

HOPKINS PUBLIC SCHOOLS

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

YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| INDEPENDENT AUDITOR'S REPORT..... | 1-3 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 4-11 |
| BASIC FINANCIAL STATEMENTS | 12 |
| Government-Wide Financial Statements | |
| Statement of Net Position | 13 |
| Statement of Activities..... | 14 |
| Fund Financial Statements | |
| Balance Sheet - Governmental Funds | 15 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 16 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds..... | 17-18 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities..... | 19 |
| Fiduciary Fund | |
| Statement of Fiduciary Net Position..... | 20 |
| Statement of Changes in Fiduciary Net Position | 21 |
| Notes to Financial Statements | 22-50 |
| REQUIRED SUPPLEMENTARY INFORMATION | 51 |
| Budgetary Comparison Schedule - General Fund | 52 |
| Schedule of the Reporting Unit's Proportionate Share of the Net Pension Liability..... | 53 |
| Schedule of the Reporting Unit's Pension Contributions | 54 |
| Schedule of the Reporting Unit's Proportionate Share of the Net OPEB Liability | 55 |
| Schedule of the Reporting Unit's OPEB Contributions | 56 |
| Notes to Required Supplementary Information..... | 57 |
| ADDITIONAL SUPPLEMENTARY INFORMATION | 58 |
| Nonmajor Governmental Fund Types | |
| Combining Balance Sheet..... | 59 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 60 |

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| General Fund | |
| Detail of Revenues and Other Financing Sources | 61 |
| Detail of Expenditures | 62-65 |
| Debt Service Funds | |
| Combining Balance Sheet..... | 66 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 67 |
| Fiduciary Funds | |
| Statement of Cash Receipts, Disbursements, and Net Position by Group - Custodial Fund | 68 |
| Long-Term Debt | |
| Bonded Debt | 69-73 |
| School Loan Revolving Fund..... | 74 |
| Schedule of Expenditures of Federal Awards..... | 75-77 |
| Notes to Schedule of Expenditures of Federal Awards..... | 78 |
| INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> | 79-80 |
| INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE | 81-83 |
| Schedule of Findings and Questioned Costs | 84 |
| Schedule of Prior Year Audit Findings..... | 85 |



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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Hopkins Public Schools

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise Hopkins Public Schools' basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hopkins Public Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 13 to the financial statements, in 2023 the District adopted new accounting guidance, GASB Statement No. 96, *Subscription-based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hopkins Public Schools' basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information, including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hopkins Public Schools' 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.

Maney Costeiran PC

September 1, 2023

HOPKINS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Hopkins Public Schools (HPS) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

The original budget that was approved by the Board of Education in June 2022 anticipated a per pupil increase of \$450/pupil and projected a decrease in the student count of approximately 25 students. The fall pupil count for the 2022/23 school year was 1,486, and the spring count was 1,484. The district has not yet returned to its pre-pandemic student enrollment numbers which peaked at just over 1,660 prior to 2020. The student count remained at the traditional 90/10 formula with 90% of funding coming from the 2022-23 fall pupil count and 10% coming from the 2021-22 spring count. The State's budget included new 51e funding which funded the Special Education student count at 75% of the foundation allowance.

The District once again received a large amount of federal funds over and above the usual Title grants. They received \$833,469 of combined ESSER funds from 98c Learning Loss, ESSER III under the American Recovery Plan, and ESSER 11t Equalization funds. These funds were used to support specific subgroups of students and to make up for learning loss, provide summer school, and employ staffing to support evidence-based activities and high-quality assessments. Title Grant funding was \$142,031. There was additional federal funding received of \$49,000 from the Diesel Emissions Reduction Grant to assist in the purchase of two new buses.

There were many new and continuing grants funded through the State School Aid Act and other funding sources for behavioral health and safety. 31o funding of \$175,736 continued to support additional counselor and social worker needs. 31n(6) funds of \$59,244 were received in order to support licensed behavioral health providers. A new source of 31aa funding was added to improve or maintain the mental health of students and staff, of which the District received \$173,627. Many new grants were also added to assist with student safety and improve or maintain security in the buildings. The District was able to use these funding sources to hire a School Resource Officer, perform critical incident mapping, and complete a comprehensive safety and security assessment. Funding from all four grant sources totaled over \$204,500.

For fiscal year 2022-23, the District had a deficit of \$329,245 which brought the fund balance down to \$2,665,253 or 13.3%. The District once again participated in short-term borrowing and borrowed \$650,000 during the year that was repaid in February 2023. The District was eligible to receive \$485,087 in At Risk 31A funds and continued to receive the 61d CTE payment for students in our Agricultural Vocational Education program. From the Office of Retirement Services, the 147c funding increased by \$178,913, the 147a funds remained flat, and a new source of one-time funding from 147c(2) was added of \$931,233. The District continued to receive the FIRST Robotics Grant, Early Literacy Targeted Instruction Grant, the Bilingual Education Grant, and the Headlee Obligation for Data Collection funding.

The sinking fund generated \$546,118 from 1.5450 mills during the winter tax collection. The debt millage remained at 10.34 mills, generating \$3,644,344 in tax revenue. The debt retirement fund was able to pay off \$1,350,000 to the School Bond Loan Fund and property values in the District increased by 8%.

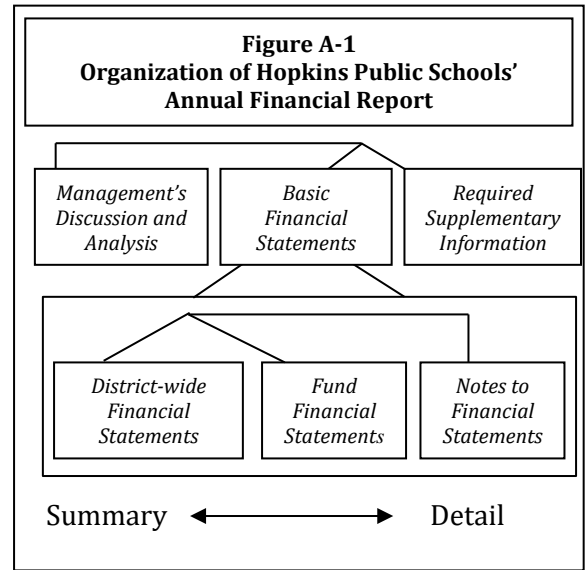
The food service fund had a slight deficit of \$31,557 and was once again able to transfer \$40,000 to the General Fund for indirect costs. The District was required to submit and was approved a spend down plan of \$172,777, of which \$60,357 was carried forward to 2023-24 fiscal year. All students were once again required to pay for their meals if they did not meet the free or reduced meal requirements. Reimbursement rates were higher than previous years at \$2.67 for breakfast and \$4.41 for lunch.

HOPKINS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

OVERVIEW OF THE FINANCIAL STATEMENTS

- 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.
- 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 | 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 * Statement of changes in 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 |

HOPKINS PUBLIC SCHOOLS MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

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 food service).

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.

HOPKINS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS

- Fiduciary funds - Fiduciary funds are for assets that belong to others, such as certain student activities funds where the District is the trustee or fiduciary. The District cannot use these assets to finance its operations, but it is responsible to ensure that these funds are used for their intended purposes. Only measurable and currently available funds are reported. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

| Table A-3 | | |
|--|-----------------|-----------------|
| Hopkins Public Schools' Net Position | | |
| | 2023 | 2022* |
| Assets | | |
| Current assets | \$ 6,809,045 | \$ 7,354,495 |
| Capital assets | 28,682,497 | 28,854,762 |
| Total assets | 35,491,542 | 36,209,257 |
| Deferred outflows of resources | 14,606,630 | 9,473,425 |
| Liabilities | | |
| Long-term liabilities outstanding | 21,881,230 | 27,540,412 |
| Other liabilities | 2,497,979 | 3,212,801 |
| Net other postemployment benefits liability | 1,968,171 | 4,671,206 |
| Net pension liability | 34,739,328 | 30,214,801 |
| Total liabilities | 61,086,708 | 65,639,220 |
| Deferred inflows of resources | 6,812,563 | 5,123,964 |
| Net position | | |
| Net investment in capital assets | 8,394,703 | 3,899,826 |
| Restricted for debt service | 318,067 | 20,073 |
| Restricted for capital projects - sinking fund | 471,324 | 484,087 |
| Unrestricted | (26,985,193) | (29,484,488) |
| Total net position | \$ (17,801,099) | \$ (25,080,502) |
| *The 2022 figures have not been updated for the adoption of GASB 96. | | |

**HOPKINS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

| Table A-4 Changes in Hopkins Public Schools' Net Position | | |
|--|--------------|--------------|
| | 2023 | 2022* |
| Revenues | | |
| Operating grants and contributions | \$ 6,156,501 | \$ 5,484,858 |
| Charges for services | 363,654 | 70,182 |
| General revenues | | |
| Property taxes | 5,147,303 | 4,848,676 |
| State aid - unrestricted | 11,476,659 | 12,008,608 |
| Other | 997,231 | 992,054 |
| Total revenues | 24,141,348 | 23,404,378 |
| Expenses | | |
| Instruction | 11,041,332 | 9,496,970 |
| Support services | 7,653,496 | 6,281,836 |
| Community services | 6,701 | 3,943 |
| Food services | 805,213 | 693,950 |
| Student/school activities | 523,988 | 515,665 |
| Interest on long-term debt | 707,607 | 775,132 |
| Unallocated depreciation | 893,416 | 867,074 |
| Total expenses | 21,631,753 | 18,634,570 |
| Change in net position | \$ 2,509,595 | \$ 4,769,808 |
| *The 2022 figures have not been updated for the adoption of GASB 96. | | |

DISTRICT GOVERNMENTAL ACTIVITIES

The District's current financial position remains strong even with the fund balance falling below the board's goal of 15%. The District's sinking fund millage is renewed through 2030, which greatly helps to offset general fund expenses. The increase in pension costs remained flat due to the offsetting MPSERS 147a funding and the 147c funds the State of Michigan passed through. The District continued to pay the state hard cap for health insurance which increased by 3.7%. The dental/vision costs stayed flat due to reductions in use caused by the pandemic. The District had no open contracts at the conclusion of the 2023 fiscal year, and all employee groups saw increases ranging from 3% to 7%.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's taxable values grew by 8% for 2023. The winter tax bills continued to reflect a rate of 10.34 mills to be levied for debt on all properties in order to allow the District to pay back their original bonds and also pay back their loan from the State's school bond loan fund in a timely manner. The District's sinking fund mills were rolled back from 1.60 mills to 1.5450 mills due to the Headlee Rollback calculation.

The Hopkins Board of Education is comfortable with the financial position of the District; however, they continue to set a 15% fund balance as a goal through Board Policy. As the District completed the year, the general fund balance reported a fund balance of \$2,665,253 or 13.3%.

**HOPKINS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

General Fund and Budget Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education adopt an operating budget prior to the start of the fiscal year. Certain information is not known at the time the budget is adopted, such as the amount of state aid, student enrollment, and the cost of employee contracts. The original 2022-23 budget was approved in June 2022. During the fiscal year, the budget was amended twice to reflect changes and to recognize these changes with the Board of Education.

The District was able to use the additional federal funding they received to support learning loss and improve student engagement by implementing evidence-based activities, administering high-quality assessments, and monitoring the academic progress of those students who needed more help. They were able to implement activities related to summer school and supplemental afterschool programs. They were able to purchase and implement a completely new ELA curriculum for Grades K-5. They purchased Chromebooks and Chromebook management software for the students to assist with learning. Two interventionist positions remained, one in each elementary building as well as an additional paraprofessional at each elementary. The District purchased two new buses and two new pickup trucks and additionally replaced one bus in the fleet with a used bus.

The original June adopted budget anticipated that the District would have over a \$204,000 deficit. The final budget revision anticipated higher revenues than the adopted budget while the increase in budgeted expenditures was due to increased spending in instruction and curriculum. The variances from the final budget to actual audited numbers show slightly less revenues than were anticipated while the anticipated expenditures were less than anticipated as well.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital purchases in fiscal year 2023 increased due to significant roof repair and building improvements, the purchase of computer equipment and Chromebooks and the acquisition of a passenger van.

| Table A-5 Hopkins Public Schools' Capital Assets Net of Depreciation | | |
|---|---------------|---------------|
| | 2023 | 2022* |
| Land | \$ 739,062 | \$ 739,062 |
| Construction in progress | 33,375 | - |
| Building and additions | 25,852,840 | 26,266,053 |
| Furniture and equipment | 1,238,755 | 1,138,569 |
| Transportation equipment | 699,665 | 568,829 |
| Right to use - subscription-based IT | 118,800 | - |
| Total | \$ 28,682,497 | \$ 28,712,513 |

*The 2022 figures have not been updated for the adoption of GASB 96.

**HOPKINS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Long-term Debt

| Table A-6 Hopkins Public Schools' Outstanding Long-Term Debt | | |
|---|---------------|---------------|
| | 2023 | 2022* |
| General obligation bonds | \$ 20,637,725 | \$ 22,343,062 |
| School loan revolving fund and installment purchase | 413,057 | 1,496,725 |
| Compensated absences and termination benefits | 830,448 | 790,100 |
| Total | \$ 21,881,230 | \$ 24,629,887 |

*The 2022 figures have not been updated for the adoption of GASB 96.

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 2022 and the future.

- Hopkins will receive an increase of \$458 in per pupil state aid for the 2023-24 school year. This increase will allow the District to support the increase in benefits and wages that were negotiated and approved prior to the start of the fiscal year. The District will receive its last allocation of federal ESSER funding of the 11t reimbursement that must be spent prior to September 2024. At that time, they will need to decide if positions that were added with ESSER funding will continue and shift over to the General Fund or instead be reduced.
- The District has not yet seen the student count recover completely from the COVID-19 pandemic. The District has lost over 150 students in the past three years, and the student count numbers for the 2023-24 school year are expected to once again be lower than in 2022-23.
- The District will continue to receive a large amount of funding to be spent on student behavioral and mental health and safety needs for the 2023-24 school year. This will allow the District to continue supporting a School Resource Officer and make additional safety and security upgrades as well as add new positions to further support the physical and mental health needs of the students.
- The District will continue the need to borrow in order to finance operations during the 2023-24 school year. With the first State Aid payment not received until October and the receipt of property taxes not beginning until December, the anticipated state borrowing will be approximately \$1.4 million.
- The District will be purchasing three new Electric buses through the Electric Vehicle bus grant. A portion of these buses will be paid for by the District, while the majority will be paid for by a federal grant. The infrastructure to support these buses will require major electrical upgrades be made in the transportation department, and the additional resources needed to support these vehicles is a major unknown at this time.

HOPKINS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS

- The District was once again able to use the sinking fund to offset general fund expenses for building projects and repairs and plans to in the future as well. Many district-wide upgrades were able to be performed including the repaving and resurfacing of all parking lots. A large canopy to cover the school buses will be erected and completed in the 2023-24 fiscal year which will use a large portion of the annual sinking fund budget.
- The turnover of employees at Hopkins seems to have slowed significantly beginning with the 2023-24 school year. While there is still a teacher shortage within the State of Michigan, at this time all staff positions at Hopkins are filled. There is predicted to be a large number of employees retiring at the end of the 2023-24 school year which will leave open positions to fill. The District is experiencing a shortage in drivers due to turnover and a lack of applicants. This shortage is not just felt at Hopkins but in many other districts throughout the state.
- The State budget approved free meals once again for all students for the 2023-24 school year. The district had to submit and was approved for a spend-down plan as a result of the high fund balances that remained after the pandemic as a result of all meals being free for students. It is anticipated that after the completion of the 2023-24 fiscal year, there will be a fund balance that will need to be spent down once again.

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, 2023**

| | Governmental Activities |
|--|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 2,923,236 |
| Intergovernmental | 3,642,555 |
| Inventories | 73,037 |
| Prepays | 170,217 |
| Capital assets, not being depreciated | 772,437 |
| Capital assets, net of accumulated depreciation/amortization | 27,910,060 |
| TOTAL ASSETS | 35,491,542 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred charges, net of amortization | 414,961 |
| Related to other postemployment benefits | 2,868,313 |
| Related to pensions | 11,323,356 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 14,606,630 |
| LIABILITIES | |
| Accounts payable | 234,200 |
| Accrued salaries and related items | 975,983 |
| Accrued retirement | 710,167 |
| Accrued interest | 103,459 |
| Unearned revenue | 474,170 |
| Noncurrent liabilities | |
| Due within one year | 3,141,099 |
| Due in more than one year | 18,740,131 |
| Net other postemployment benefits liability | 1,968,171 |
| Net pension liability | 34,739,328 |
| TOTAL LIABILITIES | 61,086,708 |
| DEFERRED INFLOWS OF RESOURCES | |
| Related to other postemployment benefits | 4,088,019 |
| Related to pensions | 194,318 |
| Related to state aid funding for pension | 2,530,226 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 6,812,563 |
| NET POSITION | |
| Net investment in capital assets | 8,394,703 |
| Restricted for debt service | 318,067 |
| Restricted for capital projects - sinking fund | 471,324 |
| Unrestricted | (26,985,193) |
| TOTAL NET POSITION | \$ (17,801,099) |

See notes to financial statements.

**HOPKINS PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

| Functions/Programs | Expenses | Program Revenues | | Governmental Activities |
|---|----------------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Position |
| Governmental activities | | | | |
| Instruction | \$ 11,041,332 | \$ - | \$ 4,305,774 | \$ (6,735,558) |
| Support services | 7,653,496 | - | 819,897 | (6,833,599) |
| Community services | 6,701 | - | - | (6,701) |
| Food services | 805,213 | 363,654 | 567,873 | 126,314 |
| Student/school activities | 523,988 | - | 462,957 | (61,031) |
| Interest on long-term debt | 707,607 | - | - | (707,607) |
| Unallocated depreciation/amortization | 893,416 | - | - | (893,416) |
| Total governmental activities | <u>\$ 21,631,753</u> | <u>\$ 363,654</u> | <u>\$ 6,156,501</u> | <u>(15,111,598)</u> |
| General revenues | | | | |
| Property taxes, levied for general purposes | | | | 956,841 |
| Property taxes, levied for debt service | | | | 3,644,344 |
| Property taxes, levied for sinking fund | | | | 546,118 |
| Investment earnings | | | | 46,933 |
| State sources - unrestricted | | | | 11,476,659 |
| Intermediate sources | | | | 538,195 |
| Other | | | | 412,103 |
| Total general revenues | | | | <u>17,621,193</u> |
| CHANGE IN NET POSITION | | | | 2,509,595 |
| NET POSITION, beginning of year | | | | <u>(20,310,694)</u> |
| NET POSITION, end of year | | | | <u>\$ (17,801,099)</u> |

See notes to financial statements.

**HOPKINS PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

| | General Fund | Sinking Fund | Total Nonmajor Funds | Total Governmental Funds |
|--|---------------------|-------------------|----------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,014,455 | \$ 594,479 | \$ 1,314,302 | \$ 2,923,236 |
| Intergovernmental | 3,636,006 | - | 6,549 | 3,642,555 |
| Inventories | 64,849 | - | 8,188 | 73,037 |
| Prepays | 170,217 | - | - | 170,217 |
| | <u>4,885,527</u> | <u>594,479</u> | <u>1,329,039</u> | <u>6,809,045</u> |
| TOTAL ASSETS | \$ 4,885,527 | \$ 594,479 | \$ 1,329,039 | \$ 6,809,045 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 73,399 | \$ 123,155 | \$ 37,646 | \$ 234,200 |
| Accrued salaries and related items | 975,983 | - | - | 975,983 |
| Accrued retirement | 710,167 | - | - | 710,167 |
| Unearned revenue | 460,725 | - | 13,445 | 474,170 |
| | <u>2,220,274</u> | <u>123,155</u> | <u>51,091</u> | <u>2,394,520</u> |
| TOTAL LIABILITIES | 2,220,274 | 123,155 | 51,091 | 2,394,520 |
| FUND BALANCES | | | | |
| Nonspendable | | | | |
| Inventories | 64,849 | - | 8,188 | 73,037 |
| Prepays | 170,217 | - | - | 170,217 |
| Restricted | | | | |
| Debt service | - | - | 421,526 | 421,526 |
| Capital projects | - | 471,324 | - | 471,324 |
| Food service | - | - | 395,247 | 395,247 |
| Committed for student/school activities | - | - | 277,205 | 277,205 |
| Assigned | | | | |
| Capital projects funds | - | - | 175,782 | 175,782 |
| Subsequent year expenditures | 115,138 | - | - | 115,138 |
| Unassigned | 2,315,049 | - | - | 2,315,049 |
| | <u>2,665,253</u> | <u>471,324</u> | <u>1,277,948</u> | <u>4,414,525</u> |
| TOTAL FUND BALANCES | 2,665,253 | 471,324 | 1,277,948 | 4,414,525 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 4,885,527 | \$ 594,479 | \$ 1,329,039 | \$ 6,809,045 |

See notes to financial statements.

**HOPKINS PUBLIC SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

| | | |
|---|---------------------|------------------------|
| Total governmental fund balances | | \$ 4,414,525 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Deferred outflows of resources - deferred charges on refunding | \$ 414,961 | |
| Deferred outflows of resources - related to pensions | 11,323,356 | |
| Deferred outflows of resources - related to other postemployment benefits | 2,868,313 | |
| Deferred inflows of resources - related to pensions | (194,318) | |
| Deferred inflows of resources - related to other postemployment benefits | (4,088,019) | |
| Deferred inflows of resources - related to state aid funding for pension | <u>(2,530,226)</u> | |
| | | 7,794,067 |
| Capital assets used in governmental activities are not financial resources and are not reported in the funds: | | |
| The cost of the capital assets is | 50,641,655 | |
| Accumulated depreciation/amortization is | <u>(21,959,158)</u> | |
| | | 28,682,497 |
| Long-term liabilities are not due and payable in the current period and are not reported in the funds: | | |
| Bonds and notes payable | | (21,050,782) |
| Compensated absences and termination benefits | | (830,448) |
| Accrued interest is not included as a liability in governmental funds, it is recorded when paid | | (103,459) |
| Net pension liability | | (34,739,328) |
| Net other postemployment benefit liability | | <u>(1,968,171)</u> |
| Net position of governmental activities | | <u>\$ (17,801,099)</u> |

See notes to financial statements.

**HOPKINS PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

| | <u>General Fund</u> | <u>Sinking Fund</u> | <u>Total Nonmajor Funds</u> | <u>Total Governmental Funds</u> |
|--------------------------------|---------------------|---------------------|-------------------------------------|---|
| REVENUES | | | | |
| Local sources | | | | |
| Property taxes | \$ 956,841 | \$ 546,118 | \$ 3,644,344 | \$ 5,147,303 |
| Tuition | 9,016 | - | - | 9,016 |
| Investment earnings | 18,654 | - | 28,279 | 46,933 |
| Food sales | - | - | 363,654 | 363,654 |
| Student/school activity income | - | - | 462,957 | 462,957 |
| Other | 270,397 | 1,398 | 11,528 | 283,323 |
| | <u>1,254,908</u> | <u>547,516</u> | <u>4,510,762</u> | <u>6,313,186</u> |
| Total local sources | | | | |
| State sources | 16,686,289 | - | 44,982 | 16,731,271 |
| Federal sources | 1,026,188 | - | 522,891 | 1,549,079 |
| Incoming transfers and other | 656,459 | - | - | 656,459 |
| | <u>19,623,844</u> | <u>547,516</u> | <u>5,078,635</u> | <u>25,249,995</u> |
| TOTAL REVENUES | | | | |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | 11,661,836 | - | - | 11,661,836 |
| Supporting services | 8,319,416 | - | - | 8,319,416 |
| Food service activities | - | - | 806,861 | 806,861 |
| Student/school activities | - | - | 523,988 | 523,988 |
| Community service activities | 6,812 | - | - | 6,812 |
| Capital outlay | - | 586,598 | 125,117 | 711,715 |

See notes to financial statements.

| | <u>General Fund</u> | <u>Sinking Fund</u> | <u>Total Nonmajor Funds</u> | <u>Total Governmental Funds</u> |
|--|---------------------|---------------------|-------------------------------------|---|
| EXPENDITURES (continued) | | | | |
| Debt service | | | | |
| Principal repayment | \$ - | \$ - | \$ 1,575,000 | \$ 1,575,000 |
| Payments on school loan revolving fund | - | - | 1,350,000 | 1,350,000 |
| Interest | 6,525 | - | 669,520 | 676,045 |
| Other | - | - | 2,794 | 2,794 |
| | <u>19,994,589</u> | <u>586,598</u> | <u>5,053,280</u> | <u>25,634,467</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | | | | |
| | <u>(370,745)</u> | <u>(39,082)</u> | <u>25,355</u> | <u>(384,472)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital assets | 1,500 | - | - | 1,500 |
| Proceeds from school loan revolving fund | - | - | 216,915 | 216,915 |
| Transfers out | - | - | (40,000) | (40,000) |
| Transfers in | 40,000 | - | - | 40,000 |
| | <u>41,500</u> | <u>-</u> | <u>176,915</u> | <u>218,415</u> |
| NET CHANGE IN FUND BALANCES | | | | |
| | <u>(329,245)</u> | <u>(39,082)</u> | <u>202,270</u> | <u>(166,057)</u> |
| FUND BALANCES | | | | |
| Beginning of year | <u>2,994,498</u> | <u>510,406</u> | <u>1,075,678</u> | <u>4,580,582</u> |
| End of year | <u>\$ 2,665,253</u> | <u>\$ 471,324</u> | <u>\$ 1,277,948</u> | <u>\$ 4,414,525</u> |

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, 2023**

Net change in fund balances total governmental funds \$ (166,057)

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/amortization:

| | |
|-----------------------------------|-------------|
| Depreciation/amortization expense | (1,265,837) |
| Capital outlay | 1,235,821 |

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 | 121,314 |
| Accrued interest payable, end of the year | (103,459) |

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 | 1,575,000 |
| Proceeds from school loan revolving fund | (216,915) |
| Payments on school loan revolving fund | 1,350,000 |
| Amortization of deferred charge on refunding | (45,650) |
| Amortization of bond premium | 130,337 |
| Interest on school loan revolving fund | (49,417) |

Compensated absences and termination benefits 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 | 790,100 |
| Accrued compensated absences and termination benefits, end of the year | (830,448) |

Some revenues and 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 | (302,869) |
| Other postemployment benefit related items | 1,397,822 |

Restricted Revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period:

| | |
|--|--------------------|
| State aid funding for pension, beginning of the year | 1,420,079 |
| State aid funding for pension, end of the year | <u>(2,530,226)</u> |

Change in net position of governmental activities \$ 2,509,595

See notes to financial statements.

**HOPKINS PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023**

| | Custodial Fund | Private Purpose Trust Fund |
|---|-------------------|----------------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 16,917 | \$ - |
| Land | - | 37,000 |
| Land improvements | - | 3,522 |
| Building | - | 40,000 |
| Building improvements | - | 1,097 |
| TOTAL ASSETS | 16,917 | 81,619 |
| NET POSITION | | |
| Restricted for school use/student organizations | \$ 16,917 | \$ 81,619 |

See notes to financial statements.

HOPKINS PUBLIC SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

| | <u>Custodial Funds</u> |
|--|----------------------------|
| Additions | |
| Student activity income | <u>\$ 17,959</u> |
| Deductions | |
| Payments made on behalf of student organizations | <u>17,490</u> |
| Change in fiduciary net position | 469 |
| Net Position | |
| Beginning of year | <u>16,448</u> |
| End of year | <u><u>\$ 16,917</u></u> |

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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.

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.

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 *Sinking Fund* accounts for the receipt of the sinking fund millage proceeds and acquisition of fixed assets or construction of capital projects. The District has complied with the applicable provisions of § 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95 relating to sinking funds.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and student/school activities in special revenue funds.

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.

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 *Custodial Fund* consists of assets for the benefit of individuals and the District does not have administrative involvement with the assets or direct financial involvement with the assets. In additions, the assets are not derived from the District's provision of goods or services to those individuals. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

The *Private Purpose Trust Fund* is accounted for using the accrual method of accounting. The District's private purpose trust fund accounts for assets held for the educational enrichment of the students. These funds are not included in the District's government-wide financial statements.

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.

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.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 fiduciary funds financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

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).

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.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

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 funds. 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.

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

- a. 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.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. 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.
- d. 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.
- e. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2023. The District does not consider these amendments to be significant.

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

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.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investments

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. 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.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

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.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 acquisition 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.

Land is not depreciated. Right to use assets of the District are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. 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 |
| Trasportation equipment | 8 |
| Right to use - subscription-based IT | 6 |

Defined Benefit Plans

For purposes of measuring the net pension and other postemployment benefit liability, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits 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.

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 three items that qualify for reporting in this category. They are the deferred charge on refunding and pension and other postemployment benefits 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. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 three items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

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.

During the years ended June 30, 2020 and 2021, the District issued bonded debt in the amounts of \$5,975,000, and \$3,255,000, respectively, used to make principal and interest payments related to the School Bond Loan fund and the School Loan Revolving fund. 4.8%, and 1.8%, respectively, of these proceeds are not considered capital related debt, as this amount was used to pay off accrued interest. The current allocations of this debt not considered capital related to debt at June 30, 2023 is \$286,800, and \$58,590, respectively.

In the computation of net invested in capital assets, school bond revolving fund principal proceeds of \$410,420 is considered capital-related debt. Accrued interest on the school loan revolving fund of \$2,637 has been included in the calculation of unrestricted net position.

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.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

Subscription Based IT Arrangements (SBITA)

Subscriber: The District is a lessee for a noncancelable subscription of an IT arrangement. The District recognizes an intangible right-to-use SBITA asset in the government-wide financial statements.

The SBITA asset is amortized on a straight-line basis over its useful life.

SBITA assets are reported with other capital assets on the statement of net position.

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.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses

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, 2023, the District levied the following amounts per \$1,000 of assessed valuation:

| Fund | Mills |
|--|---------|
| General fund: | |
| Non-Principal Residence Exemption (PRE) | 18.0000 |
| Commercial Personal Property | 6.0000 |
| Debt service fund: | |
| PRE, Non-PRE, Commercial Personal Property | 10.3400 |
| Sinking fund: | |
| PRE, Non-PRE, Commercial Personal Property | 1.5450 |

Compensated Absences and Termination Benefits

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 and termination benefits includes salary and related benefits, where applicable.

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.

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.

HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

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, 2023, \$2,687,979 of the District's bank balance of \$3,187,979 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.

Fair Value Measurement

The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The District does not have any investments subject to the fair value measurement.

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 statement of net position follows:

| | |
|---|----------------------------|
| Per financial statements | |
| District-wide - cash and cash equivalents | \$ 2,923,236 |
| Fiduciary - cash and cash equivalents | <u>16,917</u> |
| Total | <u><u>\$ 2,940,153</u></u> |

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - CAPITAL ASSETS

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

| | Balance July 1, 2022 | Additions | Deletions/ Reclassifications | Balance June 30, 2023 |
|--|-------------------------|--------------------|---------------------------------|--------------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 739,062 | \$ - | \$ - | \$ 739,062 |
| Construction in progress | - | 33,375 | - | 33,375 |
| Total capital assets not being depreciated | <u>739,062</u> | <u>33,375</u> | <u>-</u> | <u>772,437</u> |
| Capital assets being depreciated/amortized | | | | |
| Buildings and additions | 42,728,894 | 418,375 | - | 43,147,269 |
| Furniture and equipment | 4,063,473 | 321,725 | 5,569 | 4,379,629 |
| Transportation equipment | 2,040,692 | 343,546 | 160,718 | 2,223,520 |
| Right to use - subscription-based IT | - | 118,800 | - | 118,800 |
| Total capital assets being depreciated | <u>48,833,059</u> | <u>1,202,446</u> | <u>166,287</u> | <u>49,869,218</u> |
| Accumulated depreciation/amortization | | | | |
| Buildings and additions | 16,462,841 | 831,588 | - | 17,294,429 |
| Furniture and equipment | 2,924,904 | 221,539 | 5,569 | 3,140,874 |
| Transportation equipment | 1,471,863 | 212,710 | 160,718 | 1,523,855 |
| Total accumulated depreciation/amortization | <u>20,859,608</u> | <u>1,265,837</u> | <u>166,287</u> | <u>21,959,158</u> |
| Net capital assets being depreciated/amortized | <u>27,973,451</u> | <u>(63,391)</u> | <u>-</u> | <u>27,910,060</u> |
| Net governmental capital assets | <u>\$ 28,712,513</u> | <u>\$ (30,016)</u> | <u>\$ -</u> | <u>\$ 28,682,497</u> |

Depreciation/amortization for the fiscal year ended June 30, 2023 amounted to \$1,265,837.

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

| | |
|---------------------------------------|---------------------|
| Instruction | \$ 159,711 |
| Support services | 212,710 |
| Unallocated depreciation/amortization | <u>893,416</u> |
| Total depreciation/amortization | <u>\$ 1,265,837</u> |

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2023 at the fund level consist of the following:

| | General Fund | Total Nonmajor Funds | Total |
|-------------------------------|-----------------|-------------------------|--------------|
| State Aid - State of Michigan | \$ 3,071,868 | \$ 6,549 | \$ 3,078,417 |
| Federal grants | 564,138 | - | 564,138 |
| | \$ 3,636,006 | \$ 6,549 | \$ 3,642,555 |

No allowance for doubtful accounts is considered necessary.

NOTE 5 - NOTE PAYABLE - STATE AID ANTICIPATION NOTE

During the year ending June 30, 2023, the District had issued a state aid anticipation note payable in the amount of \$650,000 which had an interest rate of 2.6% and matured on February 21, 2023. Proceeds of the note were used to fund school operations. The note was secured by the full faith and credit of the District as well as pledged state aid. In an event of a default on the note, the bank may impose a penalty interest rate and at the state's discretion, accelerate the repayment terms. Activity for the year ended June 30, 2023 is as follows:

| Balance July 1, 2022 | Additions | Payments | Balance June 30, 2023 |
|-------------------------|------------|------------|--------------------------|
| \$ - | \$ 650,000 | \$ 650,000 | \$ - |

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS

Long-term obligations at June 30, 2023 are comprised of the following issues:

General Obligation Bonds

| | |
|--|--------------|
| 2016 series A general obligation refunding bonds due in annual installments of \$800,000 to \$940,000 through May 1, 2032 with interest at 4.0% to 5.0%. | \$ 7,925,000 |
|--|--------------|

| | |
|---|-----------|
| 2018 general obligation refunding bonds due in annual installments of \$405,000 to \$420,000 through May 1, 2026 with interest at 2.5%. | 1,240,000 |
|---|-----------|

| | |
|---|-----------|
| 2019 series A general obligation refunding bonds due in annual installments of \$350,000 to \$355,000 through May 1, 2026 with interest at 4.00%. | 1,055,000 |
|---|-----------|

| | |
|---|-----------|
| 2019 series B general obligation refunding bonds due in annual installments of \$1,000,000 to \$1,490,000 from May 1, 2024 through May 1, 2028 with interest at 2.112% to 2.491%. | 5,975,000 |
|---|-----------|

| | |
|--|-----------|
| 2021 general obligation refunding bonds due in annual installments of \$475,000 to \$1,000,000 from May 1, 2024 through May 1, 2027 with interest at 0.550% to 1.450%. | 3,255,000 |
|--|-----------|

| | |
|--|------------------|
| Plus premium on bond issuance, net of amortization | <u>1,187,725</u> |
|--|------------------|

| | |
|--------------------------------|-------------------|
| Total general obligation bonds | <u>20,637,725</u> |
|--------------------------------|-------------------|

Notes From Direct Borrowings and Direct Placements

| | |
|---|----------------|
| Borrowings from the State of Michigan under the School Loan Revolving Fund, including interest. | <u>413,057</u> |
|---|----------------|

| | |
|---|----------------|
| Accrued retirement benefits | |
| Obligation under contract for compensated absences and termination benefits | <u>830,448</u> |

| | |
|-------------------------------------|-----------------------------|
| Total general long-term obligations | <u><u>\$ 21,881,230</u></u> |
|-------------------------------------|-----------------------------|

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize the long-term obligations as of June 30, 2023, including interest of \$2,710,822 are as follows:

| Year Ending June 30, | General Obligation Bonds | | Notes from Direct Borrowings and Direct Placements | | Compensated Absences and Termination Benefits | Total |
|--|--------------------------|---------------------|--|-------------|--|----------------------|
| | Principal | Interest | Principal | Interest | | |
| 2024 | \$ 3,050,000 | \$ 620,757 | \$ - | \$ - | \$ - | \$ 3,670,757 |
| 2025 | 3,355,000 | 540,325 | - | - | - | 3,895,325 |
| 2026 | 3,580,000 | 454,009 | - | - | - | 4,034,009 |
| 2027 | 3,350,000 | 362,365 | - | - | - | 3,712,365 |
| 2028 | 2,400,000 | 268,366 | - | - | - | 2,668,366 |
| 2029 - 2032 | 3,715,000 | 465,000 | - | - | - | 4,180,000 |
| | 19,450,000 | 2,710,822 | - | - | - | 22,160,822 |
| Premium on bond issuance | 1,187,725 | - | - | - | - | 1,187,725 |
| School Loan Revolving Fund | - | - | 413,057 | - | - | 413,057 |
| Compensated absences and termination benefits | - | - | - | - | 830,448 | 830,448 |
| | <u>\$ 20,637,725</u> | <u>\$ 2,710,822</u> | <u>\$ 413,057</u> | <u>\$ -</u> | <u>\$ 830,448</u> | <u>\$ 24,592,052</u> |

An amount of \$421,526 is available in the debt service fund to service the general obligation debt. Interest expense for all funds for the year ended June 30, 2023 was \$676,045.

Borrowing from the State of Michigan - The school loan revolving fund 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 4.11% for the School Loan Revolving Fund notes have been assessed for the year ended June 30, 2023. Repayment is required when the millage rate necessary to cover the annual bonded debt services falls below 10.34 mills. The school district is required to levy 10.34 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. The state may apply a default late charge on the note if the District does not make the repayments, or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

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

| | Balance July 1, 2022 | Additions | Reductions | Balance June 30, 2023 | Due within One Year |
|--|-------------------------|-------------------|---------------------|--------------------------|------------------------|
| General obligation bonds | \$ 22,343,062 | \$ - | \$ 1,705,337 | \$ 20,637,725 | \$ 3,050,000 |
| Notes from direct borrowings direct placements | 1,496,725 | 266,332 | 1,350,000 | 413,057 | - |
| Accumulated compensated absences and termination benefits | 790,100 | 40,348 | - | 830,448 | 91,099 |
| Totals | <u>\$ 24,629,887</u> | <u>\$ 306,680</u> | <u>\$ 3,055,337</u> | <u>\$ 21,881,230</u> | <u>\$ 3,141,099</u> |

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2023, \$17,475,000 of bonds outstanding are considered defeased.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) (System) 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 Annual Comprehensive Financial Report that can be obtained at www.michigan.gov/orsschools.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act.

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State of Michigan Investment Board serves as the investment fiduciary and custodian for the System.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Overall

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the plans offered by MPSERS is as follows:

| <u>Plan Name</u> | <u>Plan Type</u> | <u>Plan Status</u> |
|------------------------------|----------------------|--------------------|
| Basic | Defined Benefit | Closed |
| Member Investment Plan (MIP) | Defined Benefit | Closed |
| Pension Plus | Hybrid | Closed |
| Pension Plus 2 | Hybrid | Open |
| Defined Contribution | Defined Contribution | Open |

Benefits Provided - Pension

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.

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.

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.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

Option 1 - Members voluntarily elected to increase their contributions to the pension fund as noted below and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic plan members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

Option 2 - Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 - Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

Option 4 - Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k)-account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012 choose between two retirement plans: The Pension Plus Plan and a Defined Contribution that provides a 50% employer match up to 3% of salary on employee contributions.

Final Average Compensation (FAC) - Average of highest 60 consecutive months for Basic Plan members and Pension Plus members (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.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus plan to newly hired employees as of February 1, 2018 and created a new, optional Pension Plus 2 plan with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 plan will close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law included other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Benefits Provided - Other Postemployment Benefit (OPEB)

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, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, 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.

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 February 1, 2013.

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.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 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 their 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount - The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the Defined Contribution plan are not required to make additional contributions.

Employer Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of pension benefits and OPEB. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

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 normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the fiscal year ending September 30, 2022 were determined as of the September 30, 2019 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2019 are amortized over an 17-year period beginning October 1, 2021 and ending September 30, 2038.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

| | Pension | Other Postemployment Benefit |
|--------------------------------------|-----------------|------------------------------------|
| October 1, 2021 - September 30, 2022 | 13.73% - 20.14% | 7.23% - 8.09% |
| October 1, 2022 - September 30, 2023 | 13.75% - 20.16% | 7.21% - 8.07% |

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

The District's pension contributions for the year ended June 30, 2023 were equal to the required contribution total. Total pension contributions were approximately \$4,308,000. Of the total pension contributions approximately \$4,210,000 was contributed to fund the Defined Benefit Plan and approximately \$98,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2023 were equal to the required contribution total. Total OPEB contributions were approximately \$808,000. Of the total OPEB contributions approximately \$744,000 was contributed to fund the Defined Benefit Plan and approximately \$64,000 was contributed to fund the Defined Contribution Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

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

Pension Liabilities

The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2021 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.

| <u>MPSERS (Plan) Non-university Employers</u> | <u>September 30, 2022</u> | <u>September 30, 2021</u> |
|---|---------------------------|---------------------------|
| Total pension liability | \$ 95,876,795,620 | \$ 86,392,473,395 |
| Plan fiduciary net position | \$ 58,268,076,344 | \$ 62,717,060,920 |
| Net pension liability | \$ 37,608,719,276 | \$ 23,675,412,475 |
| Proportionate share | 0.09237% | 0.08893% |
| Net pension liability for the District | \$ 34,739,328 | \$ 21,054,334 |

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

For the year ended June 30, 2023, the District recognized pension expense of \$4,512,979.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At June 30, 2023, 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 |
|--|--------------------------------------|-------------------------------------|
| Changes of assumptions | \$ 5,969,461 | \$ - |
| Net difference between projected and actual earnings on pension plan investments | 81,464 | - |
| Differences between expected and actual experience | 347,515 | 77,673 |
| Changes in proportion and difference between employer contributions and proportionate share of contributions | 969,921 | 116,645 |
| Reporting Unit's contributions subsequent to the measurement date | 3,954,995 | - |
| | \$ 11,323,356 | \$ 194,318 |

\$3,954,995, 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 subsequent fiscal year.

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 Ending September 30, | Amount |
|------------------------------|--------------|
| 2023 | \$ 2,064,937 |
| 2024 | 1,611,243 |
| 2025 | 1,411,841 |
| 2026 | 2,086,022 |

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Liabilities

The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

| <u>MPSERS (Plan) Non-university Employers</u> | <u>September 30, 2022</u> | <u>September 30, 2021</u> |
|---|---------------------------|---------------------------|
| Total other postemployment benefit liability | \$ 12,522,713,324 | \$ 12,046,393,511 |
| Plan fiduciary net position | \$ 10,404,650,683 | \$ 10,520,015,621 |
| Net other postemployment benefit liability | \$ 2,118,062,641 | \$ 1,526,377,890 |
| Proportionate share | 0.09292% | 0.09025% |
| Net other postemployment benefit liability for the District | \$ 1,968,171 | \$ 1,377,500 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB benefit of \$653,484.

At June 30, 2023, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Changes of assumptions | \$ 1,754,294 | \$ 142,845 |
| Net difference between projected and actual earnings on investments | 153,828 | - |
| Differences between expected and actual experience | - | 3,854,892 |
| Changes in proportion and difference between employer contributions and proportionate share of contributions | 320,292 | 90,282 |
| Reporting Unit's contributions subsequent to the measurement date | <u>639,899</u> | <u>-</u> |
| | <u>\$ 2,868,313</u> | <u>\$ 4,088,019</u> |

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

\$639,899, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

| <u>Year Ending September 30,</u> | <u>Amount</u> |
|--------------------------------------|---------------|
| 2023 | \$ (689,118) |
| 2024 | (623,124) |
| 2025 | (559,863) |
| 2026 | 12,323 |
| 2027 | (5,907) |
| 2028 | 6,084 |

Actuarial Assumptions

Investment Rate of Return for Pension - 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, Pension Plus, and Pension Plus 2 Plan groups.

Investment Rate of Return for OPEB - 6.00% a year, compounded annually net of investment and administrative expenses.

Salary Increases - The rate of pay increase used for individual members is 2.75% - 11.55%, including wage inflation at 2.75%.

Inflation - 3.0%.

Mortality Assumptions:

Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Active: RP-2014 Male and Female Employee Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Disabled Retirees: RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Experience Study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2021. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 valuation.

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.00% (MIP, Basic, Pension Plus Plan, and Pension Plus 2 Plan), and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB 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.

Cost of Living Pension Adjustments - 3.0% annual non-compounded for MIP members.

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.75% for year one and graded to 3.5% in year fifteen. Post 65, 5.25% for year one and graded to 3.5% in year fifteen.

Additional Assumptions for Other Postemployment Benefit Only - Applies to Individuals Hired Before September 4, 2012:

Opt Out Assumption - 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.

Survivor Coverage - 80% of male retirees and 67% of female retirees are assumed to have coverage continuing after the retiree's death.

Coverage Election at Retirement - 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

The target asset allocation at September 30, 2022 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Investment Category</u> | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return*</u> |
|--------------------------------------|------------------------------|--|
| Domestic Equity Pools | 25.00% | 5.10% |
| Private Investment Pools | 16.00% | 8.70% |
| International Equity | 15.00% | 6.70% |
| Fixed Income Pools | 13.00% | -0.20% |
| Real Estate and Infrastructure Pools | 10.00% | 5.30% |
| Absolute Return Pools | 9.00% | 2.70% |
| Real Return / Opportunistic Pools | 10.00% | 5.80% |
| Short Term Investment Pools | 2.00% | -0.50% |
| | <u>100.00%</u> | |

* Long term rate of return is net of administrative expenses and 2.2% inflation.

Rate of Return - For fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was (4.18)% and (4.99)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Discount Rate - A single discount rate of 6.00% was used to measure the total pension liability. This discount rate was based on the expected rate of return on pension plan investments of 6.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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 plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

OPEB Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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 a single discount rate of 6.00%, 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 or 1-percentage point higher than the current rate:

| | Pension | | |
|---|---------------|---------------|---------------|
| | 1% Decrease | Discount Rate | 1% Increase |
| Reporting Unit's proportionate share of the net pension liability | \$ 45,843,007 | \$ 34,739,328 | \$ 25,589,396 |

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the Reporting Unit’s proportionate share of the net OPEB liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | Other Postemployment Benefit | | |
|---|------------------------------|---------------|-------------|
| | 1% Decrease | Discount Rate | 1% Increase |
| Reporting Unit's proportionate share of the net other postemployment benefits liability | \$ 3,301,417 | \$ 1,968,171 | \$ 845,412 |

Sensitivity to the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit’s proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate, as well as what the Reporting Unit’s proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | Other Postemployment Benefit | | |
|---|------------------------------|---|--------------|
| | 1% Decrease | Current Healthcare Cost Trend Rates | 1% Increase |
| Reporting Unit's proportionate share of the net other postemployment benefits liability | \$ 824,176 | \$ 1,968,171 | \$ 3,252,328 |

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB’s fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2022 Annual Comprehensive Financial Report.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Payable to the Pension and OPEB Plan - At year end the District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

NOTE 8 - TRANSFERS

The transfer of \$40,000 from the food service fund to the general fund was for the reimbursement of indirect costs.

NOTE 9 - 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.

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 10 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - TAX ABATEMENTS

The District receives reduced property tax revenues as a result of Payments in Lieu of Taxes (PILOT) granted by townships. PILOT programs apply to multiple unit housing for citizens of low income and the elderly. The property taxes abated for all funds by municipality under this program is as follows:

| Municipality | Taxes Abated |
|-------------------|--------------|
| Monterey Township | \$ 1,412 |

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2023, the District implemented the following new pronouncement: GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements* was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

There was no material impact on the prior year District’s financial statements after the adoption of GASB Statement 96.

REQUIRED SUPPLEMENTARY INFORMATION

**HOPKINS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2023**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| REVENUES | | | | |
| Local sources | \$ 1,061,832 | \$ 1,174,065 | \$ 1,254,908 | \$ 80,843 |
| State sources | 15,421,209 | 16,749,366 | 16,686,289 | (63,077) |
| Federal sources | 838,134 | 993,881 | 1,026,188 | 32,307 |
| Incoming transfers and other | 683,341 | 721,839 | 656,459 | (65,380) |
| TOTAL REVENUES | 18,004,516 | 19,639,151 | 19,623,844 | (15,307) |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | | | | |
| Basic programs | 8,843,575 | 9,747,322 | 9,723,863 | 23,459 |
| Added needs | 1,914,343 | 1,962,958 | 1,937,973 | 24,985 |
| Total instruction | 10,757,918 | 11,710,280 | 11,661,836 | 48,444 |
| Supporting services | | | | |
| Pupil | 1,046,016 | 970,843 | 968,059 | 2,784 |
| Instructional staff | 339,760 | 390,779 | 378,622 | 12,157 |
| General administration | 440,902 | 507,310 | 490,907 | 16,403 |
| School administration | 1,262,259 | 1,414,490 | 1,405,515 | 8,975 |
| Business | 342,505 | 398,165 | 407,496 | (9,331) |
| Operation/maintenance | 1,889,270 | 2,125,962 | 2,157,207 | (31,245) |
| Pupil transportation | 1,054,795 | 1,329,088 | 1,250,184 | 78,904 |
| Central services | 536,421 | 676,839 | 649,755 | 27,084 |
| Athletics | 572,896 | 601,158 | 611,671 | (10,513) |
| Total supporting services | 7,484,824 | 8,414,634 | 8,319,416 | 95,218 |
| Community services | 5,965 | 7,311 | 6,812 | 499 |
| Debt services | - | 6,525 | 6,525 | - |
| TOTAL EXPENDITURES | 18,248,707 | 20,138,750 | 19,994,589 | 144,161 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (244,191) | (499,599) | (370,745) | 128,854 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital assets | - | - | 1,500 | 1,500 |
| Transfers in | 40,000 | 40,000 | 40,000 | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 40,000 | 40,000 | 41,500 | 1,500 |
| NET CHANGE IN FUND BALANCE | \$ (204,191) | \$ (459,599) | (329,245) | \$ 130,354 |
| FUND BALANCE | | | | |
| Beginning of year | | | 2,994,498 | |
| End of year | | | <u>\$ 2,665,253</u> | |

**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 TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Reporting Unit's proportion of net pension liability (%) | 0.092370% | 0.088930% | 0.087960% | 0.088960% | 0.088192% | 0.08723% | 0.08449% | 0.08275% | 0.08137% |
| Reporting Unit's proportionate share of net pension liability | \$ 34,739,328 | \$ 21,054,334 | \$ 30,214,801 | \$ 29,461,203 | \$ 26,512,080 | \$ 22,605,030 | \$ 21,079,471 | \$ 20,210,589 | \$ 17,922,184 |
| Reporting Unit's covered-employee payroll | \$ 9,036,674 | \$ 8,145,539 | \$ 7,721,039 | \$ 7,793,276 | \$ 7,573,471 | \$ 7,378,958 | \$ 7,214,118 | \$ 6,918,053 | \$ 6,940,753 |
| Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll | 384.43% | 258.48% | 391.33% | 378.03% | 350.07% | 306.34% | 292.20% | 292.14% | 258.22% |
| Plan fiduciary net position as a percentage of total pension liability (Non-university employers) | 60.77% | 72.60% | 59.72% | 60.31% | 62.36% | 64.21% | 63.27% | 63.17% | 66.20% |

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

**HOPKINS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE PLAN YEAR ENDED JUNE 30)**

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Statutorily required contributions | \$ 4,210,110 | \$ 3,054,286 | \$ 2,617,149 | \$ 2,424,967 | \$ 2,314,457 | \$ 2,046,009 | \$ 1,897,258 | \$ 1,596,266 | \$ 1,448,006 |
| Contributions in relation to statutorily required contributions | <u>4,210,110</u> | <u>3,054,286</u> | <u>2,617,149</u> | <u>2,424,967</u> | <u>2,314,457</u> | <u>2,046,009</u> | <u>1,897,258</u> | <u>1,596,266</u> | <u>1,448,006</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reporting Unit's covered-employee payroll | \$ 9,034,275 | \$ 8,603,791 | \$ 8,012,577 | \$ 8,038,181 | \$ 7,701,203 | \$ 7,497,015 | \$ 7,373,865 | \$ 7,104,003 | \$ 6,908,669 |
| Contributions as a percentage of covered-employee payroll | 46.60% | 35.50% | 32.66% | 30.17% | 30.05% | 27.29% | 25.73% | 22.47% | 20.96% |

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

**HOPKINS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED SEPTEMBER 30)**

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Reporting Unit's proportion of net pension liability (%) | 0.09292% | 0.09025% | 0.08719% | 0.89110% | 0.08889% | 0.08730% |
| Reporting Unit's proportionate share of net OPEB liability | \$ 1,968,171 | \$ 1,377,500 | \$ 4,671,206 | \$ 6,396,340 | \$ 7,065,884 | \$ 7,730,626 |
| Reporting Unit's covered-employee payroll | \$ 9,036,674 | \$ 8,145,539 | \$ 7,721,039 | \$ 7,793,276 | \$ 7,573,471 | \$ 7,378,958 |
| Reporting Unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll | 21.78% | 16.91% | 60.50% | 82.08% | 93.30% | 104.77% |
| Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers) | 83.09% | 87.33% | 59.44% | 48.46% | 42.95% | 36.39% |

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

**HOPKINS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Statutorily required contributions | \$ 744,337 | \$ 726,876 | \$ 704,527 | \$ 681,979 | \$ 635,405 | \$ 598,419 |
| Contributions in relation to statutorily required contributions | <u>744,337</u> | <u>726,876</u> | <u>704,527</u> | <u>681,979</u> | <u>635,405</u> | <u>598,419</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reporting Unit's covered-employee payroll | \$ 9,034,275 | \$ 8,603,791 | \$ 8,012,577 | \$ 8,038,181 | \$ 7,701,203 | \$ 7,497,015 |
| Contributions as a percentage of covered-employee payroll | 8.24% | 8.45% | 8.79% | 8.48% | 8.25% | 7.98% |

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

HOPKINS PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023

NOTE 1 - PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions – the assumption changes for 2022 were:

- Discount rate for MIP, Basic, and Pension Plus plans decreased to 6.00% from 6.80%

NOTE 2 - OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions – the assumption changes for 2022 were:

- Discount rate decreased to 6.00% from 6.95%.

ADDITIONAL SUPPLEMENTARY INFORMATION

**HOPKINS PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

| | Special Revenue | | | | Total Nonmajor Funds |
|--|-----------------|----------------------------------|--------------|--------------------------------|----------------------------|
| | Food Service | Student/ School Activities | Debt Service | Capital Improvement Fund | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 439,789 | \$ 277,205 | \$ 421,526 | \$ 175,782 | \$ 1,314,302 |
| Intergovernmental | 6,549 | - | - | - | 6,549 |
| Inventories | 8,188 | - | - | - | 8,188 |
| TOTAL ASSETS | \$ 454,526 | \$ 277,205 | \$ 421,526 | \$ 175,782 | \$ 1,329,039 |
| LIABILITIES | | | | | |
| Accounts payable | \$ 37,646 | \$ - | \$ - | \$ - | \$ 37,646 |
| Unearned revenue | 13,445 | - | - | - | 13,445 |
| TOTAL LIABILITIES | 51,091 | - | - | - | 51,091 |
| FUND BALANCES | | | | | |
| Nonspendable | | | | | |
| Inventories | 8,188 | - | - | - | 8,188 |
| Restricted | | | | | |
| Debt service | - | - | 421,526 | - | 421,526 |
| Food service | 395,247 | - | - | - | 395,247 |
| Committed | - | 277,205 | - | - | 277,205 |
| Assigned | | | | | |
| Capital projects | - | - | - | 175,782 | 175,782 |
| TOTAL FUND BALANCES | 403,435 | 277,205 | 421,526 | 175,782 | 1,277,948 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 454,526 | \$ 277,205 | \$ 421,526 | \$ 175,782 | \$ 1,329,039 |

**HOPKINS PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

| | Special Revenue | | | Capital Improvement Fund | Total Nonmajor Funds |
|--|-------------------|-------------------------------|-------------------|--------------------------------|----------------------------|
| | Food Service | Student/ School Activities | Debt Service | | |
| REVENUES | | | | | |
| Local sources | | | | | |
| Property taxes | \$ - | \$ - | \$ 3,644,344 | \$ - | \$ 3,644,344 |
| Investment earnings | 1,178 | - | 24,502 | 2,599 | 28,279 |
| Student/school activity income | - | 462,957 | - | - | 462,957 |
| Food sales | 363,654 | - | - | - | 363,654 |
| Other | - | - | 11,528 | - | 11,528 |
| Total local sources | 364,832 | 462,957 | 3,680,374 | 2,599 | 4,510,762 |
| State sources | 44,982 | - | - | - | 44,982 |
| Federal sources | 522,891 | - | - | - | 522,891 |
| TOTAL REVENUES | 932,705 | 462,957 | 3,680,374 | 2,599 | 5,078,635 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Food service activities | 806,861 | - | - | - | 806,861 |
| Student/school activities | - | 523,988 | - | - | 523,988 |
| Capital outlay | 117,401 | - | - | 7,716 | 125,117 |
| Debt service | | | | | |
| Principal repayment | - | - | 1,575,000 | - | 1,575,000 |
| Payments on school loan revolving fund | - | - | 1,350,000 | - | 1,350,000 |
| Interest | - | - | 669,520 | - | 669,520 |
| Other | - | - | 2,794 | - | 2,794 |
| TOTAL EXPENDITURES | 924,262 | 523,988 | 3,597,314 | 7,716 | 5,053,280 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 8,443 | (61,031) | 83,060 | (5,117) | 25,355 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers out | (40,000) | - | - | - | (40,000) |
| Proceed from school loan revolving fund | - | - | 216,915 | - | 216,915 |
| TOTAL OTHER FINANCING SOURCES (USES) | (40,000) | - | 216,915 | - | 176,915 |
| NET CHANGE IN FUND BALANCES | (31,557) | (61,031) | 299,975 | (5,117) | 202,270 |
| FUND BALANCES | | | | | |
| Beginning of year | 434,992 | 338,236 | 121,551 | 180,899 | 1,075,678 |
| End of year | <u>\$ 403,435</u> | <u>\$ 277,205</u> | <u>\$ 421,526</u> | <u>\$ 175,782</u> | <u>\$ 1,277,948</u> |

**HOPKINS PUBLIC SCHOOLS
GENERAL FUND
DETAIL OF REVENUES AND OTHER FINANCING SOURCES
YEARS ENDED JUNE 30, 2023 AND 2022**

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------------|-----------------------------|
| LOCAL SOURCES | | |
| Property taxes | \$ 956,841 | \$ 900,629 |
| Tuition | 9,016 | 7,195 |
| Investment earnings | 18,654 | 3,301 |
| Other local revenue | <u>270,397</u> | <u>185,532</u> |
| TOTAL LOCAL SOURCES | <u>1,254,908</u> | <u>1,096,657</u> |
| STATE SOURCES | | |
| Foundation grant | 12,513,670 | 12,146,978 |
| Special education | 255,371 | 313,674 |
| At risk | 485,087 | 416,279 |
| Other state revenue | <u>3,432,161</u> | <u>2,275,589</u> |
| TOTAL STATE SOURCES | <u>16,686,289</u> | <u>15,152,520</u> |
| FEDERAL SOURCES | | |
| Title I | 95,280 | 115,943 |
| Title II | 34,265 | 30,098 |
| Education stabilization funds | 833,469 | 861,272 |
| Other federal revenue | <u>63,174</u> | <u>110,075</u> |
| TOTAL FEDERAL SOURCES | <u>1,026,188</u> | <u>1,117,388</u> |
| INCOMING TRANSFERS AND OTHER TRANSACTIONS | | |
| Special education | 538,195 | 571,525 |
| Other | <u>118,264</u> | <u>109,298</u> |
| TOTAL INCOMING TRANSFERS AND OTHER TRANSACTIONS | <u>656,459</u> | <u>680,823</u> |
| OTHER FINANCING SOURCES | | |
| Proceeds from sale of capital assets | 1,500 | 2,848 |
| Transfer In | <u>40,000</u> | <u>40,000</u> |
| TOTAL OTHER FINANCING SOURCES | <u>41,500</u> | <u>42,848</u> |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <u><u>\$ 19,665,344</u></u> | <u><u>\$ 18,090,236</u></u> |

**HOPKINS PUBLIC SCHOOLS
GENERAL FUND
DETAIL OF EXPENDITURES
YEARS ENDED JUNE 30, 2023 AND 2022**

| | 2023 | 2022 |
|-------------------------|--------------|--------------|
| INSTRUCTION | | |
| Basic programs | | |
| Elementary | | |
| Salaries | \$ 2,233,274 | \$ 2,087,047 |
| Benefits | 2,089,611 | 1,691,268 |
| Purchased services | 116,975 | 93,829 |
| Supplies and materials | 139,360 | 53,303 |
| Capital outlay | 127,121 | 8,483 |
| Total elementary | 4,706,341 | 3,933,930 |
| Middle school | | |
| Salaries | 1,059,653 | 1,098,469 |
| Benefits | 1,006,545 | 887,543 |
| Purchased services | 65,573 | 48,796 |
| Supplies and materials | 19,031 | 36,345 |
| Capital outlay | 6,010 | 4,045 |
| Total middle school | 2,156,812 | 2,075,198 |
| High school | | |
| Salaries | 1,377,269 | 1,369,810 |
| Benefits | 1,301,690 | 1,155,018 |
| Purchased services | 117,887 | 156,141 |
| Supplies and materials | 37,313 | 38,909 |
| Other expenses | 137 | 90,800 |
| Capital outlay | 8,116 | 5,792 |
| Total high school | 2,842,412 | 2,816,470 |
| Summer school: | | |
| Salaries | 8,798 | - |
| Benefits | 3,158 | - |
| Purchased services | 883 | - |
| Supplies and materials | 5,459 | - |
| Total summer school | 18,298 | - |
| Total basic programs | 9,723,863 | 8,825,598 |
| Added needs | | |
| Special education | | |
| Salaries | 463,206 | 501,191 |
| Benefits | 370,591 | 378,379 |
| Purchased services | 42,816 | 31,738 |
| Supplies and materials | 3,777 | 1,999 |
| Total special education | 880,390 | 913,307 |

**HOPKINS PUBLIC SCHOOLS
GENERAL FUND
DETAIL OF EXPENDITURES
YEARS ENDED JUNE 30, 2023 AND 2022**

| | 2023 | 2022 |
|------------------------------|------------|------------|
| INSTRUCTION (continued) | | |
| Compensatory education | | |
| Salaries | \$ 464,368 | \$ 451,948 |
| Benefits | 394,295 | 290,017 |
| Purchased services | 25,786 | 2,884 |
| Supplies and materials | 21,546 | 26,309 |
| | 905,995 | 771,158 |
| Vocational education | | |
| Salaries | 75,668 | 73,000 |
| Benefits | 62,564 | 59,484 |
| Purchased services | 5,038 | 8,091 |
| Supplies and materials | 5,594 | 3,791 |
| Other expenses | 2,724 | 1,429 |
| | 151,588 | 145,795 |
| Total added needs | 1,937,973 | 1,830,260 |
| TOTAL INSTRUCTION | 11,661,836 | 10,655,858 |
| SUPPORTING SERVICES | | |
| Pupil services | | |
| Salaries | 362,092 | 203,498 |
| Benefits | 277,381 | 171,657 |
| Purchased services | 318,329 | 397,374 |
| Supplies and materials | 7,932 | 12,043 |
| Other expenses | 2,325 | 398 |
| | 968,059 | 784,970 |
| Instructional staff services | | |
| Salaries | 220,252 | 161,312 |
| Benefits | 119,219 | 83,349 |
| Purchased services | 7,469 | 5,946 |
| Supplies and materials | 27,582 | 7,188 |
| Other expenses | 4,100 | 3,537 |
| | 378,622 | 261,332 |

**HOPKINS PUBLIC SCHOOLS
GENERAL FUND
DETAIL OF EXPENDITURES
YEARS ENDED JUNE 30, 2023 AND 2022**

| | <u>2023</u> | <u>2022</u> |
|----------------------------------|------------------|------------------|
| SUPPORTING SERVICES (continued) | | |
| General administration | | |
| Salaries | \$ 201,404 | \$ 184,853 |
| Benefits | 158,238 | 111,685 |
| Purchased services | 115,523 | 196,434 |
| Supplies and materials | 8,240 | 7,519 |
| Other expenses | <u>7,502</u> | <u>12,932</u> |
| Total general administration | <u>490,907</u> | <u>513,423</u> |
| School administration | | |
| Salaries | 759,269 | 717,447 |
| Benefits | 622,427 | 499,508 |
| Purchased services | 15,466 | 7,652 |
| Supplies and materials | 6,300 | 7,680 |
| Other expenses | <u>2,053</u> | <u>4,401</u> |
| Total school administration | <u>1,405,515</u> | <u>1,236,688</u> |
| Business services | | |
| Salaries | 197,012 | 125,064 |
| Benefits | 153,345 | 80,783 |
| Purchased services | 14,344 | 72,292 |
| Supplies and materials | 1,933 | 1,424 |
| Other expenses | <u>40,862</u> | <u>24,992</u> |
| Total business services | <u>407,496</u> | <u>304,555</u> |
| Operations and maintenance | | |
| Salaries | 600,869 | 568,143 |
| Benefits | 581,672 | 453,788 |
| Purchased services | 406,293 | 281,376 |
| Supplies and materials | 472,413 | 442,722 |
| Other expenses | 9,214 | 12,528 |
| Capital outlay | <u>86,746</u> | <u>169,946</u> |
| Total operations and maintenance | <u>2,157,207</u> | <u>1,928,503</u> |

**HOPKINS PUBLIC SCHOOLS
GENERAL FUND
DETAIL OF EXPENDITURES
YEARS ENDED JUNE 30, 2023 AND 2022**

| | 2023 | 2022 |
|---------------------------------|---------------|---------------|
| SUPPORTING SERVICES (continued) | | |
| Transportation | | |
| Salaries | \$ 415,178 | \$ 438,372 |
| Benefits | 340,348 | 296,880 |
| Purchased services | 70,880 | 38,393 |
| Supplies and materials | 140,044 | 113,029 |
| Other expenses | 17,505 | 2,347 |
| Capital outlay | 266,229 | 137,279 |
| Total transportation | 1,250,184 | 1,026,300 |
| Central services | | |
| Salaries | 254,672 | 263,691 |
| Benefits | 190,989 | 166,357 |
| Purchased services | 58,275 | 85,525 |
| Supplies and materials | 1,140 | 777 |
| Other expenses | 1,245 | 7,835 |
| Capital outlay | 143,434 | 263,912 |
| Total central services | 649,755 | 788,097 |
| Athletics | | |
| Salaries | 193,373 | 184,267 |
| Benefits | 146,253 | 121,851 |
| Purchased services | 183,510 | 188,332 |
| Supplies and materials | 35,311 | 36,109 |
| Other expenses | 18,267 | 12,532 |
| Capital outlay | 34,957 | 24,224 |
| Total athletics | 611,671 | 567,315 |
| TOTAL SUPPORTING SERVICES | 8,319,416 | 7,411,183 |
| COMMUNITY SERVICES | | |
| Salaries | 1,376 | 240 |
| Benefits | 497 | 90 |
| Purchased services | 3,020 | 3,613 |
| Supplies and materials | 1,796 | - |
| Other expenses | 123 | - |
| TOTAL COMMUNITY SERVICES | 6,812 | 3,943 |
| DEBT SERVICES | | |
| Principal payments | - | 44,975 |
| Interest | 6,525 | 2,455 |
| TOTAL DEBT SERVICES | 6,525 | 47,430 |
| TOTAL EXPENDITURES | \$ 19,994,589 | \$ 18,118,414 |

**HOPKINS PUBLIC SCHOOLS
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023**

| | 2016 Refunding A | 2018 Refunding | 2019 Refunding A | 2019 Refunding B | 2021 Refunding | Total Nonmajor Debt Service |
|-----------------------------|---------------------|-------------------|---------------------|---------------------|-------------------|-----------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | <u>\$ 203,783</u> | <u>\$ 30,472</u> | <u>\$ 37,087</u> | <u>\$ 115,303</u> | <u>\$ 34,881</u> | <u>\$ 421,526</u> |
| FUND BALANCES | | | | | | |
| Restricted for debt service | <u>\$ 203,783</u> | <u>\$ 30,472</u> | <u>\$ 37,087</u> | <u>\$ 115,303</u> | <u>\$ 34,881</u> | <u>\$ 421,526</u> |

**HOPKINS PUBLIC SCHOOLS
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023**

| | 2016 Refunding A | 2018 Refunding | 2019 Refunding A | 2019 Refunding B | 2021 Refunding | Total Nonmajor Debt Service |
|--|---------------------|------------------|---------------------|---------------------|------------------|--------------------------------|
| REVENUES | | | | | | |
| Local sources | | | | | | |
| Property taxes | \$ 1,711,259 | \$ 636,419 | \$ 601,062 | \$ 353,566 | \$ 342,038 | \$ 3,644,344 |
| Investment earnings | 11,772 | 4,021 | 4,063 | 2,390 | 2,256 | 24,502 |
| Other | - | - | - | - | 11,528 | 11,528 |
| TOTAL REVENUES | <u>1,723,031</u> | <u>640,440</u> | <u>605,125</u> | <u>355,956</u> | <u>355,822</u> | <u>3,680,374</u> |
| EXPENDITURES | | | | | | |
| Principal payments | 785,000 | 425,000 | 365,000 | - | - | 1,575,000 |
| Payments on school loan revolving fund | 536,915 | 164,000 | 174,950 | 170,575 | 303,560 | 1,350,000 |
| Interest | 395,450 | 41,612 | 56,800 | 140,525 | 35,133 | 669,520 |
| Other | 895 | 648 | 439 | 381 | 431 | 2,794 |
| TOTAL EXPENDITURES | <u>1,718,260</u> | <u>631,260</u> | <u>597,189</u> | <u>311,481</u> | <u>339,124</u> | <u>3,597,314</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>4,771</u> | <u>9,180</u> | <u>7,936</u> | <u>44,475</u> | <u>16,698</u> | <u>83,060</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Proceeds from school loan revolving fund | <u>100,385</u> | <u>13,074</u> | <u>16,237</u> | <u>69,655</u> | <u>17,564</u> | <u>216,915</u> |
| NET CHANGE IN FUND BALANCES | 105,156 | 22,254 | 24,173 | 114,130 | 34,262 | 299,975 |
| FUND BALANCES | | | | | | |
| Beginning of year | <u>98,627</u> | <u>8,218</u> | <u>12,914</u> | <u>1,173</u> | <u>619</u> | <u>121,551</u> |
| End of year | <u>\$ 203,783</u> | <u>\$ 30,472</u> | <u>\$ 37,087</u> | <u>\$ 115,303</u> | <u>\$ 34,881</u> | <u>\$ 421,526</u> |

**HOPKINS PUBLIC SCHOOLS
CUSTODIAL FUNDS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND NET POSITION BY GROUP
YEAR ENDED JUNE 30, 2023**

| | Balance <u>June 30, 2022</u> | Receipts | Disbursements | Balance <u>June 30, 2023</u> |
|------------------------------|---------------------------------|------------------|------------------|---------------------------------|
| Class of 2017 | \$ 192 | \$ - | \$ - | \$ 192 |
| Class of 2018 | 243 | - | - | 243 |
| Class of 2023 | 2,570 | 1,912 | 2,947 | 1,535 |
| Class of 2024 | 1,748 | 8,562 | 7,796 | 2,514 |
| Class of 2025 | 2,774 | 4,774 | 3,946 | 3,602 |
| Class of 2026 | 600 | 2,111 | 1,505 | 1,206 |
| Class of 2027 | 400 | 200 | - | 600 |
| Class of 2027 Mackinac Money | 7,721 | - | 1,296 | 6,425 |
| Class of 2028 | 200 | 200 | - | 400 |
| Class of 2029 | - | 200 | - | 200 |
| | <u>\$ 16,448</u> | <u>\$ 17,959</u> | <u>\$ 17,490</u> | <u>\$ 16,917</u> |

**HOPKINS PUBLIC SCHOOLS
 BONDED DEBT
 2016 SERIES A REFUNDING BONDS
 JUNE 30, 2023**

2016 Refunding Bonds - Series A

| Fiscal Year Ending June 30, | Interest Rate | Interest Due | | Principal Due May 1 | Total Due Annually |
|-----------------------------------|------------------|-------------------|-------------------|---------------------------|-----------------------|
| | | November 1 | May 1 | | |
| 2024 | 4.00% | \$ 185,950 | \$ 185,950 | \$ 800,000 | \$ 1,171,900 |
| 2025 | 4.00% | 169,950 | 169,950 | 810,000 | 1,149,900 |
| 2026 | 4.00% | 153,750 | 153,750 | 825,000 | 1,132,500 |
| 2027 | 5.00% | 137,250 | 137,250 | 865,000 | 1,139,500 |
| 2028 | 5.00% | 115,625 | 115,625 | 910,000 | 1,141,250 |
| 2029 | 5.00% | 92,875 | 92,875 | 930,000 | 1,115,750 |
| 2030 | 5.00% | 69,625 | 69,625 | 925,000 | 1,064,250 |
| 2031 | 5.00% | 46,500 | 46,500 | 920,000 | 1,013,000 |
| 2032 | 5.00% | 23,500 | 23,500 | 940,000 | 987,000 |
| Total 2016 Series A bonded debt | | <u>\$ 995,025</u> | <u>\$ 995,025</u> | <u>\$ 7,925,000</u> | <u>\$ 9,915,050</u> |

Total amount of original issue was \$12,450,000.

**HOPKINS PUBLIC SCHOOLS
 BONDED DEBT
 2018 REFUNDING BONDS
 JUNE 30, 2023**

2018 Refunding Bonds

| Fiscal Year Ending | Interest Rate | Interest Due | | Principal Due May 1 | Total Due Annually |
|------------------------|---------------|------------------|------------------|------------------------|-----------------------|
| | | November 1 | May 1 | | |
| 2024 | 2.500% | \$ 15,500 | \$ 15,500 | \$ 420,000 | \$ 451,000 |
| 2025 | 2.500% | 10,250 | 10,250 | 415,000 | 435,500 |
| 2026 | 2.500% | 5,062 | 5,062 | 405,000 | 415,124 |
| Total 2018 bonded debt | | <u>\$ 30,812</u> | <u>\$ 30,812</u> | <u>\$ 1,240,000</u> | <u>\$ 1,301,624</u> |

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

**HOPKINS PUBLIC SCHOOLS
2019 SERIES A REFUNDING BONDS
JUNE 30, 2023**

2019 Refunding Bonds - Series A

| Fiscal Year Ending | Interest Rate | Interest Due | | Principal Due May 1 | Total Due Annually |
|---------------------------------|---------------|------------------|------------------|------------------------|-----------------------|
| | | November 1 | May 1 | | |
| 2024 | 4.000% | \$ 21,100 | \$ 21,100 | \$ 355,000 | \$ 397,200 |
| 2025 | 4.000% | 14,000 | 14,000 | 350,000 | 378,000 |
| 2026 | 4.000% | 7,000 | 7,000 | 350,000 | 364,000 |
| Total 2019 series A bonded debt | | <u>\$ 42,100</u> | <u>\$ 42,100</u> | <u>\$ 1,055,000</u> | <u>\$ 1,139,200</u> |

Total amount of original issue was \$2,535,000.

**HOPKINS PUBLIC SCHOOLS
2019 SERIES B REFUNDING BONDS
JUNE 30, 2023**

2019 Refunding Bonds - Series B

| Fiscal Year Ending | Interest Rate | Interest Due | | Principal Due May 1 | Total Due Annually |
|---------------------------------|---------------|-------------------|-------------------|------------------------|-----------------------|
| | | November 1 | May 1 | | |
| 2024 | 2.112% | \$ 70,262 | \$ 70,263 | \$ 1,000,000 | \$ 1,140,525 |
| 2025 | 2.252% | 59,702 | 59,703 | 1,000,000 | 1,119,405 |
| 2026 | 2.352% | 48,442 | 48,443 | 1,000,000 | 1,096,885 |
| 2027 | 2.441% | 36,682 | 36,683 | 1,485,000 | 1,558,365 |
| 2028 | 2.491% | 18,558 | 18,558 | 1,490,000 | 1,527,116 |
| Total 2019 series B bonded debt | | <u>\$ 233,646</u> | <u>\$ 233,650</u> | <u>\$ 5,975,000</u> | <u>\$ 6,442,296</u> |

Total amount of original issue was \$5,975,000.

**HOPKINS PUBLIC SCHOOLS
2021 REFUNDING BONDS
JUNE 30, 2023**

2021 Refunding Bonds

| Fiscal Year Ending | Interest Rate | Interest Due | | Principal Due May 1 | Total Due Annually |
|------------------------|---------------|------------------|------------------|------------------------|-----------------------|
| | | November 1 | May 1 | | |
| 2024 | 0.550% | \$ 17,566 | \$ 17,566 | \$ 475,000 | \$ 510,132 |
| 2025 | 0.900% | 16,260 | 16,260 | 780,000 | 812,520 |
| 2026 | 1.100% | 12,750 | 12,750 | 1,000,000 | 1,025,500 |
| 2027 | 1.450% | 7,250 | 7,250 | 1,000,000 | 1,014,500 |
| Total 2021 bonded debt | | <u>\$ 53,826</u> | <u>\$ 53,826</u> | <u>\$ 3,255,000</u> | <u>\$ 3,362,652</u> |

Total amount of original issue was \$3,255,000.

**HOPKINS PUBLIC SCHOOLS
SCHOOL LOAN REVOLVING FUND
JUNE 30, 2023**

Amounts needed for the payment of bond principal and interest in excess of receipts from property taxes are borrowed from the Michigan School Loan Revolving 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 Ending June 30, | Loan Proceeds (Repayment) | Accrued Interest | Net Increase (Decrease) | 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 |
| 2016 | (8,775,258) | (4,526,119) | (13,301,377) | 2,633 |
| 2017 | 1,803,771 | 11,105 | 1,814,876 | 1,817,509 |
| 2018 | 1,622,564 | 69,847 | 1,692,411 | 3,509,920 |
| 2019 | 1,896,848 | 134,849 | 2,031,697 | 5,541,617 |
| 2020 | (3,871,707) | (207,210) | (4,078,917) | 1,462,700 |
| 2021 | (1,453,964) | (8,617) | (1,462,581) | 119 |
| 2022 | 1,489,778 | 6,828 | 1,496,606 | 1,496,725 |
| 2023 | (1,079,477) | (4,191) | (1,083,668) | 413,057 |

**HOPKINS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

| Federal Grantor/Pass-through Grantor/ Program Title | Federal Assistance Listing Number | Pass- through Grantor's Number | Approved Grant Award Amount | Accrued Revenue 7/1/2022 | (Memo Only) Prior Year Expenditures | Adjustments | Current Year Expenditures | Current Year Cash Receipts | Accrued Revenue 6/30/2023 |
|--|--|---|-----------------------------------|--------------------------------|--|-------------|---------------------------------|----------------------------------|---------------------------------|
| <u>U.S. Department of Agriculture</u> | | | | | | | | | |
| Passed through Michigan Department of Education Child Nutrition Cluster | | | | | | | | | |
| Non-cash assistance (donated foods) | | | | | | | | | |
| National School Lunch Program - Entitlement | 10.555 | N/A | \$ 58,265 | \$ - | \$ - | \$ - | \$ 58,265 | \$ 58,265 | \$ - |
| National School Lunch Program - Bonus | | N/A | 5,508 | - | - | - | 5,508 | 5,508 | - |
| Total non-cash assistance | | | 63,773 | - | - | - | 63,773 | 63,773 | - |
| National School Lunch Program | 10.555 | 220910 | 32,482 | - | - | - | 32,482 | 32,482 | - |
| | | 221960 | 42,732 | - | - | - | 42,732 | 42,732 | - |
| | | 230910 | 18,428 | - | - | - | 18,428 | 18,428 | - |
| | | 231960 | 296,742 | - | - | - | 296,742 | 296,742 | - |
| | | | 390,384 | - | - | - | 390,384 | 390,384 | - |
| Total ALN 10.555 | | | 454,157 | - | - | - | 454,157 | 454,157 | - |
| School Breakfast Program | 10.553 | 221970 | 5,222 | - | - | - | 5,222 | 5,222 | - |
| | | 231970 | 54,896 | - | - | - | 54,896 | 54,896 | - |
| Total ALN 10.553 | | | 60,118 | - | - | - | 60,118 | 60,118 | - |
| Total cash assistance | | | 450,502 | - | - | - | 450,502 | 450,502 | - |
| Total Child Nutrition Cluster | | | 514,275 | - | - | - | 514,275 | 514,275 | - |
| Local Food for Schools | 10.185 | 230985 | 7,988 | - | - | - | 7,988 | 7,988 | - |
| COVID - 19 Pandemic EBT Local Level Costs | 10.649 | 220980 | 628 | - | - | - | 628 | 628 | - |
| Total U.S. Department of Agriculture | | | 522,891 | - | - | - | 522,891 | 522,891 | - |

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, 2023

| Federal Grantor/Pass-through Grantor/ Program Title | Federal Assistance Listing Number | Pass- through Grantor's Number | Approved Grant Award Amount | Accrued Revenue 7/1/2022 | (Memo Only) Prior Year Expenditures | Adjustments | Current Year Expenditures | Current Year Cash Receipts | Accrued Revenue 6/30/2023 |
|--|--|---|-----------------------------------|--------------------------------|--|------------------|---------------------------------|----------------------------------|---------------------------------|
| <u>U.S. Department of Education</u> | | | | | | | | | |
| Passed through Michigan Department of Education | | | | | | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 231530-2223 221530-2122 | \$ 92,096 <u>123,358</u> | \$ - <u>-</u> | \$ - <u>-</u> | \$ - <u>-</u> | \$ 86,710 <u>8,570</u> | \$ 63,510 <u>8,570</u> | \$ 23,200 <u>-</u> |
| Total ALN 84.010 | | | <u>215,454</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>95,280</u> | <u>72,080</u> | <u>23,200</u> |
| Supporting Effective Instruction State Grants | 84.367 | 230520-2223 220520-2122 | 35,341 <u>42,249</u> | - <u>21,644</u> | - <u>-</u> | - <u>-</u> | 34,265 <u>-</u> | 17,375 <u>21,644</u> | 16,890 <u>-</u> |
| Total ALN 84.367 | | | <u>77,590</u> | <u>21,644</u> | <u>-</u> | <u>-</u> | <u>34,265</u> | <u>39,019</u> | <u>16,890</u> |
| Student Support and Academic Enrichment | 84.424 | 230750-2223 | <u>10,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>10,000</u> | <u>10,000</u> | <u>-</u> |
| Education Stabilization Fund | | | | | | | | | |
| COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Formula Funds) | 84.425D | 213712-2021 | 407,870 | 50,035 | - | - | - | 50,035 | - |
| COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II 98c Learning Loss) | 84.425D | 213782-2223 | 78,289 | - | - | - | 78,289 | - | 78,289 |
| COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III Formula Funds) | 84.425U | 213713-2122 | 916,669 | 400,790 | - | - | 487,925 | 711,290 | 177,425 |
| COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III Equalization Funds) | 84.425U | 11t | <u>848,428</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>267,255</u> | <u>-</u> | <u>267,255</u> |
| Total ALN 84.425 | | | <u>2,251,256</u> | <u>450,825</u> | <u>-</u> | <u>-</u> | <u>833,469</u> | <u>761,325</u> | <u>522,969</u> |
| Passed through Michigan Department of Education | | | | | | | | | |
| English Language Acquisition State Grants | 84.365 | 230570-2223 | 1,935 | - | - | - | 1,079 | - | 1,079 |
| Passed through Ottawa Area Intermediate School District | | | | | | | | | |
| English Language Acquisition State Grants | 84.365 | N/A | <u>1,408</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,408</u> | <u>1,408</u> | <u>-</u> |
| Total ALN 84.365 | | | <u>3,343</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,487</u> | <u>1,408</u> | <u>1,079</u> |
| Total U.S. Department of Education | | | <u>2,557,643</u> | <u>472,469</u> | <u>-</u> | <u>-</u> | <u>975,501</u> | <u>883,832</u> | <u>564,138</u> |

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, 2023**

| Federal Grantor/Pass-through Grantor/ Program Title | Federal Assistance Listing Number | Pass- through Grantor's Number | Approved Grant Award Amount | Accrued Revenue 7/1/2022 | (Memo Only) Prior Year Expenditures | Adjustments | Current Year Expenditures | Current Year Cash Receipts | Accrued Revenue 6/30/2023 |
|--|--|---|-----------------------------------|--------------------------------|--|-------------|---------------------------------|----------------------------------|---------------------------------|
| <u>U.S. Department of Health and Human Services</u> | | | | | | | | | |
| Passed through Allegan Area Education Service Agency | | | | | | | | | |
| Medicaid Cluster | | | | | | | | | |
| Medical Assistance Program | 93.778 | N/A | \$ 1,687 | \$ - | \$ - | \$ - | \$ 1,687 | \$ 1,687 | \$ - |
| <u>U.S. Environmental Protection Agency</u> | | | | | | | | | |
| Passed through Michigan Department of Environment, Great Lakes, and Energy | | | | | | | | | |
| State Clean Diesel Grant Program | 66.040 | DS-00E66605 | 49,000 | - | - | - | 49,000 | 49,000 | - |
| TOTAL FEDERAL AWARDS | | | <u>\$ 3,131,221</u> | <u>\$ 472,469</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,549,079</u> | <u>\$ 1,457,410</u> | <u>\$ 564,138</u> |

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, 2023**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Hopkins Public Schools under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

NOTE 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 the Uniform Guidance, 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. Hopkins Public Schools has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Management has utilized the Nexsys cash management system and Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards. The District does not pass through federal awards.

NOTE 3 - RECONCILING WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenue in the following funds in the financial statements for the year ending June 30, 2023:

| | |
|---|----------------------------|
| General fund | \$ 1,026,188 |
| Other nonmajor governmental funds | <u>522,891</u> |
| Total federal revenue in the fund financial statements | <u>1,549,079</u> |
| Expenditures per schedule of expenditures of federal awards | <u><u>\$ 1,549,079</u></u> |



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**INDEPENDENT AUDITOR'S 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***

To the Board of Education
Hopkins Public Schools

We have audited, in accordance with the 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, 2023, and the related notes to the financial statements, which collectively comprise Hopkins Public Schools' basic financial statements, and have issued our report thereon dated September 1, 2023.

Report on 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) as a basis for designing 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 Hopkins Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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.

Maney Costeiran PC

September 1, 2023



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education
Hopkins Public Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hopkins Public Schools' compliance with the types of compliance requirements identified as subject to audit in the OMB *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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hopkins Public Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Hopkins Public Schools' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Hopkins Public Schools' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Hopkins Public Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Hopkins Public Schools' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Hopkins Public Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Hopkins Public Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Hopkins Public Schools' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maney Costeiran PC

September 1, 2023

**HOPKINS PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None reported
- 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 that are not considered to be material weakness(es)? _____ Yes X None reported

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

Unmodified

Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?

_____ Yes X No

Identification of major programs:

| Assistance Listing Number(s) | Name of Federal Program or Cluster |
|------------------------------|------------------------------------|
| 84.425 | Education Stabilization Fund |

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Question Costs

None

**HOPKINS PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

There were no findings for the year ended June 30, 2022.