

**HOPKINS CITY COUNCIL**

**AGENDA**

**Tuesday, June 11, 2024**

**6:30 pm**

**THIS AGENDA IS SUBJECT TO CHANGE  
UNTIL THE START OF THE CITY COUNCIL MEETING**

**I. CALL TO ORDER**

**II. ADOPT AGENDA**

**III. PRESENTATIONS**

1. Presentation of the 2024 ASLA Minnesota Planning and Design Award; Imihy Bean

**IV. CONSENT AGENDA**

1. Minutes of the June 4, 2024, Regular Meeting Proceedings
2. Minutes of the June 4, 2024, Closed Meeting Proceedings
3. Approval of Temporary Liquor License for St. Gabriel the Archangel Church; Domeier
4. Enter into Joint Powers Agreement with Hennepin County for Assessing Services; Bishop
5. Amend 2024-2028 Capital Improvement Plan for Shady Oak Beach Parking Lot Mill & Overlay Project; Bishop

**V. PUBLIC HEARINGS**

**VI. OLD BUSINESS**

**VII. NEW BUSINESS**

1. 2023 Audit and Annual Comprehensive Financial Report; Bishop

**VIII. PUBLIC COMMENT**

**IX. ANNOUNCEMENTS**

- Next City Council Regular Meeting: Tuesday, July 9 and 16 at 6:30 p.m.

**X. ADJOURN**



CITY OF HOPKINS

Administration

## Memorandum

To: Honorable Mayor and Council Members  
Mike Mornson, City Manager

From: PeggySue Imihy, AICP, Special Projects and Initiatives Manager

Date: June 11, 2024

Subject: Presentation of 2024 ASLA Minnesota Planning and Design Award

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### **PURPOSE**

Accept the 2024 ASLA Minnesota Planning and Design Award for the Hopkins Heat Vulnerability Study.

### **INFORMATION**

Each year, the Minnesota chapter of the American Society for Landscape Architects recognizes excellence in design through an awards ceremony in the spring. Award winners represent the best of landscape architecture in the General Design, Residential Design, Planning & Urban Design, Small Budget Big Impact, Communications, Research, & Unbuilt Works categories.

Nominated by our project partners LHB, this year the Hopkins Heat Vulnerability Study was awarded a merit award in Planning and Urban Design. The project is described by ASLA as a *project [which] exemplifies a community-driven planning approach that results in positive outcomes for the people we serve, exemplifying how landscape architects can directly aid vulnerable communities in the face of a changing climate.*

Tonight, Staff will present the award to the Council. A full list of award recipients can be viewed on the [ASLA Minnesota website](#).

### **FUTURE ACTION**

None.

**HOPKINS CITY COUNCIL  
REGULAR MEETING PROCEEDINGS  
JUNE 4, 2024**

**CALL TO ORDER**

Pursuant to due call and notice thereof a regular meeting of the Hopkins City Council was held on Tuesday, June 4, 2024, at 6:31 p.m. in the Council Chambers at City Hall, 1010 1<sup>st</sup> Street South.

Mayor Hanlon called the meeting to order with Council Members Balan, Garrido, Goodlund, and Hunke attending. Others attending included City Manager Mornson, City Clerk Domeier, Planning and Economic Development Director Elverum and Special Projects and Initiatives Manager Imihy Bean.

**ADOPT AGENDA**

Council Member Goodlund requested a moment of silence for the fallen Minneapolis Police Officer Mitchell. A moment of silence was observed after the agenda adoption.

**Motion** by Balan. **Second** by Goodlund.

**Motion** to Adopt the Agenda.

**Ayes: Balan, Garrido, Goodlund, Hanlon, Hunke**  
**Nays: None. Motion carried.**

**PRESENTATIONS**

**III.1. Proclamation Commemorating Juneteenth; Imihy**

Special Projects and Initiatives Manager Imihy summarized City Council Report 2024-069. Observance of Juneteenth celebrates the abolition of slavery in the United States, serves as a reminder that the struggle for true freedom and equal rights did not end there but continues to this day, and allows for celebration and recognition of the history, accomplishments, and culture of our African-American neighbors.

**Motion** by Balan. **Second** by Hunke.

**Motion** to Adopt a Proclamation commemorating June 19th, 2024 as Juneteenth in Hopkins.

**Ayes: Balan, Garrido, Goodlund, Hanlon, Hunke**  
**Nays: None. Motion carried.**

**III.2. Appointments to Park Board and Planning Commission and Oath of Office; Domeier**

**Motion** by Hunke. **Second** by Balan.

**Motion** to appoint Elizabeth Boor to the Park Board; reappoint Jon Lyksett and Kristin Hanneman to the Park Board; appoint Nathan Miller to the Planning Commission; and reappoint Abyan Nur, Whitney Terrill, and James Green to the Planning Commission all with terms ending on June 30, 2026.

**Ayes: Balan, Garrido, Goodlund, Hanlon, Hunke**  
**Nays: None. Motion carried.**

**HOPKINS CITY COUNCIL  
REGULAR MEETING PROCEEDINGS  
JUNE 4, 2024**

City Clerk Domeier issued the Oaths of Office to the new commissioners in attendance.

**CONSENT AGENDA**

**Motion** by Hunke. **Second** by Garrido.

**Motion** to Approve the Consent Agenda.

1. Minutes of the May 21, 2024, Regular Meeting Proceedings
2. Approval of Temporary Liquor License for American Legion 320 DBA John Wilbur Moore Post; Domeier
3. Resolution Approving City Council Recommendation for City Charter Commission Appointment; Domeier
4. Ratify Checks Issued in May 2024; Bishop

**Ayes: Balan, Garrido, Goodlund, Hanlon, Hunke**

**Nays: None. Motion carried.**

**ANNOUNCEMENTS**

Mayor Hanlon shared the City Council meeting schedule.

**ADJOURNMENT**

There being no further business to come before the City Council, and upon a motion by Balan, second by Hunke, the meeting was unanimously adjourned at 6:42 p.m.

Respectfully Submitted,



Amy Domeier City Clerk

**HOPKINS CITY COUNCIL CLOSED  
MEETING PROCEEDINGS  
JUNE 4, 2024**

**CALL TO ORDER**

Pursuant to due call and notice thereof a closed meeting of the Hopkins City Council was held on Tuesday, June 4, 2024, at 6:42 p.m. in the Council Chambers at City Hall, 1010 1<sup>st</sup> Street South.

Mayor Hanlon called the meeting to order with Council Members Balan, Goodlund, Garrido and Hunke attending. Others attending included City Manager Mornson, City Attorneys Riggs and Jessica Schwie.

**Motion** by Hunke. **Second** by Goodlund.

**Motion** to go into closed session pursuant to Minnesota Statutes, section 13D.05, subd. 3(b) regarding the following: to conduct a closed session pursuant to the attorney-client privilege to engage in confidential attorney-client communications and litigation strategy related to a pending litigation matter entitled: ninety n ninety, LLC v. City of Hopkins, Minnesota; a Minnesota corporation, United States District Court, District of Minnesota: Case No. 0:23-cv-03224.

**Ayes: Balan, Goodlund, Garrido, Hanlon, Hunke**  
**Nays: None. Motion carried.**

The city's attorneys were present to discuss the status of this dispute and options for the city council moving forward. The need for confidentiality outweighs the purposes of the open meeting law because our attorneys intend to candidly discuss the City's position, its options, and potential strategies related to this active litigation dispute.

**ADJOURNMENT**

There being no further business to come before the City Council, and upon a motion by Hunke, second by Balan, the meeting was unanimously adjourned at 7:30 p.m.

Respectfully Submitted,



Amy Domeier, City Clerk



Administration

CITY OF HOPKINS

## City Council Report 2024-075

To: Honorable Mayor and Council Members  
Mike Mornson, City Manager

From: Amy Domeier, City Clerk

Date: June 11, 2024

Subject: Approval of Temporary Liquor License for St. Gabriel the Archangel Church

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### RECOMMENDED ACTION

**MOTION TO** Approve the Issuance of a Temporary On-Sale Liquor License to St. Gabriel the Archangel Church for their Raspberry Festival event scheduled for July 20, 2024.

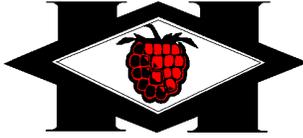
### OVERVIEW

The Church has submitted an application for a temporary on-sale liquor license for their Raspberry Festival event at 10 13<sup>th</sup> Ave. Hopkins. Temporary on-sale liquor licenses must be approved by the State of Minnesota, Alcohol & Gambling Enforcement Division.

The applicant meets the requirements set for by State Statute to obtain a temporary liquor license. Staff has reviewed the request to ensure that all requirements and issues concerning liquor compliance and public safety have been met.

### SUPPORTING INFORMATION

- The application and certificate of insurance are on file in the City Clerk's office.



Finance Department

CITY OF HOPKINS

## City Council Report 2024-073

To: Honorable Mayor and Council Members  
Mike Mornson, City Manager

From: Nick Bishop, Finance Director

Date: June 11, 2024

Subject: Joint Powers Agreement with Hennepin County for Assessment Services

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### RECOMMENDED ACTION

**MOTION TO** Enter into a Joint Powers Agreement with Hennepin County for Assessment Services.

### OVERVIEW

Since 1999, the City has contracted with Hennepin County to provide property tax assessment services. All contracts between 1999 and 2024 have required the City to pay the County for this work. The most recent contract has an annual cost of \$185,000.

On May 14, 2024 the Hennepin County Board approved a resolution directing County staff to offer assessment agreements to Cities with populations of less than 30,000 at no cost. The County currently has contracts with 34 of 45 Cities, who will collectively pay the County \$5.1 million in 2024. The County's 2025 budget and tax levy will be increased to offset their loss of contract revenue.

The City and County responsibilities in the agreement remain the same. The County is responsible for performing assessment services pursuant to Minnesota law. The City is responsible for providing information, records, data and office space for one appraiser.

The agreement is has no end date and will continue indefinitely.

### SUPPORTING INFORMATION

- Joint Powers Agreement for Assessment Services

## JOINT POWERS AGREEMENT FOR ASSESSMENT SERVICES

**THIS JOINT POWERS AGREEMENT (“Agreement”)** is made and entered into by and between the County of Hennepin, a body politic and corporate under the laws of the State of Minnesota (the “County”), and Hopkins (the “City”).

### RECITALS

1. WHEREAS, Pursuant to Minn. Stat. § 471.59, subdivision 1, the parties to this Agreement agree to exercise certain powers on behalf of the other or to cooperate with respect to their powers, to the extent and according to the terms provided herein;
2. WHEREAS, Minnesota Statutes Section 273.072 authorizes the County and any city or town lying wholly or partially within the County of Hennepin and constituting a separate assessment district to enter into an agreement, pursuant to Minnesota Statutes Section 471.59, for the provision of assessment services in the city or town by the county assessor;
3. WHEREAS, the City lies wholly or partially within the County of Hennepin and constitutes a separate assessment district;
4. WHEREAS, the City desires the County to perform property tax assessments on behalf of the City;
5. WHEREAS, the City is willing to share all information, records, data, reports, etc., necessary to allow the County to carry out its responsibilities under this agreement;
6. WHEREAS, the County is willing to cooperate with the City by completing property tax assessments in a proper manner; and

NOW, THEREFORE, for mutual consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, the parties agree as follows:

### AGREEMENT

1. **Recitals.** The foregoing recitals are incorporated in this Agreement.
2. **Purpose.** This Agreement describes the duties and responsibilities of each of the parties related to the provision of assessment services to the City by the County.
3. **Indefinite Term.** This Agreement shall become effective on the Effective Date and shall, unless otherwise terminated in accordance with the provisions hereof, continue in effect for an indefinite term of years.
4. **Termination.** This Agreement may be terminated by either party, with or without cause, upon ninety (90) days’ written notice.

**5. County Responsibilities.**

5.1 The County shall perform property assessments for the City in accordance with property assessment procedures and practices established and observed by the County, the validity and reasonableness of which are hereby acknowledged and approved by the City. Any such practices and procedures may be changed from time to time, by the County in its sole judgment, when good and efficient assessment procedures so require. Property assessments by the County shall be composed of those assessment services pursuant to Minnesota Law.

**6. City Responsibilities:**

6.1 The City shall provide to the County, at no cost, all information, records, data, reports, etc., necessary to allow the County to carry out its responsibilities hereunder, and the City agrees to cooperate in good faith with the County in carrying out the work under this Agreement.

6.2 The City shall provide to the County, at no cost, office space, office furniture, and personnel required by the County, as specifically set forth in Exhibit A, attached hereto and made a part hereof by this reference.

7. **Non-Discrimination.** In accordance with Hennepin County Affirmative Action Policy and the County Commissioners' policies against discrimination, no person shall be excluded from full employment rights or participation in or the benefits of any program, service or activity on the grounds of race, color, creed, religion, age, sex, disability, marital status, sexual orientation, public assistance status, ex-offender status or national origin; and no person who is protected by applicable Federal or State laws, rules and regulations against discrimination shall be otherwise subjected to discrimination.

8. **Independent Contractor.** It is agreed that nothing herein contained is intended or should be construed in any manner as creating or establishing the relationship of joint venturers or co-partners between the parties hereto or as constituting the City as the agent, representative or employee of the City for any purpose or in any manner whatsoever. Any and all personnel of City or other persons, while engaged in the performance of any activity under this Agreement, shall have no contractual relationship with the County and shall not be considered employees of the County and any and all claims that may or might arise under the Workers' Compensation Act of the State of Minnesota on behalf of said personnel or other persons while so engaged, and any and all claims whatsoever on behalf of any such person or personnel arising out of employment or alleged employment including, without limitation, claims of discrimination against the City, its officers, agents, City or employees shall in no way be the responsibility of the County, and City shall defend, indemnify and hold the County, its officials, officers, agents, employees and duly authorized volunteers harmless from any and all such claims regardless of any determination of any pertinent tribunal, agency, board, commission or court. Such personnel or other persons shall not require nor be entitled to any compensation, rights or benefits of any kind whatsoever from the County, including, without limitation, tenure

rights, medical and hospital care, sick and vacation leave, Workers' Compensation, Re-employment Compensation, disability, severance pay and retirement benefits.

**9. Indemnification.**

9.1 City: The City agrees that it will defend, indemnify and hold the County, its elected officials, officers, agents, employees and duly authorized volunteers harmless from any and all liability (statutory or otherwise) claims, suits, damages, judgments, interest, costs or expenses (including reasonable attorney's fees, witness fees and disbursements incurred in the defense thereof) resulting from or caused by the negligent or intentional acts or omissions of the City, its officers, agents, contractors, employees or duly authorized volunteers in the performance of the responsibilities provided by this Agreement. The City's liability shall be governed by Minn. Stat. Chapter 466 and other applicable law, rule and regulation, including common law.

9.2 County: The County agrees that it will defend, indemnify and hold the City, its elected officials, officers, agents, employees and duly authorized volunteers harmless from any and all liability (statutory or otherwise) claims, suits, damages, judgments, interest, costs or expenses (including reasonable attorney's fees, witness fees and disbursements incurred in the defense thereof) resulting from or caused by the negligent or intentional acts or omissions of the County, its officers, agents, contractors, employees or duly authorized volunteers in the performance of the responsibilities provided by this Agreement. The County's liability shall be governed by Minn. Stat. Chapter 466 and other applicable law, rule and regulation, including common law.

**10. Limitation of Liability.** The County shall endeavor to perform all services called for herein in an efficient manner. The sole and exclusive remedy for any breach of this Agreement by the County and for County's liability of any kind whatsoever, including but not limited to liability arising out of, resulting from or in any manner related to contract, tort, warranty, statute or otherwise, shall be limited to correcting diligently any deficiency in said services as is reasonably possible under the pertinent circumstances.

**11. Dispute Resolution.** The parties will use a dispute resolution process for any unresolved dispute between the parties before exercising any legal remedies. The dispute resolution process is a three-level dispute resolution ladder that escalates a dispute from the project management level through the executive management level. At each level of the dispute resolution process, the parties' representatives will meet and explore resolution until either party determines that effective resolution is not possible at the current level and notifies the other party that the process is elevated to the next level. The parties designate the following dispute resolution representatives: *County Assessor, Assistant County Administrator Resident Services, County Administrator.*

The parties will complete the dispute resolution process in good faith before resorting to any other legal process or remedy.

- 12. Force Majeure.** If a force majeure event occurs, neither party is responsible for a failure to perform or a delay in performance due to the force majeure event. A force majeure event is an event beyond a party's reasonable control, such as unusually severe weather, fire, floods, other acts of God, labor disputes, acts of war or terrorism, or public health emergencies.
- 13. Records.** All records kept by the County and Council with respect to the Combined Project are subject to examination by representatives of each party. All data collected, created, received, maintained or disseminated for any purpose by the County and Council under this Agreement are governed by Minnesota Statutes, Chapter 13 ("Act"), and the Minnesota Rules implementing the Act.
- 14. Audit.** Under Minnesota Statutes, Section 16C.05, subdivision 5, the parties agree that the books, records, documents, and accounting procedures and practices relevant to this Agreement are subject to examination by either party and the state auditor or legislative auditor, as appropriate, for at least six years from the end of this Agreement.
- 15. Notice.** Any notice or demand, which may or must be given or made by a party hereto, under the terms of this Agreement or any statute or ordinance, shall be in writing and shall be sent registered or certified mail to the other party addressed as follows:

TO CITY:                   City Manager  
                                   City of Hopkins  
                                   1010 First Street South  
                                   Hopkins, MN 55343

TO COUNTY:               Hennepin County Administrator  
                                   2300A Government Center  
                                   Minneapolis, MN 55487

copies to:                 County Assessor  
                                   Hennepin County  
                                   2103A Government Center  
                                   Minneapolis, MN 55487

Any party may designate a different addressee or address at any time by giving written notice thereof as above provided. Any notice, if mailed, properly addressed, postage prepaid, registered or certified mail, shall be deemed dispatched on the registered date or that stamped on the certified mail receipt and shall be deemed received within the second business day thereafter or when it is actually received, whichever is sooner. Any notice delivered by hand shall be deemed received upon actual delivery.

- 16. Amendment.** Any modifications to this Agreement will be in writing as a formal amendment.

17. **Entire Agreement.** This Agreement is the entire agreement between the parties and supersedes all oral agreements and negotiations between the parties relating to this Agreement. All exhibits and attachments to this Agreement are incorporated into the Agreement. If there is a conflict between the terms of this Agreement and any of the exhibits the Agreement governs.
18. **Severability.** The provisions of this Agreement are severable. If a court finds any part of this Agreement void, invalid, or unenforceable, it will not affect the validity and enforceability of the remainder of this Agreement. A waiver by a party of any part of this Agreement is not a waiver of any other part of the Agreement or of a future breach of the Agreement.
19. **Counterparts.** This Agreement may be executed in multiple counterparts, all of which when taken together shall comprise one agreement. Delivery of an executed counterpart of a signature page of this Agreement by facsimile transmission or electronic transmission (e.g., 'pdf' or 'tif') shall be effective as delivery of a manually executed counterpart of this Agreement.
20. **Effective Date.** This Agreement will be effective when all parties have signed it. The date of this Agreement will be the date this Agreement is signed by the last party to sign it (as indicated by the date associated with that party's signature). Each party is signing this Agreement on the date stated below that party's signature.

**THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

**COUNTY BOARD AUTHORIZATION**

Reviewed by the County Attorney's  
Office

COUNTY OF HENNEPIN  
STATE OF MINNESOTA

\_\_\_\_\_  
Assistant County Attorney

By: \_\_\_\_\_  
Chair of Its County Board

Date: \_\_\_\_\_

ATTEST: \_\_\_\_\_  
Deputy/Clerk of County Board

Date: \_\_\_\_\_

By: \_\_\_\_\_  
County Administrator

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Assistant County Administrator  
- Residential Services

Date:

\_\_\_\_\_  
**Recommended for Approval**

By: \_\_\_\_\_  
County Assessor/Director,  
County Assessor Department

**CITY COUNCIL AUTHORIZATION**

By: \_\_\_\_\_  
Patrick Hanlon, Mayor

ATTEST: \_\_\_\_\_  
Amy Domeier, City Clerk

Date: \_\_\_\_\_

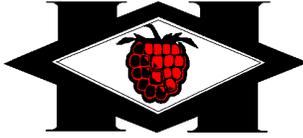
By: \_\_\_\_\_  
City Manager

Date: \_\_\_\_\_

**EXHIBIT A**  
**(Assessment Services – City of Hopkins)**

During the contract term, the City shall:

1. The CITY agrees to furnish, without charge, secured office space as needed by the COUNTY at appropriate places in the CITY's offices. Such office space shall be sufficient in size to accommodate reasonably one (1) appraiser and any furniture placed therein. The office space shall be available for the COUNTY's use upon request during typical business hours, and during all such hours the COUNTY shall be provided with levels of heat, air conditioning and ventilation as are appropriate for the seasons.



CITY OF HOPKINS

## City Council Report 2024-074

To: Honorable Mayor and Council Members  
Mike Mornson, City Manager

From: Nick Bishop, Finance Director  
Kelly O'Dea, Recreation Director

Date: June 11, 2024

Subject: Amend 2024-2028 Capital Improvement Plan for Shady Oak Beach  
Parking Lot Mill & Overlay Project

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### RECOMMENDED ACTION

**MOTION TO** approve an amendment to the 2024-2028 Capital Improvement Plan increasing the City's cost of the Shady Oak Beach Parking Lot Mill & Overlay project by \$24,750.

### OVERVIEW

The City Council approved the 2024-2028 Capital Improvement Plan (CIP) on November 21, 2023. The approved CIP included the mill and overlay of the Shady Oak Beach parking lot with an estimated cost of \$80,000. The milling will be completed by the City of Minnetonka Public Works Department and overlay done by a contractor. Five bids were received for the contracted portion of the project. The total cost of the project with the lowest bid is \$155,000. The cost of the project is split 33% Hopkins and 67% Minnetonka based on our joint recreation agreement. The City's share of the project will increase from \$26,400 to \$51,150.

The approved CIP includes a budget for the Park Fund, which uses franchise fees and fund balance for planned maintenance projects and bond payments. The CIP planned to use \$283,018 of its fund balance in 2024 and end the year with a positive \$763,106 fund balance. The amended amount will change this projection to end 2024 with a positive fund balance of \$738,356.

### SUPPORTING INFORMATION

- Project Detail for 16-CIP-R003 (as amended)

# CAPITAL IMPROVEMENT PLAN

2024 *thru* 2028

Department Recreation

## City of Hopkins, MN - CIP

Contact Management Analyst

Project #	16-CIP-R003
Project Name	Shady Oak Beach Improvements

Type Improvement

Useful Life 10-20 years

Category PW - Parks

Priority 3 Important

Future

### Description

Total Project Cost: \$475,000

The joint recreation agreement in place between the cities of Hopkins and Minnetonka provides for the sharing of operational and maintenance expenses for Shady Oak Beach. These expenses are split 33% city of Hopkins and 67% city of Minnetonka. Shady Oak Beach is operated from June - August annually; however the park is available for use year round.

### Justification

Shady Oak Beach is jointly operated by the cities of Hopkins and Minnetonka. The facility is open from June - August each summer with the revenues generated from season pass sales and daily admissions. The facility was most recently renovated in 1998. An additional renovation on the lifeguard shack was completed in 2021.

2024: Inflatable replacement (\$10,000); parking lot mill and overlay (\$155,000)

2025: Miscellaneous building maintenance

2026: Miscellaneous building maintenance

2027: Miscellaneous building maintenance

2028: Miscellaneous building maintenance

Expenditures	2024	2025	2026	2027	2028	Total
Construction/Maintenance	165,000	20,000	10,000	10,000	10,000	140,000
<b>Total</b>	<b>165,000</b>	<b>20,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>140,000</b>
Funding Sources	2024	2025	2026	2027	2028	Total
GU - Other Governmental Units	110,550	13,400	6,700	6,700	6,700	93,800
PDF- Park Dedication Fund	54,450	6,600	3,300	3,300	3,300	46,200
<b>Total</b>	<b>165,000</b>	<b>20,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>140,000</b>

### Budget Impact/Other

Increased 2024 amount by \$75,000 from original 2024-2028 CIP. Increased City share of parking lot mill and overlay project by \$24,750. Park Fund has available Fund Balance to absorb addition cost. Amendment considered by City Council on June 11, 2024.



**CITY OF HOPKINS**

**Finance Department**

## **Memorandum**

To: Honorable Mayor and Council Members  
Mike Mornson, City Manager

From: Nick Bishop, Finance Director

Date: June 11, 2024

Subject: 2023 Audit and Annual Comprehensive Financial Report

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### **PURPOSE**

Informational.

### **INFORMATION**

Abdo has completed the City's Audit for the year ended December 31, 2023. The Auditor's Report is dated June 3, 2024. Justin Nilson, Partner will present their results. The Executive Governance Summary and Other Required Reports are attached. Due to its size the Annual Comprehensive Report is not included in the packet. It is available on the City's online document archives:

<https://lf.hopkinsmn.com/WebLink/DocView.aspx?id=483707&dbid=1&repo=Hopkins>

### **FUTURE ACTION**

None



# Executive Governance Summary

## City of Hopkins

Hopkins, Minnesota

For the year ended December 31, 2023



### *Edina Office*

5201 Eden Avenue, Ste 250  
Edina, MN 55436  
P 952.835.9090

### *Mankato Office*

100 Warren Street, Ste 600  
Mankato, MN 56001  
P 507.625.2727

### *Scottsdale Office*

14500 N Northsight Blvd, Ste 233  
Scottsdale, AZ 85260  
P 480.864.5579

June 3, 2024

Management, Honorable Mayor and City Council  
City of Hopkins, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hopkins, Minnesota (the City), for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 18, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

In planning and performing our audit of the financial statements, we considered the City's 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's 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. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the City's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Compliance Supplement" applicable to each of its major Federal programs for the purpose of expressing an opinion on the City's compliance with those requirements and for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City's compliance with those requirements. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under Governmental Auditing Standards or Minnesota statutes described below as finding 2023-001.

### **2023-001                      Uniform Guidance Policy**

- Condition:*                      During our audit, we discovered the City did not develop written procedures as required by the Uniform Guidance for Cash Management of Federal Funds - §200.302(b)(6).
- Criteria:*                        The City "must" establish and maintain effective internal control over Federal awards that provides reasonable assurance that the City is managing Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- Cause:*                         The City did not have these written policies and procedures in place sufficient to comply with the Uniform Guidance requirements.
- Effect:*                         The City was out of compliance with this requirement.
- Recommendation:*        The City should implement written policies and procedures to adhere to the above mentioned Uniform Guidance requirements.
- Management response:*
- The City will establish written policies and procedures to ensure future compliance with the Uniform Guidance requirements.



## Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during the year ended December 31, 2023. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management's estimate of depreciation is based on estimated useful lives of the assets. Depreciation is calculated using the straight-line method.
- Allocations of gross wages and payroll benefits are approved by City Council within the City's budget and are derived from each employee's estimated time to be spent servicing the respective functions of the City. These allocations are also used in allocating accrued compensated absences payable.
- The City's liability for other post-employment benefits was estimated to be zero primarily based on the assumption that employees, whom participate in the health insurance plan, will retire after the age of 65 and not continue to participate in the plan following retirement.
- Management's estimate of its pension liability is based on several factors including, but not limited to, anticipated investment return rate, retirement age for active employees, life expectancy, salary increases and form of annuity payment upon retirement.
- Management's estimate of its lease receivable is based on the present value of future lease payments expected to be received during the lease term.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that it is reasonable in relation to the financial statements taken as a whole. The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.



### **Difficulties Encountered in Performing the Audit**

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

### **Corrected and Uncorrected Misstatements**

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

### **Disagreements with Management**

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

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated June 3, 2024.

### **Management Consultations with Other Independent Accountants**

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

### **Other Audit Findings or Issues**

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



**Other Matters**

We applied certain limited procedures to the required supplementary information (RSI) (Management’s Discussion and Analysis, the Schedules of Employer’s Share of the Net Pension Liability, the Schedules of Employer’s Contributions, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios), and the Schedules of Employer’s Contributions, and the Schedule of changes in the City’s OPEB Liability), which is information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

We were not engaged to report on the introductory section or statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on them.

**Future Accounting Standard Changes**

The following Governmental Accounting Standards Board (GASB) Statements have been issued and may have an impact on future City financial statements: <sup>(1)</sup>

<b>GASB Statement No. 100</b> - <i>Accounting Changes and Error Corrections</i>	<i>Effective: 12/31/2024</i>
<b>GASB Statement No. 101</b> - <i>Compensated Absences</i>	<i>Effective: 12/31/2024</i>
<b>GASB Statement No. 102</b> – <i>Certain Risk Disclosures</i>	<i>Effective: 12/31/2025</i>

Further information on upcoming [GASB pronouncements](#).

\* \* \* \*

**Restriction on Use**

This purpose of this communication is solely for the information and use of the City Council and management of the City and is not intended to be, and should not be used by anyone other than those specified parties.

Our audit would not necessarily disclose all weaknesses in the system because it was based on selected tests of the accounting records and related data. The comments and recommendations in the report are purely constructive in nature, and should be read in this context.

If you have any questions or wish to discuss any of the items contained in this letter, please feel free to contact us at your convenience. We wish to thank you for the continued opportunity to be of service and for the courtesy and cooperation extended to us by your staff.



**Abdo**  
Minneapolis, Minnesota  
June 3, 2024





# Other Required Reports

## City of Hopkins

Hopkins, Minnesota

For the year ended December 31, 2023



### *Edina Office*

5201 Eden Avenue, Ste 250  
Edina, MN 55436  
P 952.835.9090

### *Mankato Office*

100 Warren Street, Ste 600  
Mankato, MN 56001  
P 507.625.2727

### *Scottsdale Office*

14500 N Northsight Blvd, Ste 233  
Scottsdale, AZ 85260  
P 480.864.5579

City of Hopkins, Minnesota  
Other Required Reports  
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For the Year Ended December 31, 2023

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**INDEPENDENT AUDITOR'S REPORT  
ON MINNESOTA LEGAL COMPLIANCE**

Honorable Mayor and City Council  
City of Hopkins, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Hopkins, Minnesota (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, and have issued our report thereon dated June 3, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Hopkins failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.



**Abdo**  
Minneapolis, Minnesota  
June 3, 2024

**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**

Honorable Mayor and City Council  
City of Hopkins, Minnesota

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, the business-type activities, each major fund and the aggregate remaining fund information of the City of Hopkins, Minnesota (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 3, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* as noted as finding 2023-001.

## The City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings, Questioned Costs, and Responses. The City's responses were not subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

## 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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Abdo**  
Minneapolis, Minnesota  
June 3, 2024



FEDERAL FINANCIAL AWARD PROGRAMS

CITY OF HOPKINS  
HOPKINS, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

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

Honorable Mayor and City Council  
City of Hopkins, Minnesota

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Hopkins, Minnesota (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended December 31, 2023. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings, Responses and Questioned Costs.

In our opinion, the City 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 December 31, 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 the City 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 the City’s 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 City’s 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 the City's 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 the City's 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 the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's 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 the City's 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.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **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.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Hopkins, Minnesota (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements. We issued our report thereon dated June 3, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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.



**Abdo**  
Minneapolis, Minnesota  
June 3, 2024



City of Hopkins, Minnesota  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2023

Funding Source	Administering Department	Federal Domestic Assistance Number	Program Name/Number	Program Expenditures
Department of Homeland Security	Direct	97.083	Staffing for Adequate Fire and Emergency Response (SAFER)	\$ 42,000
U.S. Department of Treasury	Hopkins Public Schools	21.027C	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	622,226
Department of Housing and Urban Development	Direct	14.870	Resident Opportunity and Supportive Services	69,267
Department of Housing and Urban Development	Direct	14.850	Public and Indian Housing	174,070
Department of Housing and Urban Development	Direct	14.872	Public Housing Capital Fund	<u>150,942</u>
<b>Total</b>				<u><u>\$ 1,058,505</u></u>

City of Hopkins, Minnesota  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2023

**Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of City of Hopkins, Minnesota (the City). The City's reporting entity is defined in Note 1A to the City's financial statements. The information in this schedule is presented in accordance with the 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*). All federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the schedule.

**Note 2: Summary of Significant Accounting Policies for Expenditures**

Expenditures reported on this schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit-Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3: Pass-through Entity Identifying Numbers**

Pass-through entity identifying numbers are presented where available.

**Note 4: Subrecipients**

No federal expenditures presented in this schedule were provided to subrecipients.

**Note 5: Indirect Cost Rate**

During the year ended December 31, 2023, the City did not elect to use the 10 percent de Minimis indirect cost rate.

City of Hopkins, Minnesota  
 Schedule of Findings, Questioned Costs, and Responses  
 For the Year Ended December 31, 2023

City of Hopkins  
 Schedule of Findings and Questioned Costs  
 For the Year Ended December 31, 2023

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)?	No

**Identification of Major Programs/Projects**

	<b>CFDA No.</b>
Coronavirus State and Local Fiscal Recovery Funds	21.027C
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

**Section II - Financial Statement Findings**

None

**Section III - Major Federal Award Findings and Questioned Costs**

A significant deficiency in internal control over major programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance . Finding 2023-001 is reported as a significant deficiency.

**Section IV - Schedule of Prior Year Audit Findings**

There were prior year audit findings that are reported on the schedule of prior year audit findings.

**Other Issues**

Corrective Action Plans are attached as required to be reported under the Federal Single Audit Act.

City of Hopkins, Minnesota  
Schedule of Findings, Questioned Costs, and Responses (continued)  
For the Year Ended December 31, 2023

**2023-001                      Uniform Guidance Policy**

*Condition:*                      During our audit, we discovered the City did not develop written procedures as required by the Uniform Guidance for Cash Management of Federal Funds - §200.302(b)(6).

*Criteria:*                        The City “must” establish and maintain effective internal control over Federal awards that provides reasonable assurance that the City is managing Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal awards.

*Cause:*                            The City did not have these written policies and procedures in place sufficient to comply with the Uniform Guidance requirements.

*Effect:*                            The City was out of compliance with this requirement.

*Recommendation:*            The City should implement written policies and procedures to adhere to the above mentioned Uniform Guidance requirements.

*Management response:*

The City will establish written policies and procedures to ensure future compliance with the Uniform Guidance requirements.



## **CORRECTIVE ACTION PLAN**

The following is our response to findings in the audit as of December 31, 2023

### **FINDING 2023-001 - Uniform Guidance written policies and procedures**

During our audit, we discovered the City did not develop written procedures as required by the Uniform Guidance.

#### **Corrective Action Plan (CAP):**

**1. Explanation of Disagreement with Audit Finding:**

There is no disagreement with the audit finding.

**2. Actions Planned in Response to Finding:**

The City Council will adopt written federal grant policies and procedures.

**3. Official Responsible for Ensuring CAP:**

Nick Bishop, Finance Director, is the official responsible for ensuring corrective action.

**3. Planned Completion Date for CAP:**

Fiscal year end 2024.

**4. Plan to Monitor Completion of CAP:**

The City Council will be monitoring this corrective action plan.

Sincerely,

Nick Bishop  
City Finance Director

City of Hopkins, Minnesota  
Schedule of Prior Year Audit Findings  
For the Year Ended December 31, 2023

**2022-001 Declaration for Payment**

*Condition:* Auditing for legal compliance requires a review of the City's deposits and investments. Our audit indicated an instance of non-compliance that we believe needs to be remedied.

*Criteria:* Minnesota statute 471.38 requires that each declaration for payment be signed to the effect that such account, claim, or demand is just and correct and that no part of it has been paid. The statute is satisfied if on the back of City checks is a declaration as defined in Minnesota statute 471.391 reading "I declare under the penalties of law that this account, claim, or demand is just and correct and that no part of it has been paid."

*Cause:* The City and more specifically, the Housing Authority did not have the required statement on the back of their checks during 2022.

*Effect:* The City is out of compliance with this Minnesota statute.

*Recommendation:* The City should apply the declaration noted above to all City checks in future years.

*Management Response:*

The City agrees with the finding and has added the declaration to all check stock, including those paid by the Housing Authority.

**Current Status**

This finding is not reported in the current year.

**2022-002 Timely Transmittal of State Fire Aid**

*Condition:* During our audit, we noted that the City had not made timely deposits of State Fire aid to City Fire Relief Association.

*Criteria:* Minnesota statute 477B.04 requires the City to transmit the fire aid payment to the treasurer of the Fire Relief Association within 30 days after receipt.

*Cause:* The City did not remit the receipt of state fire aid in the timeframe noted above.

*Effect:* The City is out of compliance with this Minnesota statute.

*Recommendation:* We recommend that City review the statute and implement procedures to ensure the transmittal of fire state aid receipts in accordance with statute in future years.

*Management Response:*

The City agrees with the finding and recommendation and has implemented.

**Current Status**

This finding is not reported in the current year.

City of Hopkins, Minnesota  
Schedule of Prior Year Audit Findings  
For the Year Ended December 31, 2023

**2022-003**

**Uniform Guidance written policies and procedures**

Condition: During our audit, we discovered the City did not develop written procedures as required by the Uniform Guidance for the following:

- Determination of Allowable of Costs - §200.302(b)(7)
- Time and Effort - §200.430(a)
- Cash Management of Federal Funds - §200.302(b)(6)
- Conflict of Interest - §200.318(c)(1-2)

The City must also ensure that existing written procedures are in compliance with:

- General Procurement Standards - §200.318-.326
- Equipment Management Requirements - §200.313

Criteria: The City “must” establish and maintain effective internal control over Federal awards that provides reasonable assurance that the City is managing Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal awards.

Cause: The City did not have these written policies and procedures in place sufficient to comply with the Uniform Guidance requirements.

Effect: The City was out of compliance with this requirement.

Recommendation: The City should implement written policies and procedures to adhere to the above mentioned Uniform Guidance requirements.

Management response:

The City will establish written policies and procedures to ensure future compliance with the Uniform Guidance requirements.

**Current Status**

The City is establishing policies in fiscal year 2024 and finding is repeated for the year ended December 31, 2023.

City of Hopkins, Minnesota  
Schedule of Prior Year Audit Findings (Continued)  
For the Year Ended December 31, 2023

**2022-004                      Incomplete Schedule of Expenditures of Federal Awards**

*Condition:*                      In our recent audit, we identified that the Schedule of Expenditures of Federal Awards (SEFA) for the fiscal year ended 2022 was incomplete. Not all federal programs and expenditures were reported in the SEFA.

*Criteria:*                         In compliance with Uniform Guidance 2 CFR 200.510(b), the auditee must prepare a SEFA that includes the total federal awards expended in the fiscal year. The SEFA must list individual federal programs by federal agency, along with respective direct and pass-through funding.

*Cause:*                             The cause of the condition appears to be a lack of thorough review and reconciliation processes to verify the completeness and accuracy of the SEFA. This resulted in certain federal awards not being included in the schedule.

*Effect:*                             The incomplete SEFA could lead to non-compliance with federal regulations and could potentially jeopardize future federal funding. It could also result in inaccurate reporting and decision-making.

*Recommendation:*             We recommend that management implement a more robust review and reconciliation process to ensure the completeness and accuracy of the SEFA. This should include, but not limited to, cross-checking the SEFA against the general ledger and grant files, and seeking confirmation from all departments that all federal awards have been reported.

*Management response:*

Management acknowledges the finding and will implement a more robust review process, which will include additional reconciliation procedures and inter-departmental communication to ensure all federal awards are reported accurately in the SEFA. We are committed to adhering to all federal regulations and ensuring the accuracy of our financial reporting.