HOPKINS PUBLIC SCHOOLS

REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional supplementary information)

YEAR ENDED JUNE 30, 2015

Maner Costerisan
Certified Public Accountants
Business & Technology Advisors

C O N T E N T S

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Maner Costerisan
Certified Public Accountants
Business & Technology Advisors

Maner Costerisan PC
2425 E. Grand River Ave.
Suite 1
Lansing, MI 48912-3291
T: 517 323 7500
F: 517 323 6346
www.manercpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Hopkins Public Schools

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hopkins Public Schools as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issue by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hopkins Public Schools as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 10 to the financial statements, Hopkins Public Schools implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hopkins Public Schools basic financial statements. The supplementary information, as identified in the table of contents, and schedule of expenditures of federal awards as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional supplementary 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. Such 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 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, this information is fairly stated, in all material respects, in relation to the 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 October 26, 2015 on our consideration of Hopkins Public Schools' 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 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 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 Hopkins Public Schools' internal control over financial reporting and compliance.

Maner Costerisan PC

October 26, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Hopkins Public Schools District (HPS) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the District's financial statements, which immediately follow this section.

For the year ended June 30, 2015 Hopkins Public Schools implemented Governmental Accounting Standards Board Statements No. 68, *Accounting and Financial Reporting for Pensions,* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* These changes are significant at the government-wide level.

These new financial reporting standards require participants in a multi-employer cost sharing plan to:

- Record a proportionate share of the net pension liability on our statement of net position.
- Record a proportionate share of pension expense as defined by GASB on our statement of activities.
- Report additional note disclosures and required supplementary information.
- These changes will not result in any changes at the fund level.

FINANCIAL HIGHLIGHTS

Fiscal year ending June 30, 2015 Hopkins Public Schools was able to add to their fund balance for the second consecutive year. Hopkins Public Schools ended the year with an excess in the general fund of just over four hundred thousand dollars. As a result of the increased fund balance, the district was able to reduce its borrowing by six hundred and fifty thousand dollars. The State gave us a base foundation of $7,126 and also added an equity payment of $125 with other categorical dollars being added for data collection, MPSERS offset, best practice funding, and performance-based funding. The State increased the amount that they passed through in 147C dollars by two hundred and fifty thousand dollars which caused an increase in our revenues and expenses by this amount. These 147C dollars are used to buy down the retirement rate. For the second consecutive year, we did not know our actual student count numbers until our school year was more than half-way complete due to the fact that our funding was based on the current year fall *and* winter count numbers instead of the *prior* winter count number as previously was the case. The student count did drop slightly down to 1,645 for fall count, which was then adjusted up by two FTE's to 1,647 after all Section 25 adjustments were made. Section 25 allows for the movement of students between the fall and winter counts to be allocated correctly between districts. Our winter count was up by two students as well. The district made the decision to finance three new school buses for a total of just over two hundred and fifty three thousand dollars payable over six years in order to begin the process of replacing our aging fleet. The district faced some large reductions in the dollars that are received beyond the student foundation allowance. We received a reduction in federal dollars from our Title I program of over sixty thousand dollars, and we also lost almost one hundred thousand dollars of revenue from our local educational service agency.

The school lunch fund also added to their fund balance during the 2014/15 school year with a surplus of over sixteen thousand dollars and the debt retirement fund continued in a borrowing position from the state as property values in the district increased only slightly.

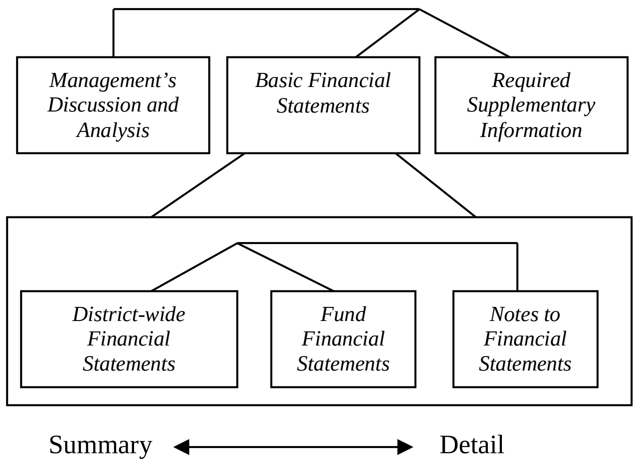
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-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 district-wide statements.

Figure A-1
Organization of Hopkins Public Schools' Annual Financial Report



- The governmental funds statements tell how basic services like regular and special education were financed in the short-term as well as what remains for future spending.

- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2
Major Features of District-wide and Fund Financial Statements

	District-wide Statements	Fund Financial Statements: Governmental Funds	Fund Financial Statements: Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance.	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances	* Statement of fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statements of net position include *all* of the District's assets, deferred outflows of resources, deferred inflows of resources, and liabilities. 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 district-wide statements report the District's *net position* and how they have 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 is 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 district-wide financial statements, the District's activities:

- Governmental activities - Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.

The District's combined net position at the beginning of the fiscal year as restated because of GASB 68 implementation was ($23,203,238) and on June 30, 2015 it was ($23,035,144) which represents an increase of $168,094 as recorded in the statement of 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 (like repaying its long-term debts) or to show that it is properly using certain revenues (like school lunch).

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 you 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 district-wide statements, we provide additional information with the governmental funds statements that explain the relationship (or differences) between them.

- Fiduciary funds - The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position – The District's combined net position as of June 30, 2015

Table A-3
Hopkins Public Schools' Net Position

	2015	2014
Assets:		
Current assets	$ 5,821,852	$ 5,962,319
Capital assets	31,759,045	32,584,815
Total assets	37,580,897	38,547,134
Deferred outflows of resources	2,182,113	195,716
Liabilities:		
Long-term liabilities outstanding	38,454,731	38,955,501
Other liabilities	4,439,934	5,041,077
Net Pension Liability	17,922,184	-
Total liabilities	60,816,849	43,996,578
Deferred inflows of resources	1,981,305	-
Net position:		
Net investment in capital assets	(1,049,225)	(1,342,968)
Restricted for food service	-	2,377
Unrestricted	(21,985,919)	(3,913,137)
Total net position	$ (23,035,144)	$ (5,253,728)

The 2014 figures have not been updated for the adoption of GASB 68 and 71

Table A-4
Changes in Hopkins Public Schools' Net Position

	2015	2014
Revenues:		
Operating grants	$ 1,965,183	$ 1,026,214
Charges for services	424,119	416,602
General revenues:		
Property taxes	2,785,111	2,545,713
State aid - unrestricted	11,322,735	11,680,358
Other	450,049	578,978
Total revenues	16,947,197	16,247,865
Expenses:		
Instruction	8,281,971	8,106,506
Support services	5,370,720	5,351,492
Community services	24,204	18,507
Food services	627,415	621,864
Interest on long-term debt	1,577,421	1,599,377
Unallocated depreciation	897,372	897,421
Total expenses	16,779,103	16,595,167
Change in net position	$ 168,094	$ (347,302)

The 2014 figures have not been updated for the adoption of GASB 68 and 71

DISTRICT GOVERNMENTAL ACTIVITIES

Staff members taking wage and benefit concessions once again helped contribute to the district's fund balance. The district's class sizes continue to grow large with over twenty thousand dollars in overloads and class size overages being paid out in instruction costs; however, ultimately these overages helped to increase the district's bottom line. The increase in pension costs leveled slightly due to the MPSERS Offset funding and 147C funds the State of Michigan is passing through and health & dental/vision insurance rates increased only slightly as well.

The food service department continued to work hard at offering healthy options that still tasted good and were enticing to students. As a result, our lunch and breakfast counts remained steady. The department did a great job of creatively marketing the food they had to offer and also coming up with new ways to encourage breakfast and lunch participation. The department works hard at getting applications returned from all families in the district, especially those who may be free or reduced-lunch eligible.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The Michigan economy is slowly improving as is evidenced by the student grant and equity payment increases. The diversion of School Aid dollars to offset colleges and universities continues to be a major obstacle to bringing the student foundation grant to its previous levels.

The district's taxable values grew by 3.76% for 2015, and our 20-year average is 5.04%. The winter tax bills reflected a new rate of 8.75 mills to be levied on all properties in order to allow the district pay back their original bonds and also pay back their loan from the State's school bond loan fund in the timeframe allowed.

The Hopkins Board of Education and district employees are encouraged by the steady turnaround of the financial position of the district. However, at the same time, they are discouraged by the reductions coming from the federal government and our local Educational Service Agency and also the use of the state's School Aid Fund to offset expenditures in the state's General Fund.

General Fund and Budget Highlights

During fiscal year 2015, the budget was amended twice to reflect changes and to recognize these changes with the Board of Education so that they were aware of the challenges facing the district. Major impacts on the budget that were unknown when the budget was developed in April and May of 2014 included State Aid reimbursements, as well as utility cost increases, final staffing changes, final contract settlements, fuel price changes and district student counts. The district had anticipated that the new best practice requirements would be too rigorous for the district to obtain; however, fortunately new Spanish curriculum was able to be added and allowed the district to qualify for the funding of over eighty thousand dollars.

Final budget amendments were presented to the Board of Education in June, based on information gathered through the middle of June. The final budget amendment anticipated a surplus of almost $300,000 if spending was 100% in all line items. The actual year-end report showed a greater surplus of just over $400,000, which was great news for the District.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital purchases in fiscal year 2015 increased slightly due to the acquisition of three new school buses. Replacement of technology as well as new technology furnishings comprised a portion of the spending as well.

Table A-5
Hopkins Public Schools' Capital Assets
Net of Depreciation

	2015	2014
Land	$ 739,062	$ 739,062
Building and additions	29,996,591	30,792,779
Furniture and equipment	719,404	913,242
Transportation equipment	303,988	139,732
Total	$ 31,759,045	$ 32,584,815

Long-term Debt

Table A-6
Hopkins Public Schools' Outstanding Long-Term Debt

	2015	2014
General and limited obligation bonds	$ 24,337,773	$ 25,934,772
School bond loan fund	13,304,010	12,404,792
Other *	812,948	615,937
Total	$ 38,454,731	$ 38,955,501

* Installment purchase agreement, accrued sick pay, and termination benefits.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited the District is aware of several impact areas for 2015 and the future.

- While the District looks upon the MPSERS offset money as a good thing for the 14/15 school year, we remain concerned about future pension costs. Rates have doubled from less than 12% of each salary dollar to over 26% of salary dollars, and future projections are for numbers to be above 30%. The huge amount of varying rates within the system also is an area of concern as it makes balancing the budget for these actual costs increasingly challenging.

- The decreasing special education fund balance at the Allegan Area Education Service Agency reflected almost one hundred thousand dollars in lost revenue to our budget for fiscal year 2015. We are optimistic that AAESA has begun to cut their spending in this area in hopes that these dollars will increase in the future.

- The Affordable Care Act will cause the district to face penalties in 2016 for not offering health insurance to those employees who are working 30 or more hours. This also will have a significant impact on insurance costs and/or penalties in future budgets.

- Student count data shows the district's enrollment picture for 15/16 as being flat or even slightly lower than in 14/15. The Board of Education wanted to stay conservative and budgeted for a decline of twenty students.

- There is a great deal of pressure on the State legislature to allocate money to roads and infrastructure. One plan would take this money from sources which have been dedicated to State School Aid. With the amount of money already diverted from K-12 education, another raid on funding will increase pressure even more on a weak foundation grant.

- The At-risk allocation is another area the district could possibly face decreased funding in for 15/16. Although the state is adding dollars to this category, our local free and reduced student count numbers area decreasing as the economy slowly begins to increase.

- The District transportation fleet is still aging. With the acquisition of the three new buses, we are beginning the replacement process; however, there will need to be additional buses purchased in the near future.

- Federal funding for 15/16 will once again decrease by approximately $30,000, as we will no longer have any dollars to carry over from one fiscal year to the next. We continue to spend more on our Title I programs than we receive. While federal money represents a small amount of the district's revenues, the programs they fund have a large impact on students and their achievement. However, some of these programs may need to be cut in order to reduce spending to the level that we are receiving.

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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 information, contact the Business Office, Hopkins Public Schools, 400 Clark Street, Hopkins, MI 49328.

BASIC FINANCIAL STATEMENTS

HOPKINS PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental activities
ASSETS:	
Cash and cash equivalents	$ 3,283,141
Receivables:	
Accounts receivable	2,210
Intergovernmental	2,295,448
Inventories	67,541
Prepaids	173,512
Capital assets, not being depreciated	739,062
Capital assets, net of accumulated depreciation	31,019,983
TOTAL ASSETS	37,580,897
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred charges, net of amortization	178,820
Related to pensions	2,003,293
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,182,113
LIABILITIES:	
Accounts payable	194,645
Accrued salaries and related items	964,175
Accrued interest	181,114
State aid note payable	3,100,000
Noncurrent liabilities:	
Due within one year	1,725,613
Due in more than one year	36,729,118
Net pension liability	17,922,184
TOTAL LIABILITIES	60,816,849
DEFERRED INFLOWS OF RESOURCES:	
Related to pensions	1,981,305
NET POSITION:	
Net investment in capital assets	(1,049,225)
Unrestricted	(21,985,919)
TOTAL NET POSITION	$ (23,035,144)

See notes to financial statements.

HOPKINS PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Functions/programs	Expenses	Program revenues: Charges for services	Program revenues: Operating grants	Governmental activities: Net (expense) revenue and changes in net position
Governmental activities:				
Instruction	$ 8,281,971	$ -	$ 1,324,520	$ (6,957,451)
Support services	5,370,720	106,639	277,534	(4,986,547)
Community services	24,204	28,277	-	4,073
Food services	627,415	289,203	363,129	24,917
Interest on long-term debt	1,577,421	-	-	(1,577,421)
Unallocated depreciation	897,372	-	-	(897,372)
Total governmental activities	$ 16,779,103	$ 424,119	$ 1,965,183	(14,389,801)
General revenues:				
Property taxes, levied for general purposes				649,624
Property taxes, levied for debt service				2,135,487
Investment earnings				1,416
State sources - unrestricted				11,322,735
Intermediate sources				335,920
Other				112,713
Total general revenues				14,557,895
CHANGE IN NET POSITION				168,094
NET POSITION, beginning of year, as restated				(23,203,238)
NET POSITION, end of year				$ (23,035,144)

See notes to financial statements.

HOPKINS PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Capital Improvement Fund	Total nonmajor funds	Total governmental funds
ASSETS				
ASSETS:				
Cash and cash equivalents	$ 2,988,233	$ 128,548	$ 166,360	$ 3,283,141
Receivables:				
Accounts receivable	599	-	1,611	2,210
Intergovernmental	2,290,286	-	5,162	2,295,448
Due from other funds	25,120	-	4,127	29,247
Inventories	63,495	-	4,046	67,541
Prepaids	173,512	-	-	173,512
TOTAL ASSETS	$ 5,541,245	$ 128,548	$ 181,306	$ 5,851,099
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 188,117	$ -	$ 6,528	$ 194,645
Accrued salaries and related items	964,175	-	-	964,175
Due to other funds	4,127	-	25,120	29,247
State aid note payable	3,100,000	-	-	3,100,000
TOTAL LIABILITIES	4,256,419	-	31,648	4,288,067

See notes to financial statements.

	General Fund	Capital Improvement Fund	Total nonmajor funds	Total governmental funds
FUND BALANCES:				
Nonspendable:				
Inventories	$ 63,495	$ -	$ 4,046	$ 67,541
Prepaids	173,512	-	-	173,512
Restricted:				
Debt service	-	-	123,203	123,203
Food service	-	-	22,409	22,409
Assigned:				
Capital projects funds	-	128,548	-	128,548
Unassigned:	1,047,819	-	-	1,047,819
TOTAL FUND BALANCES	1,284,826	128,548	149,658	1,563,032
TOTAL LIABILITIES AND FUND BALANCES	$ 5,541,245	$ 128,548	$ 181,306	$ 5,851,099
Total governmental fund balances				$ 1,563,032
Amounts reported for governmental activities in the statement of net position are different because:				
Deferred charges on refunding			$ 294,849	
Accumulated amortization			(116,029)	
Deferred charge on refunding, net of amortization				178,820
Deferred outflows of resources - related to pensions				2,003,293
Deferred inflows of resources - related to pensions				(1,981,305)
Capital assets used in governmental activities are not financial resources and are not reported in the funds				
The cost of the capital assets is			47,186,680	
Accumulated depreciation is			(15,427,635)	
				31,759,045
Long-term liabilities are not due and payable in the current period and are not reported in the funds:				
Bonds and notes payable				(37,852,851)
Compensated absences and termination benefits				(601,880)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid				(181,114)
Net pension liability				(17,922,184)
Net position of governmental activities				$ (23,035,144)

See notes to financial statements.

HOPKINS PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	General Fund	Capital Improvement Fund	Total nonmajor funds	Total governmental funds
REVENUES:				
Local sources:				
Property taxes	$ 649,624	$ -	$ 2,135,487	$ 2,785,111
Tuition	21,945	-	-	21,945
Investment earnings	1,231	87	98	1,416
Food sales	-	-	289,203	289,203
Other	216,036	-	-	216,036
Total local sources	888,836	87	2,424,788	3,313,711
State sources	12,710,406	-	22,029	12,732,435
Federal sources	214,383	-	341,100	555,483
Incoming transfers and other	332,863	-	-	332,863
Total revenues	14,146,488	87	2,787,917	16,934,492
EXPENDITURES:				
Current:				
Instruction	8,241,578	-	-	8,241,578
Supporting services	5,552,235	-	-	5,552,235
Food service activities	-	-	635,468	635,468
Community service activities	18,808	-	-	18,808

See notes to financial statements.

	General Fund	Capital Improvement Fund	Total nonmajor funds	Total governmental funds
EXPENDITURES (Concluded):				
Debt service:				
Principal repayment	$ 167,215	$ -	$ 1,440,000	$ 1,607,215
Interest	11,446	-	1,137,131	1,148,577
Other	-	-	6,297	6,297
Total expenditures	13,991,282	-	3,218,896	17,210,178
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	155,206	87	(430,979)	(275,686)
OTHER FINANCING SOURCES (USES):				
Proceeds from note payable	253,283	-	-	253,283
Proceeds from sale of capital assets	12,705	-	-	12,705
Proceeds from school bond loan fund	-	-	460,677	460,677
Total other financing sources (uses)	265,988	-	460,677	726,665
NET CHANGE IN FUND BALANCES	421,194	87	29,698	450,979
FUND BALANCES:				
Beginning of year	863,632	128,461	119,960	1,112,053
End of year	$ 1,284,826	$ 128,548	$ 149,658	$ 1,563,032

See notes to financial statements.

HOPKINS PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Net change in fund balances total governmental funds	$ 450,979
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation.	
Depreciation expense	(1,200,908)
Capital outlay	375,138
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable, beginning of the year	190,811
Accrued interest payable, end of the year	(181,114)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:	
Payments on debt	1,607,215
Proceeds from school bond loan fund	(460,677)
Amortization of deferred loss on refunding	(16,896)
Amortization of bond premium	31,999
Long-term interest on school bond loan and revolving fund (accrued)	(438,541)
Proceeds from note payable	(253,283)
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Accrued compensated absences and termination benefits, beginning of the year	615,937
Accrued compensated absences and termination benefits, end of the year	(601,880)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Pension related items	49,314
Change in net position of governmental activities	$ 168,094

See notes to financial statements.

HOPKINS PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	Agency fund		Private Purpose Trust Fund	
ASSETS:				
Cash	$	234,618	$	-
Land		-		37,000
Land improvements		-		3,522
Building		-		40,000
Building improvements		-		1,097
TOTAL ASSETS		234,618		81,619
LIABILITIES:				
Due to student and other groups		234,618		-
NET POSITION:				
Restricted for school use		-		81,619
TOTAL NET POSITION	$	234,618	$	81,619

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of Hopkins Public Schools. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

B. Reporting Entity

The Hopkins Public Schools (the "District") is governed by the Hopkins Public Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

C. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Presentation - Fund Financial Statements (Concluded)

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. Included are all transactions related to the approved current operating budget.

The *capital improvement fund* accounts for the receipt of proceeds from the District's sale of its cable television channel and the acquisition or construction of capital facilities or equipment held by the District.

Other Non-major Funds

The *special revenue fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service activities in the special revenue fund.

The *debt service funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the 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 recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Measurement Focus and Basis of Accounting (Concluded)

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the Foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the Foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

The private-purpose trust fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

F. Budgetary Information

Budgetary basis of accounting:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue fund. The capital projects fund is appropriated on a project-length basis. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Information (Concluded)

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.

4. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

5. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2015. The District does not consider these amendments to be significant.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and cash equivalents

   The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

   Certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the District intends to hold the investment until maturity.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

2. Investments (Concluded)

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. District or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

3. Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Group purchases are evaluated on a case by case basis. Donated capital assets are recorded at their estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. Capital assets (Concluded)

Land is not depreciated. The other property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Building and additions	50
Furniture and equipment	5 - 15
Transportation equipment	8

5. Defined benefit plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

6. Deferred outflows/inflows of resources

Deferred outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The District has two items that qualify for reporting in this category. They are the deferred charge on refunding and pension related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows are recognized for pension related items. These amounts are expensed in the plan years in which they apply.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

6. Deferred outflows/inflows of resources (Concluded)

Deferred inflows

In addition to liabilities, the statement of net position will sometimes 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 one item that qualifies for reporting in this category. It is the future resources yet to be recognized in relation to the pension actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension liability and the actual results. The amounts are amortized over a period determined by the actuary.

7. Net position flow assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

In the computation of net invested in capital assets, school bond loan fund and school bond revolving fund principal proceeds of $8,777,865 are considered capital-related debt. Accrued interest on the school bond loan fund and school bond revolving fund of $4,526,145 has been included in the calculation of unrestricted net position.

8. Fund balance flow assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Concluded)

9. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of education is the highest level of decision-making authority for the District that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The board of education has by resolution authorized the superintendent and finance director to assign fund balance. The board of education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

H. Revenues and Expenditures/Expenses

1. Program revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Revenues and Expenditures/Expenses (Continued)

2. Property taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2015, the District levied the following amounts per $1,000 of assessed valuation:

Fund	Mills
General Fund:	
Non-Principal Residence Exemption (PRE)	18.00
Commercial Personal Property	6.00
Debt service fund:	
PRE, Non-PRE, Commercial Personal Property	8.75

3. Compensated absences

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary and related benefits, where applicable.

4. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

H. Revenues and Expenditures/Expenses (Concluded)

4. Long-term obligations (Concluded)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs 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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 2 - DEPOSITS AND INVESTMENTS

Interest rate risk. In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

Concentration of credit risk. The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2015, $3,403,498 of the District's bank balance of $3,903,498 was exposed to custodial credit risk because it was uninsured and uncollateralized. Interest bearing accounts and certificates of deposit are included in the above totals.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

NOTE 2 - DEPOSITS AND INVESTMENTS (Concluded)

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk.

A reconciliation of cash and investments as shown on the combined statement of net position follows:

Carrying value:	
Cash on hand	$ 602
Carrying amount of deposits	3,517,157
Total	$ 3,517,759
Per financial statements:	
Cash - including agency funds of $234,618	$ 3,517,759

NOTE 3 - CAPITAL ASSETS

A summary of changes in the District's capital assets follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated:				
Land	$ 739,062	$ -	$ -	$ 739,062
Capital assets being depreciated:				
Buildings and additions	40,802,490	-	-	40,802,490
Furniture and equipment	3,962,765	121,855	(8,791)	4,075,829
Transportation equipment	1,573,367	253,283	(257,351)	1,569,299
Total capital assets being depreciated	46,338,622	375,138	(266,142)	46,447,618
Accumulated depreciation:				
Buildings and additions	10,009,711	796,188	-	10,805,899
Furniture and equipment	3,049,523	315,693	(8,791)	3,356,425
Transportation equipment	1,433,635	89,027	(257,351)	1,265,311
Total accumulated depreciation	14,492,869	1,200,908	(266,142)	15,427,635
Net capital assets being depreciated	31,845,753	(825,770)	-	31,019,983
Net governmental capital assets	$ 32,584,815	$ (825,770)	$ -	$ 31,759,045

Depreciation for the fiscal year ended June 30, 2015 amounted to $1,200,908.

NOTE 3 - CAPITAL ASSETS (Concluded)

Depreciation expense was charged to programs of the primary government as follows:

Instruction	$ 214,509
Support services	89,027
Unallocated depreciation	897,372
Total depreciation	$ 1,200,908

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2015 at the fund level consist of the following:

	General fund	Total nonmajor funds	Total
State Aid - State of Michigan	$ 2,290,286	$ -	$ 2,290,286
Federal grants	-	5,162	5,162
	$ 2,290,286	$ 5,162	$ 2,295,448

No allowance for doubtful accounts is considered necessary.

NOTE 5 - NOTES PAYABLE

At June 30, 2015, the District has outstanding a $3,100,000 revenue note (state-aid note). The notes mature August 20, 2015. The notes are secured by the full faith and credit of the District as well as pledged state aid.

Balance June 30, 2014	Additions	Payments	Balance June 30, 2015
$ 3,750,000	$ 3,100,000	$ 3,750,000	$ 3,100,000

NOTE 6 - LONG-TERM DEBT AND LOANS PAYABLE

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Long-term obligations currently outstanding are as follows:

2009 general obligation refunding bonds due in annual installments of $370,000 to $440,000 through May 1, 2026 with interest at 3.00% to 4.125%.	$ 4,350,000
2008 general obligation refunding bonds due in annual installments of $415,000 through May 1, 2026 with interest at 3.50% to 5.00%.	4,565,000
2007 general obligation bonds due in annual installments of $625,000 to $1,050,000 through May 1, 2032 with interest at 5.0%.	14,575,000
2011 general obligation energy bond due in annual installments of $135,000 to $145,000 through May 1, 2018 with interest at 1.125% to 1.75%.	420,000
Plus: premium on bond issuance, net of amortization	427,773
Total general obligation bonds	24,337,773
Borrowings from the State of Michigan under the School Bond Loan Fund, including interest.	13,304,010
Bus installment purchase agreement due in annual installments of $42,215 through June 23, 2020 with interest at 1.79%.	211,068
Accrued retirement benefits:	
Obligation under contract for compensated absences	432,880
Obligation under contract for termination benefits - severance	169,000
Total general long-term debt	$ 38,454,731

NOTE 6 - LONG-TERM DEBT AND LOANS PAYABLE (Continued)

The annual requirements to amortize the long-term obligations as of June 30, 2015, including interest of $9,223,975 are as follows:

Year ending June 30,	Total
2016	$ 2,747,675
2017	2,720,033
2018	2,668,863
2019	2,466,336
2020	2,418,546
2021 - 2025	11,104,960
2026 - 2030	6,987,380
2031 - 2032	2,231,250
	33,345,043
Borrowings from the State of Michigan under the School Bond Loan Fund, including interest	13,304,010
Premium on bond issuance	427,773
Accrued retirement benefits:	
Obligation under contract for compensated absences and termination benefits	601,880
Total general long-term debt and interest	$ 47,678,706

An amount of $123,203 is available in the debt service fund to service the general obligation debt. Interest expense for all funds for the year ended June 30, 2015 was $1,148,557.

Borrowing from the State of Michigan - The school bond loans payable represents notes payable to the State of Michigan for loans made to the school district, as authorized by the State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the school district issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. Interest rates of 3.0% - 3.668% for the School Loan Revolving Fund notes and 3.533% - 4.625% for the School Bond Loan Fund notes have been assessed for the year ended June 30, 2015. Repayment is required when the millage rate necessary to cover the annual bonded debt services falls below 7.55 mills. The school district is required to levy 7.55 mills and repay to the state any excess of the amount levied over the bonded debt service requirements. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the school district, no provision for repayment has been included in the above amortization schedule.

NOTE 6 - LONG-TERM DEBT AND LOANS PAYABLE (Concluded)

The following is a summary of the changes in liabilities reported in the general long-term debt account group:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due within one year
General obligation bonds	$ 25,934,772	$ -	$ 1,596,999	$ 24,337,773	$ 1,615,000
School bond loan fund	12,404,792	899,218	-	13,304,010	-
Bus installment purchase	-	253,283	42,215	211,068	42,215
Accumulated unpaid sick pay	461,937	-	29,057	432,880	68,398
Accrued termination benefits	154,000	15,000	-	169,000	-
Totals	$ 38,955,501	$ 1,167,501	$ 1,668,271	$ 38,454,731	$ 1,725,613

At June 30, 2015 outstanding general obligation bonds of $17,740,000 relating to the 1996, 1998 and 1999 issues are considered to be defeased.

NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at http://michigan.gov/orsschools/0,1607,7-206-36585-,00.html.

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPSERS) who became a member of MPSERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013. Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

Regular Retirement (no reduction factor for age)

Eligibility - Age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, any age with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60th birthday and has credited service in each of the last 5 years. For Pension Plus (PPP) members, age 60 with 10 years of credited service.

Annual Amount - Total credited service as of the Transition Date times 1.5% of final average compensation.

Pension Plus

An amount determined by the member's election of Option 1, 2, 3, or 4 described below.

Option 1 - Credited Service after the Transition Date times 1.5% times FAC.

Option 2 - Credited Service after the Transition Date (until total service reaches 30 years) times 1.5% times FAC, PLUS Credited Service after the Transition Date and over 30 years times 1.25% times FAC.

Option 3 - Credited Service after the Transition Date times 1.25% times FAC.

NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

Option 4 - None (Member will receive benefit through a Defined Contribution plan).

Final Average Compensation - Average of highest 60 consecutive months (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected option 4, in which case the FAC is calculated at the Transition Date.

Member Contributions

The majority of the members currently participate on a contributory basis, under a variety of options "Benefits Provided." Reporting units are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of members and retiree Other Post-Employment Benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer Contributions

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

The District's pension contributions for the year ended June 30, 2015 were equal to the required contribution total. Pension contributions were approximately $2,200,000, with $2,040,000 specifically for the Defined Benefit Plan. These amounts include Section 147 contributions also.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities

At June 30, 2015, the District reported a liability of $17,922,184 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2013 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2014, the District's proportion was .08137 percent.

NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the District recognized pension expense of $1,398,692**.** At June 30, 2015, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ (1,981,305)
Changes of assumptions	661,330	-
Reporting Unit's contributions subsequent to the measurement date	1,341,963	-
	$ 2,003,293	$ (1,981,305)

$1,341,963, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Amount
2016	$ (321,292)
2017	(321,292)
2018	(321,292)
2019	(359,099)

Actuarial Assumptions

Investment rate of return - 8.0% a year, compounded annually net of investment and administrative expenses for the Non-Hybrid groups and 7.0% a year, compounded annually net of investment and administrative expenses for the Hybrid group (Pension Plus plan).

Salary increases - The rate of pay increase used for individual members is 3.5%.

NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

Inflation - 2.5%

Mortality assumptions - The healthy life post-retirement mortality table used in this valuation of the System was the RP-2000 Male and Female Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. The final rates used include no margin for future mortality improvement. This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Experience study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2014. An assumption experience study is performed every five years. The actuarial assumptions used in the September 30, 2014 valuation were based on the results of an actuarial experience study for the period October 1, 2008 to September 30, 2013. As a result of this actuarial experience study, the actuarial assumptions were adjusted to more closely reflect actual experience.

The long-term expected rate of return on pension plan investments - The rate was 8% (7% Pension Plus Plan) net of investment and administrative expenses was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment category	Target allocation	Long-term expected real rate of return*
Domestic Equity Pools	28.00%	4.80%
Alternate Investment Pools	18.00%	8.50%
International Equity	16.00%	6.10%
Fixed Income Pools	10.50%	1.50%
Real Estate and Infrastructure Pools	10.00%	5.30%
Absolute Return Pools	15.50%	6.30%
Short Term Investment Pools	2.00%	(0.2%)
	100.00%	

* Long term rate of return does not include 2.50% inflation.

NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

Discount rate - The discount rate used to measure the total pension liability was 8% (7% for Pension Plus Plan). The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from school districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the Reporting Unit's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.0 percent) or 1 percentage point higher (9.0 percent) than the current rate:

	1% Lower (7.0%)	Discount rate (8.0%)	1% Higher (9.0%)
Reporting Unit's proportionate share of the net pension liability	$ 23,628,839	$ 17,922,184	$ 13,114,243

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2014 Comprehensive Annual Financial Report, available here: http://michigan.gov/orsschools/0,1607,7-206-36585---,00.html.

Benefit Provisions - Other Postemployment

Introduction

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

NOTE 7 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Concluded)

Public Act 75 of 2010 requires each actively employed member of MPSERS after June 30, 2010 to annually contribute 3% of their compensation to offset employer contributions for health care benefits of current retirees.

Retiree Healthcare Reform of 2012

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after December 1, 2012.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions will be deposited into their 401(k) accounts.

Employer Contributions

The District postemployment healthcare contributions to MPSERS for the year ended June 30, 2015 were approximately $187,000.

NOTE 8 - 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; and natural disasters. With regard to injuries to employees, the District participates in an association of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The association is considered a public entity risk sharing pool. The District pays annual premiums to the association for its workers' disability compensation coverage. In the event the association's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the policy year may be subject to special assessment to make up the difference. The association maintains reinsurance for claims in excess of $500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required. Participant's annual dental and vision benefits are limited.

NOTE 8 - RISK MANAGEMENT (Concluded)

Hopkins Public Schools is self-insured for dental and vision claims. Claims for the year ending June 30, 2015 were approximately $245,000 and $230,000, respectively. The estimated liabilities for claims incurred but unreported as of June 30, 2015 and 2014 are not significant.

The District continues to carry commercial insurance for all other risks of loss, including property and casualty and other employee health and accident insurance.

NOTE 9 - INTER-FUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2015 are as follows:

Payable fund			Receivable fund		
Food Service	$	25,120	General	$	25,120
General		4,127	Food Service		4,127
	$	29,247		$	29,247

The outstanding balances between funds result mainly from the time lag between dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts are expected to be repaid within one year.

NOTE 10 - NEW ACCOUNTING STANDARDS

For the year ended June 30, 2015 the District implemented the following new pronouncements: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Summary:

GASB Statement No. 68 requires governments that participate in defined benefit pension plans to report in their statement of net position an actuarial calculation. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. The statement requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense.

NOTE 10 - NEW ACCOUNTING STANDARDS (Concluded)

GASB Statement No. 71 addressed the issue of contributions made to the defined benefit pension plans after the measurement date for the year in which GASB Statement No. 68 is implemented. The effect is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual basis financial statements.

The restatement of the beginning of the year net position is as follows:

		Governmental activities
Net position as previously stated July 1, 2014	$	(5,253,728)
Adoption of GASB statements 68 and 71		
Net Pension Liability		(19,066,476)
Deferred Outflows		1,116,966
Net position as restated July 1, 2014	$	(23,203,238)

NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENT

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued by the GASB in June 2015 and will be effective for the District's 2018 fiscal year. The Statement requires governments that participate in defined benefit other post-employment benefit (OPEB) plans to report in the statement of net position a net OPEB liability. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. Statement 75 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net OPEB liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the OPEB liabilities and expense.

REQUIRED SUPPLEMENTARY INFORMATION

HOPKINS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2015

	Original budget	Final budget	Actual	Variance with final budget
REVENUES:				
Local sources	$ 829,489	$ 865,662	$ 888,836	$ 23,174
State sources	12,192,889	12,664,721	12,710,406	45,685
Federal sources	188,028	215,804	214,383	(1,421)
Incoming transfers and other	303,945	334,904	332,863	(2,041)
Total revenues	13,514,351	14,081,091	14,146,488	65,397
EXPENDITURES:				
Current:				
Instruction:				
Basic programs	6,567,402	6,824,876	6,814,706	10,170
Added needs	1,329,617	1,439,797	1,426,872	12,925
Total instruction	7,897,019	8,264,673	8,241,578	23,095
Supporting services:				
Pupil	622,105	666,846	666,933	(87)
Instructional staff	190,181	212,323	191,042	21,281
General administration	345,153	324,702	315,853	8,849
School administration	824,130	766,369	759,294	7,075
Business	214,639	204,333	193,882	10,451
Operation/maintenance	1,449,894	1,447,346	1,477,250	(29,904)
Pupil transportation	880,471	1,112,442	1,081,012	31,430
Central services	466,629	467,469	463,436	4,033
Athletics	380,908	404,507	403,533	974
Total supporting services	5,374,110	5,606,337	5,552,235	54,102
Community services	20,387	22,332	18,808	3,524
Debt services	132,731	178,661	178,661	-
Total expenditures	13,424,247	14,072,003	13,991,282	80,721
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	90,104	9,088	155,206	146,118
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	12,705	12,705	-
Proceeds from note payable	-	253,283	253,283	-
Total other financing sources (uses)	-	265,988	265,988	-
NET CHANGE IN FUND BALANCE	$ 90,104	$ 275,076	421,194	$ 146,118
FUND BALANCE:				
Beginning of year			863,632	
End of year			$ 1,284,826	

HOPKINS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH FISCAL YEAR)

	2014
Reporting unit's proportion of net pension liability (%)	0.08137%
Reporting unit's proportionate share of net pension liability	$ 17,922,184
Reporting unit's covered-employee payroll	$ 6,940,753
Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	258.22%
Plan fiduciary net position as a percentage of total pension liability	66.20%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years which information is available.

HOPKINS PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)

	2015
Statutorily required contributions	$ 1,448,006
Contributions in relation to statutorily required contributions	1,448,006
Contribution deficiency (excess)	$ -
Reporting unit's covered-employee payroll	$ 6,908,669
Contributions as a percentage of covered-employee payroll	20.96%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

HOPKINS PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015

Changes of benefits terms: There were no changes of benefits terms.

Changes of assumptions: Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation.

ADDITIONAL SUPPLEMENTARY INFORMATION

HOPKINS PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Food service	Debt service	Total nonmajor funds
ASSETS			
ASSETS:			
Cash and cash equivalents	$ 43,157	$ 123,203	$ 166,360
Accounts receivable	1,611	-	1,611
Intergovernmental	5,162	-	5,162
Due from other funds	4,127	-	4,127
Inventories	4,046	-	4,046
TOTAL ASSETS	$ 58,103	$ 123,203	$ 181,306
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	$ 6,528	$ -	$ 6,528
Due to other funds	25,120	-	25,120
TOTAL LIABILITIES	31,648	-	31,648
FUND BALANCES:			
Nonspendable:			
Inventories	4,046	-	4,046
Restricted:			
Debt service	-	123,203	123,203
Food service	22,409	-	22,409
TOTAL FUND BALANCES	26,455	123,203	149,658
TOTAL LIABILITIES AND FUND BALANCES	$ 58,103	$ 123,203	$ 181,306

HOPKINS PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Food service	Debt service	Total nonmajor funds
REVENUES:			
Local sources:			
Property taxes	$ -	$ 2,135,487	$ 2,135,487
Investment earnings	23	75	98
Food sales	289,203	-	289,203
Total local sources	289,226	2,135,562	2,424,788
State sources	22,029	-	22,029
Federal sources	341,100	-	341,100
Total revenues	652,355	2,135,562	2,787,917
EXPENDITURES:			
Current:			
Food service activities	635,468	-	635,468
Debt service:			
Principal repayment	-	1,440,000	1,440,000
Interest	-	1,137,131	1,137,131
Other	-	6,297	6,297
Total expenditures	635,468	2,583,428	3,218,896
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	16,887	(447,866)	(430,979)
OTHER FINANCING SOURCES:			
Proceed from school bond loan fund	-	460,677	460,677
NET CHANGE IN FUND BALANCES	16,887	12,811	29,698
FUND BALANCES:			
Beginning of year	9,568	110,392	119,960
End of year	$ 26,455	$ 123,203	$ 149,658

HOPKINS PUBLIC SCHOOLS
GENERAL FUND
DETAIL OF REVENUES
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
LOCAL SOURCES:		
Property taxes	$ 649,624	$ 646,224
Tuition	21,945	33,135
Investment earnings	1,231	4,563
Other local revenue	216,036	222,840
TOTAL LOCAL SOURCES	888,836	906,762
STATE SOURCES:		
Foundation grant	10,897,354	10,814,246
Special education	355,892	268,044
At risk	226,015	212,480
Other state revenue	1,231,145	819,720
TOTAL STATE SOURCES	12,710,406	12,114,490
FEDERAL SOURCES:		
Title I	161,715	196,971
Title II - improving teacher quality	42,457	46,555
Other federal revenue	10,211	10,634
TOTAL FEDERAL SOURCES	214,383	254,160
INCOMING TRANSFERS AND OTHER TRANSACTIONS:		
Special education	332,863	373,732
OTHER FINANCING SOURCES:		
Proceeds from sale of capital assets	12,705	-
Proceeds from note payable	253,283	-
TOTAL OTHER FINANCING SOURCES	265,988	-
TOTAL REVENUES	$ 14,412,476	$ 13,649,144

HOPKINS PUBLIC SCHOOLS
GENERAL FUND
DETAIL OF EXPENDITURES
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
INSTRUCTION:		
Basic programs:		
Elementary:		
Salaries	$ 1,745,780	$ 1,758,107
Benefits	1,479,326	1,313,078
Purchased services	52,532	43,008
Supplies and materials	65,910	23,645
Other expenses	32,230	980
Capital outlay	37	59
Total elementary	3,375,815	3,138,877
Middle school:		
Salaries	882,458	861,294
Benefits	521,895	498,143
Purchased services	28,188	36,990
Supplies and materials	13,383	13,680
Other expenses	399	2,325
Total middle school	1,446,323	1,412,432
High school:		
Salaries	1,098,850	1,072,818
Benefits	719,303	637,428
Purchased services	76,510	88,051
Supplies and materials	97,887	59,222
Other expenses	18	1,285
Total high school	1,992,568	1,858,804
Total basic programs	6,814,706	6,410,113
Added needs:		
Special education:		
Salaries	473,300	537,700
Benefits	312,708	338,273
Purchased services	92,789	118,574
Supplies and materials	4,317	4,107
Other expenses	152	104
Total special education	883,266	998,758

HOPKINS PUBLIC SCHOOLS
GENERAL FUND
DETAIL OF EXPENDITURES
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
INSTRUCTION (Concluded):		
Compensatory education:		
Salaries	$ 267,109	$ 242,738
Benefits	147,934	117,983
Purchased services	2,080	29,185
Supplies and materials	9,867	10,718
Total compensatory education	426,990	400,624
Vocational education:		
Salaries	61,911	60,159
Benefits	43,518	34,003
Purchased services	7,387	7,272
Supplies and materials	2,345	3,970
Other expenses	1,455	1,275
Total vocational education	116,616	106,679
Total added needs	1,426,872	1,506,061
TOTAL INSTRUCTION	8,241,578	7,916,174
SUPPORTING SERVICES:		
Pupil services:		
Salaries	249,592	241,516
Benefits	165,305	150,421
Purchased services	245,225	224,645
Supplies and materials	5,931	5,523
Other expenses	880	697
Total pupil services	666,933	622,802
Instructional staff services:		
Salaries	73,817	68,593
Benefits	34,385	29,200
Purchased services	64,327	48,866
Supplies and materials	10,987	14,373
Other expenses	7,526	4,400
Total instructional staff services	191,042	165,432

HOPKINS PUBLIC SCHOOLS
GENERAL FUND
DETAIL OF EXPENDITURES
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
SUPPORTING SERVICES (Continued):		
General administration:		
Salaries	$ 139,530	$ 158,144
Benefits	74,777	121,290
Purchased services	84,745	116,124
Supplies and materials	2,104	3,362
Other expenses	14,697	12,504
Total general administration	315,853	411,424
School administration:		
Salaries	453,958	489,028
Benefits	285,398	279,570
Purchased services	8,631	5,843
Supplies and materials	8,835	1,819
Other expenses	2,472	5,350
Total school administration	759,294	781,610
Business services:		
Salaries	92,528	85,598
Benefits	49,076	41,469
Purchased services	41,617	42,588
Supplies and materials	2,352	3,789
Other expenses	8,309	27,125
Total business services	193,882	200,569
Operations and maintenance:		
Salaries	457,789	448,547
Benefits	337,073	323,026
Purchased services	289,066	353,740
Supplies and materials	383,497	380,548
Other expenses	4,025	750
Capital outlay	5,800	-
Total operations and maintenance	1,477,250	1,506,611

HOPKINS PUBLIC SCHOOLS
GENERAL FUND
DETAIL OF EXPENDITURES
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
SUPPORTING SERVICES (Concluded):		
Transportation:		
Salaries	$ 401,609	$ 411,590
Benefits	248,795	224,910
Purchased services	36,764	29,558
Supplies and materials	133,805	158,031
Other expenses	6,756	7,331
Capital outlay	253,283	-
Total transportation	1,081,012	831,420
Central services:		
Salaries	160,950	162,552
Benefits	89,609	105,715
Purchased services	74,740	105,028
Supplies and materials	2,140	249
Other expenses	1,114	199
Capital outlay	134,883	125,849
Total central services	463,436	499,592
Athletics:		
Salaries	153,289	147,799
Benefits	69,429	57,014
Purchased services	121,031	106,485
Supplies and materials	27,601	27,349
Other expenses	14,808	13,646
Capital outlay	17,375	15,727
Total athletics	403,533	368,020
TOTAL SUPPORTING SERVICES	5,552,235	5,387,480

HOPKINS PUBLIC SCHOOLS
GENERAL FUND
DETAIL OF EXPENDITURES
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
COMMUNITY SERVICES:		
Salaries	$ 12,313	$ 8,335
Benefits	4,762	3,085
Purchased services	80	3,191
Supplies and materials	305	3,005
Other expenses	1,348	891
TOTAL COMMUNITY SERVICES	18,808	18,507
DEBT SERVICES:		
Principal payments	167,215	120,000
Interest	11,446	8,481
TOTAL DEBT SERVICES	178,661	128,481
TOTAL EXPENDITURES	$ 13,991,282	$ 13,450,642

HOPKINS PUBLIC SCHOOLS
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

ASSETS	2007	2008 Refunding	2009 Refunding	Total nonmajor debt service
ASSETS:				
Cash and cash equivalents	$ 26,222	$ 73,348	$ 23,633	$ 123,203
FUND BALANCES:				
Restricted for debt service	$ 26,222	$ 73,348	$ 23,633	$ 123,203

HOPKINS PUBLIC SCHOOLS
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2015

	2007	2008 Refunding	2009 Refunding	Total nonmajor debt service
REVENUES:				
Local sources:				
Property taxes	$ 1,012,831	$ 554,007	$ 568,649	$ 2,135,487
Interest	35	20	20	75
Total revenues	1,012,866	554,027	568,669	2,135,562
EXPENDITURES:				
Principal payments	575,000	415,000	450,000	1,440,000
Interest	756,125	211,131	169,875	1,137,131
Other	2,986	1,634	1,677	6,297
Total expenditures	1,334,111	627,765	621,552	2,583,428
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(321,245)	(73,738)	(52,883)	(447,866)
OTHER FINANCING SOURCES:				
Proceeds from school bond loan fund	293,492	119,513	47,672	460,677
NET CHANGE IN FUND BALANCES	(27,753)	45,775	(5,211)	12,811
FUND BALANCES:				
Beginning of year	53,975	27,573	28,844	110,392
End of year	$ 26,222	$ 73,348	$ 23,633	$ 123,203

HOPKINS PUBLIC SCHOOLS
AGENCY FUND
(INTERNAL FUNDS)
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND LIABILITY BY ACTIVITY
YEAR ENDED JUNE 30, 2015

	Balance 7/1/14	Receipts	Disbursements	Balance 6/30/15
Internal	$ 341	$ 650	$ 624	$ 367
Interest	4,067	9,047	3,755	9,359
High school principal	1,204	1,263	1,290	1,177
Middle school principal	11,813	877	1,313	11,377
Yearbook/Journalism	(925)	11,558	12,196	(1,563)
FFA	7,004	18,238	20,433	4,809
Band	483	3,440	3,471	452
HES Mackinaw City	11,588	46,870	50,080	8,378
Pep Club	618	-	-	618
Destination Imagination	66	-	-	66
Honor Society	698	1,493	1,630	561
Spanish Club	48	180	212	16
Sp Ed - high school	-	13,914	13,914	-
HS Student Council	825	10,234	8,835	2,224
Jr. High Student Council	1,781	1,807	1,205	2,383
Hopkins Elem. Student Council	3,269	16,034	13,128	6,175
Sycamore Student Council	1,081	1,536	1,137	1,480
Drama Club	672	-	-	672
AP Classes	1,080	7,783	7,928	935
Class of 2019	200	400	-	600
Dance Club	(1,971)	1,971	-	-
Robotics Club	18,496	22,347	17,686	23,157
HHS Scholarship	167	15,095	12,638	2,624
Class of 2021	-	200	-	200
Jobe Memorial Scholarship	16	860	850	26
MS Library	-	462	461	1
MS Art Club	-	-	-	-
Pepsi Scholarship	852	696	1,500	48
Athletic Director	1,810	1,535	2,464	881
Athletic Director programs	2,781	1,100	1,025	2,856
Cross country	2,452	1,336	1,468	2,320

HOPKINS PUBLIC SCHOOLS
AGENCY FUND
(INTERNAL FUNDS)
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND LIABILITY BY ACTIVITY
YEAR ENDED JUNE 30, 2015

	Balance 7/1/14	Receipts	Disbursements	Balance 6/30/15
Varsity girls' basketball	$ 2,270	$ 10,868	$ 7,070	$ 6,068
Varsity baseball	2,386	7,083	9,061	408
Softball	2,221	4,509	5,372	1,358
Class of 2018	400	2,068	1,414	1,054
Agiscience Lab	48,453	740	571	48,622
Wrestling	2,440	200	-	2,640
Class of 2017	1,080	370	391	1,059
Varsity boys' basketball	4,629	15,602	17,708	2,523
Golf	324	-	-	324
Bowling Club	110	611	677	44
Volleyball	7,274	7,841	7,149	7,966
Varsity football	1,556	8,132	8,553	1,135
Varsity cheerleaders	30	-	-	30
Art Club	339	1,112	898	553
6th Grade Camp	2,928	19,198	19,378	2,748
6th Grade Team	714	923	1,439	198
7th Grade Team	203	3,977	4,095	85
8th Grade Team	349	1,682	2,100	(69)
Science Fair	86	-	-	86
Track	2,882	2,590	5,367	105
Ski Club	419	1,667	1,659	427
Wise Farm Rental	460	-	460	-
Kindergarten - Crowe	389	1,166	1,312	243
1st grade - Modreske	135	670	755	50
Soccer Club - boys	6,248	2,086	1,305	7,029
Kindergarten - Sietsema	443	307	840	(90)
1st grade - Galligan	59	1,286	1,004	341
2nd grade - Edwards	5	410	408	7
HE Young Authors	511	1,223	1,442	292
Shelly Hall	-	363	353	10
Middle school yearbook	7,306	6,288	5,546	8,048
3rd grade - King	277	830	1,047	60
5th grade - Bibbs	388	616	583	421
3rd grade - Fuss	438	475	178	735
3rd grade - Vendeville	677	300	700	277

HOPKINS PUBLIC SCHOOLS
AGENCY FUND
(INTERNAL FUNDS)
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND LIABILITY BY ACTIVITY
YEAR ENDED JUNE 30, 2015

	Balance 7/1/14	Receipts	Disbursements	Balance 6/30/15
Sp Ed - Ball	$ 803	$ 100	$ -	$ 903
4th grade - Duchene	14	2,202	2,175	41
Y5's - Siebers	654	292	350	596
4th grade - Rigotti - Craig	48	1,319	1,266	101
3rd grade - Hall	267	1,652	1,776	143
5th grade - Cimek	46	370	152	264
HE Library	3,298	6,612	5,927	3,983
New musical	17,037	24,845	23,173	18,709
Sycamore Mackinac Trip	2,409	42,059	43,326	1,142
Cheer - Competitive	1,121	829	749	1,201
HS choir	5,342	14,529	14,525	5,346
Class of 2016	167	6,230	3,328	3,069
Hopkins Elementary Misc.	329	4,453	3,128	1,654
Hopkins Elementary Field Trips	366	2,263	1,933	696
Hopkins Elementary Art	418	476	547	347
Hopkins Elementary Music	118	287	290	115
Hopkins Elementary Gym	705	100	127	678
4th grade - Secor	53	511	555	9
5th grade - Zapolnik	520	914	808	626
Kindergarten - Behm	349	-	-	349
Merren	213	533	735	11
Equestrian Team	84	149	125	108
1st grade - Cardenas	381	669	760	290
4th grade - Meyers	44	510	532	22
Kindergarten - King	98	100	-	198
1st grade - Gilbert	367	1,659	1,677	349
3rd grade - McClish	408	776	831	353
Sp Ed - Irwin	16	175	113	78
Galster	188	945	841	292
Sycamore - Misc.	5,113	4,263	6,710	2,666

HOPKINS PUBLIC SCHOOLS
AGENCY FUND
(INTERNAL FUNDS)
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND LIABILITY BY ACTIVITY
YEAR ENDED JUNE 30, 2015

	Balance 7/1/14	Receipts	Disbursements	Balance 6/30/15
Sycamore - Field Trips	$ 225	$ 931	$ 902	$ 254
Sycamore Music	15	180	190	5
Sycamore Art	3	-	-	3
Sycamore Gym	15	-	-	15
Sycamore Young Authors	3,493	3,264	3,095	3,662
Kindergarten - Hartuniewicz	347	632	865	114
3rd grade - Bardelmeier	200	346	411	135
Sp Ed - Herman	825	1,068	1,258	635
Sycamore Library	1,004	5,581	5,190	1,395
Class of 2020	-	400	-	400
Seabert	34	622	607	49
Alicia Holtz	281	275	440	116
High School Spirit Shop	34	-	-	34
Class of 2011	480	-	-	480
Cribley	3	845	960	(112)
Class of 2014	4	-	-	4
Class of 2015	359	1,433	1,015	777
2nd grade - Belka	26	769	721	74
Soccer Club - girls	3,081	2,665	1,550	4,196
Class of 2013	22	-	-	22
Kidsport	159	101	140	120
Skinner FFA memorial scholarship	915	-	-	915
	$ 221,446	$ 435,053	$ 421,881	$ 234,618

HOPKINS PUBLIC SCHOOLS
PRINCIPAL AND INTEREST REQUIREMENTS
2009 REFUNDING BONDS
JUNE 30, 2015

2009 Refunding Bonds

Fiscal year ended	Interest rate	Interest due November 1	Interest due May 1	Principal due May 1,	Total due annually
2016	3.00%	$ 78,188	$ 78,188	$ 440,000	$ 596,376
2017	3.25%	71,588	71,588	425,000	568,176
2018	3.25%	64,681	64,681	415,000	544,362
2019	3.50%	57,938	57,938	405,000	520,876
2020	3.50%	50,850	50,850	400,000	501,700
2021	3.625%	43,850	43,850	390,000	477,700
2022	3.75%	36,781	36,781	380,000	453,562
2023	3.75%	29,656	29,656	380,000	439,312
2024	4.00%	22,531	22,531	375,000	420,062
2025	4.000%	15,031	15,031	370,000	400,062
2026	4.125%	7,631	7,631	370,000	385,262
Total 2009 bonded debt		$ 478,725	$ 478,725	$ 4,350,000	$ 5,307,450

Total amount of original issue was $7,160,000.

HOPKINS PUBLIC SCHOOLS
PRINCIPAL AND INTEREST REQUIREMENTS
2008 REFUNDING BONDS
JUNE 30, 2015

2008 Refunding Bonds

Fiscal year ended	Interest rate	Interest due November 1	Interest due May 1	Principal due May 1,	Total due annually
2016	3.50%	$ 98,303	$ 98,303	$ 415,000	$ 611,606
2017	5.00%	87,928	87,928	415,000	590,856
2018	5.00%	77,553	77,553	415,000	570,106
2019	5.00%	67,179	67,179	415,000	549,358
2020	4.00%	58,878	58,878	415,000	532,756
2021	4.00%	50,578	50,578	415,000	516,156
2022	4.00%	42,278	42,278	415,000	499,556
2023	4.00%	33,978	33,978	415,000	482,956
2024	4.00%	25,678	25,678	415,000	466,356
2025	4.125%	17,119	17,119	415,000	449,238
2026	4.125%	8,559	8,559	415,000	432,118
Total 2008 bonded debt		$ 568,031	$ 568,031	$ 4,565,000	$ 5,701,062

Total amount of original issue was $7,465,000.

HOPKINS PUBLIC SCHOOLS
PRINCIPAL AND INTEREST REQUIREMENTS
2007 BUILDING AND SITE BONDS
JUNE 30, 2015

Fiscal year ended June 30,	Interest rate	Interest due November 1,	Interest due May 1,	Principal due May 1,	Total due annually
2016	5.00%	$ 363,688	$ 363,688	$ 625,000	$ 1,352,376
2017	5.00%	348,063	348,063	675,000	1,371,126
2018	5.00%	331,188	331,188	700,000	1,362,376
2019	5.00%	313,688	313,688	725,000	1,352,376
2020	5.00%	295,563	295,563	750,000	1,341,126
2021	5.00%	277,500	277,500	775,000	1,330,000
2022	5.00%	258,125	258,125	800,000	1,316,250
2023	5.00%	238,125	238,125	825,000	1,301,250
2024	5.00%	217,500	217,500	850,000	1,285,000
2025	5.00%	196,250	196,250	875,000	1,267,500
2026	5.00%	174,375	174,375	900,000	1,248,750
2027	5.00%	151,875	151,875	950,000	1,253,750
2028	5.00%	128,125	128,125	1,000,000	1,256,250
2029	5.00%	103,125	103,125	1,025,000	1,231,250
2030	5.00%	77,500	77,500	1,025,000	1,180,000
2031	5.00%	51,875	51,875	1,025,000	1,128,750
2032	5.00%	26,250	26,250	1,050,000	1,102,500
		$ 3,552,815	$ 3,552,815	$ 14,575,000	$ 21,680,630

The original amount of the issue was $17,590,000

HOPKINS PUBLIC SCHOOLS
PRINCIPAL AND INTEREST REQUIREMENTS
2011 ENERGY BONDS
JUNE 30, 2015

2011 Energy Bonds

Fiscal year ended	Interest rate	Interest due November 1	Interest due May 1	Principal due May 1,	Total due annually
2016	1.25 - 1.75%	$ 3,162	$ 3,162	$ 135,000	$ 141,324
2017	1.50 - 1.75%	2,319	2,319	140,000	144,638
2018	1.75%	1,269	1,268	145,000	147,537
Total 2011 bonded debt		$ 6,750	$ 6,749	$ 420,000	$ 433,499

The original amount of the issue was $890,000

HOPKINS PUBLIC SCHOOLS
SCHOOL BOND LOAN FUND
JUNE 30, 2015

Amounts needed for the payment of bond principal and interest in excess of receipts from property taxes are borrowed from the Michigan School Bond Loan Fund. These loans, together with accrued interest payable thereon, are to be repaid when the debt retirement millage rate provides funds in excess of the amounts needed to pay current bond maturities and interest. The borrowings from the State of Michigan under this program have been summarized as follows:

Year ended June 30,	Loan proceeds	Accrued interest	Net increase	Balance
1997	$ 352,402	$ 3,345	$ 355,747	$ 355,747
1998	795,365	39,786	835,151	1,190,898
1999	715,300	62,002	777,302	1,968,200
2000	735,978	138,033	874,011	2,842,211
2001	481,735	152,688	634,423	3,476,634
2002	475,473	157,175	632,648	4,109,282
2003	337,000	146,604	483,604	4,592,886
2004	257,000	134,798	391,798	4,984,684
2005	212,606	152,227	364,833	5,349,517
2006	74,593	220,718	295,311	5,644,828
2007	(210,000)	266,875	56,875	5,701,703
2008	6,600	256,255	262,855	5,964,558
2009	625,829	303,348	929,177	6,893,735
2010	597,221	404,576	1,001,797	7,895,532
2011	701,479	405,961	1,107,440	9,002,972
2012	746,268	411,287	1,157,555	10,160,527
2013	730,394	420,256	1,150,650	11,311,177
2014	681,945	411,670	1,093,615	12,404,792
2015	460,677	438,541	899,218	13,304,010

HOPKINS PUBLIC SCHOOLS
SCHEDULE OF INSTALLMENT PURCHASE AGREEMENT
JUNE 30, 2015

Installment Purchase Agreement

Fiscal year ended	Interest rate	Principal due June 23	Interest due June 23	Total due annually
2016	1.79%	$ 42,215	$ 3,778	$ 45,993
2017	1.79%	42,215	3,022	45,237
2018	1.79%	42,215	2,267	44,482
2019	1.79%	42,215	1,511	43,726
2020	1.79%	42,208	756	42,964
Total installment purchase agreement		$ 211,068	$ 11,334	$ 222,402

The above installment purchase agreement payable dated August 28, 2014 was issued for the purpose of acquiring school busses. The original amount of issuance was $253,283.

HOPKINS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal grantor/pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Award amount	Accrued revenue 7/1/14	Prior years expenditures (memorandum only)	Current year receipts	Current year expenditures	Accrued revenue 6/30/15
U.S. Department of Agriculture:								
Passed through the Michigan Department of Education:								
Child Nutrition Cluster:								
Non-cash assistance (donated foods):								
National School Lunch - Non-bonus	10.555		$ 40,372	$ -	$ -	$ 40,372	$ 40,372	$ -
Total non-cash assistance			40,372	-	-	40,372	40,372	-
Cash assistance:								
NSL - breakfast	10.553	141970	33,631	-	33,631	4,681	4,681	-
		151970	45,758	-	-	44,479	45,759	1,280
			79,389	-	33,631	49,160	50,440	1,280
National School Lunch	10.555	141960	210,640	-	210,640	29,526	29,526	-
		151960	220,762	-	-	216,880	220,762	3,882
			431,402	-	210,640	246,406	250,288	3,882
Total cash assistance			510,791	-	244,271	295,566	300,728	5,162
Total Child Nutrition Cluster			551,163	-	244,271	335,938	341,100	5,162
Total U.S. Department of Agriculture			551,163	-	244,271	335,938	341,100	5,162

The accompanying notes are an integral part of this schedule.

HOPKINS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal grantor/pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Award amount	Accrued revenue 7/1/14	Prior years expenditures (memorandum only)	Current year receipts	Current year expenditures	Accrued revenue 6/30/15
U.S. Department of Education:								
Passed through the Michigan Department of Education:								
Title I	84.010	141530	$ 206,863	$ 71,982	$ 175,299	$ 93,936	$ 21,954	$ -
		151530	139,762	-	-	139,761	139,761	-
			346,625	71,982	175,299	233,697	161,715	-
Title II Part A	84.367	140520	49,024	28,015	46,555	30,484	2,469	-
		150520	51,620	-	-	39,988	39,988	-
			100,644	28,015	46,555	70,472	42,457	-
Total passed through Michigan Department of Education			447,269	99,997	221,854	304,169	204,172	-
Passed through Allegan Area ESA								
Special Education Cluster:								
IDEA Preschool Incentive	84.173	140460-1415	18,823	-	9,467	9,356	9,356	-
Total U.S. Department of Education			466,092	99,997	231,321	313,525	213,528	-
U.S. Department of Health & Human Services:								
Passed through Allegan Area ESA:								
Medicaid Outreach Reimbursement	93.778		2,022	-	1,167	855	855	-
TOTAL FEDERAL FINANCIAL ASSISTANCE			$ 1,019,277	$ 99,997	$ 476,759	$ 650,318	$ 555,483	$ 5,162

The accompanying notes are an integral part of this schedule.

HOPKINS PUBLIC SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

1. Basis of Presentation - The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Hopkins Public Schools under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Hopkins Public Schools, it is not intended to and does not present the financial position or changes in net position of Hopkins Public Schools.

2. Summary of Significant Accounting Policies - Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for States, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

3. The Child Nutrition Cluster (CFDA's #10.553 and 10.555) was audited as the major program, representing 61% of expenditures.

4. The threshold for distinguishing Type A and Type B programs was $300,000.

5. Management has utilized the Cash Management System (CMS) and the Grant Audit Report in preparing the Schedule of Expenditures of Federal Awards.

6. Federal expenditures are reported as revenue in the following funds in the financial statements:

General fund	$ 214,383
Special revenue fund	341,100
	$ 555,483

7. Donated foods received were as follows:

Great Lakes Cooperative	$ 40,372

Maner Costerisan
Certified Public Accountants
Business & Technology Advisors

Maner Costerisan PC
2425 E. Grand River Ave.
Suite 1
Lansing, MI 48912-3291
T: 517 323 7500
F: 517 323 6346
www.manercpa.com

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Hopkins Public Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hopkins Public Schools as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Hopkins Public Schools' basic financial statements and have issued our report thereon dated October 26, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hopkins Public Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hopkins Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Hopkins Public Schools' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hopkins Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maner Costerisan PC

October 26, 2015

Maner Costerisan
Certified Public Accountants
Business & Technology Advisors

Maner Costerisan PC
2425 E. Grand River Ave.
Suite 1
Lansing, MI 48912-3291
T: 517 323 7500
F: 517 323 6346
www.manercpa.com

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Hopkins Public Schools

Report on Compliance for Each Major Federal Program

We have audited Hopkins Public Schools' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Hopkins Public Schools' major federal programs for the year ended June 30, 2015. Hopkins Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Hopkins Public Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hopkins Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Hopkins Public Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Hopkins Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Hopkins Public Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hopkins Public Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hopkins Public Schools' internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Maner Costerisan PC

October 26, 2015

HOPKINS PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes _X_ No
- Significant deficiency(ies) identified? ____ Yes _X_ No

Noncompliance material to financial statements noted? ____ Yes _X_ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified: ____ Yes _X_ No
- Significant deficiency(ies) identified? ____ Yes _X_ No

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ____ Yes _X_ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553 and 10.555	National School Lunch Cluster

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? ____ Yes _X_ No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

HOPKINS PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

Finding 2014-001 - Considered a significant deficiency
National School Lunch Cluster - CFDA Numbers 10.553 and 10.555
Year ended June 30, 2014

Condition: The most current federal guidelines for the maximum family income for determining eligibility for free or reduced meals were not used for the 2013-2014 school year.

Criteria: Eligibility for free or reduced meals requires family incomes below maximum identified limits. Federal regulations require the maximum limits to be updated annually.

Cause: Because of turn-over within the District and with-in the District's third-party food service provider, the most current maximum income limits were not utilized when determining current year eligibility.

Effect: Certain students who would have been eligible for free meals under the most current guidelines, were only provided reduced price meals. Likewise, students who would have qualified under the current guidelines for reduced price meals, were determined to be ineligible.

Context: A sample of 25 applications was selected for audit from a population of 1,000 applications. The tests found 3 applicants inappropriately determined to be ineligible for free meals (but eligible for reduced price meals), and 3 applicants inappropriately determined to ineligible for reduced price meals.

Questioned Costs: None

Recommendation: Both the District and the third-party food service provider should implement additional procedures to ensure the maximum family income limits are updated annually.

Status: The finding has been resolved. Additional procedures have been implemented to ensure the most current maximum family income limits are utilized for determining eligibility.

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Suite 1
Lansing, MI 48912-3291
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October 26, 2015

To the Board of Education
Hopkins Public Schools

We have audited the financial statements of Hopkins Public Schools for the year ended June 30, 2015, and have issued our report thereon dated October 26, 2015. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Hopkins Public Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirement that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Hopkins Public Schools' financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Hopkins Public Schools' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on Hopkins Public Schools' compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Hopkins Public Schools' compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

Significant Audit Findings

1. Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Hopkins Public Schools are described in Note 1 to the financial statements. During 2015 the District implemented Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions*, and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The application of existing policies was not changed during 2015. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Estimates have been used to calculate the net pension liability.

Management's estimate of the liability of the payout of employee compensated absences upon their retirement is based on expected payout. We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

We did not identify any sensitive disclosures.

2. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

3. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

4. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

5. Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 26, 2015.

6. Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

8. Other Matters

We applied certain limited procedures to the required supplementary information (RSI) which are required and supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information, which accompany the financial statements but are not RSI. With respect to this other supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

A separate management letter was not issued.

This information is intended solely for the use of the Board of Education and management of Hopkins Public Schools and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Maner Costerisan PC