



CITIZENS FINANCIAL ADVISORY COMMITTEE (CFAC) ANNUAL COMPREHENSIVE BOARD REPORT EXECUTIVE SUMMARY

For Fiscal Year Ending June 30, 2027



INDEPENDENT SCHOOL DISTRICT 270 HOPKINS PUBLIC SCHOOLS

Serving Eden Prairie, Edina, Golden Valley, Hopkins,
Minnetonka, Plymouth, and St. Louis Park

EDUCATIONAL SERVICES CENTER

1001 Highway 7
Hopkins, Minnesota 55305



CFAC ANNUAL COMPREHENSIVE BOARD REPORT EXECUTIVE SUMMARY

For Fiscal Year Ending June 30, 2027

Executive Summary

- [CFAC Committee Members & Review Process](#)
- [Assumptions for FY27 Budget](#)
- [Recommendations for FY27 Budget](#)
- [Budget Projection Model](#)
- [Appendices](#)
 - Appendix A: Staffing Benefits Composition
 - Appendix B: Enrollment
 - Appendix C: OPEB and Severance
 - Appendix D: Fund Balance
 - Appendix E: FY27 General Fund Summary
 - Appendix F: FY27 General Fund Revenue Summary
 - Appendix G: FY27 General Fund Expenditure Summary
 - Appendix H: FY26 General Fund Revenue Summary
 - Appendix I: FY26 General Fund Expenditure Summary

EXECUTIVE SUMMARY

Citizens Financial Advisory Committee
2026-27 Budget Recommendations to the School Board
DATE 4/1/2026

CFAC Committee Members & Review Process

The Citizens Financial Advisory Committee (CFAC), in partnership with Hopkins Public Schools administrators, was established to leverage the financial expertise of community members and provide informed recommendations to the School Board on the financial planning and performance of the Hopkins School District. The Committee is dedicated to promoting transparency and accountability in the stewardship of resources that support our schools. These recommendations will inform consultants from The Center for Effective School Operations (CESO) as they develop the District's 2026-27 (FY27) budget.



CFAC ANNUAL COMPREHENSIVE BOARD REPORT EXECUTIVE SUMMARY

For Fiscal Year Ending June 30, 2027

Current CFAC Committee Members for the include:

- Craig Budolfson
- Luke Jacobson
- Andy Kocemba
- Scott Siemens
- Andrea Simmons
- Karl Shepard
- Rachel Hartland, School Board Treasurer
- Zhiming Zhao, School Board Director
- Johanna Hyman, School Board Director

The CFAC members listed above have conducted a thorough review of the District's financial position and long-term fiscal outlook through formal meetings with Superintendent Rhoda Mhiripiri-Reed, Assistant Superintendent Nik Lightfoot, and CESO consultants. This collaborative process has focused on evaluating current financial conditions, future budget planning, and key factors influencing the District's overall financial health.

The Committee examined audited financial results and fund assigned/unassigned balance as of June 30, 2024, reviewed budget planning and projections from FY25 through FY27, and discussed contract negotiations and the District's legislative agenda.

The review also included enrollment trends, state per-student funding projections, staffing levels, and salary and benefit projections. Additionally, CFAC analyzed pension funding at both the District and State levels, considered other factors affecting long-term financial stability, and completed a review of the FY25 budget.



CFAC ANNUAL COMPREHENSIVE BOARD REPORT EXECUTIVE SUMMARY

For Fiscal Year Ending June 30, 2027

Assumptions for FY27 Budget

To develop responsible and forward-looking recommendations for the School Board, the CFAC Committee grounded its analysis in a set of shared financial and operational assumptions reflecting the best information available at the time of review. These assumptions draw from current State funding forecasts, projected enrollment trends, anticipated cost drivers such as inflation, compensation, and benefits, and expected changes in operating expenses. The Committee also considered the district's recent and projected financial position, including fund balance levels and long-term sustainability of the General Fund.

Together, these assumptions provided a consistent framework for evaluating potential scenarios, understanding fiscal risks, and identifying the scale of adjustments that may be necessary to maintain financial stability in future budget years.

- Projections for State per-student funding for FY27 is 2.69% and FY28 relies on projections. Based on forecasted budgets, the State is not expected to make substantial new investments in public education.
- Projected estimated enrollment for FY27 of 6954 students.
- Assumed an annual increase of 5% in FY27 for salaries and benefits. This represents 80-85% of total expenditures for the District.
- Health insurance costs will increase by 7%.
- General Fund Unassigned Fund balance based on audited FY24 Financial statements is sitting at 12%
- General Fund Unassigned Fund balance based on projected FY25 Financial statements is sitting at 11.02%. ([See Appendix E](#))
- Purchased Services and Supplies to increase at 3.0% on an annual basis.
- Utilities and Transportation to increase at 5.0% on an annual basis. The district issued a Request for Proposal and is currently evaluating the submitted responses. The budget will be updated accordingly based on the selected proposal and final contract terms approved by the Board.
- The district's General Fund is projected to have a deficit in the FY27 budget of \$132,499.



CFAC ANNUAL COMPREHENSIVE BOARD REPORT EXECUTIVE SUMMARY

For Fiscal Year Ending June 30, 2027

CFAC Recommendations for FY27 Budget

With this framework in place, the following Exhibits represent the CFAC Committee's budget recommendations in detail. Each Exhibit is designed to illustrate how the committee applied its assumptions to specific revenue, expenditure, and fund balance considerations, and to show the projected impact of recommended actions over the next three to five years.

Taken together, these Exhibits provide transparency into the committee's decision-making process and offer a clear, data-informed view of the options and tradeoffs considered in support of the School Board's budget deliberations.

Audit & Compliance:

CFAC recommends that the District acknowledge the significance of recent audit delays and confirm that corrective actions are underway to return to a timely reporting cycle, including the impact on the CFAC report presentation. The District should continue to implement and monitor audit Corrective Action Plans (CAPs) with clear remediation strategies to address identified findings and strengthen internal controls.

Effective management of any organization requires accurate and timely financial reporting that supports strategic and long-term decision making. Given the impending departure of the Superintendent and reliance on consultants in the business services office, CFAC recommends the Board provide visible leadership on budget matters until our financial reporting, staffing and controls return to a stable and sustainable state.

CFAC recognizes the essential roles of CESO and the external accountant. Despite current hiring difficulties, the long-term objective is to transition these functions to in-house staffing.



CFAC ANNUAL COMPREHENSIVE BOARD REPORT EXECUTIVE SUMMARY

For Fiscal Year Ending June 30, 2027

CFAC has been provided an update that the FY25 audit is currently underway and progressing through the standard audit phases, including preparation, fieldwork, financial statement drafting and final review. Completion of the audit is currently anticipated in June 2026.

The timing of audit completion is a key factor in supporting the District's bond issuance process and maintaining its credit rating once issued. It is also necessary to ensure the FY26 audit timeline remains on track, with completion by November 30, 2026.

In addition, CFAC recommends reviewing and strengthening relevant financial policies and internal controls to support strong governance, alignment with audit outcomes and continued improvement in financial oversight and compliance.

Enrollment & Program Viability:

Enrollment remains a key driver of the District's long-term financial stability and program sustainability. As part of the ongoing planning, CFAC recommends that the District continue to evaluate strategies to stabilize and increase enrollment, including targeted program offerings and analyze current enrollment trends. [\(See Appendix B\)](#)

CFAC recommends that the District formalize a comprehensive, multi-year enrollment strategy focused on attracting and retaining students, building on current administrative efforts and aligning with leadership. As part of this work, the District should continue to expand and prioritize high-demand programs, such as Chinese and Spanish Immersion, while ensuring program offerings remain aligned with student needs, capacity, and long-term sustainability.



CFAC ANNUAL COMPREHENSIVE BOARD REPORT EXECUTIVE SUMMARY

For Fiscal Year Ending June 30, 2027

The District should deepen its understanding of enrollment trends by analyzing why families choose to enroll, stay, or leave. These insights should directly inform program decisions, resource allocation, and strategic priorities, ensuring that enrollment efforts are data-informed and aligned with the District's long-term financial and educational goals.

Other Post Employment Benefits (OPEB):

The OPEB trust represents a significant financial achievement for the District. Through years of intentional funding decisions by CFAC, District leadership, and the School Board, the trust has reached a point of long-term sustainability. Independent projections from CBIZ support that the trust is now fully self-sustaining. Notably, the trust has improved from approximately 70% funded five years ago to its current 94% funded status, reflecting disciplined fiscal stewardship and proactive planning. ([See Appendix C](#))

Beginning in FY26, CFAC recommends pausing General Fund contributions to the OPEB trust. Based on current projections, the trust is expected to meet future obligations. Additionally, CFAC notes that a \$2.0 million adjustment to the FY26 financials has contributed to results trending more favorable than budgeted, based on year-to-date activity and current estimates, as the fiscal year remains in progress. This approach preserves the District's unassigned fund balance while maintaining long-term financial stability.

CFAC recommends the District and Board continue to review OPEB trust performance and actuarial projections annually and revisit this recommendation if conditions change.

Financial Projections & Budget Scenarios:

CFAC recommends that the District review its multi-year financial projections. Based on current assumptions, implementing expenditure reductions in the range of \$2–3 million



CFAC ANNUAL COMPREHENSIVE BOARD REPORT EXECUTIVE SUMMARY

For Fiscal Year Ending June 30, 2027

is projected to stabilize the District's financial position and support an unassigned fund balance of approximately 13% in FY27. These reductions are also projected to result in a balanced budget in FY28. However, absent additional adjustments, deficits are expected to reemerge in subsequent years.

This moderate level of reductions allows the District—including staff, the Board, the community, and CFAC—adequate time to engage in thoughtful planning over the next two years. This planning period is critical to evaluate potentially larger reductions, as well as to pursue enrollment recruitment and retention strategies, in order to stabilize the District's finances over the longer term.

Maintaining a healthy unassigned fund balance is essential to the District's overall financial health. Consistent with Board policy, the District is required to maintain a minimum unassigned fund balance of 6%, with a long-term target range of 8–12%. While the projected 13% unassigned fund balance in FY27 exceeds this target range, it provides a necessary temporary buffer as the District navigates projected structural deficits in future years.

The projected increase in the unassigned fund balance strengthens the District's financial stability, acknowledging that structural challenges persist in the out-year projections. Maintaining this higher reserve level positions the District to absorb anticipated shortfalls while preserving program stability. In addition, a stronger reserve provides flexibility to manage economic uncertainty, fluctuations in revenue and expenditures, and supports favorable credit ratings and lower borrowing costs, thereby enhancing the District's long-term financial flexibility. ([See Appendix E](#))

CFAC emphasizes that, while the FY25 audit remains in process and FY26 projections continue to be refined, proactive planning and timely budget adjustments are necessary to preserve fund balance levels, support long-term financial sustainability, and ensure the District remains well-positioned to respond to future financial uncertainties.



CFAC ANNUAL COMPREHENSIVE BOARD REPORT EXECUTIVE SUMMARY

For Fiscal Year Ending June 30, 2027

CFAC recognizes and appreciates the Administration's efforts to review salary ranges with peer districts and align contract negotiations to support the attraction and retention of high quality staff. Looking ahead, CFAC recommends that salary and benefit increases be managed within the District's long-term financial capacity, generally targeting increases of 4% or closer to the state aid growth to support ongoing sustainability.

It is further recommended that the District communicate that approximately 85% of the total expenditures are allocated to salaries and benefits, reinforcing that reductions of this amount will require staffing adjustments and cannot be achieved through non-personnel reductions alone.

Budget Projection Model

Definitions	Unaudited 2024-2025	Budget 2025-2026	Projected 2026-2027	Projected 2027-2028	Projected 2028-2029	Projected 2029-2030	Projected 2030-2031
Revenue	\$150,676,126	\$130,575,130	\$149,308,552	\$151,603,414	\$154,119,480	\$156,390,019	\$159,063,063
Expenditures	\$146,096,370	\$130,575,130	\$149,441,051	\$153,956,363	\$158,047,363	\$163,178,526	\$168,630,434
Revenue Over (Under) Expenditures	\$4,579,757	\$0	(\$132,499)	(\$2,352,949)	(\$3,927,883)	(\$6,788,507)	(\$9,567,371)
Fund Balance	\$31,901,276	\$34,896,478	\$34,763,979	\$32,411,030	\$28,483,147	\$21,694,640	\$12,127,269
Assigned Fund Balance	\$15,764,655	\$16,925,298	\$17,098,408	\$17,860,254	\$19,394,432	\$20,541,265	\$21,200,252
Unassigned Fund Balance	\$16,136,621	\$17,971,180	\$17,665,571	\$14,550,777	\$9,088,715	\$1,153,376	(\$9,072,983)
Percent Unassigned	11.0%	13.8%	11.8%	9.5%	5.8%	0.7%	-5.4%

FY26 budget information is based on the approved preliminary budget of approximately \$130 million. Based on current year-to-date activity and updated projections, actual revenues and expenditures are now estimated at approximately \$145 million, subject to change as the fiscal year progresses. A revised budget will be presented to the Board in April.

Based on preliminary comparisons, this represents an approximate \$5 million decrease from FY25 to FY26, primarily driven by enrollment-related reductions in state aid and decrease in Long-Term Facilities Maintenance (LTFM) revenue.



CFAC ANNUAL COMPREHENSIVE BOARD REPORT EXECUTIVE SUMMARY

For Fiscal Year Ending June 30, 2027

Appendices

- Appendix A: Staffing Benefits Composition
- Appendix B: Student Enrollment
- Appendix C: OPEB and Severance
- Appendix D: Fund Balance
- Appendix E: FY27 General Fund Summary
- Appendix F: FY27 General Fund Revenue Summary
- Appendix G: FY27 General Fund Expenditure Summary
- Appendix H: FY26 General Fund Revenue Summary
- Appendix I: FY26 General Fund Expenditure Summary
- Appendix J: 7-Year Comparison Revenue & Expenditures

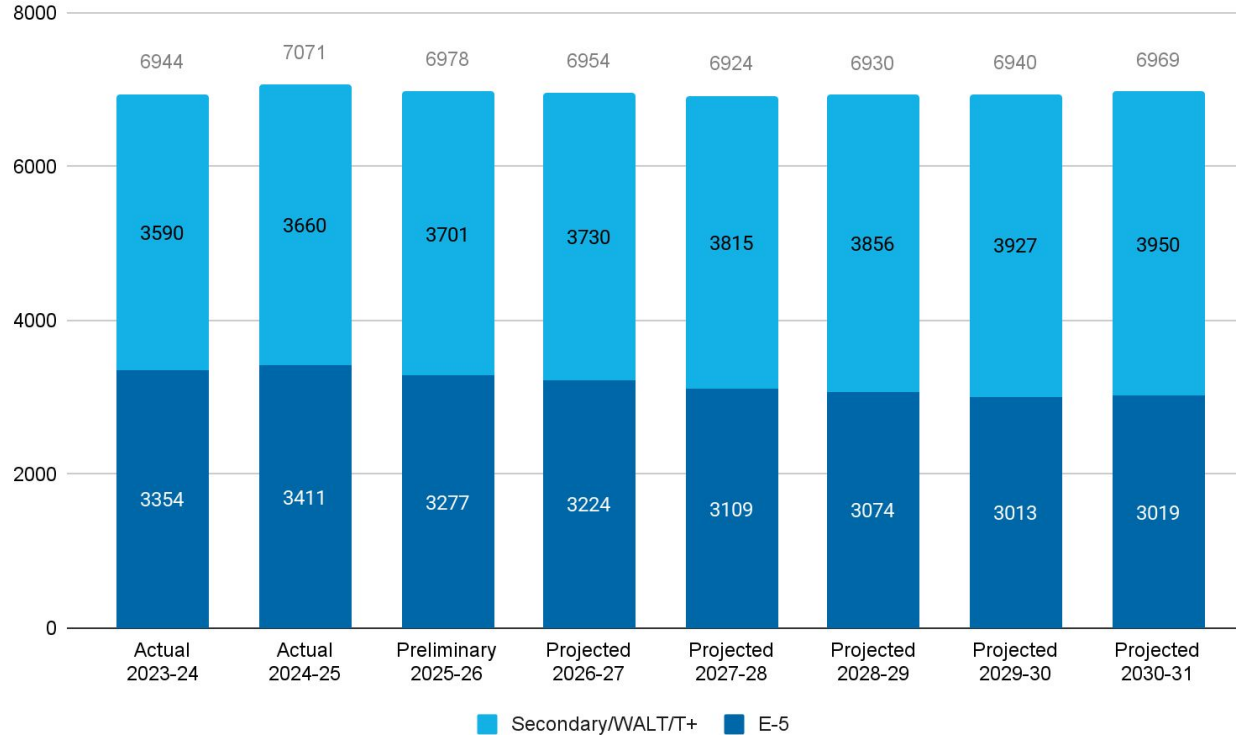
Appendix A: Staffing Benefits Composition

District Benefits	
	Employer Contribution Rate
Dental	2.00%
FICA	7.65%
Health	17.00%
Life & ADD	1.00%
LTD	0.25%
TRA	9.81%
PERA	7.50%
Severance	3.00%
TSA	0.50%
PFML	0.44%



Appendix B: Enrollment

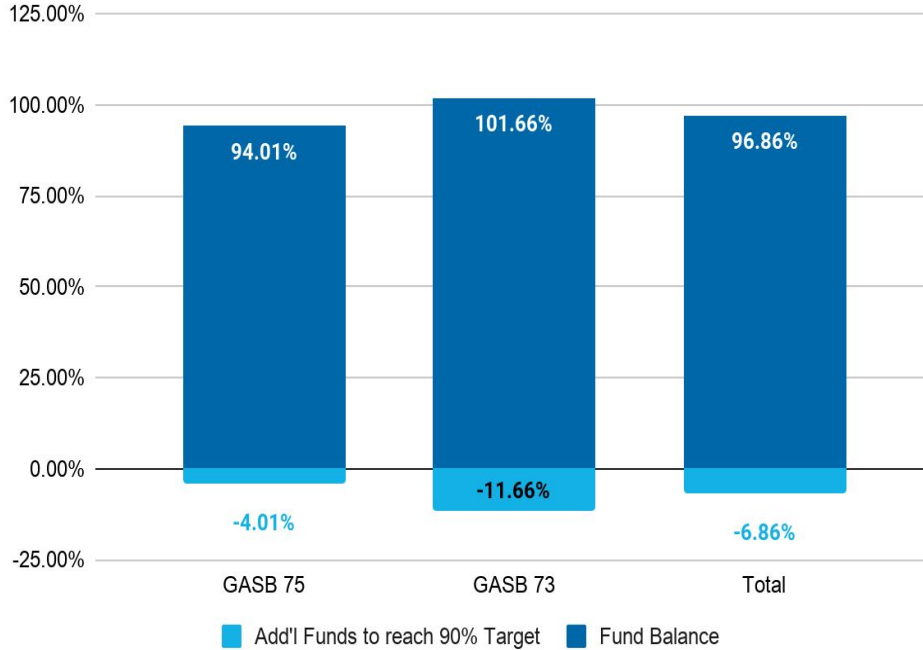
EOY ADM Enrollment Projections 2023-24 to 2030-31





Appendix C: OPEB and Severance

OPEB & Severance (GASB 75 and GASB 73)



Description	GASB 75	GASB 73	TOTAL
Accrued Liability 7-1-2025	\$19,562,968	\$11,621,665	\$31,184,633
Fund Balance 6-30-2025	\$18,392,124	\$11,814,270	\$30,206,394
% of Accrued Liability	94.02%	102%	96.86%
90% Funding Level	\$17,606,671	\$10,459,498	\$28,066,169
Estimated Annual Employer Contributions	\$0.00	\$0.00	\$0.00



Appendix D: Fund Balance

Hopkins Independent School District 270

FUND BALANCES Unaudited for FY 2023

	June 30, 2024	June 30, 2025
Fund	Actual Fund Balances	Projected Fund Balances
General/Restricted	\$9,871,765	\$14,639,655
General/Other	17,449,754	17,261,621
Food Service	1,102,615	879,872
Community Service	5,982,408	6,816,975
Building Construction	4,222,048	-582,421
Debt Service	4,444,534	4,240,829
TrustFun	28,857	28,857
Internal Service		
OPEB* Revocable Trust	17,593,191	18,282,484
OPEB* Irrevocable Trust (Severance)	11,814,270	11,814,270
OPEB* Self Insurance	6,741,577	6,684,577

**FY25 financial information is preliminary and subject to change pending completion of the audit.



Appendix E: FY27 General Fund Summary

Combined Statement	2022 Audited	2023 Audited	2024 Audited	2025 Unaudited	2026 Adopted Budget	2027 Projected	2028 Projected
Revenues							
Total revenues	\$116,322,285	\$120,439,546	\$140,946,835	\$150,676,126	\$130,575,130	\$149,308,552	\$151,603,414
Expenditures							
Total Expenditures	\$114,117,543	\$122,721,381	\$137,623,939	\$146,096,370	\$130,575,130	\$149,441,051	\$153,956,363
Excess of revenues over (under) expenditures	\$2,204,742	-\$2,281,835	\$3,322,896	\$4,579,756	\$0	-\$132,499	-\$2,352,949
Total Other Financing Sources (Uses)	\$5,218	\$446,624	\$3,749,457	\$0	\$0	\$0	\$0
Net change in Fund Balances	\$2,209,960	-\$1,835,211	\$7,072,353	\$4,579,756	\$0	-\$132,499	-\$2,352,949
General Fund Balances July 1	\$20,091,289	\$22,301,249	\$20,466,038	\$27,321,519	\$31,901,275	\$34,896,477	\$34,763,978
Prior Period Adjustment	\$0	\$0	-\$216,872	\$0	\$0	\$0	\$0
Adjustment	\$0	\$0	\$0	\$0	\$2,995,202	\$0	\$0
General Fund Balance June 30	\$22,301,249	\$20,466,038	\$27,321,519	\$31,901,275	\$34,896,477	\$34,763,978	\$32,411,029
Details of June 30 fund Balance							
Nonspendable	\$261,491	\$491,168	\$296,340	\$234,148	\$234,148	\$234,148	\$234,148
Restricted	\$4,154,649	\$7,201,513	\$9,575,425	\$14,404,507	\$15,739,260	\$15,739,260	\$16,501,106
Assigned	\$5,414,024	\$1,125,000	\$1,125,000	\$1,125,000	\$1,125,000	\$1,125,000	\$1,125,000
Unassigned	\$12,471,085	\$11,648,357	\$16,324,754	\$16,137,620	\$17,798,069	\$17,665,570	\$14,550,775
Total	\$22,301,249	\$20,466,038	\$27,321,519	\$31,901,275	\$34,896,477	\$34,763,978	\$32,411,029
Total Unassigned Fund balance to Expenditures	10.9%	9.5%	11.9%	11.0%	13.6%	11.8%	9.5%

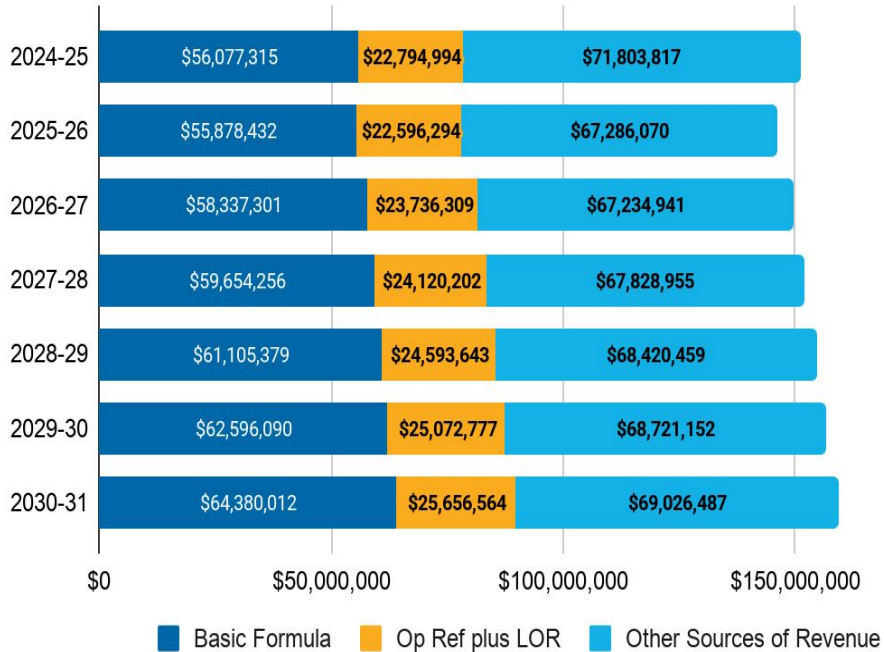
****FY25 financial information is preliminary and subject to change pending completion of the audit. Projections are based on currently available data and assumptions.**



Appendix F: Operating Budget Revenue Source

Operating Budget: Sources of Revenue

Sources of Revenue: Seven Year Comparison

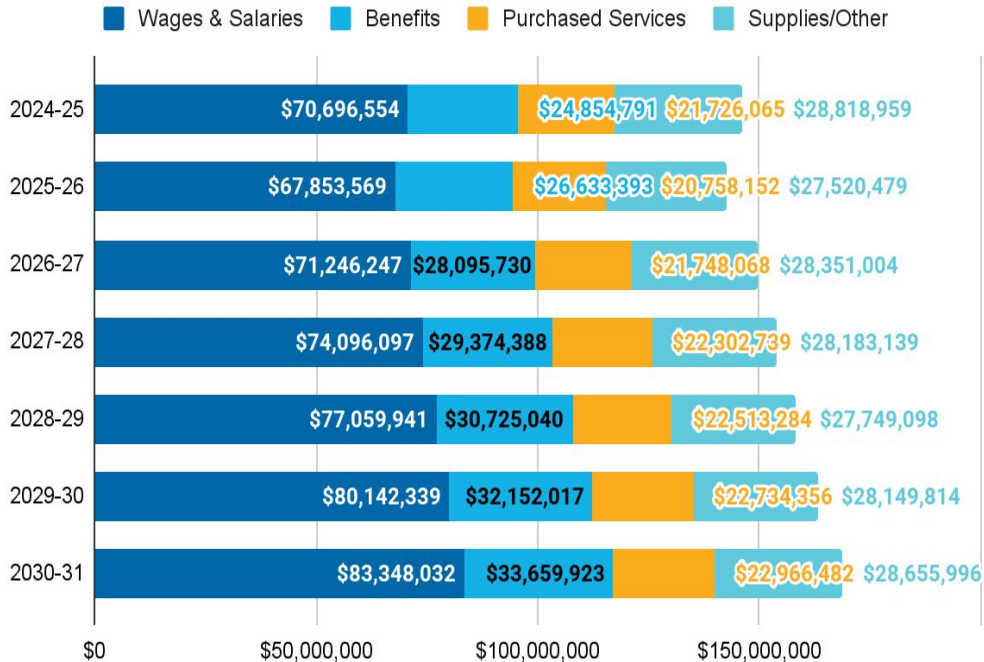


Year	Total Revenue	\$ Change	% Change
2024-25	\$150,676,126	\$0	0.0%
2025-26	\$145,760,796	(\$4,915,331)	-3.3%
2026-27	\$149,308,552	\$3,547,756	2.4%
2027-28	\$151,603,414	\$2,294,862	1.5%
2028-29	\$154,119,480	\$2,516,066	1.7%
2029-30	\$156,390,019	\$4,786,605	1.5%
2030-31	\$159,063,063	\$2,673,044	1.7%

****FY25 financial information is preliminary and subject to change pending completion of the audit. Projections are based on currently available data and assumptions.**



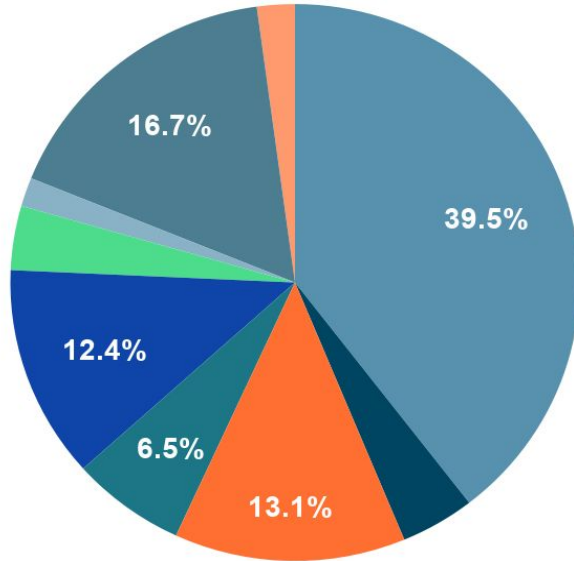
Appendix G: General Fund Operating Budget Expenditures



Year	Total Expense	\$ Change	% Change
2024-25	\$146,096,370	\$0	0
2025-26	\$142,765,593	-\$3,330,776	-2.3%
2026-27	\$149,441,051	\$6,675,457	4.7%
2027-28	\$153,956,363	\$4,515,312	3.0%
2028-29	\$158,047,363	\$4,091,000	2.7%
2029-30	\$163,178,526	\$5,131,163	3.2%
2030-31	\$1168,630,434	\$5,451,908	3.3%

****FY25 financial information is preliminary and subject to change pending completion of the audit. Projections are based on currently available data and assumptions.**

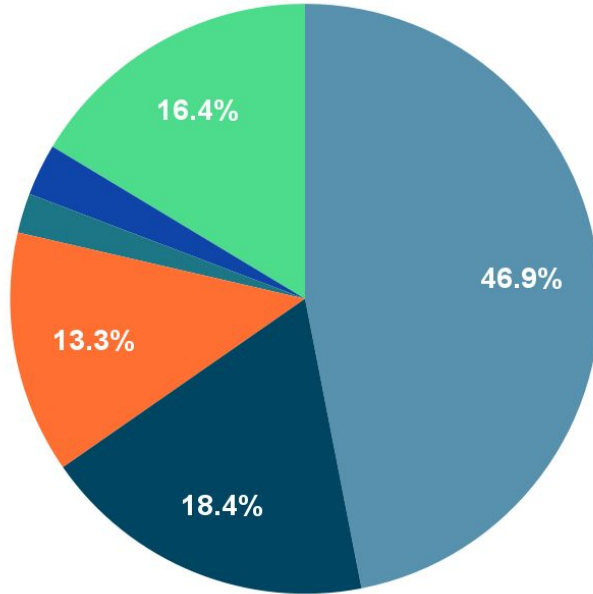
Appendix H: FY26 General Fund Operating Revenue



- Basic Revenue Allowance
- Other State Aids & Levies
- Special Education Aid
- Other General Ed Aid
- Voter App'd Oper Ref
- Local Optional Revenue
- Federal Aid
- Restricted Revenue
- Misc. Rev & Bdgt Tsfr

Revenue Source	%
Basic Revenue Allowance	39.5%
Other State Aids & Levies	4.2%
Special Education Aid	13.1%
Other General Ed Aid	6.5%
Voter App'd Oper Ref	12.4%
Local Optional Revenue	3.7%
Federal Aid	1.7%
Restricted Revenue	16.7%
Misc Rev & Bdgt Transfer	2.1%

Appendix I: FY26 General Fund Operating Expense

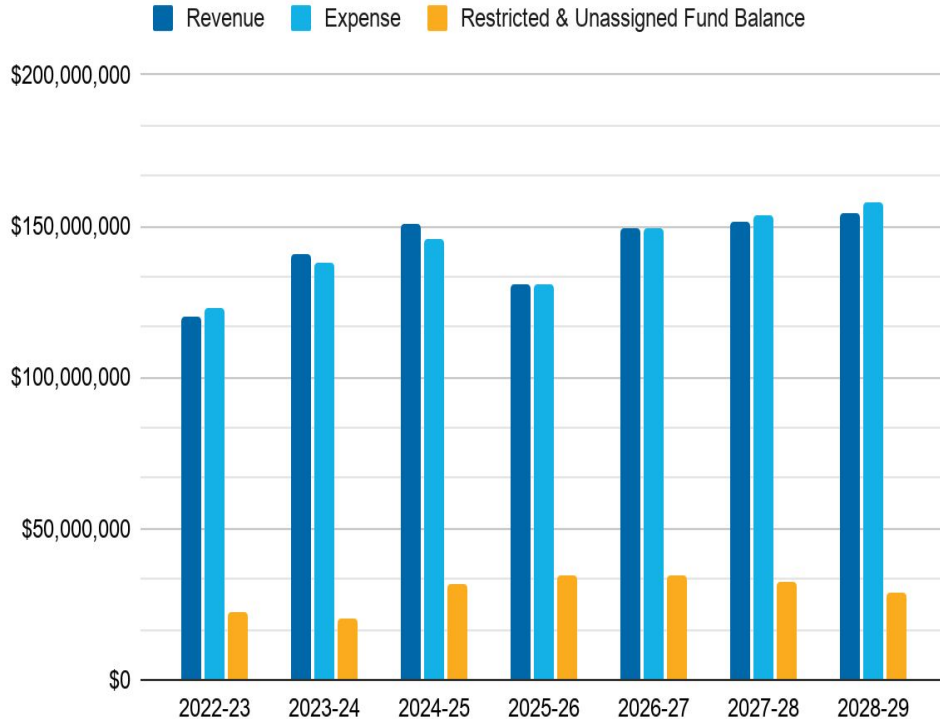


● Salaries & Wages
 ● Benefits
 ● Purchased Services
 ● Supplies
● Equipment, Technology & Other Capital
 ● Restricted Expenditures

Revenue Source	%
Salaries & Wages	46.9%
Benefits	18.4%
Purchased Services	13.3%
Supplies	2.2%
Equipment, Technology & Other Capital	2.8%
Restricted Expenditures	16.4%



Appendix J: Revenue & Expenses (7-Year Comparison)



Year	Revenue	Expense	Restricted & Unassigned Fund Balance
2022-23	\$120,439,546	\$122,721,381	\$22,301,249
2023-24	\$140,946,835	\$137,623,939	\$20,466,038
2024-25	\$150,676,126	\$146,096,370	\$31,901,276
2025-26	\$130,575,130	\$130,575,130	\$34,896,478
2026-27	\$149,308,552	\$149,411,051	\$34,763,979
2027-28	\$151,603,414	\$153,956,363	\$32,411,030
2028-29	\$154,119,480	\$158,047,363	\$28,483,147

****FY25 financial information is preliminary and subject to change pending completion of the audit. Projections are based on currently available data and assumptions. Original budget numbers are used for FY26.**