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

FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2025

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, 2025

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.

Board Members

Shannon Andreson – Board Chair

Brooke Ann Roper – Vice Chair

Rachel Hartland – Treasurer

Sara Wilhelm Garbers – Clerk

Johanna Hyman – Director

Kaj Thompson – Director

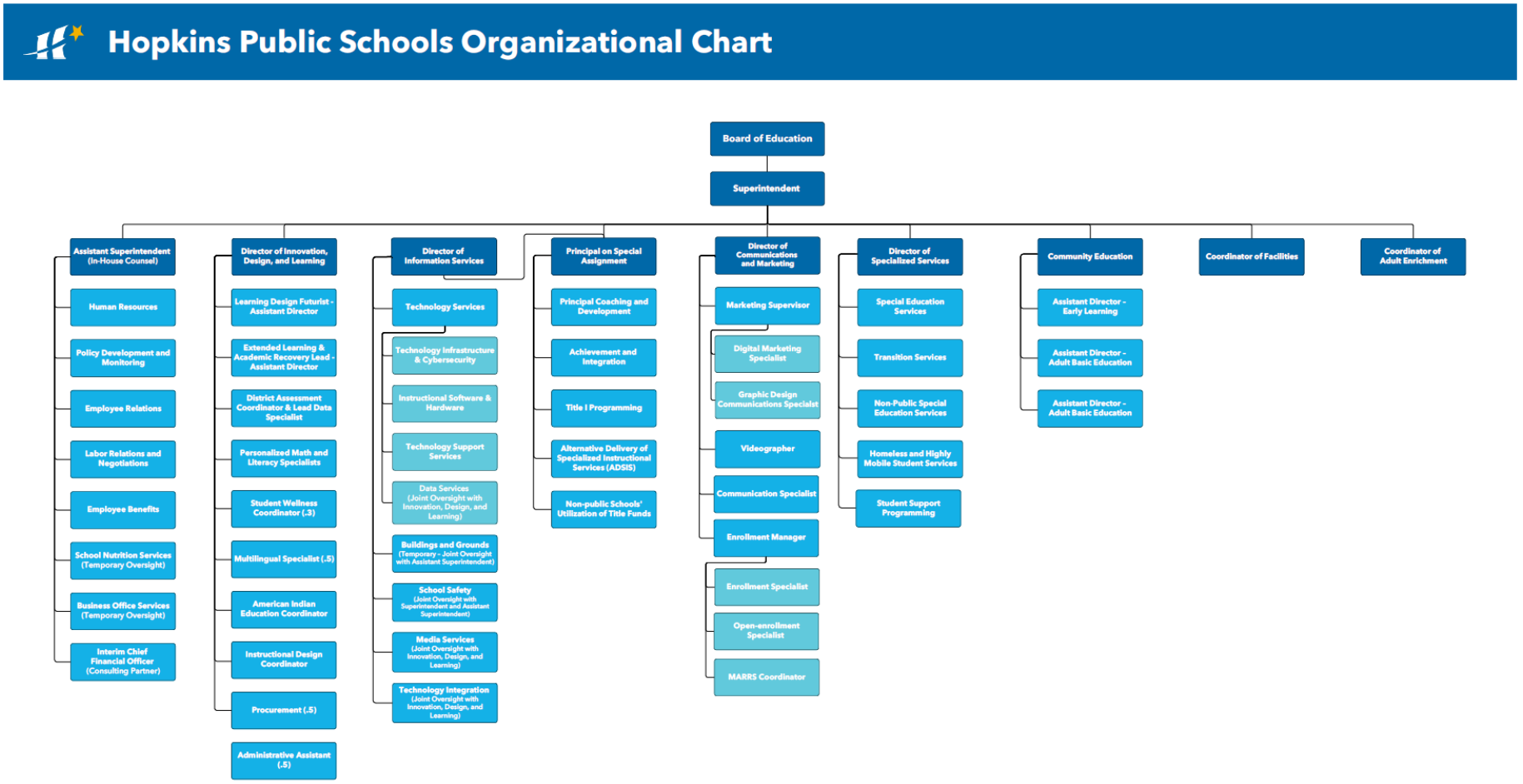
Zhiming Zhao – Director

Dr. Rhoda Mhiripiri-Reed – Ex Officio

ADMINISTRATION

Dr. Rhoda Mhiripiri-Reed	Superintendent
Nik Lightfoot	Assistant Superintendent
District Offices:	Independent School District No. 270 Hopkins Public Schools 1001 Highway 7 Hopkins, Minnesota 55305-4722 952-988-4000

HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
ORGANIZATIONAL STRUCTURE
JUNE 30, 2025



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, 2025, and the related notes to the basic 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, 2025, 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
The Independent School District No. 270 has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. Our opinion is 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 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 June 17, 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.



Minneapolis, Minnesota
June 17, 2026

REQUIRED SUPPLEMENTARY INFORMATION

HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025

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, 2025. Please read it in conjunction with the District's basic financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2024-2025 fiscal year include the following:

- Net position of the District in total increased by $14,870,125, from June 30, 2024, as restated, resulting in an ending net position of $7,741,996.
- Overall General Fund revenues were $152,981,608 as compared to $137,734,651 of expenditures.
- Total fund balance of the General Fund increased by $6,994,069 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 2025.
- The District had $123,865,000 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.

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.

- 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 $7,741,966 on June 30, 2025.

Table A-1
The District's Net Position

	Governmental Activities as of June 30,		Percentage
	2025	2024	Change
Current and Other Assets	$ 161,365,658	$ 155,144,880	4.01 %
Capital Assets	189,073,835	188,625,241	0.24
Total Assets	350,439,493	343,770,121	1.94
Deferred Outflows of Resources	21,541,316	24,705,464	(12.81)
Current Liabilities	15,283,216	10,450,754	46.24
Long-Term Liabilities	254,214,281	259,594,482	(2.07)
Total Liabilities	269,497,497	270,045,236	(0.20)
Deferred Inflows of Resources	94,741,316	81,518,604	16.22
Net Position:			
Net Investment in Capital Assets	54,287,047	43,064,309	26.06
Restricted	32,066,546	24,758,930	29.52
Unrestricted	(78,611,597)	(52,074,037)	50.96
Total Net Position	$ 7,741,996	$ 15,749,202	(50.84)

Net position of the District increased by $14,870,125 from the June 30, 2024, as restated, amount primarily due the district maintaining the continued practice of having significantly more revenue during the year than expenses when looking at the statement of activities. Unrestricted net position declined which is largely driven by the recognition of the long-term liability associated with compensated absences.

Changes in Net Position

The District's total revenues were $189,495,684 for the year ended June 30, 2025. Property taxes and state formula aid accounted for 74% of total revenue for the year (see Figure A-2). Another 3% came from other general revenues combined with investment earnings and the remaining 23% from program revenues.

Table A-2
Change in Net Position

	Governmental Activities for the Fiscal Year Ended June 30, 2025	Governmental Activities for the Fiscal Year Ended June 30, 2024	Percentage Change
Revenues			
Program Revenues			
Charges for Services	$ 9,729,213	$ 8,950,748	8.70 %
Operating Grants and Contributions	34,694,109	28,617,685	21.23
Capital Grants and Contributions	15,404	165,823	(90.71)
General Revenues			
Property Taxes	70,224,677	65,439,069	7.31
Unrestricted State Aid	69,114,268	64,864,838	6.55
Earnings on Investments	4,765,629	4,511,717	5.63
Other	952,384	1,398,915	(31.92)
Total Revenues	189,495,684	173,948,795	8.94
Expenses			
Administration	4,779,850	5,910,690	(19.13)
District Support Services	9,170,502	9,951,822	(7.85)
Regular Instruction	67,620,849	61,359,322	10.20
Vocational Education Instruction	1,236,326	1,098,882	12.51
Special Education Instruction	27,199,638	19,961,298	36.26
Instructional Support Services	7,928,609	4,929,685	60.83
Pupil Support Services	15,567,608	13,769,984	13.05
Sites and Buildings	18,404,053	17,255,369	6.66
Fiscal and Other Fixed Cost Programs	782,268	586,773	33.32
Food Service	5,497,927	4,789,365	14.79
Community Service	13,153,166	11,080,835	18.70
Interest and Fiscal Charges on Long-Term Liabilities	3,284,763	3,503,584	(6.25)
Total Expenses	174,625,559	154,197,609	13.25
Change in Net Position	14,870,125	19,751,186	
Beginning Net Position	15,749,202	(3,932,798)	
Prior Period Restatement - See Note 16	(22,877,331)	(69,186)	
Beginning Net Position, as Restated	(7,128,129)	(4,001,984)	
Ending Net Position	$ 7,741,996	$ 15,749,202	

The total cost of all programs and services was $174,625,559. Total revenues exceeded expenses, but due to the beginning balance restatement for GASB 101, net position decreased.

The total revenues of all *governmental* activities this year was $189,495,684

- Some of the cost was paid by the users of the District's programs ($9,729,213).
- The federal and state governments subsidized certain programs with grants and contributions ($34,709,513).
- Most of the District's costs ($139,338,495), however, were paid for by District taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with $70,224,677 in property taxes, and $69,114,268 of unrestricted state aid based on the statewide education aid formula.

Figure A-1
Sources of District's Revenues for Fiscal 2025

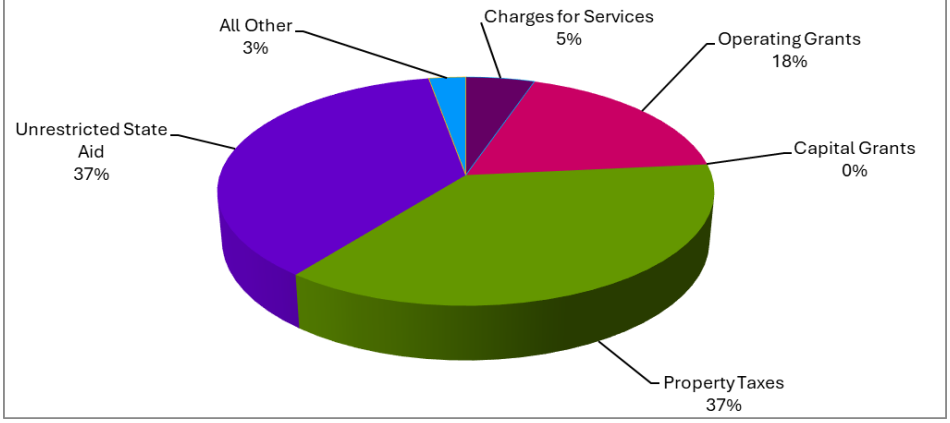
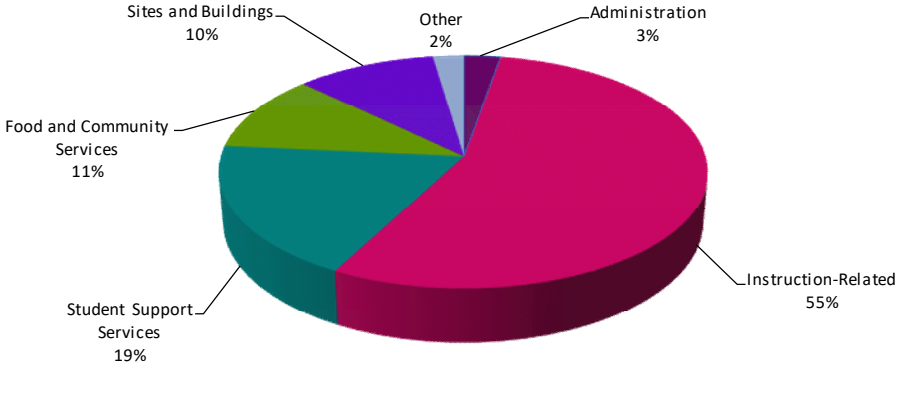


Figure A-2
District Expenses for Fiscal 2025



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 special revenue funds of Food Service and Community Education. 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	Net Cost of Services		Percentage
	2025	2024	Change	2025	2024	Change
Administration	$ 4,779,850	$ 5,910,690	(19.13)%	$ 4,391,738	$ 5,432,981	(19.17)%
District Support Services	9,170,502	9,951,822	(7.85)	9,056,933	9,942,503	(8.91)
Regular Instruction	67,620,849	61,359,322	10.20	62,250,465	56,035,987	11.09
Vocational Education Instruction	1,236,326	1,098,882	12.51	1,182,911	1,069,360	10.62
Special Education Instruction	27,199,638	19,961,298	36.26	5,970,769	3,935,240	51.73
Instructional Support Services	7,928,609	4,929,685	60.83	7,531,722	4,872,364	54.58
Pupil Support Services	15,567,608	13,769,984	13.05	15,401,479	13,721,497	12.24
Sites and Buildings	18,404,053	17,255,369	6.66	17,351,872	16,151,308	7.43
Fiscal and Other Fixed Cost Programs	782,268	586,773	33.32	782,268	586,773	33.32
Food Service	5,497,927	4,789,365	14.79	785,235	120,657	(550.80)
Community Service	13,153,166	11,080,835	18.70	2,196,678	1,091,099	(101.33)
Interest and Fiscal Charges on Long-Term Liabilities	3,284,763	3,503,584	(6.25)	3,284,763	3,503,584	(6.25)
Total	$ 174,625,559	$ 154,197,609	13.25	$ 130,186,833	$ 116,463,353	11.78

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 $44,373,255, or $1,300,131 more than last year's ending fund balance of $43,073,124.

Total revenues and other financing sources for the District's governmental funds were $198,423,126 while total expenditures and other financing uses were $197,122,995.

GENERAL FUND

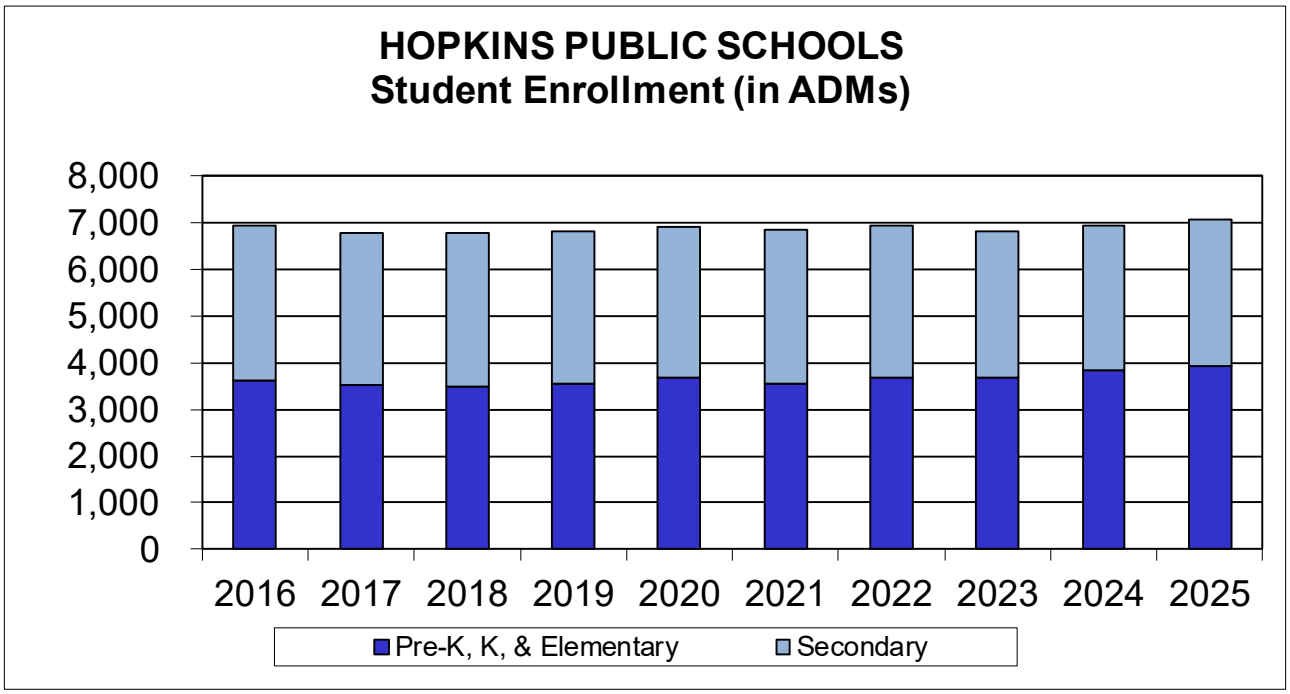
The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12 including pupil transportation activities and capital outlay projects.

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. Other state formulas then determine what portion of the revenue will be provided by property taxes and what portion will come from state aid.

ENROLLMENT

Enrollment is a critical factor in determining revenue with approximately 57% of General Fund revenue being determined by enrollment. The following chart shows that the number of students has increased slightly over the last 10 years. In both fiscal years 2024 and 2025, the school had just under a 2% increase each year in enrollment.

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



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pre-K & KH	101.71	110.70	120.03	133.02	176.14	151.59	157.87	172.30	128.19	162.92
Reg K	504.80	425.27	448.38	455.36	495.58	460.46	534.40	480.53	575.57	524.35
Elementary	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	3,236.90
Pre-K, K, & Elementary	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	3,924.17
Secondary	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	3,148.08
Total Students for Aid	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	7,072.25
Percent Change	-0.96%	-2.12%	-0.13%	0.84%	1.27%	-0.79%	1.10%	-1.77%	1.95%	1.85%

Over the last 10 years, the District has experienced a net increase in average daily membership of 147 students, or 2%. 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.

The following schedule presents a summary of General Fund Revenues.

Table A-5
General Fund Revenues

	Year Ended		Change	
	June 30, 2025	June 30, 2024	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	$ 55,477,923	$ 50,147,292	$ 5,330,631	10.6 %
Earnings on Investments	2,036,808	1,658,769	378,039	22.8
Other	4,085,959	4,334,989	(249,030)	(5.7)
State Sources	86,571,018	78,445,390	8,125,628	10.4
Federal Sources	4,809,900	6,360,395	(1,550,495)	(24.4)
Total General Fund Revenue	$ 152,981,608	$ 140,946,835	$ 12,034,773	8.5

Total General Fund revenue increased by $12,034,773 or 8.5% 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 $5,330,631, or 10.6%. Earnings on investments increased by $378,038, or 22.8%.

State Sources increased by $8,125,628, or 10.4%, Federal Sources decreased by $1,550,495 or (24.4)%, and Other revenue decreased by $249,030, or (5.7)%.

The following schedule presents a summary of General Fund Expenditures.

Table A-6
General Fund Expenditures

	Year Ended		Change	
	June 30, 2025	June 30, 2024	Increase (Decrease)	Percent Change
Salaries	$ 75,311,910	$ 71,580,806	$ 3,731,104	5.2 %
Employee Benefits	26,661,365	25,228,720	1,432,645	5.7
Purchased Services	25,477,220	23,389,051	2,088,169	8.9
Supplies and Materials	3,695,842	3,096,541	599,301	19.4
Capital Expenditures	3,583,050	11,897,391	(8,314,341)	(69.9)
Debt Service	1,734,656	1,719,343	15,313	0.9
Other Expenditures	1,270,608	712,087	558,521	78.4
Total General Fund Expenditures	$ 137,734,651	$ 137,623,939	$ 110,712	0.1

Total General Fund Expenditures increased $110,712 or .1% from the previous year. General fund expenditures stayed stable from 2023-2024 to 2024-2025 with increases in salaries, benefits, and purchased services being offset by a decrease in capital expenditures. Employee benefits increase 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 decreased significantly due to construction that was completed in 2023-2024.

In fiscal 2024-2025, General Fund revenues and other financing sources were greater than expenditures by $6,994,039. Therefore, total fund balance increased from $27,321,519, on June 30, 2024 to $34,315,588 as of June 30, 2025. After deducting statutory categories of fund balance and District commitments and assignments, the General Fund unassigned fund balance decreased from $16,324,754 at June 30, 2024 to $14,433,308 at June 30, 2025. Ending fund balance represents about 25% of 2024-2025 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.

General Fund Budgetary Highlights
Following approval of the budget prior to the beginning of the fiscal year, the District typically 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 $24,910,694 or 19.45% more than budgeted, while expenditures were $9,663,737 or 7.55% more than budgeted. The large variances are partially the result of the District not having the most timely financial data to help with the budgeting process for the 2025 fiscal year with the District being behind in its financial reporting when that budget was set.

While the District's final budget for the General Fund anticipated that fund balance would not change, the actual results for the year show that fund balance increased in total by $6,994,069.

CAPITAL PROJECTS AND DEBT SERVICE FUNDS

In the Capital Projects Fund, expenditures exceeded revenues by $14,737,549 in 2024-2025. The ending Capital Projects fund balance on June 30, 2025 is ($1,744,511). Debt was issued on April 30, 2026 that will reimburse this fund and correct the negative fund balance shown for fiscal year 2025. These funds are restricted for future capital projects.

In the Debt Service Fund, expenditures exceeded revenues by $203,705 in 2024-2025. The ending Debt Service fund balance on June 30, 2025 of $4,240,829 is restricted for meeting future regular debt service obligations.

OTHER MAJOR FUNDS

Revenue exceeded expenditures by $290,251, resulting in the fund balance of the Food Service Fund ending at $812,364 for 2024-2025. In the Community Service Fund revenue exceeded expenditures by $766,577 and resulted in the fund balance of the Community Service Fund ending at $6,748,985 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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2025, the District had invested approximately $391 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 $14.1 million.

Table A-7
Capital Assets

	2025	2024	Percentage Change
Land	$ 2,867,600	$ 2,867,600	- %
Construction in Progress	10,554,451	-	-
Land Improvements	30,971,543	30,286,522	2.3
Buildings and Improvements	300,215,812	297,591,418	0.9
Equipment	46,285,901	56,651,694	(18.3)
Less: Accumulated Depreciation and Amortization	(201,821,472)	(198,771,993)	1.5
Total Capital Assets	$ 189,073,835	$ 188,625,241	0.2

Construction – Next Five Years

In fiscal year 2025, the District continued its 20-year (20th 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 $7.0 million in projects for Phase X for fiscal year 2025. The program name has also changed from the Alternative Facilities Bonding and Levy program to the Long-Term Facilities Maintenance Revenue (LTFMR) program.

Long-Term Liabilities

At year-end, the District had $123,865,000 in general obligation bonds outstanding – a decrease of 7.2% 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 $19,468,746 or (20.6)%. The District's liability for postemployment severance and health benefits payable decreased by a net amount of $2,510,765.

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

	2025	2024	Percentage Change
Net Pension Liability	$ 74,896,326	$ 94,365,069	(20.6)%
Other Postemployment Benefits Payable	19,562,968	22,073,733	(11.4)
Other Long-Term Liabilities:			
General Obligation Bonds	123,865,000	133,460,000	(7.2)
Bond Premiums	4,974,844	6,138,150	(19.0)
Financed Purchases	2,637,932	3,959,097	(33.4)
Compensated Absences	27,344,541	-	-
Leases Payable	932,670	760,976	22.6
Total Long-Term Liabilities	$ 254,214,281	$ 260,757,025	(2.5)
Long-Term Liabilities:			
Due Within One Year	$ 17,686,930	$ 14,234,576	24.3 %
Due in More Than One Year	236,527,351	246,522,449	(4.1)
Total	$ 254,214,281	$ 260,757,025	(2.5)

FACTORS BEARING ON THE DISTRICT'S FUTURE

Hopkins Public Schools remained financially stable as of June 30, 2025. 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 2.7% increase in per pupil funding for 2025-26 and 2.69% increase for 2026-27. Hopkins Public Schools remain in a stable fiscal position assuming conservative increases for education funding in the future. On the other hand, the state legislature also plans to cut special education transportation services statewide by $15 million across the state for fiscal year 2026 and an additional $28 million for fiscal year 2027.

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 2025-2026 and beyond.

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, 2025

ASSETS	
Cash and Investments	$ 109,066,392
Receivables:	
Property Taxes	36,101,254
Other Governments	13,725,560
Other	1,209,975
Leases	295,516
Prepaids	656,980
Inventory	309,981
Capital Assets:	
Land and Construction in Progress	13,422,051
Other Capital Assets, Net of Depreciation and Amortization	175,651,784
Total Assets	350,439,493
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to Other Postemployment Benefits	1,945,627
Deferred Outflows of Resources Related to Pensions	19,595,689
Total Deferred Outflows	21,541,316
LIABILITIES	
Salaries Payable	1,362,644
Accounts and Contracts Payable	7,293,915
Accrued Interest	1,800,727
Due to Other Governmental Units	2,870,218
Unearned Revenue	1,955,712
Long-Term Liabilities:	
Net Pension Liability Due Within One Year	800,055
Net Pension Liability	74,096,271
Other Postemployment Benefits Due Within One Year	2,944,788
Other Postemployment Benefits Payable Due in More than One Year	16,618,180
Bonds and Other Liabilities Due Within One Year	13,942,087
Bonds and Other Liabilities Due in More Than One Year	145,812,900
Total Liabilities	269,497,497
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	64,447,468
Gains on Debt Refunding	184,901
Deferred Inflows of Resources Related Other Postemployment Benefits	4,290,226
Deferred Inflows of Resources Related to Pensions	25,542,767
Leases	275,954
Total Deferred Inflows of Resources	94,741,316
NET POSITION	
Net Investment in Capital Assets	54,287,047
Restricted for:	
Operating Capital Purposes	154,351
General Fund State-Mandated Reserves	4,239,438
Food Service	673,428
Community Service	6,753,813
Debt Service	2,459,175
Capital Projects	17,786,341
Unrestricted	(78,611,597)
Total Net Position	$ 7,741,996

See accompanying Notes to Basic Financial Statements.

HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	2025: Net (Expense) Revenue and Change in Net Position: Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
Administration	$ 4,779,850	$ 50,810	$ 321,898	$ 15,404	$ (4,391,738)
District Support Services	9,170,502	11,555	102,014	-	(9,056,933)
Regular Instruction	67,620,849	1,107,045	4,263,339	-	(62,250,465)
Vocational Education Instruction	1,236,326	654	52,761	-	(1,182,911)
Special Education Instruction	27,199,638	-	21,228,869	-	(5,970,769)
Instructional Support Services	7,928,609	-	396,887	-	(7,531,722)
Pupil Support Services	15,567,608	2,645	163,484	-	(15,401,479)
Sites and Buildings	18,404,053	666,836	385,345	-	(17,351,872)
Fiscal and Other Fixed Cost Programs	782,268	-	-	-	(782,268)
Food Service	5,497,927	483,158	4,229,534	-	(785,235)
Community Service	13,153,166	7,406,510	3,549,978	-	(2,196,678)
Interest and Fiscal Charges on Long-Term Liabilities	3,284,763	-	-	-	(3,284,763)
Total School District	$ 174,625,559	$ 9,729,213	$ 34,694,109	$ 15,404	(130,186,833)
GENERAL REVENUES					
Property Taxes Levied for:					
General Purposes					55,324,286
Community Service					1,022,182
Debt Service					13,878,209
State Aid Not Restricted to Specific Purposes					69,114,268
Investment Income					4,765,629
Miscellaneous					952,384
Total General Revenues					145,056,958
CHANGE IN NET POSITION					14,870,125
Net Position - Beginning of Year					15,749,202
Prior Period Restatement - See Note 16					(22,877,331)
Net Position - Beginning of Year, as Restated					(7,128,129)
NET POSITION - END OF YEAR					$ 7,741,996

See accompanying Notes to Basic Financial Statements.

HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Food Service	Community Service	Capital Projects	Debt Service	Total
ASSETS						
Cash and Investments	$ 47,750,395	$ 694,890	$ 7,267,631	$ -	$ 12,346,378	$ 68,059,294
Receivables:						
Current Property Taxes	26,319,071	-	549,956	-	8,723,923	35,592,950
Delinquent Property Taxes	387,429	-	9,425	-	111,450	508,304
Accounts and Interest Receivable	948,372	10,232	430	-	-	959,034
Due from Other Minnesota School Districts	3,364	-	-	-	-	3,364
Due from Minnesota Department of Education	8,103,812	61,058	546,434	-	-	8,711,304
Due from Federal through Minnesota Department of Education	3,768,023	92,950	295,202	-	-	4,156,175
Due from Other Governmental Units	695,861	-	158,856	-	-	854,717
Leases Receivable	295,516	-	-	-	-	295,516
Inventory	173,456	136,525	-	-	-	309,981
Prepaids	207,639	2,411	-	446,930	-	656,980
Total Assets	$ 88,652,938	$ 998,066	$ 8,827,934	$ 446,930	$ 21,181,751	$ 120,107,619
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Salaries Payable	$ 697,250	$ 57,058	$ 218,558	$ -	$ -	$ 972,866
Payroll Deductions and Employer Contributions Payable	296,303	19,256	74,221	-	-	389,780
Accounts and Contracts Payable	3,978,816	60,522	173,726	2,191,441	11,500	6,416,005
Due to Other Governmental Units	2,547,902	-	322,316	-	-	2,870,218
Unearned Revenue	-	48,866	219,272	-	-	268,138
Total Liabilities	7,520,271	185,702	1,008,093	2,191,441	11,500	10,917,007
Deferred Inflows of Resources:						
Unavailable Revenue - Property Taxes Levied for Subsequent Year	46,471,091	-	1,066,028	-	16,910,349	64,447,468
Unavailable Revenue - Delinquent Property Taxes	70,034	-	4,828	-	19,073	93,935
Leases	275,954	-	-	-	-	275,954
Total Deferred Inflows of Resources	46,817,079	-	1,070,856	-	16,929,422	64,817,357
Fund Balances:						
Nonspendable:						
Inventory	173,456	136,525	-	-	-	309,981
Prepaids	207,639	2,411	-	446,930	-	656,980
Restricted for:						
Student Activities	242,541	-	-	-	-	242,541
Scholarships	12,866	-	-	-	-	12,866
Staff Development	1,347,061	-	-	-	-	1,347,061
Teacher Compensation and Read Act Training	82,420	-	-	-	-	82,420
Capital Projects Levy	9,191,602	-	-	1,612,502	-	10,804,104
Literacy Aid	278,661	-	-	-	-	278,661
Operating Capital	154,351	-	-	-	-	154,351
School Library	184,061	-	-	-	-	184,061
Student Support Personnel	54,652	-	-	-	-	54,652
Medical Assistance	1,381,913	-	-	-	-	1,381,913
Learning and Development	42,518	-	-	-	-	42,518
Community Education	-	-	6,373,237	-	-	6,373,237
Early Childhood and Family Education	-	-	230,964	-	-	230,964
Adult Basic Education	-	-	144,784	-	-	144,784
Safe Schools Levy	612,745	-	-	-	-	612,745
Long-Term Facilities Maintenance	4,790,794	-	-	-	-	4,790,794
Food Service	-	673,428	-	-	-	673,428
Debt Service	-	-	-	-	4,240,829	4,240,829
Assigned for:						
Enrollment Contingency	500,000	-	-	-	-	500,000
Transportation	625,000	-	-	-	-	625,000
Unassigned	14,433,308	-	-	(3,803,943)	-	10,629,365
Total Fund Balances	34,315,588	812,364	6,748,985	(1,744,511)	4,240,829	44,373,255
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 88,652,938	$ 998,066	$ 8,827,934	$ 446,930	$ 21,181,751	$ 120,107,619

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, 2025

Total Fund Balance for Governmental Funds	$ 44,373,255
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
Construction in Progress	10,554,451
Land Improvements, Net of Accumulated Depreciation	12,787,093
Buildings and Improvements, Net of Accumulated Depreciation	140,242,686
Equipment, Net of Accumulated Depreciation and Amortization	22,622,005
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.	93,935
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,800,727)
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	(74,896,326)
Deferred Inflows of Resources - Pensions	(25,542,767)
Deferred Outflows of Resources - Pensions	19,595,689
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	(123,865,000)
Unamortized Premiums	(4,974,844)
Compensated Absences	(27,344,541)
Unamortized Deferred Gains on Refunding	(184,901)
Financed Purchases	(2,637,932)
Leases Payable	(932,670)
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	(19,562,968)
Deferred Inflows of Resources - Other Postemployment Benefits	(4,290,226)
Deferred Outflows of Resources - Other Postemployment Benefits	1,945,627
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:	38,692,557
Total Net Position of Governmental Activities	$ 7,741,996

See accompanying Notes to Basic Financial Statements.

HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General	Food Service	Community Service	Capital Projects	Debt Service	Total
REVENUES						
Local Sources:						
Property Taxes	$ 55,477,923	$ -	$ 1,022,182	$ -	$ 13,878,209	$ 70,378,314
Investment Income	2,036,808	28,239	264,144	422,036	156,229	2,907,456
Other	4,085,959	489,638	7,919,840	555,313	-	13,050,750
State Sources	86,571,018	2,189,221	3,456,825	-	-	92,217,064
Federal Sources	4,809,900	2,380,184	337,656	-	-	7,527,740
Total Revenues	152,981,608	5,087,282	13,000,647	977,349	14,034,438	186,081,324
EXPENDITURES						
Current:						
Administration	4,686,017	-	-	-	-	4,686,017
District Support Services	7,933,059	-	-	-	-	7,933,059
Elementary and Secondary Regular Instruction	56,091,119	-	-	-	-	56,091,119
Vocational Education Instruction	1,205,784	-	-	-	-	1,205,784
Special Education Instruction	26,096,608	-	-	-	-	26,096,608
Instructional Support Services	7,531,429	-	-	-	-	7,531,429
Pupil Support Services	14,653,737	-	-	-	-	14,653,737
Sites and Buildings	12,758,743	-	-	2,137,772	-	14,896,515
Fiscal and Other Fixed Cost Programs	782,268	-	-	-	-	782,268
Food Service	-	5,301,395	-	-	-	5,301,395
Community Service	678,181	-	12,185,358	-	-	12,863,539
Capital Outlay	3,583,050	76,138	48,712	13,577,126	-	17,285,026
Debt Service:						
Principal	1,667,573	-	-	-	9,595,000	11,262,573
Interest and Fiscal Charges	67,083	-	-	-	4,643,143	4,710,226
Total Expenditures	137,734,651	5,377,533	12,234,070	15,714,898	14,238,143	185,299,295
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	15,246,957	(290,251)	766,577	(14,737,549)	(203,705)	782,029
OTHER FINANCING SOURCES (USES)						
Leases	518,102	-	-	-	-	518,102
Transfers In	-	-	-	8,770,990	-	8,770,990
Transfers Out	(8,770,990)	-	-	-	-	(8,770,990)
Total Other Financing Sources (Uses)	(8,252,888)	-	-	8,770,990	-	518,102
NET CHANGE IN FUND BALANCES	6,994,069	(290,251)	766,577	(5,966,559)	(203,705)	1,300,131
FUND BALANCES						
Beginning of Year	27,321,519	1,102,615	5,982,408	4,222,048	4,444,534	43,073,124
End of Year	$ 34,315,588	$ 812,364	$ 6,748,985	$ (1,744,511)	$ 4,240,829	$ 44,373,255

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, 2025

Net Change in Fund Balance - Total Governmental Funds	$	1,300,131
Amounts reported for governmental activities in the statement of activities are different because:		
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:		
Capital Outlays		14,543,490
Depreciation and Amortization Expense		(14,094,896)
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.		(153,637)
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.		
Principal Payments - Leases		346,408
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.		2,965,142
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).		(4,467,210)
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.		63,652
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:		
Repayment of Debt		9,595,000
Change in Deferred Gain on Bond Refunding		121,344
Repayment of Financed Purchases		1,321,165
Change in Accrued Interest		140,813
Amortization of Bond Premium		1,163,306
Lease Liability		(518,102)
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.		2,543,519
Change in Net Position of Governmental Activities	$	14,870,125

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, 2025

ASSETS	
Cash and Investments	$ 22,614,973
Investments	18,392,125
Accounts Receivable	80,377
Interest Receivable	170,564
Total Assets	41,258,039
LIABILITIES	
Accounts Payable	1,413
Claims Payable - Medical	876,495
Unearned Revenue	1,687,574
Total Liabilities	2,565,482
NET POSITION	
Unrestricted	$ 38,692,557

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, 2025

OPERATING REVENUES	
Charges for Services:	
Health Insurance Premiums	$ 13,471,943
Contributions	2,457,423
Total Operating Revenues	15,929,366
OPERATING EXPENSES	
Health Insurance Claim Payments	13,559,342
Severance Payments	1,566,375
Administrative Costs	118,303
Total Operating Expenses	15,244,020
OPERATING INCOME	685,346
NONOPERATING INCOME	
Investment Income	1,858,173
CHANGE IN NET POSITION	2,543,519
Net Position - Beginning of Year	36,149,038
NET POSITION - END OF YEAR	$ 38,692,557

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, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Interfund Services Provided	$ 16,180,065
Payments for Administrative Costs	(118,303)
Payments for Medical Fees and Insurance Claims	(13,944,838)
Payments for Severance Benefits	(1,566,375)
Net Cash Provided by Operating Activities	550,549
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(956,612)
Interest Received	1,829,602
Net Cash Provided by Investing Activities	872,990
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,423,539
Cash and Cash Equivalents - Beginning of Year	21,191,434
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 22,614,973
DISPLAYED ON STATEMENT OF NET POSITION AS:	
Cash and Cash Equivalents	$ 22,614,973
Investments	18,392,125
Total Cash and Investments on the Statement of Net Position	$ 41,007,098
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	$ 685,346
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
(Increase) Decrease in Accounts Receivable	13,408
Increase (Decrease) in Accounts Payable	(52,675)
Decrease in Claims Payable	(332,821)
Increase in Unearned Revenue	237,291
Total Adjustments	(134,797)
Net Cash Provided by Operating Activities	$ 550,549
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES	
Increase in Fair Value of Investments	$ 967,642

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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 (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.

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.

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 or 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.

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.

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.

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 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 pubilshed 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 Sueprintendent submits to the board prior ot July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget inclludes 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.

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."

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 2024 pay 2025 levy, normally revenue for the 2025-2026 fiscal year, are also advance recognized at June 30, 2025, 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 are 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, 2025, 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 3 to 60 years for land improvements, buildings, and improvements and 3 to 25 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.

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 refunding, 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 payables 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teacher Retirement Fund Association into TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association in 2015.

O. Accrued Employee Benefits

Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of leave that had not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Accrued Employee Benefits (Continued)

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, 2025, 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.

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.

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 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:

	Budget	Expenditures	Excess
General Fund	$ 128,070,914	$ 137,734,651	$ 9,663,737
Special Revenue Funds:			
Food Service Fund	$ 4,393,881	$ 5,377,533	$ 983,652
Capital Projects Fund	10,787,162	15,714,898	4,927,736

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

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, 2025.

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

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, 2025, 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	$ 2,154,523
Federal Home Loan Bank	2,353,537
Federal National Mortgage Association	1,368,711
Federal Farm Credit Bank	1,897,278
Municipal Bonds	8,335,483
Corporate Bonds	912,280
Mutual Funds	1,151,982
Total Investments Measured at Fair Value	$ 18,173,794

Investments Measured at Amortized Cost	Amortized Cost
MSDLAF+ Liquid Class	$ 47,914,532
MSDLAF+ Max Class	42,739,129
Total Investments Measured at Amortized Cost	$ 90,653,661
Total District Investments	$ 108,827,455

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.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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

		Maturity Duration in Years					
Type	Total	Less Than 1	1 to 5	6 to 10	> 10	No Maturities	Rating
U.S. Treasury Notes	$ 2,154,523	$ 176,263	$996,955	$435,605	$545,700	$ -	N/A
Federal Home Loan Bank	2,353,537	-	1,473,026	287,693	592,817	-	AAA - AA
Federal National Mortgage Association	1,368,711	-	1,176,939	-	191,916	-	AAA - AA
Federal Farm Credit Bank	1,897,278	200,072	-	746,248	950,958	-	AAA - AA
Municipal Bonds	8,335,483	634,548	3,312,533	4,005,878	382,525	-	AAA - A
Corporate Bonds	912,280	-	661,671	127,729	122,881	-	A - BB+
Mutual Funds	1,151,982	1,151,982	-	-	-	-	AAA
MSDLAF+	90,653,661	-	-	-	-	90,653,661	N/A
Total	$ 108,827,455	$ 2,162,865	$ 7,621,124	$ 5,603,153	$ 2,786,797	$ 90,653,661	

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, 2025 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	$ 109,066,392

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.

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	$ 2,154,523	$ -	$ -	$ 2,154,523
Federal Home Loan Bank	-	2,353,537	-	2,353,537
Federal National Mortgage Association	-	1,368,711	-	1,368,711
Federal Farm Credit Bank	-	1,897,278	-	1,897,278
Municipal Bonds	-	8,335,483	-	8,335,483
Corporate Bonds	912,280	-	-	912,280
Mutual Funds	1,151,982	-	-	1,151,982
Total	$ 4,218,785	$ 13,955,009	$ -	18,173,794
Investments Measured at Amortized Cost				90,653,661
Total				$ 108,827,455

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, 2025, the District recognized $295,516 and $2,823 in lease revenue and interest revenue, respectively, pursuant to these contracts.

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

	Future Lease Payments	
Year Ending June 30,	Principal	Interest
2026	$ 295,516	$ 2,823

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 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	-	11,042,225	(487,774)	10,554,451
Total Capital Assets, Not Being Depreciated	2,867,600	11,042,225	(487,774)	13,422,051
Capital Assets, Being Depreciated:				
Land Improvements	30,286,522	685,021	-	30,971,543
Buildings and Improvements	296,734,653	2,106,292	-	298,840,945
Equipment	56,205,070	679,624	(11,045,417)	45,839,277
Total Capital Assets, Being Depreciated	383,226,245	3,470,937	(11,045,417)	375,651,765
Less Accumulated Depreciation:				
Land Improvements	(17,164,072)	(1,020,378)	-	(18,184,450)
Buildings and Improvements	(149,691,973)	(9,631,944)	-	(159,323,917)
Equipment	(31,312,829)	(3,080,126)	11,045,417	(23,347,538)
Total Accumulated Depreciation	(198,168,874)	(13,732,448)	11,045,417	(200,855,905)
Total Capital Assets, Being Depreciated or Amortized, Net	185,057,371	(10,261,511)	-	174,795,860
Right-to-Use Lease Assets:				
Buildings and Improvements	856,765	518,102	-	1,374,867
Equipment	446,624	-	-	446,624
Total Right-to-Use Lease Assets	1,303,389	518,102	-	1,821,491
Less Accumulated Amortization:				
Buildings and Improvements	(398,417)	(250,792)	-	(649,209)
Equipment	(204,702)	(111,656)	-	(316,358)
Total Accumulated Amortization	(603,119)	(362,448)	-	(965,567)
Total Right-to-Use Lease Assets, Net	700,270	155,654	-	855,924
Governmental Activities Capital Assets, Net	$ 188,625,241	$ 936,368	$ (487,774)	$ 189,073,835

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

Governmental Activities	
District Support Services	$ 124,506
Regular Instruction	11,067,902
Special Education Instruction	1,784
Instructional Support Services	45,330
Pupil Support Services	596,461
Sites and Buildings	1,950,497
Food Service	216,846
Community Service	91,570
Total Depreciation and Amortization Expense	$ 14,094,896

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	Principal Outstanding Total
5/21/2015	2.00% - 4.00%	$ 4,425,000	2/1/2030	$ 340,000	$ 1,975,000
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	635,000	24,130,000
11/8/2018	3.25% - 5.00%	18,835,000	2/1/2027	3,760,000	6,915,000
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	3,415,000	31,385,000
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	2,140,000	16,790,000
Total General Obligation Bonds				10,290,000	123,865,000
Bond Premiums				-	4,974,844
Financed Purchases				1,314,263	2,637,932
Compensated Absences Payable				1,966,051	27,344,541
Leases Payable				371,773	932,670
Total				$ 13,942,087	$ 159,754,987

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 Principal	General Obligation Bonds Payable Interest	Financed Purchases Payable Principal	Financed Purchases Payable Interest
2026	10,290,000	4,302,825	$ 1,314,263	$ 16,597
2027	10,630,000	3,943,625	1,323,670	7,192
2028	10,735,000	3,535,288	-	-
2029	11,565,000	3,102,888	-	-
2030	9,855,000	2,637,088	-	-
2031-2035	55,425,000	7,522,950	-	-
2036-2040	15,365,000	619,750	-	-
Total	$ 123,865,000	$ 25,664,413	$ 2,637,932	$ 23,789

Year Ending June 30,	Leases Payable Principal	Leases Payable Interest	Total Principal	Total Interest
2026	$ 371,773	$ 38,498	$ 11,976,036	$ 4,357,920
2027	276,911	21,833	12,230,581	3,972,650
2028	161,551	11,433	10,896,551	3,546,721
2029	122,435	3,659	11,687,435	3,106,547
2030	-	-	9,855,000	2,637,088
2031-2035	-	-	55,425,000	7,522,950
2036-2040	-	-	15,365,000	619,750
Total	$ 932,670	$ 75,423	$ 127,435,602	$ 23,848,900

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.

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, 2024, as Restated	Additions	Retirements	June 30, 2025
Bonds Payable	$ 133,460,000	$ -	$ 9,595,000	$ 123,865,000
Bond Premiums	6,138,150	-	1,163,306	4,974,844
Financed Purchases	3,959,097	-	1,321,165	2,637,932
Leases Payable	760,976	518,102	346,408	932,670
Compensated Absences Payable*	22,877,331	4,467,210	-	27,344,541
Total	$ 167,195,554	$ 4,985,312	$ 12,425,879	$ 159,754,987

* Compensated Absences is a net change presented as either an addition or retirement.

The beginning balance was restated due to the implementation of GASB Statement No, 101 – *Compensated Absences, s*ee note 16.

For the governmental activities, net pension liabilities and other postemployment benefits are generally liquidated by the general fund.

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 Teacher Compensation for Read Act Training

A portion of the categorical aid received by the District is received for expenditures for the teacher compensation for READ Act Training and/or full or partial reimbursement for training in structured literacy that was paid for by the teacher.

E. Restricted for Capital Projects Levy

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

F. 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.

G. Restricted for School Library

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

H. 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.

NOTE 7 FUND BALANCES (CONTINUED)

I. Restricted for Medical Assistance

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

J. Restricted for Learning and Development

A portion of the general education aid received by the District is restricted to reduce and maintain the district's instructor-to-learner ratio.

K. Restricted for Safe Schools

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

L. Restricted for Community Education Programs

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

M. 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.

N. Restricted for Adult Basic Education Programs

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

O. Restricted for Long-Term Facilities Maintenance

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

P. 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.

Q. 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.

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, multiemployer 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, 353D, 353E, 353G, and 356. *Minnesota Statutes.* Chapter 356 defines each plan's financial reporting requirements. _ PERA's and TRA's defined benefit pension plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code (IRC).

1. General Employees Retirement Plan (General Plan)

Membership in the General Plan includes employees of counties, cities, townships, schools in noncertified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than $425 in a month, unless the employee meets exclusion criteria.

2. Teachers Retirement Fund (TRA)

The Teacher's Retirement Association (TRA) is an administrator of a multiemployer, 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 Retirement Plan (DCR) administered by the state of Minnesota. A teacher employed by Minnesota State and electing the DCR plan is not a member of TRA except for purposes of social security coverage.

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. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

1. General Employees Plan Benefits

General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

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%. The 2024 annual increase was 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.

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 consecutive 60 months of formula service, age and years of formula service credit at termination of service. TRA members belong to either the Basic or Coordinated Plan.

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

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

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. An early retirement reduction is applied to members retiring prior to age 65. Members who reach age 62 with 30 years of service have a lower (more favorable to the member) reduction rate applied.

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. After July 1, 2024, the age will change to not to exceed 65. An early retirement reduction is applied to members retiring before age 66 but will be age 65 after July 1, 2024. Members who reach age 62 with 30 years of service have a lower (more favorable to the member) early retirement reduction rate applied.

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.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Contributions

1. General Employees Fund Contributions

Minnesota Statutes, Chapter 353, 353E, 353G, and 356 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.50% for General Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2025 were $1,965,966. 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, 2025 were $5,032,769. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. General Employees Plan Pension Costs

At June 30, 2025, the District reported a liability of $10,648,174 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 $275,340, for a total net pension liability of $10,923,514 associated with the District. The net pension liability was measured as of June 30, 2024, 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, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The District's proportion was 0.2880% at the end of the measurement period and 0.2742% at the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of $1,005,089 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized an additional $7,382 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 Plan.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Contributions (Continued)

During the plan year ended June 30, 2024, the state of Minnesota contributed $170.1 million to the General Employees Fund. The state of Minnesota is not included as a nonemployer contributing entity in the General Employees Plan pension allocation schedules for the $170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized $489,915 for the year ended June 30, 2025 as revenue and an offsetting reduction to the net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the General Employees Fund.

At June 30, 2025, 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	$ 1,001,207	$ -
Changes in Actuarial Assumptions	51,988	4,030,158
Net Difference Between Projected and Actual Earnings on Plan Investments	-	3,092,143
Changes in Proportion	1,010,711	-
District Contributions Subsequent to the Measurement Date	1,764,976	-
Total	$ 3,828,882	$ 7,122,301

A total of $1,764,976 reported as deferred outflows of resources related to pensions resulting from District contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2026	$ (2,952,941)
2027	(201,906)
2028	(1,087,428)
2029	(816,120)

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs

At June 30, 2025, the District reported a liability of $52,626,487 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2024, 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 0.8282% at the end of the measurement period and 0.8151% 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	$ 52,626,487
State's Proportionate Share of the Net Pension Liability Associated with the District	3,442,114
Total	$ 56,068,601

For the year ended June 30, 2025, the District recognized pension expense of $4,489,308. It also recognized $294,735 as pension expense and grant revenue for the support provided by direct aid.

During the plan year ended June 20, 2024, the state of Minnesota contributed $176 million to the Fund. The state of Minnesota is not included as a nonemployer contributing entity in the plan pension allocation schedules for the $176 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized $3,442,114 for the year ended June 30, 202 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Fund

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

At June 30, 2025, 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	$ 2,508,892	$ 682,017
Changes in Actuarial Assumptions	5,307,370	6,275,851
Net Difference Between Projected and Actual Earnings on Plan Investments		7,448,631
Changes in Proportion	1,980,849	1,598,068
District Contributions Subsequent to the Measurement Date	4,610,226	-
Total	$ 14,407,337	$ 16,004,567

A total of $4,610,226 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, 2026. 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
2026	$ (3,359,956)
2027	4,285,457
2028	(3,613,925)
2029	(2,849,273)
2030	(669,759)
Thereafter	-

The District's total pension expense for all plans for the year ended June 30, 2025 was $5,835,216.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

The total pension liability in the June 30, 2024, 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.

Inflation is assumed to be 2.5% for TRA.

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.

Wage growth rate for TRA is assumed to be 2.85% before July 1, 2028 and 3.25% after June 30, 2028. Projected Salary increase for TRA is 2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028.

Cost of living adjustment for TRA is assumed to be 1% for January 2019 through January 203, then increasing by 0.1% each year up to 1.5% annually.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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 mortality rates were based on the pubT-2010(A) Mortality Tables, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

The following changes in actuarial assumptions and plan provisions for the General Employees Fund occurred in 2025:

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 0 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Teir 2 members.
- Minor increase in assumed withdrawals for males and females
- Lower rates of disability.
- Continues use of Pub-2010 general mortality table with slight rate adjustments as recommended by the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions and plan provisions for the TRA occurred in 2024:

Changes in Actuarial Assumptions:

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub2010 family.
- Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint & Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreasing beyond age 45 by 15% to reflect the continued lower than expected observations.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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 %	

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Discount Rate

The discount rate used to measure the PERA General Employees Plan liability and TRA 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.

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
GERF Discount Rate	6.00%	7.00%	8.00%
District's Proportionate Share of the GERF Net Pension Liability	$ 23,257,325	$ 10,648,174	$ 275,997
TRA Discount Rate	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	$ 92,678,321	$ 52,626,487	$ 19,662,876

G. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org.

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.

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 716 active employees, no inactive employees entitled to but not receiving benefit payments and 56 inactive employees currently receiving benefit payments under the plan as of July 1, 2024 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, 2023 with a measurement date of July 1, 2024. At June 30, 2025, the District reported a total pension liability of $11,621,665. Changes in the District's total pension liability were as follows:

Total Pension Liability - Beginning Balance	$	11,735,633
Changes for the Year		
Service Cost		666,307
Interest		461,108
Changes in Benefit Terms		(122,284)
Differences Between Expected and Actual Experience		186,384
Changes of Assumptions		(137,000)
Benefit Payments		(1,168,483)
Net Changes		(113,968)
Total Pension Liability - Ending Balance	$	11,621,665

NOTE 9 SUPPLEMENTAL PENSION PLAN (CONTINUED)

D. Pension Costs

For the year ended June 30, 2025, the District recognized pension expense of $677,454. At June 30, 2025, 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	$ 167,745	$ 1,109,949
Changes of Assumptions of Other Inputs	391,670	1,305,950
Benefit Payments Subsequent to the Measurement Date	800,055	-
Total	$ 1,359,470	$ 2,415,899

The District's benefit payments and amounts incurred by the District for pension benefit expenses subsequent to the measurement date of $800,055 reported as deferred outflows of resources will be recognized as a reduction of the total pension liability in the year ended June 30, 2026. 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
2026	$ (327,677)
2027	(327,677)
2028	(327,668)
2029	(285,910)
2030	(189,748)
Thereafter	(397,804)

E. Actuarial Methods and Assumptions

The actuarial total pension liability was measured as of July 1, 2024 and was determined by an actuarial valuation dated July 1, 2024. 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:	4.10%
Inflation:	2.50%
Salary Increases:	Service Graded Tables
Retirement Age:	Retirement age rates b
Mortality:	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale

NOTE 9 SUPPLEMENTAL PENSION PLAN (CONTINUED)

E. Actuarial Methods and Assumptions (Continued)

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

Plan Changes:

- The Superintendent no longer has GASB 73 severance payments at termination or retirement.
- Group 50 employees no longer follow the Teachers' contract. Instead, they are entitled to a severance benefit equal to 100% of their annual salary if they attain 20 years of service. This severance benefit is paid 50% to a 403(b) (GASB 73) and 50% to a VEBA (GASB 75) over 3 years.
- The $300,000 annual cap on total GASB 73 benefits paid to Principals was removed.
- These changes decreased the liability $122,284.

Assumption Changes:

- The discount rate was changed from 3.90% to 4.10%
- This change decreased the liability $137,000.

F. Discount Rate

The discount rate used to measure the total pension liability was 4.10%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds. The discount rate was changed from 3.90% in the prior measurement period to 4.10%.

G. Total Pension Liability Sensitivity

The following presents the District's total pension liability, calculated using the discount rate of 4.10%, 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 (3.10%) or one percentage point higher (4.10%) than the current rate:

	1% Decrease (3.10%)	Current Discount Rate (4.10%)	1% Increase (5.10%)
Total Pension Liability	$ 12,312,886	$ 11,621,665	$ 10,957,867

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 1,165 active participants, 92 retired participants, and 9 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 2025, the District contributed $1,378,413 to the plan.

C. Actuarial Methods and Assumptions

The District's total OPEB liability of $19,562,968 was measured as of July 1, 2024 and was determined by an actuarial valuation dated July 1, 2024. 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, 2024, 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	4.10%
Health Care Trend Rates	6.50% 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.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

C. Actuarial Methods and Assumptions (Continued)

The actuarial assumptions used in the July 1, 2024 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 4.10%. 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 3.90% to 4.10%.
- The health care trend rates were changed to better anticipate short term and long term medical increases.

D. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning Balance	$ 22,073,733
Changes for the Year:	
Service Cost	1,114,182
Interest Cost	866,585
Differences Between Expected and Actual Experience	(2,470,820)
Changes of Assumptions	(41,763)
Benefit Payments	(1,954,277)
Plan Changes	(24,672)
Net Changes	(2,510,765)
Ending Balance	$ 19,562,968

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED

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 (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB Liability	$ 20,630,116	$ 19,562,968	$ 18,526,288

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 (5.5% decreasing to 4.00% or 1% point higher (7.5% decreasing to 6.00%) than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease (5.5% Decreasing to 4.00% Then 3.00%)	Current Trend Rates (6.5% Decreasing to 5.00% Then 4.00%)	1% Increase (7.5% Decreasing to 6.00% Then 5.00%)
Total OPEB Liability	$ 18,853,328	$ 19,562,968	$ 20,382,864

F. OPEB Liability Costs

For the year ended June 30, 2025, the District recognized OPEB expense of $1,357,413. At June 30, 2025, the District reported $4,290,226 of deferred inflows of resources and $1,945,627 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	$ 18,556	$ 3,174,816
Change of Assumptions	548,658	1,115,410
Contributions Between Measurement Date and Reporting Date	1,378,413	-
Total	$ 1,945,627	$ 4,290,226

The contributions subsequent to the measurement date will reduce the District's total OPEB liability in the District's fiscal year ended June 30, 2026.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED

F. OPEB Liability Costs (Continued)

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

Year Ending June 30,	Expense
2026	$ (598,682)
2027	(598,682)
2028	(598,687)
2029	(648,193)
2030	(637,904)
Thereafter	(640,864)

NOTE 11 FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan which is classified as a “cafeteria plan” under Section 125 of the IRC. 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.

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, 2025, there is a reserve of $6,983,389.

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 $9,468,494 in cash and investments at June 30, 2025 for payment of claims.

Changes in the balances of claim liabilities during fiscal years 2025 and 2024 were as follows:

	2025	2024
Beginning of Fiscal Year Liability - July 1,	$ 1,209,316	$ 804,589
Current Year Claims, Changes in Estimates, and Other Charges	13,559,342	12,454,519
Current Year Claims Paid, Including an Estimate of Claims Incurred But Not Reported (IBNR)	(13,892,163)	(12,049,792)
End of Fiscal Year Liability - June 30,	$ 876,495	$ 1,209,316

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 2024-2025 are as follows:

	School District	City
Total Expenditures	$ 232,371	$ 94,912
Total Revenue	101,604	41,500
Final Operating Costs to Respective Government	$ 130,767	$ 53,412

C. Contract Commitment

As of June 30, 2025, Hopkins Public Schools had entered into a professional service agreement for capital project management services. The total remaining commitment is approximately $4,075,759, 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, 2025 totaled $800,055.

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	$ 189,073,835
Less: General Obligation Bonds Outstanding	(123,865,000)
Less: Financed Purchases Payable	(2,637,932)
Less: Unamortized Premium on Capital-Related Bonds	(4,974,844)
Less: Leases Payable	(932,670)
Less: Deferred Gain on Bond Refundings	(184,901)
Less: Capital-Related Accounts and Contracts Payable	(2,191,441)
Plus: Capital Projects Fund Unspent Bond Proceeds	-
Total Net Investment in Capital Assets	$ 54,287,047

NOTE 16 RESTATEMENT

During the year ended June 30, 2025, beginning net position of the governmental activities was restated for implementation of GASB Statement No. 101 to record the change in the recognition and measurement of the compensated absences liability. The restatements are as follows.

	Governmental Activities
Beginning Net Position - as Originally Reported at June 30, 2024	$ 15,749,202
Implementation of GASB Statement No. 101	(22,877,331)
Beginning Net Position, as Restated	$ (7,128,129)

A. Change in Accounting Principle

Effective July 1, 2024, The District implemented GASB Statement No, 101, Compensated Absences. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. As a result of the implementation of this standard, the compensated absences liability as of July 1, 2024 was understated by $22.9 million in the governmental activities. The effect of the implementation of this standard is shown above.

NOTE 17 INTERFUND TRANSACTIONS

As the District has been doing some long term facilities maintenance planning in accordance with their capital projects plan, the District transferred $8,770,990 in funds from the General Fund to cover deficit cash in the Capital Projects fund during fiscal year 2025.

NOTE 18 SUBSEQUENT EVENT DISCLOSURE

On April 30, 2026, the District issued $88,650,000 of General Obligation School Building and Facilities Maintenance bonds, Series 2026A. The bonds had a reoffering premium of $3,308,893. The total amount available for financing project costs then came out to be $90,965,955 after closing costs were taken into consideration. $76,509,794 of which would be for the school building portion and $14,456,161 of which would be for the facilities maintenance portion. The bond will be paid back by February 1, 2046, with payments beginning on February 2, 2027, and has an interest rate ranging from 4.375% to 5.00% throughout the life of the debt.

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, 2025

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	$ 41,425,656	$ 41,425,656	$ 55,477,923	$ 14,052,267
Investment Income (Loss)	100,000	100,000	2,036,808	1,936,808
Other	1,818,448	1,818,448	4,085,959	2,267,511
State Sources	81,390,959	81,390,959	86,571,018	5,180,059
Federal Sources	3,335,851	3,335,851	4,809,900	1,474,049
Total Revenues	128,070,914	128,070,914	152,981,608	24,910,694
EXPENDITURES				
Current:				
Administration	11,500,217	11,500,217	4,686,017	(6,814,200)
District Support Services	10,596,439	10,596,439	7,933,059	(2,663,380)
Elementary and Secondary Regular Instruction	49,208,760	49,208,760	56,091,119	6,882,359
Vocational Education Instruction	1,029,898	1,029,898	1,205,784	175,886
Special Education Instruction	20,405,578	20,405,578	26,096,608	5,691,030
Community Education	473,313	473,313	678,181	204,868
Instructional Support Services	6,586,281	6,586,281	7,531,429	945,148
Pupil Support Services	14,433,102	14,433,102	14,653,737	220,635
Sites and Buildings	9,222,695	9,222,695	12,758,743	3,536,048
Fiscal and Other Fixed Cost Programs	1,800,000	1,800,000	782,268	(1,017,732)
Capital Outlay:	1,651,382	1,651,382	3,583,050	1,931,668
Debt Service:				
Principal	1,163,249	1,163,249	1,667,573	504,324
Interest and Fiscal Charges	-	-	67,083	67,083
Total Expenditures	128,070,914	128,070,914	137,734,651	9,663,737
EXCESS OF REVENUES OVER EXPENDITURES	-	-	15,246,957	15,246,957
OTHER FINANCING SOURCES (USES)				
Leases	-	-	518,102	518,102
Transfers Out	-	-	(8,770,990)	(8,770,990)
Total Other Financing Uses	-	-	(8,252,888)	(8,252,888)
NET CHANGE IN FUND BALANCE	$ -	$ -	6,994,069	$ 6,994,069
FUND BALANCE				
Beginning of Year			27,321,519	
End of Year			$ 34,315,588	

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, 2025

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Investment Income	$ 20,000	$ 20,000	$ 28,239	$ 8,239
Other - Primarily Meal Sales	443,000	443,000	489,638	46,638
State Sources	2,150,000	2,150,000	2,189,221	39,221
Federal Sources	1,646,756	1,646,756	2,380,184	733,428
Total Revenues	4,259,756	4,259,756	5,087,282	827,526
EXPENDITURES				
Current:				
Food Service	4,323,881	4,323,881	5,301,395	977,514
Capital Outlay	70,000	70,000	76,138	6,138
Total Expenditures	4,393,881	4,393,881	5,377,533	983,652
NET CHANGE IN FUND BALANCE	$ (134,125)	$ (134,125)	(290,251)	$ (156,126)
FUND BALANCE				
Beginning of Year			1,102,615	
End of Year			$ 812,364	

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, 2025

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	$ 1,210,000	$ 1,210,000	$ 1,022,182	$ (187,818)
Investment Income	300,000	300,000	264,144	(35,856)
Other - Primarily Tuition and Fees	6,693,500	6,693,500	7,919,840	1,226,340
State Sources	3,806,631	3,806,631	3,456,825	(349,806)
Federal Sources	345,000	345,000	337,656	(7,344)
Total Revenues	12,355,131	12,355,131	13,000,647	645,516
EXPENDITURES				
Current:				
Community Service	12,305,331	12,305,331	12,185,358	(119,973)
Capital Outlay	49,800	49,800	48,712	(1,088)
Total Expenditures	12,355,131	12,355,131	12,234,070	(121,061)
NET CHANGE IN FUND BALANCE	$ -	$ -	766,577	$ 766,577
FUND BALANCE				
Beginning of Year			5,982,408	
End of Year			$ 6,748,985	

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, 2024	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018
Service Cost	$ 1,114,182	$ 1,184,896	$ 1,168,117	$ 1,715,432	$ 1,591,130	$ 1,415,894	$ 1,285,813
Interest	866,585	850,468	528,227	583,337	801,908	874,625	829,379
Changes in Benefit Terms	(24,672)	-	-	-	(929,162)	-	-
Differences Between Expected and Actual Experience	(2,470,820)	-	(1,186,516)	-	(610,383)	-	61,858
Changes of Assumptions of Other Inputs	(41,763)	(101,800)	(1,604,030)	339,428	52,216	517,304	433,227
Benefit Payments	(1,954,277)	(2,091,863)	(1,548,190)	(1,929,929)	(2,253,223)	(1,955,835)	(1,254,410)
Other Changes	-	-	118,794	-	-	-	(542,630)
Net Changes	(2,510,765)	(158,299)	(2,523,598)	708,268	(1,347,514)	851,988	813,237
Total OPEB Liability - Beginning	22,073,733	22,232,032	24,755,630	24,047,362	25,394,876	24,542,888	23,729,651
Total OPEB Liability - Ending	$ 19,562,968	$ 22,073,733	$ 22,232,032	$ 24,755,630	$ 24,047,362	$ 25,394,876	$ 24,542,888
Covered Employee Payroll	$ 75,509,220	$ 71,109,492	$ 69,038,342	$ 64,407,640	$ 62,531,689	$ 62,285,759	$ 60,471,611
Total OPEB Liability as a Percentage of Covered Employee Payroll	25.91%	31.04%	32.20%	38.44%	38.46%	40.77%	40.59%

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. There are no assets accumulated in a trust.

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,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.8282%	0.8151%	0.8010%	0.8040%	0.8441%	0.8198%	0.8197%	0.8411%	0.8633%	0.8628%
District's Proportionate Share of the Net Pension Liability	$ 52,626,487	$ 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
State's Proportionate Share of the Net Pension Liability Associated with District	3,442,114	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
Total	$ 56,068,601	$ 72,010,524	$ 68,896,380	$ 38,152,913	$ 67,589,242	$ 56,878,307	$ 56,319,322	$ 184,128,945	$ 226,587,434	$ 59,919,178
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
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	95.91%	130.07%	127.43%	72.53%	127.15%	116.58%	113.88%	370.46%	459.60%	121.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.07%	76.42%	76.17%	86.63%	75.48%	78.21%	78.07%	51.57%	44.88%	76.80%

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,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.2880%	0.2742%	0.2636%	0.2608%	0.2839%	0.2950%	0.2817%	0.2923%	0.2993%	0.3135%
District's Proportionate Share of the Net Pension Liability	$ 10,648,174	$ 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
State's Proportionate Share of the Net Pension Liability Associated with District	275,340	422,738	611,994	340,156	524,773	506,978	512,717	234,649	317,389	-
Total	$ 10,923,514	$ 15,755,695	$ 21,489,201	$ 11,477,484	$ 17,545,875	$ 16,816,867	$ 16,140,278	$ 18,894,888	$ 24,619,064	$ 16,247,197
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
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	43.68%	70.87%	105.01%	59.33%	84.11%	78.40%	82.44%	89.38%	129.57%	88.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.08%	83.10%	76.70%	87.00%	79.10%	80.23%	79.50%	75.90%	68.90%	78.20%

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

	Fiscal Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contribution	$ 5,032,769	$ 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
Contributions in Relation to the Statutorily Required Contribution	(5,032,769)	(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)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 57,517,360	$ 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
Contributions as a Percentage of Covered Payroll	8.75%	8.75%	8.55%	8.34%	8.13%	7.92%	7.71%	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,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contribution	$ 1,965,966	$ 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
Contributions in Relation to the Statutorily Required Contribution	(1,965,966)	(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)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 26,212,880	$ 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
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%	7.50%

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, 2024	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018
Service Cost	$ 666,307	$ 691,476	$ 681,575	$ 1,073,859	$ 996,490	$ 732,001	$ 664,771
Interest	461,108	455,591	318,571	356,364	428,693	460,096	473,190
Changes in Benefit Terms	(122,284)	-	(950,039)	-	1,012,410	-	-
Differences Between Expected and Actual Experience	186,384	-	(650,095)	-	(569,816)	-	(946,225)
Changes of Assumptions of Other Inputs	(137,000)	(59,268)	(1,384,780)	214,562	219,894	297,433	(111,774)
Benefit Payments	(1,168,483)	(1,287,825)	(1,130,203)	(1,068,274)	(884,964)	(1,252,641)	(967,459)
Other Changes	-	-	-	-	-	-	189,756
Net Changes	(113,968)	(200,026)	(3,114,971)	576,511	1,202,707	236,889	(697,741)
Total Pension Liability - Beginning	11,735,633	11,935,659	15,050,630	14,474,119	13,271,412	13,034,523	13,732,264
Total Pension Liability - Ending	$ 11,621,665	$ 11,735,633	$ 11,935,659	$ 15,050,630	$ 14,474,119	$ 13,271,412	$ 13,034,523
Covered Employee Payroll	$ 49,034,103	$ 48,186,385	$ 46,782,898	$ 60,372,716	$ 58,614,287	$ 54,656,357	$ 53,064,424
Total Pension Liability as a Percentage of Covered Employee Payroll	23.70%	24.35%	25.51%	24.93%	24.69%	24.28%	24.56%

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

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.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following special revenue funds at June 30, 2025:

	Budget	Expenditures	Excess
General Fund	$ 128,070,914	$ 137,734,651	$ 9,663,737
Special Revenue Funds:			
Food Service Fund	$ 4,393,881	$ 5,377,533	$ 983,652
Capital Projects Fund	10,787,162	15,714,898	4,927,736

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

2024

Changes in Actuarial Assumptions

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for nonvested, terminated members.
- The assumed post-retirement benefit changed from 1.25% to 1.5%.

Changes in Plan Provisions

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5% one-time, noncompounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- The 1% additional employer contribution is eliminated when the plan reaches 98% fund status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

2023

Changes in Actuarial Assumptions

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

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

A. General Employees Fund (Continued)

2023 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, noncompounding benefit increase of 2.5% 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.

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.

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

A. General Employees Fund (Continued)

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.

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% to 3%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, 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% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost-of Living Adjustment, not less than 1% and not more than 1.5%, 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.

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.

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

2024

Changes in Actuarial Assumptions

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub2010 family.
- Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better aligned with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint & Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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.

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

B. Teachers Retirement Association (Continued)

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.

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 form 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.

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

B. Teachers Retirement Association (Continued)

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% 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.

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.

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

B. Teachers Retirement Association (Continued)

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 morality assumption was changed to the RP-2014 while 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.

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.

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 Postemployment Benefits Plan for the years ended June 30:

C. District's Postemployment Benefits Plan

2025

- The discount rate was changed from 3.90% to 4.10%.
- The health care trend rates were changed to better anticipate short term and long term medical increases.

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 nonteachers 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%

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.

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

C. District's Postemployment Benefits Plan (Continued)

2020 (Continued)

- 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%.

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:

D. District's Supplemental Benefits Pension Plan

2025

- The discount rate was changed from 3.90% to 4.10%.

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.

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

D. District's Supplemental Benefits Pension Plan (Continued)

2023 (Continued)

- 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 nonteachers, 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%.

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

D. District's Supplemental Benefits Pension Plan (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, 2025

	Self-Insurance Fund	OPEB Revocable Trust	Severance	Total
ASSETS				
Cash and Cash Equivalents	$ 9,468,494	$ 16,380	$ 13,130,099	$ 22,614,973
Investments	-	18,392,125	-	18,392,125
Accounts Receivable	80,377	-	-	80,377
Interest Receivable	-	170,564	-	170,564
Total Assets	9,548,871	18,579,069	13,130,099	41,258,039
LIABILITIES				
Accounts Payable	1,413	-	-	1,413
Claims Payable - Medical	876,495	-	-	876,495
Unearned Revenue	1,687,574	-	-	1,687,574
Total Liabilities	2,565,482	-	-	2,565,482
NET POSITION				
Unrestricted	$ 6,983,389	$ 18,579,069	$ 13,130,099	$ 38,692,557

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, 2025

	Self-Insurance Fund	OPEB Revocable Trust	Severance	Total
OPERATING REVENUES				
Charges for Services:				
Health Insurance Premiums	$ 13,471,943	$ -	$ -	$ 13,471,943
Contributions	-	-	2,457,423	2,457,423
Total Operating Revenues	13,471,943	-	2,457,423	15,929,366
OPERATING EXPENSES				
Health Insurance Claim Payments	13,559,342	-	-	13,559,342
Severance Payments	-	-	1,566,375	1,566,375
Administrative Costs	-	118,303	-	118,303
Total Operating Expenses	13,559,342	118,303	1,566,375	15,244,020
OPERATING INCOME (LOSS)	(87,399)	(118,303)	891,048	685,346
NONOPERATING INCOME				
Investment Income	329,211	1,104,181	424,781	1,858,173
CHANGE IN NET POSITION	241,812	985,878	1,315,829	2,543,519
NET POSITION - BEGINNING	6,741,577	17,593,191	11,814,270	36,149,038
NET POSITION - ENDING	$ 6,983,389	$ 18,579,069	$ 13,130,099	$ 38,692,557

HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025

	Self-Insurance Fund	OPEB Revocable Trust	Severance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Interfund Services Provided	$ 13,722,642	$ -	$ 2,457,423	$ 16,180,065
Payments for Administrative Costs	-	(118,303)	-	(118,303)
Payments for Medical Fees and Insurance Claims	(13,944,838)	-	-	(13,944,838)
Payments for Severance Benefits	-	-	(1,566,375)	(1,566,375)
Net Cash Provided (Used) by Operating Activities	(222,196)	(118,303)	891,048	550,549
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Investments	-	(956,612)	-	(956,612)
Interest Received	329,211	1,075,610	424,781	1,829,602
Net Cash Provided by Investing Activities	329,211	118,998	424,781	872,990
NET INCREASE IN CASH AND CASH EQUIVALENTS	107,015	695	1,315,829	1,423,539
Cash and Cash Equivalents - Beginning of Year	9,361,479	15,685	11,814,270	21,191,434
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 9,468,494	$ 16,380	$ 13,130,099	$ 22,614,973
DISPLAYED ON STATEMENT OF FUND NET POSITION AS:				
Cash and Cash Equivalents	$ 9,468,494	$ 16,380	$ 13,130,099	$ 22,614,973
Investments	-	18,392,125	-	18,392,125
Total Cash and Investments on the Statement of Net Position	$ 9,468,494	$ 18,408,505	$ 13,130,099	$ 41,007,098
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ (87,399)	$ (118,303)	$ 891,048	$ 685,346
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
(Increase) Decrease in Accounts Receivable	13,408	-	-	13,408
Increase (Decrease) in Accounts Payable	(52,675)	-	-	(52,675)
Decrease in Claims Payable	(332,821)	-	-	(332,821)
Increase in Unearned Revenue	237,291	-	-	237,291
Total Adjustments	(134,797)	-	-	(134,797)
Net Cash Provided (Used) by Operating Activities	$ (222,196)	$ (118,303)	$ 891,048	$ 550,549
SUPPLEMENT DISCLOSURE OF NONCASH INVESTING ACTIVITIES				
Increase in Fair Value of Investments	$ -	$ 967,642	$ -	$ 967,642

HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
JUNE 30, 2025

	AUDIT	UFARS		DIFFERENCE
01 GENERAL FUND				
Total Revenue	$ 152,981,608	$ 135,787,476	*	$ 17,194,132
Total Expenditures	137,734,651	132,525,286	*	5,209,365
Nonspendable:				
460 Nonspendable Fund Balance	381,095	802,601	*	(421,506)
Restricted:				
401 Student Activities	242,541	(188,328)	*	430,869
402 Scholarship	12,866	8,913	*	3,953
403 Staff Development	1,347,061	872,172	*	474,889
405 Deferred Maintenance	-	-		-
406 Health and Safety	-	-		-
407 Capital Project Levy	9,191,602	307,726	*	8,883,876
408 Cooperative Programs	-	-		-
413 Projects Funded by COP	-	-		-
414 Operating Debt	278,661	-		278,661
416 Levy Reduction	-	-		-
417 Taconite Building Maintenance	-	-		-
424 Operating Capital	154,351	2,682,787	*	(2,528,436)
426 $25 Taconite	-	-		-
427 Disabled Accessibility	-	-		-
428 Learning and Development	42,518	3,087,750	*	(3,045,232)
434 Area Learning Center	-	-		-
435 Contracted Alternative Programs	-	-		-
436 State-Approved Alternative Programs	-	-		-
438 Gifted and Talented	-	643,004	*	(643,004)
440 Teacher Development and Evaluations	-	-		-
441 Basic Skills Programs	-	1,305,566	*	(1,305,566)
443 School Library	184,061	-		184,061
445 Career and Technical Programs	-	-		-
448 Achievement and Integration	-	(117,842)	*	117,842
449 Safe Schools Crime Levy	612,745	1,516,107	*	(903,362)
451 QZAB Payments	-	-		-
452 OPEB Liability Not Held in Trust	-	-		-
456 Literacy Aid	-	-		-
457 Teacher Compensation and READ Act Training	82,420	-		82,420
464 Restricted Fund Balance	-	-		-
467 Long-Term Facilities Maintenance	4,790,794	-		4,790,794
471 Student Support Personnel	54,652	-	*	54,652
472 Medical Assistance	1,381,913	959,195	*	422,718
Committed:				
418 Committed for Separation	-	-		-
461 Committed Fund Balance	-	-		-
Assigned:				
462 Assigned Fund Balance	1,125,000	(3,164,024)	*	4,289,024
Unassigned:				
422 Unassigned Fund Balance	14,433,308	16,129,497	*	(1,696,189)
02 FOOD SERVICE				
Total Revenue	5,087,282	3,441,171	*	1,646,111
Total Expenditures	5,377,533	5,006,581	*	370,952
Nonspendable:				
460 Nonspendable Fund Balance	138,936	78,039	*	60,897
Restricted:				
452 OPEB Liability Not Held in Trust	-	-		-
464 Restricted Fund Balance	673,428	639,538	*	33,890
Unassigned:				
463 Unassigned Fund Balance	-	(1,260,656)	*	1,260,656
04 COMMUNITY SERVICE				
Total Revenue	13,000,647	10,809,549	*	2,191,098
Total Expenditures	12,234,070	11,741,543	*	492,527
Nonspendable:				
460 Nonspendable Fund Balance	-	-		-
Restricted:				
426 $25 Taconite	-	-		-
431 Community Education	6,373,237	3,680,550	*	2,692,687
432 E.C.F.E.	230,964	195,344	*	35,620
440 Teacher Development and Evaluations	-			
444 School Readiness	-	93,909	*	(93,909)
447 Adult Basic Education	144,784	449,045	*	(304,261)
452 OPEB Liability Not Held in Trust	-	-		-
464 Restricted Fund Balance	-	839,649	*	(839,649)
Unassigned:				
463 Unassigned Fund Balance	-	(119,116)	*	119,116

* 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, 2025

	AUDIT	UFARS		DIFFERENCE
06 BUILDING CONSTRUCTION				
Total Revenue	$ 977,349	$ 426,536	*	$ 550,813
Total Expenditures	15,714,898	14,598,953	*	1,115,945
Nonspendable:				
460 Nonspendable Fund Balance	446,930	(314,248)	*	761,178
Restricted:				
407 Capital Projects Levy	1,612,502	13,693,789	*	(12,081,287)
409 Alternative Facility Program	-	-		-
413 Projects Funded by COP	-	-		-
467 Long-Term Facilities Maintenance	-	22,821	*	(22,821)
464 Restricted Fund Balance	-	(1,455,135)	*	1,455,135
Unassigned:				
463 Unassigned Fund Balance	(3,803,943)	(20,481,696)	*	16,677,753
07 DEBT SERVICE				
Total Revenue	14,034,438	-	*	14,034,438
Total Expenditures	14,238,143	11,910,821	*	2,327,322
Nonspendable:				
460 Nonspendable Fund Balance	-	-		-
Restricted:				
425 Bond Refunding	-	-		-
451 QZAB and QSCB Payments	-	-		-
464 Restricted Fund Balance	4,240,829	2,908,229	*	1,332,600
Unassigned:				
463 Unassigned Fund Balance	-	(10,235,287)	*	10,235,287
08 TRUST				
Total Revenue	-	-		-
Total Expenditures	-	-		-
Net Position:				
401 Student Activities	-	-		-
402 Scholarships	-	-		-
422 Net Position	-	-		-
18 CUSTODIAL				
Total Revenue	-	-		-
Total Expenditures	-	5,100	*	(5,100)
Net Position:				
401 Student Activities	-	-		-
402 Scholarships	-	(5,100)	*	5,100
422 Net Position	-	-		-
20 INTERNAL SERVICE				
Total Revenue	16,683,358	12,631,700	*	4,051,658
Total Expenditures	15,125,717	12,651,158	*	2,474,559
Net Position:				
422 Net Position	20,113,488	18,568,360	*	1,545,128
25 OPEB REVOCABLE TRUST				
Total Revenue	1,104,181	-	*	1,104,181
Total Expenditures	118,303	-	*	118,303
Net Position:				
422 Net Position	18,579,069	17,593,191	*	985,878

* Adjustments were posted after the UFARS deadline.



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