523	\$ 13,732,264
Covered Employee Payroll	\$ 48,186,385	\$ 46,782,898	\$ 60,372,716	\$ 58,614,287	\$ 54,656,357	\$ 53,064,424	\$ 53,977,701
Total Pension Liability as a Percentage of Covered Employee Payroll	24.35%	25.51%	24.93%	24.69%	24.28%	24.56%	25.44%

* Ten Years of Data Will be Presented as it Becomes Available

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 COMPLIANCE - BUDGETS

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Each May, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, Capital Projects – Building Construction, and Debt Service Funds. The approved budget is published in summary form in the District's legal newspaper. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board.

Total fund expenditures in excess of the budget require approval of the School Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

Budget provisions for the Debt Service Fund are set by state law governing required debt service levels. Budgeted revenues exclude other financing sources such as long-term debt proceeds.

At the end of each fiscal year, if the General Fund has a net unassigned deficit fund balance, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts which excludes certain restricted balances specified in Minnesota Statutes, exceeding 2.5% of expenditures, a condition referred to as "statutory operating debt" exists. That deficit requires elimination through the accumulation of subsequent operating surpluses in accordance with a "special operating plan" approved by the Commissioner of the Department of Education.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following special revenue funds at June 30, 2024:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Funds:			
Community Service Fund	11,172,581	11,024,625	(147,956)
Capital Projects Fund	15,149,970	8,070,456	(7,079,514)
Debt Service Fund	13,469,054	14,734,672	1,265,618

The overages were considered by District management to be the result of necessary expenditures critical to operations and were approved by the Board.

NOTE 3 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the years ended June 30:

A. General Employees Fund

2023

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 3 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

A. General Employees Fund (Continued)

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 3 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

A. General Employees Fund (Continued)

2020 (Continued)

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution was changed prospectively, requiring \$16 million due per year through 2031.

2018

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4 percent to 3 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Annual increases were changed from 1 percent per year with a provision to increase to 2.5 percent upon attainment of 90 percent funding ratio to 50 percent of the Social Security Cost-of Living Adjustment, not less than 1 percent and not more than 1.5 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 3 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

A. General Employees Fund (Continued)

2017

Changes in Actuarial Assumptions

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5 % per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018 and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The State's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

- The assumed annual increase rate was changed from 1 percent per year through 2030 and 2.5 percent per year thereafter to 1 percent per year through 2035 and 2.5 percent per year thereafter.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6 million, which meets the special funding situation definition, was due September 2015.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 3 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

The following changes were reflected in the valuation performed on behalf of the Teachers Retirement Association for the years ended June 30:

B. Teachers Retirement Association

2023

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2022

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021

Changes in Actuarial Assumptions

- The investment return assumption was changed from 7.50% to 7.00%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back five years and female rates set back seven years.
- Generational projection uses the MP-2015 scale. Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 3 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

B. Teachers Retirement Association (Continued)

2019

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions

- The investment return assumption was changed from 8.5% to 7.5%.
- The price inflation assumption was lowered from 3.0% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.
- The total salary increase assumption was adjusted by the wage inflation change.
- The amortized date for the funding of the unfunded actuarial accrual liability was reset to June 30, 2048 (30 years).
- The mechanism in the law that provided the TRA board with some authority to set contribution rates was eliminated.

Changes in Plan Provisions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next four years, (7.92% in 2019, 8.13% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 3 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

B. Teachers Retirement Association (Continued)

2017

Changes in Actuarial Assumptions

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- Adjustments were made to the combined service annuity loads. The activity load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the noninvested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for 10 years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016

Changes in Actuarial Assumptions

- The cost of living adjustment (COLA) was not assumed to increase (it remained at 2.0% for all future years).
- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at some durations for the merit scale of the salary increase assumptions.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar general employee table, male rates set back 6 years, and female rates set back five years. Generational projection uses the MP-2025 scale.
- The postretirement mortality assumption was changed to the RP-2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustments.
- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each groups behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 3 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

B. Teachers Retirement Association (Continued)

2016

Changes in Actuarial Assumptions (Continued)

- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

- The cost of living adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2037.
- The investment return assumption was changed from 8.25% to 8.0%.

Changes in Plan Provisions

- The Duluth Teachers Retirement Fund Association was merged into TRA on June 30, 2015. This also resulted in a state-provided contribution stream of \$14.377 million until the system becomes fully funded.

The following changes were reflected in the valuation performed on behalf of the District's Postemployment Benefits Plan for the years ended June 30:

2024

- The discount rate was changed from 3.80% to 3.90%.

2023

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The salary increase rates for non-teachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The two post-age 65 retirees, who are thought to have district medical coverage as their primary insurance, are assumed to continue on the district's medical plan for life. Previously we assumed medical coverage would end at age 90.
- The discount rate was changed from 2.10% to 3.80%

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 3 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

B. Teachers Retirement Association (Continued)

2022

- The discount rate was changed from 2.40% to 2.10%.

2021

- The discount rate was changed from 3.10% to 2.40%.

2020

- The healthcare trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.10% to 2.40%.

2019

- The discount rate was changed from 3.50% to 3.10%

2018

- The discount rate was changed from 3.70% to 3.50%

2017

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality table was updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale.
- The expected long-term investment return was changed from 3.40% to 3.70%
- For The discount rate was changed from 3.40% to 3.70%.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 3 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

The following changes were reflected in the valuation performed on behalf of the District's Supplemental Benefits Pension Plan for the years ended June 30:

2024

- The discount rate was changed from 3.80% to 3.90%.

2023

- Teachers hired on or after September 1, 2021 or Teachers hired prior to September 1, 2021 who elected to participate in the 403(b) matching program are no longer eligible to receive GASB 73 benefits.
- The severance-type benefits for Secretarial/Clerical employees and Community Education Coordinators are now paid 100% to a VEBA (GASB 75) and 0% to a 403(b) (GASB 73). These benefits were paid 100% to a 403(b) (GASB 73) as of the prior valuation date.
- Licensed Preschool Teachers' (formerly CEP employees') severance-type benefits are now paid 100% to a 403(b) (GASB 73) instead of 50% to a 403(b) (GASB 73) and 50% to a VEBA (GASB 75). There is no change for Non-Licensed Preschool Teachers (formerly CES employees).
- Administrators hired prior to 1994 no longer receive enhanced GASB 73 benefits (e.g. with 80 unused sick days, retirement benefit is 50% (not 100%) of annual salary).
- The mortality tables, salary increase rates for non-teachers, and withdrawal rates were updated.
- The discount rate was changed from 2.10% to 3.80%.

2022

- There were no changes in actuarial assumptions for financial reporting purposes.

2021

- The discount rate was changed from 2.40% to 2.10%.

2020

- A GASB 73 benefit was added for the Superintendent.
- The Administrator's eligibility to receive the full GASB 73 retirement benefit was changed from age 55 with 15 years of service (10 in the district) and 120 unused sick days to age 55 with 15 years of service (10 in the district) and 80 unused sick days.
- ABE/ECFE Teachers no longer receive prorated benefits at age 55 with 15 years of service. They still receive their full GASB 73 benefits at age 55 with 20 years of service.
- Clerical employees' severance benefits are now paid 100% to a 403(b) (GASB 73) and - % to a VEBA (GASB 75). Previously, 100% of the benefit was payable to a VEBA.
- The mortality tables and salary increase rates were updated.
- The discount rate was changed from 3.10% to 2.40%.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 3 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2019

- The discount rate was changed from 3.50% to 3.10%

2018

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.40% to 3.50%.
- Paraprofessionals' severance benefits are now paid 100% to a 403(b) (GASB 73) and 0% to a VEBA (GASB 75) instead of 75% to a 403(b) and 25% to a VEBA. Also, the annual cap for all Paraprofessionals retiring in the same year increased from \$120,000 to \$150,000.
- Administrators need 120 unused sick days to be eligible to receive 50% of annual salary and 60 unused sick days to be eligible for 37.50% of annual salary. Previously 80 and 40 unused sick days were needed.

SUPPLEMENTARY INFORMATION

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2024**

	Self- Insurance Fund	OPEB Revocable Trust	Severance	Total
ASSETS				
Cash and Cash Equivalents	\$ 9,361,479	\$ 15,685	\$ 11,814,270	\$ 21,191,434
Investments	-	17,424,483	-	17,424,483
Accounts Receivable	93,785	-	-	93,785
Interest Receivable	-	153,023	-	153,023
Total Assets	<u>9,455,264</u>	<u>17,593,191</u>	<u>11,814,270</u>	<u>38,862,725</u>
LIABILITIES				
Accounts Payable	54,088	-	-	54,088
Claims Payable - Medical	1,209,316	-	-	1,209,316
Unearned Revenue	<u>1,450,283</u>	<u>-</u>	<u>-</u>	<u>1,450,283</u>
Total Liabilities	<u>2,713,687</u>	<u>-</u>	<u>-</u>	<u>2,713,687</u>
NET POSITION				
Unrestricted	<u>\$ 6,741,577</u>	<u>\$ 17,593,191</u>	<u>\$ 11,814,270</u>	<u>\$ 36,149,038</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2024**

	Self- Insurance Fund	OPEB Revocable Trust	Severance	Total
OPERATING REVENUES				
Charges for Services:				
Health Insurance Premiums	\$ 13,518,471	\$ -	\$ -	\$ 13,518,471
Contributions	-	-	1,855,461	1,855,461
Total Operating Revenues	<u>13,518,471</u>	<u>-</u>	<u>1,855,461</u>	<u>15,373,932</u>
OPERATING EXPENSES				
Health Insurance Claim Payments	12,454,519	-	-	12,454,519
Severance Payments	-	-	2,051,489	2,051,489
Administrative Costs	-	113,365	-	113,365
Total Operating Expenses	<u>12,454,519</u>	<u>113,365</u>	<u>2,051,489</u>	<u>14,619,373</u>
OPERATING INCOME (LOSS)	1,063,952	(113,365)	(196,028)	754,559
NONOPERATING INCOME				
Investment Income	<u>331,239</u>	<u>652,351</u>	<u>474,410</u>	<u>1,458,000</u>
CHANGE IN NET POSITION	1,395,191	538,986	278,382	2,212,559
NET POSITION - BEGINNING	5,176,843	17,054,205	11,092,157	33,323,205
Prior Period Adjustment - See Note 16	<u>169,543</u>	<u>-</u>	<u>443,731</u>	<u>613,274</u>
NET POSITION - BEGINNING, AS RESTATED	<u>5,346,386</u>	<u>17,054,205</u>	<u>11,535,888</u>	<u>33,936,479</u>
NET POSITION - ENDING	<u>\$ 6,741,577</u>	<u>\$ 17,593,191</u>	<u>\$ 11,814,270</u>	<u>\$ 36,149,038</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024**

	Self- Insurance Fund	OPEB Revocable Trust	Severance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Interfund Services Provided	\$ 14,055,259	\$ -	\$ 1,855,461	\$ 15,910,720
Payments for Administrative Costs	-	(113,365)	-	(113,365)
Payments for Medical Fees and Insurance Claims	(12,001,017)	-	-	(12,001,017)
Payments for Severance Benefits	-	-	(2,051,489)	(2,051,489)
Net Cash Provided (Used) by Operating Activities	<u>2,054,242</u>	<u>(113,365)</u>	<u>(196,028)</u>	<u>1,744,849</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Investments	-	(527,194)	-	(527,194)
Interest Received	331,239	641,321	474,410	1,446,970
Net Cash Provided by Investing Activities	<u>331,239</u>	<u>114,127</u>	<u>474,410</u>	<u>919,776</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS				
	2,385,481	762	278,382	2,664,625
Cash and Cash Equivalents - Beginning of Year, as Restated	<u>6,975,998</u>	<u>14,923</u>	<u>11,535,888</u>	<u>18,526,809</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 9,361,479</u>	<u>\$ 15,685</u>	<u>\$ 11,814,270</u>	<u>\$ 21,191,434</u>
DISPLAYED ON STATEMENT OF FUND NET POSITION AS:				
Cash and Cash Equivalents	\$ 9,361,479	\$ 15,685	\$ 11,814,270	\$ 21,191,434
Investments	-	17,424,483	-	17,424,483
Total Cash and Investments on the Statement of Net Position	<u>\$ 9,361,479</u>	<u>\$ 17,440,168</u>	<u>\$ 11,814,270</u>	<u>\$ 38,615,917</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 1,063,952	\$ (113,365)	\$ (196,028)	\$ 754,559
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
(Increase) Decrease in Accounts Receivable	512,519	-	-	512,519
Increase in Accounts Payable	48,775	-	-	48,775
Increase (Decrease) in Claims Payable	404,727	-	-	404,727
Increase in Unearned Revenue	24,269	-	-	24,269
Total Adjustments	<u>990,290</u>	<u>-</u>	<u>-</u>	<u>990,290</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,054,242</u>	<u>\$ (113,365)</u>	<u>\$ (196,028)</u>	<u>\$ 1,744,849</u>
NONCASH INVESTING ACTIVITIES				
Increase in Fair Value of Investments	<u>\$ -</u>	<u>\$ 527,194</u>	<u>\$ -</u>	<u>\$ 527,194</u>

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
JUNE 30, 2024**

	AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND			
Total Revenue	\$ 140,946,835	\$ 140,749,792	* \$ 197,043
Total Expenditures	137,623,939	136,856,872	* 767,067
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	296,340	261,491	* 34,849
<i>Restricted:</i>			
401 Student Activities	205,063	197,409	* 7,654
402 Scholarship	144,717	37,606	* 107,111
403 Staff Development	1,180,134	1,082,340	* 97,794
405 Deferred Maintenance	-	-	-
406 Health and Safety	-	-	-
407 Capital Project Levy	5,496,004	(311,776)	* 5,807,780
408 Cooperative Programs	-	-	-
413 Projects Funded by COP	-	-	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maintenance	-	-	-
424 Operating Capital	-	948,953	* (948,953)
426 \$25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning and Development	-	18,468	* (18,468)
434 Area Learning Center	-	-	-
435 Contracted Alternative Programs	-	-	-
436 State-Approved Alternative Programs	-	-	-
438 Gifted and Talented	-	-	-
440 Teacher Development and Evaluations	-	-	-
441 Basic Skills Programs	-	642,998	* (642,998)
443 School Library	82,656	-	* 82,656
445 Career and Technical Programs	-	-	-
448 Achievement and Integration	-	-	-
449 Safe Schools Crime Levy	935,136	924,439	* 10,697
451 QZAB Payments	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
453 Unfunded Severance & Retirement Levy	-	-	-
464 Restricted Fund Balance	-	-	-
467 Long-Term Facilities Maintenance	126,291	(22,821)	* 149,112
471 Student Support Personnel	90,330	-	* 90,330
472 Medical Assistance	1,315,094	1,457,139	* (142,045)
<i>Committed:</i>			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	-	-	-
<i>Assigned:</i>			
462 Assigned Fund Balance	1,125,000	5,414,024	* (4,289,024)
<i>Unassigned:</i>			
422 Unassigned Fund Balance	16,324,754	20,764,112	* (4,439,358)
02 FOOD SERVICE			
Total Revenue	5,124,266	4,824,968	* 299,298
Total Expenditures	4,816,379	4,676,186	* 140,193
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	110,766	133,840	* (23,074)
<i>Restricted:</i>			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	991,849	902,580	* 89,269
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE			
Total Revenue	12,473,774	12,193,134	* 280,640
Total Expenditures	11,024,625	11,258,333	* (233,708)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
426 \$25 Taconite	-	-	-
431 Community Education	5,404,642	4,269,913	* 1,134,729
432 E.C.F.E.	236,933	286,101	* (49,168)
440 Teacher Development and Evaluations	-	-	-
444 School Readiness	93,552	-	* 93,552
447 Adult Basic Education	247,281	256,959	* (9,678)
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	-	839,650	* (839,650)
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	(92,660)	* 92,660

* Adjustments were posted after the UFARS deadline.

**HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE (CONTINUED)
JUNE 30, 2024**

	AUDIT	UFARS	DIFFERENCE
06 BUILDING CONSTRUCTION			
Total Revenue	\$ 465,247	\$ 465,247	\$ -
Total Expenditures	8,070,456	7,889,818	* 180,638
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	434,589	357,238	* 77,351
<i>Restricted:</i>			
407 Capital Projects Levy	4,153,904	7,598,971	* (3,445,067)
409 Alternative Facility Program	-	-	-
413 Projects Funded by COP	-	-	-
467 Long-Term Facilities Maintenance	-	1,052,288	* (1,052,288)
464 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	(366,445)	(8,086,048)	* 7,719,603
07 DEBT SERVICE			
Total Revenue	14,386,767	12,741,238	* 1,645,529
Total Expenditures	14,734,672	14,734,672	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
451 QZAB and QSCB Payments	-	-	-
464 Restricted Fund Balance	4,444,534	2,013,567	* 2,430,967
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
08 TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
422 Net Position	-	-	-
18 CUSTODIAL			
Total Revenue	-	39,980	* (39,980)
Total Expenditures	-	16,228	* (16,228)
<i>Net Position:</i>			
401 Student Activities	-	139,611	* (139,611)
402 Scholarships	-	-	-
422 Net Position	-	-	-
20 INTERNAL SERVICE			
Total Revenue	16,179,581	11,563,597	* 4,615,984
Total Expenditures	14,506,008	14,178,241	* 327,767
<i>Net Position:</i>			
422 Net Position	18,555,847	13,570,210	* 4,985,637
25 OPEB REVOCABLE TRUST			
Total Revenue	652,351	599,961	* 52,390
Total Expenditures	113,365	113,365	-
<i>Net Position:</i>			
422 Net Position	17,593,191	17,540,800	* 52,391
45 OPEB IRREVOCABLE TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
47 OPEB DEBT SERVICE			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
464 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			

* Adjustments were posted after the UFARS deadline.



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