

**NEW ISSUE: FULL BOOK ENTRY****RATING REQUESTED FROM: (Moody's)****(North Dakota School District Credit Enhancement Program)**

(Electronic and Sealed Proposals accepted)

(See "Rating" herein)

*In the opinion of Arntson Stewart Wegner PC, Fargo, North Dakota, Bond Counsel, the interest to be paid on the Certificates is not includable in gross income of the recipient for United States or State of North Dakota income tax purposes. (See "STATE AND FEDERAL TAX CONSIDERATIONS" herein.*

**OFFICIAL STATEMENT****\$2,265,000<sup>(1)</sup> STATE AID REFUNDING CERTIFICATES OF INDEBTEDNESS, SERIES 2020B****ENDERLIN AREA PUBLIC SCHOOL DISTRICT NO. 24****(Ransom, Cass, and Barnes Counties, North Dakota)****Dated:** July 28, 2020**Principal Due:** August 1, 2021 through 2031**Minimum Bid:** \$2,242,350 (99.0% of Par)**Good Faith Deposit:** \$22,650 (1% of Par)

The \$2,265,000<sup>(1)</sup> State Aid Refunding Certificates of Indebtedness, Series 2020B (the "Certificates") issued by Enderlin Area Public School District No. 24, North Dakota (the "District") will be issued pursuant to the provisions of Chapter 21-02 of the North Dakota Century Code. The proceeds of the Certificates will be issued for the purpose of (i) refunding an energy lease that was used to make energy improvements to a school building and (ii) paying the costs associated with the issuance of the Certificates. The Certificates are a valid and binding limited obligation of the Issuer, payable from the State Aid to be received from the North Dakota Department of Public Instruction by the District for the payment of the Certificates (see "Security and Source of Payment" herein).

The Certificates will be issued as fully registered certificates without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Certificates. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Certificates purchased. Principal of the Certificates, payable annually on August 1, 2021 through 2031, and interest, payable semiannually on each February 1 and August 1 commencing February 1, 2021, will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Certificates as described herein.

The Certificates will mature on August 1 in the years and amounts as follows:

<u>Year</u>	<u>Principal<sup>(1)</sup></u>	<u>Interest Rate*</u>	<u>Yield*</u>	<u>Year</u>	<u>Principal<sup>(1)</sup></u>	<u>Interest Rate*</u>	<u>Yield*</u>
2021	\$ 185,000	_____ %	_____ %	2027	\$ 210,000	_____ %	_____ %
2022	190,000	_____ %	_____ %	2028	215,000	_____ %	_____ %
2023	195,000	_____ %	_____ %	2029	220,000	_____ %	_____ %
2024	200,000	_____ %	_____ %	2030	220,000	_____ %	_____ %
2025	200,000	_____ %	_____ %	2031	225,000	_____ %	_____ %
2026	205,000	_____ %	_____ %				

The Certificates are not subject to optional redemption.

**BANK QUALIFIED:** The Certificates are "Qualified Tax-Exempt Obligations."

**LEGAL OPINION:** Arntson Stewart Wegner PC, Fargo, North Dakota

**REGISTRAR/PAYING AGENT:** Starion Bond Services, Bismarck, North Dakota

**CREDIT ENHANCEMENT:** The District intends to participate in the North Dakota Credit Enhancement Program.

**BIDS RECEIVED UNTIL:** 11:00 A.M. Central Time on Monday, July 20, 2020  
In the Offices of PFM Financial Advisors LLC  
50 South 6th Street, Suite 2250, Minneapolis, Minnesota 55402

**BIDS CONSIDERED:** Monday, July 20, 2020

**DELIVERY:** On or about July 28, 2020

The date of this Official Statement is July 13, 2020.

<sup>(1)</sup> Preliminary, subject to change.

\* Interest rates and reoffering yields or prices will be set forth in the Final Official Statement described herein.

(THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.





IN CONNECTION WITH THE OFFERING OF THE CERTIFICATES, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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## **INTRODUCTION TO THE OFFICIAL STATEMENT**

*The following information is furnished solely to provide limited introductory information regarding the \$2,265,000<sup>(1)</sup> State Aid Refunding Certificates of Indebtedness, Series 2020B (the "Certificates") issued by Enderlin Area Public School District No. 24, North Dakota (the "District") and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the appendices hereto.*

<b>Issuer:</b>	Enderlin Area Public School District No. 24, North Dakota (the "District").
<b>Authority of Issuance:</b>	The Certificates are being issued by the District pursuant to Chapter 21-02 of the North Dakota Century Code, and pursuant to a resolution to be adopted by the District on July 20, 2020.
<b>Purpose:</b>	The Certificates will be issued to (i) refund an energy lease that was used to make energy improvements to a school building and (ii) pay the costs associated with the issuance of the Certificates.
<b>Security:</b>	The Certificates are special limited obligations of the District for the payment of which it pledges its State Aid to be received by the District from the North Dakota Department of Public Instruction.
<b>Principal Payment:</b>	Principal and interest on the Certificates will be payable from State Aid to be received by the District from the North Dakota Department of Public Instruction.
<b>Interest Payment:</b>	Interest on the Certificates is payable on February 1 and August 1, commencing February 1, 2021.
<b>Optional Redemption</b>	The Certificates are not subject to optional redemption.
<b>Credit Enhancement:</b>	The District will participate in the North Dakota School District Credit Enhancement Program.
<b>Denominations:</b>	\$5,000 or integral multiples thereof of a single maturity.
<b>Book-Entry Only:</b>	The Certificates will be issued as book-entry only securities through the Depository Trust Company.
<b>Bank Qualified:</b>	The Certificates <u>are</u> designated as "Qualified Tax-Exempt Obligations"
<b>Registrar &amp; Paying Agent</b>	Starion Bond Services
<b>Professional Consultants:</b>	<i>Municipal Advisor:</i> PFM Financial Advisors LLC Fargo, North Dakota Minneapolis, Minnesota
	<i>Bond Counsel:</i> Arntson Stewart Wegner PC Fargo, North Dakota
	<i>Paying Agent:</i> Starion Bond Services Bismarck, North Dakota
<b>Legal Matters:</b>	Validity, tax exemption, and legal matters incident to the authorization and issuance of the Certificates are subject to the opinion of Arntson Stewart Wegner, PC, Bond Counsel. The opinion will be substantially in the form set forth in Appendix B attached hereto.
<b>Dated Date/Delivery Date:</b>	On or about July 28, 2020

<sup>(1)</sup> Preliminary, subject to change.

The information set forth herein has been obtained from the District and other sources which are believed to be reliable, but it is not to be construed as a representation by the Municipal Advisor or Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall, under any circumstances, create any implication that there has been no change in the affairs of the District or in any other information contained herein, since the date hereof.

*The Official Statement is in a form deemed final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1) (the "Rule"), but is subject to minor revision or amendment in accordance with the Rule. Not later than seven business days following the award of the Certificates, the District shall provide copies of the Final Official Statement, as that term is used in the Rule, to the purchaser of the Certificates. The purchaser of the Certificates will be supplied with Final Official Statements in a quantity sufficient to meet its request. Up to 25 copies of the Final Official Statement will be furnished without cost.*

Questions regarding the Bonds or the Official Statement can be directed to, and additional copies of the Official Statement, the District's audited financial reports and the documents described herein may be obtained from, PFM Financial Advisors LLC, 50 South Sixth Street, Suite 2250, Minneapolis, Minnesota 55402 (612/338-3535 or 612/338-7264 fax), the District's Municipal Advisor.

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## **DESCRIPTION OF THE CERTIFICATES**

### ***Authority and Purpose***

The Certificates are being issued by the District pursuant to and in full conformity with the Constitution and laws of the State of North Dakota, including Chapter 21-02 of the North Dakota Century Code, as amended, and as authorized by the Bond Resolution adopted by the District on July 20, 2020 (the “Resolution”). The Resolution creates a valid lien on the State Appropriations to be received by the District from the State of North Dakota for the payment of the Certificates.

The proceeds of the Certificates will be used to finance the refunding of an energy lease, the proceeds of which were used to finance energy improvements to the school building.

### ***Security and Source of Payment***

The Certificates are valid and binding limited obligations of the District, payable from the State Aid to be received from the North Dakota Department of Public Instruction for the payment of the Certificates pledged under the Resolution.

So long as any of the Certificates are outstanding and unpaid, the Business Manager shall maintain a sinking fund to be designated “Certificates of Indebtedness, Series 2020B Fund” (the “Certificate Fund”) as a separate and special bookkeeping account on the official books and records of the District to be used for no purpose other than the payment of the principal of and interest on the Certificates and such other certificates of the District as have been or may be directed to be paid from the Certificate Fund. State appropriations distributed by the State to the District are required to be deposited by the District in the Certificate Fund to the extent necessary, with other available funds, until the amount on deposit for that fiscal year is at least equal to the principal of and interest on the Certificates due for that fiscal year. All moneys and investments in the Certificate Fund are irrevocably pledged and appropriated to the equal and ratable payment of the principal of and interest on the Certificates. If the balance in the Certificate Fund is ever insufficient to pay all principal and interest then due on such Certificates, the Business Manager shall nevertheless provide sufficient money from other funds of the District which are available for that purpose, and such other funds shall be reimbursed from the revenues of the State Appropriations.

### ***Estimated Sources and Uses of Funds***

The sources and uses of funds in connection with the issuance of the Certificates are as follows:

**Table 1**  
**Sources and Uses of Funds**

#### **Sources of Funds**

Par Amount	\$ 2,265,000
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Total Estimated Sources of Funds

#### **Uses of Funds**

Deposit to Refunding Fund

Cost of Issuance/Underwriter’s Discount

Total Uses of Funds

## ***North Dakota School Credit Enhancement Program***

The District has elected to participate in the North Dakota School District Credit Enhancement Program (the “Program”). Under the Program, if a school district is unable to make a bond payment, upon receipt of a notice of potential default, the State of North Dakota (the “State”) will make the payment three days prior to the bond payment date from funds due, or payable, or appropriated to the school district under Chapter 15.1-27 of the North Dakota Century Code. To participate in the Program, the District’s school board must adopt a resolution (the “Resolution”) wherein the school district elects to participate in the Program, obligates the school district to be bound by the provisions of Section 6-09.4-23 and authorizes the withholding of state funds as required by the Program. The Resolution must further provide that the election to participate in the Program is irrevocable so long as the evidence of indebtedness enhanced by the Program remains outstanding and unpaid. The Resolution also must require the school district to deposit a bond payment with the paying agent five days before the payment date to the bondholders; certify that the state funds available to the school district under NDCC Chapter 15.1-27 are at least 2 times the maximum annual debt service on the Certificates; and provide for an additional bonds test requiring at least 2 times coverage of the maximum annual debt service for all outstanding bonds and subsequent bonds issued under the Program. The maximum annual debt service for all outstanding issues in the credit enhancement program is \$231,900 in the year ending June 1, 2025. The total state aid due to the District for the 2019-20 school year is \$2,818,214. The state aid provides 12.15 times coverage for the maximum annual debt service of all outstanding bonds in the Program.

## ***State Aid***

### **History of State Aid for the District**

Table 2 shows the State Aid received by the District.

**Table 2**  
**History of State Aid**

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 2,818,214
2019	2,766,574
2018	2,793,545
2017	2,943,806
2016	2,910,523
2015	2,879,166
2014	2,750,743
2013	2,293,120
2012	2,157,757
2011	2,066,666

Source: North Dakota Department of Public Instruction.

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## **Debt Service Coverage**

Table 3 sets forth debt service coverage of the Certificates based on the State Aid available for debt service.

**Table 3**  
**Debt Service Coverage**

<u>Bond Year</u>	<u>Principal</u> <sup>(1)</sup>	<u>Interest</u> <sup>(1)</sup>	<u>Total</u>	<u>Coverage to State Aid</u> <sup>(2)</sup>
2021	\$ 185,000	\$ 45,678	\$ 230,678	12.22
2022	190,000	41,600	231,600	12.17
2023	195,000	37,800	232,800	12.11
2024	200,000	33,900	233,900	12.05
2025	200,000	29,900	229,900	12.26
2026	205,000	25,900	230,900	12.21
2027	210,000	21,800	231,800	12.16
2028	215,000	17,600	232,600	12.12
2029	220,000	13,300	233,300	12.08
2030	220,000	8,900	228,900	12.31
2031	225,000	4,500	229,500	12.28

(1) Preliminary, subject to change

(2) Coverage Calculation is based on the total projected State Aid for the 2019/2020 fiscal year of \$2,818,214 and assumes no annual increase or decrease.

## **Parity Obligations**

The District may issue additional parity certificates and bonds (the "Parity Obligations") to provide funds to finance the acquisition, construction and equipping of District facilities, the repair and improvement of facilities, or the refunding of outstanding evidences of indebtedness, upon the following conditions:

- (i) A certificate of the District stating and confirming that the State Aid received by the District for each of the two Fiscal Years preceding the issuance of the Parity Obligations was equal to at least 2.0 times the maximum annual Debt Service on the Outstanding Certificates or Bonds, the proposed Additional Bonds. In calculating the maximum annual Debt Service, there shall be deducted from such Debt Service the amount on deposit in a Reserve Fund, if any, (to the extent expected to pay Debt Service on the Outstanding Certificates or Additional Bonds) or in any irrevocable escrow fund being held for the payment of principal of and/or interest on the Certificates or Bonds.

All Certificates or Bonds issued in accordance with the Resolution shall have a lien on the State Aid which is equal to the lien of the Certificates and all Parity Obligations issued in accordance with the Resolution. Nothing in the Resolution shall preclude the District from issuing additional bonds which are expressly made subordinate to the pledge of State Aid to the Certificates. Notwithstanding the foregoing, the District may issue parity bonds with the written consent of the owners of all of the outstanding principal of the Certificates.

Provided, however, that prior to the issuance of any additional Parity Obligations, the Business Manager shall certify that the state funds available to the District under N.D.C.C. Chapter 15.1-27 are at least two times the maximum annual debt service amount for all obligations.

## **Bondholders' Risks**

A number of factors could prevent the receipt of or reduce the amount of available State Aid Revenues for payment of debt service on the Certificates and Parity Obligations. The ability of the District to generate sufficient State Aid Revenues is dependent upon a number of conditions and risk factors that are unpredictable including student enrollment.

NO REPRESENTATION OR ASSURANCE CAN BE MADE THAT STATE AID REVENUES WILL BE REALIZED BY THE DISTRICT IN AMOUNTS SUFFICIENT TO PAY MATURING PRINCIPAL OF AND INTEREST ON THE CERTIFICATES AND THE OTHER OUTSTANDING OBLIGATIONS. Prospective purchasers of the Certificates should be aware that investment in the Certificates entails some degree of risk. Each prospective investor in the Certificates is encouraged to read this Official Statement in its entirety. Particular attention should be given to the factors described below which, among others could affect the payment of debt service on the Certificates and which could also affect the market price of the Certificates to an extent that cannot be determined. This discussion of risk factors is not, and is not intended to be exhaustive.

### **Limited Obligation**

The obligation of the District to pay debt service on the Certificates is a special limited obligation of the District. The full faith and credit and taxing powers of the District are not pledged to pay debt service on the Certificates and the District does not have the authority to levy ad valorem property taxes without limit in order to pay debt service on the Certificates. As further described elsewhere herein, debt service on the Certificates is payable from State Aid Revenues received from the North Dakota Department of Public Instruction. While it is believed that State Aid Revenues will continue to be received from the North Dakota Department of Public Instruction and will be sufficient to pay debt service on the Certificates when due, a number of other factors described below, or factors not presently anticipated, may affect the receipt of sufficient revenues for such purposes.

### **Nature of Debt Service Coverage**

Certain historical State Aid Revenues and other financial information for the District, including debt service coverage, are included in this Official Statement under the caption "Debt Service Coverage." The coverage is merely a mathematical computation as reflected in the applicable table, and constitutes no assurance as to the future debt of the District or the sufficiency of State Aid Revenues to satisfy the operations of the District and other debt service requirements.

### **General Factors that May Affect Sufficiency of State Aid Revenues**

A decrease in the number of students registered at the District would have the most significant impact on State Aid Revenues as these revenues are calculated on a per student basis. Such a decrease would reduce the amount of State Aid Revenues to pay debt service on the Certificates.

### **Additional Parity Debt**

Upon the satisfaction of certain conditions set forth in the Resolution, the District may issue Parity Obligations to provide funds to finance the acquisition, construction and equipping of District facilities, the repair and improvement of facilities or the refunding of outstanding evidences of indebtedness. The District may also issue Subordinated Obligations and other additional bonds not secured by the Resolution and the specifically pledged State Aid Revenues of the District, but payable from other revenues of the District. Such other additional bonds may be issued for any purpose permitted by law, including acquisition and construction of additional facilities or equipment.

### **Secondary Market**

There can be no guarantee that there will be a secondary market for the Certificates or, if a secondary market exists, that such Certificates can be sold for any particular price. Such prices could be substantially different from the original purchase price of the Certificates.

EACH PROSPECTIVE PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE CERTIFICATES AND MUST BE ABLE TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT. THE SECONDARY MARKET FOR THE CERTIFICATES, IF ANY, COULD BE LIMITED.

### **Changes in Legislation**

The future financial condition of the District and its ability to receive State Aid Revenues could be affected adversely by legislative and other regulatory actions, to the extent such changes are material and adversely alter the current operation of the District. The District cannot and does not make any predictions about such future legislative changes other than to note that any number of possible changes may adversely affect the operations of the District.

**Global Health Emergency Risk:** On March 11, 2020, the World Health Organization proclaimed the Coronavirus (COVID-19) to be a pandemic. In an effort to lessen the risk of transmission of COVID-19, the United States government, state governments, local governments, and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19, affecting business activities and impacting global, state and local commerce and financial markets. The emergence of COVID-19 and spread thereof is an emerging and evolving issue.

On March 13, 2020 the Governor of North Dakota (the “Governor”) declared a state of emergency with respect to the COVID-19 pandemic. Thereafter, by various executive orders, the Governor directed the closure of all schools, most businesses and directed that all non-essential State agency staff members work from home. On April 29, 2020, by executive order, the Governor directed that certain business could reopen on May 1, 2020 following North Dakota Smart Restart: Standards for All Industries. The schools remain closed and are engaged in distance learning.

As the federal, state and local governments, continuing efforts to contain and limit the spread of the COVID-19 disease, future tax and other revenue collections may deviate from historical or anticipated collections and may have an adverse impact on the financial position and operations of the School District and its ability to fund debt obligations including the Bonds in accordance with its terms. In addition to tax proceeds received by the State, the State uses the income from the Common Schools Trust Fund and the Foundation Aid Stabilization Fund to finance the operation of North Dakota school districts. The School District is not able to predict and makes no representation as to the economic-impact of the COVID-19 pandemic on the School District or its financial position.

### ***Redemption Provisions***

The Certificates are not subject to optional redemption.

### ***Interest***

Interest on the Certificates will be payable annually on each February 1 and August 1, commencing February 1, 2021. Interest will be computed on a 360-day year, 30-day month basis, and paid to the owners of record as of the close of business on the fifteenth day of the immediately preceding month. Payments coming due on a non-business day will be paid on the next business day.

### ***Book-Entry Only System***

*The information contained in the following paragraphs of this subsection “Book-Entry Only System” has been extracted from a schedule prepared by Depository Trust Company (“DTC”) entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY ONLY ISSUANCE.” The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.*

*The information contained in the following paragraphs of this subsection “Book-Entry-Only SYSTEM” has been extracted from a schedule prepared by Depository Trust Company (“DTC”) entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING DTC AND BOOK-ENTRY-ONLY ISSUANCE.” The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.*

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Certificates”). The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each of the Certificates, each in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of the Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

4. To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

7. Redemption proceeds, distributions, and dividend payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the District or Agent,

on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

8. DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the District or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

9. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

10. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

NEITHER THE DISTRICT NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE CERTIFICATES UNDER THE RESOLUTION; (III) THE SELECTION BY DTC OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE CERTIFICATES OF A SERIES; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE CERTIFICATES; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF CERTIFICATES; OR (VI) ANY OTHER MATTER.

### ***Continuing Disclosure***

In order to permit bidders for the Certificates and other participating underwriters in the primary offering of the Certificates to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the District shall, or shall cause any Dissemination Agent to, not later than 365 days after the end of each fiscal year, commencing with the fiscal year ended June 30, 2020, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 in the Continuing Disclosure Certificate ("Disclosure Certificate") found in Appendix C of this Official Statement.

For the last five fiscal years (2015-2020), the District has complied with continuing disclosure obligations, which were to furnish audited financial statements upon request. Breach of the Disclosure Covenants will not constitute an "Event of Default" under the Resolution. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of the Certificates in the secondary market. Thus, a failure on the part of the District to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Certificates and their market price.

## **THE DISTRICT**

### ***General Information***

The District is located in southeastern North Dakota in Ransom, Cass, and Barnes Counties and includes the City of Enderlin (the “City”) and the surrounding area. The District has a population of approximately 1,998 and covers an area of 416 squares miles.

Table 4 provides a description of the District’s current facilities.

**Table 4**  
**District Facilities**

<u>Building</u>	<u>Year Built</u>	<u>Additions</u>	<u>Grades</u>	<u>Estimated Capacity</u>	<u>Current Enrollment</u>
Enderlin Area School	1933		K-12	560	225
Enderlin Elementary Addition		1998	K-3	175	84

### ***Organization and Administration***

The school board is the policy-making body. Among some of the roles of the School Board are to approve the budget, establish goals and priorities, acquire and dispose of property, serve as a link between the school system and the public and interpret educational needs and concerns of the community. The Board of Education is made up of five residents. The school board and the current administration are presented in the following tables.

**Table 5**  
**School Board**

<u>Name</u>	<u>Position</u>	<u>Expiration Date</u>
David Bjorkland	Member	2023
Paul Billing	Member	2023
Lauren Lemnus	Member	2021
Brian Midthun	Member	2022
Katie Geske	Member	2022

**Table 6**  
**District Administration**

<u>Name</u>	<u>Position</u>
Philip French	Superintendent
Tammy Boeder	Business Manager

## ***Enrollment Trends***

The District provides a complete curriculum to students in grades Kindergarten through 12<sup>th</sup> grade. Enrollments in the District for the last five years are set forth in Table 7 below. The District's enrollment for the 2019/20 school year was 309.

**Table 7**  
**Historical Enrollment**

<u>School Year</u>	<u>Students</u>
2018/19	300
2017/18	297
2016/17	302
2015/16	320
2014/15	326
2013/14	325

Source: North Dakota Department of Public Instruction.

## ***Pension Plans***

### **North Dakota Teachers Fund For Retirement (TFFR)**

The following brief description of TFFR is provided for general information purposes only. Participants should refer to the North Dakota Century Code ("NDCC") Chapter 15-39.1 for more complete information.

TFFR is a cost-sharing multiple-employer defined benefit pension plan covering all North Dakota public teachers and certain other teachers who meet various membership requirements. TFFR provides for pension, death and disability benefits. The cost to administer the TFFR plan is financed by investment income and contributions.

### **Member and Employer Contributions**

Member and employer contributions paid to TFFR are set by NDCC Section 15-39.1-09. Every eligible teacher in the State of North Dakota is required to be a member of TFFR and is assessed at a rate of 11.75% of salary as defined by NDCC Section 15-39.1-04. Every governmental body employing a teacher must also pay into TFFR a sum equal to 12.75% of the teacher's salary. Member and employer contributions will be reduced to 7.75% each when the fund reaches 100% funded ratio on an actuarial basis.

### **Pension Expense Related to Pensions**

### **North Dakota Public Employees Retirement System (NDPERS)**

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of seven members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system; one member elected by the retired public employees; and two members of the legislative assembly appointed by the chairman of the legislative management.

### **Member and Employer Contributions**

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contributions rates and 7.12% of covered compensation.

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

- 1 to 12 months of service – Greater of one percent of monthly salary or \$25
- 13 to 24 months of service – Greater of two percent of monthly salary or \$25
- 25 to 36 months of service – Greater of three percent of monthly salary or \$25
- Longer than 36 months of service – Greater of four percent of monthly salary or \$25

### **Pension Expense Related to Pensions**

For the year ended June 30, 2019, \$83,728 was reported as expense related to pensions resulting from Employer contributions.

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## **ECONOMIC AND DEMOGRAPHIC INFORMATION**

### ***General Information about the Area***

The City of Enderlin (the “City”), the County Seat of Ransom County, is located in southeastern North Dakota and primarily has an agricultural economy.

### ***Population***

Table 8 shows the population of the City of Enderlin and Ransom County as recorded in the past four decennial censuses plus a recent estimate.

**Table 8**  
**Population Statistics**

<u>Census Year</u>	<u>City of Enderlin<sup>(1)</sup></u>	<u>Ransom County<sup>(1)</sup></u>
2018 <sup>(1)</sup>	833	5,237
2010	886	5,457
2000	947	5,890
1990	997	5,921
1980	1,151	6,698

<sup>(1)</sup> July 2018 Estimate.

Source: U.S. Census Bureau, [www.census.gov](http://www.census.gov)

### ***Labor Force and Unemployment Statistics***

Average annual labor force and unemployment rates for Ransom County for the last five years and the most recent data available are presented in Table 9 below, along with the unemployment rates for the State of North Dakota and the United States.

**Table 9**  
**Labor Force and Unemployment Statistics**

<u>Year</u>	<u>Ransom County</u>		<u>North Dakota</u>	<u>United States</u>
	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>
2020 <sup>(1)</sup>	2,749	6.0%	8.6%	13.0%
2019	2,789	1.7%	2.4%	3.7%
2018	2,840	1.9%	2.6%	3.9%
2017	2,812	2.0%	2.7%	4.4%
2016	2,839	2.2%	3.1%	4.9%
2015	2,770	2.5%	2.8%	5.3%

<sup>(1)</sup> Date reflects May 2020 and is not seasonally adjusted.

Sources: Job Service of North Dakota, [www.jobsnd.com](http://www.jobsnd.com)  
U.S. Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov)

## ***Major Employers***

The majority of the major employers in the County and the District are located in the City of Enderlin. Table 10 presents a listing of the principal private employers within the County.

**Table 10**  
**Principal Employers**

<u>Employer</u>	<u>Product or Service</u>	<u>Employees</u>
ADM Northern Sun Div.	Food Products	113
Canadian Pacific Railway	Railroads	110
Maryhill Manor	Non-Profit Organizations	83
Plains Grain & Agronomy LLC	Grain Elevators	62
Sundale Hutterian Brethren	Associations	60
Enderlin High School	Schools	30
SuperValu Inc.	Grocers-Retail	30
National Weather Service	Government – Weather Agencies	24

Source: Reference USA.

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## **FINANCIAL SUMMARY**

(This summary is subject in all respects to more complete information contained in this Official Statement.)

2019/20 Market Value (100%)			\$ 354,923,457
2019/20 Assessed Value (50%)			\$ 177,461,729
2019/20 Taxable Value			\$ 16,981,252
General Obligation Debt			\$ 1,515,000
Certificates of Indebtedness (This Issue)			\$ 2,265,000
Overlapping Debt			\$ 1,266,287
District Population (District Estimate)			1,998
Land Area			416 square miles
Debt Ratios:			
	<u>Amount</u>	<u>Debt Per Capita (1,998)</u>	<u>% of Market Value</u>
General Obligation Debt	\$ 1,515,000	\$ 758	0.43%
Certificates of Indebtedness	2,265,000	1,134	0.64%
Overlapping Debt	<u>1,266,287</u>	<u>634</u>	<u>0.36%</u>
Total Long-Term Debt	<u>\$ 5,046,287</u>	<u>\$ 2,526</u>	<u>1.42%</u>

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## **DEBT STRUCTURE**

### ***General Obligation Debt***

Table 11 and

Table 12 below present the annual maturity schedule of outstanding general obligation debt.

**Table 11**  
**General Obligation Bonds**

<u>Date</u>	<u>Issue</u>	<u>Original Issue Size</u>	<u>Interest Range Outstanding</u>	<u>Outstanding Maturities</u>	<u>Principal Outstanding</u>
06/18/20	School Construction Loan, Series 2020A	\$ 1,515,000	2.00%	08/01/21-40	<u>\$ 1,515,000</u>
Total					<u>\$ 1,515,000</u>

**Table 12**  
**General Obligation Bonds**  
**Annual Maturity Schedule**

<u>Bond Year (August 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 58,950	\$ 33,919	\$ 92,869
2022	63,748	29,121	92,869
2023	65,023	27,846	92,869
2024	66,324	26,546	92,869
2025	67,650	25,219	92,869
2026	69,003	23,866	92,869
2027	70,384	22,486	92,869
2028	71,791	21,078	92,869
2029	73,227	19,643	92,869
2030	74,692	18,178	92,869
2031	76,186	16,684	92,869
2032	77,709	15,160	92,869
2033	79,263	13,606	92,869
2034	80,848	12,021	92,869
2035	82,465	10,404	92,869
2036	84,115	8,755	92,869
2037	85,797	7,072	92,869
2038	87,513	5,357	92,869
2039	89,263	3,606	92,869
2040	<u>91,049</u>	<u>1,821</u>	<u>92,869</u>
Total	<u>\$ 1,515,000</u>	<u>\$ 342,389</u>	<u>\$ 1,857,389</u>

### ***Limited Tax Debt***

The District does not have any outstanding limited tax debt as of the issuance of the Certificates.

## ***Certificates of Indebtedness***

Table 13 and Table 14 below present the annual maturity schedule of the Certificates.

**Table 13**  
**Certificates of Indebtedness**

<u>Date</u>	<u>Issue</u>	<u>Original Issue Size</u>	<u>Interest Range Outstanding</u>	<u>Outstanding Maturities</u>	<u>Principal Outstanding</u>
07/28/20	Refunding Certificates	\$ 2,265,000 <sup>(1)</sup>	Series 2020B	08/01/21-31	<u>\$ 2,265,000<sup>(1)</sup></u>
Total					<u>\$ 2,265,000<sup>(1)</sup></u>

<sup>(1)</sup>Preliminary, subject to change.

**Table 14**  
**Certificates of Indebtedness**  
**Annual Maturity Schedule**

<u>Bond Year (August 1)</u>	<u>Principal<sup>(1)</sup></u>	<u>Interest<sup>(1)</sup></u>	<u>Total<sup>(1)</sup></u>
2021	\$ 185,000	\$ 45,678	\$ 230,678
2022	190,000	41,600	231,600
2023	195,000	37,800	232,800
2024	200,000	33,900	233,900
2025	200,000	29,900	229,900
2026	205,000	25,900	230,900
2027	210,000	21,800	231,800
2028	215,000	17,600	232,600
2029	220,000	13,300	233,300
2030	220,000	8,900	228,900
2031	<u>225,000</u>	<u>4,500</u>	<u>229,500</u>
Total	<u>\$ 2,265,000</u>	<u>\$ 280,878</u>	<u>\$ 2,545,878</u>

<sup>(1)</sup>Preliminary, subject to change.

## ***Future Financing***

The District does not anticipate that it will issue additional obligations within the next six months.

## ***Debt Limitation***

According to Article V, Section 15 of the North Dakota Constitution and Section 21-03-04 of the North Dakota Century Code, North Dakota Schools Districts may not become indebted for any purpose in excess of 5% of their assessed value except that a school district by a majority vote of the qualified voters voting upon the question at a general or special election, may increase such limitation of indebtedness five percent on such assessed value beyond the five percent limit. Since the 1950s, the District's debt limit has been 10%. Section 57-02-01(16) of the North Dakota Century Code defines "Assessed Value" as 50% of the true and full value of the property. Table 15 presents the debt limit of the District.

**Table 15**  
**Debt Limit Computation**

Assessed Value (2019/20)	\$ 177,461,729
Limit Percentage	<u>5%</u>
Authorized Debt Limit (100.00%)	\$ 8,873,086
Debt Subject to Limit (17.07%)	<u>1,515,000</u>
Debt Margin (82.93%)	<u><u>\$ 7,358,086</u></u>

## ***Overlapping Debt***

There are two taxing jurisdictions which overlap the District and had general obligation debt as of July 1, 2020. Table 16 sets forth the general obligation debt for those jurisdictions and the amount of their debt allocable to the District. General Obligation debt includes all debt payable from general tax levies and special assessments and all annual appropriation lease obligations.

**Table 16**  
**Overlapping Debt**

<u>Entity</u>	<u>General Obligation Debt</u>	<u>% of Debt Allocable to the District</u>	<u>Portion Allocable to the District</u>
Ransom County	\$ 2,315,000	28.62%	\$ 662,662
Cass County	2,725,000	0.50%	13,625
City of Enderlin	<u>590,000</u>	100.00%	<u>590,000</u>
Total	<u><u>\$ 5,630,000</u></u>		<u><u>\$ 1,266,287</u></u>

Source: Ransom County.

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## **FINANCIAL INFORMATION**

### ***Financial Reports***

The District's financial statements are audited by an independent auditor on a cash basis. Copies of the District's audited financial statements for the fiscal years ended June 30, 2017 through 2019 are available upon request from PFM Financial Advisors LLC, the District's Municipal Advisor.

### ***Results of Operations***

Statements of revenues and expenditures of the General Fund of the District have been compiled from the District's audited financial statements. They have been presented in such a manner as to facilitate year-to-year comparison. Table 17 below presents a Statement of Revenues, Expenditures and Changes in Fund Balance for the District's General Fund for the fiscal years ended June 30, 2017 through 2019.

**Table 17**  
**Statement of Revenues, Expenditures and Changes in Fund Balance for the General Fund**  
**(Years Ended June 30)**

<b>Revenues</b>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Local Sources	\$ 1,160,684	\$ 1,118,325	\$ 994,142
Other Local Sources	70,078	35,865	46,939
State Sources	2,791,618	2,805,577	2,984,472
Federal Sources	<u>133,062</u>	<u>134,342</u>	<u>137,009</u>
Total Revenues	<u>\$ 4,155,442</u>	<u>\$ 4,094,109</u>	<u>\$ 4,162,562</u>
<b>Expenditures</b>			
Current			
Regular Instruction	\$ 2,181,361	\$ 2,179,889	\$ 2,289,680
Special Education	473,700	460,794	412,987
Vocational Education	211,704	222,825	222,893
Support Services			
Administrative	440,427	421,757	456,069
Operation & Maintenance	266,294	326,498	320,947
Pupil Transportation	204,739	213,676	203,617
Extracurricular	247,767	264,637	268,431
Debt Service		--	
Principal	--	--	
Interest	<u>61,227</u>	<u>--</u>	<u>--</u>
Total Expenditures	<u>\$ 4,087,220</u>	<u>\$ 4,090,076</u>	<u>\$ 4,174,535</u>
<b>Excess of Revenues over Expenditures</b>	\$ 68,222	\$ 4,033	\$ (11,973)
<b>Transfers In (Out)</b>	<u>(51,251)</u>	<u>(31,587)</u>	<u>(75,232)</u>
<b>Net Change in Fund Balance</b>	\$ 16,971	\$ (27,554)	\$ (87,205)
<b>Fund Balance - Beginning</b>	<u>978,464</u>	<u>1,006,017</u>	<u>1,093,222</u>
<b>Fund Balance - Ending</b>	<u>\$ 995,435</u>	<u>\$ 978,463</u>	<u>\$ 1,006,017</u>

## ***General Fund Budget***

Table 18 provides a summary of the District's budget for the General Fund for the 2019/20 school year.

**Table 18**  
**General Fund Budget**

	Adopted Budget <u>2019/2020</u>
<b>Revenues</b>	\$ 4,310,834
<b>Expenditures</b>	\$ 4,527,281

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## **PROPERTY VALUATIONS AND TAXES**

The City Assessor's office establishes an estimated market value on all properties. The assessed value is computed at 50% of estimated market value. The taxable value is then computed in the following manner: on residential property the taxable value is 9% of the assessed value; on agricultural property, commercial property, and railroad and other utilities the taxable value is 10% of the assessed value. Table 19 shows the taxable values of taxable property in the District for assessment year 2019 collectible in 2020. Table 20 shows the trend in property valuations over the last four years.

**Table 19**  
**Property Values in the District**

Levy 2019 / Payable 2020				
	<u>Market Value</u>	<u>Assessed Value</u>	Equalization <u>Factor</u>	<u>Taxable Value</u>
Real Property				
Residential	\$ 69,139,333	\$ 34,569,667	9.00%	\$ 3,111,270
Agricultural	209,078,784	104,539,392	10.00%	10,453,939
Commercial	53,753,700	26,876,850	10.00%	2,687,685
Utilities				
Railroad/Utilities	22,951,640	11,475,820	10.00%	1,147,582
Less: Tax Credits			10.00%	(419,224)
<b>Total</b>	<b>\$ 354,923,457</b>	<b>\$ 177,461,729</b>		<b>\$ 16,981,252</b>

Source: Ransom County.

**Table 20**  
**Trend in Valuations in the District**

<u>Assessment Year/ Collection Year</u>	<u>Market Value</u>	<u>Assessed Value</u>	<u>Taxable Value</u>
2018/19	\$ 327,846,329	\$ 163,923,164	\$ 15,926,488
2017/18	315,276,431	157,638,216	15,318,030
2016/17	294,548,496	147,274,478	15,019,801
2015/16	283,793,486	141,896,744	14,365,684

Source: Ransom County.

### ***Property Tax Levies and Collections***

After final equalization by assessing authorities in September of each year, the County Auditor calculates mill rates and spreads taxes. The resulting taxes are payable on the following January 1.

Taxes are collected by the County in two semiannual installments, and the receipts are distributed by the County to the local government entities. A discount of five percent is given on the tax bill if the entire payment is made by February 15. Discounts given are subtracted from the levy amount by the County Auditor. If taxes are not paid by March 1, a three percent penalty is charged with the penalty being raised on May 1 to six percent, on July 1 to nine percent, and on October 15 to twelve percent.

North Dakota residents over 65 years of age whose income is less than \$42,000 receive a homestead property tax credit. The credit is subtracted from their tax bill. Local government entities are reimbursed by the state for all homestead credits. Therefore, the District as well as other local government entities has no loss in tax revenues from the credit.

Table 21 shows the District's tax levies and collections for collection years 2016 through 2020.

**Table 21**  
**Tax Collections**

<u>Levy Year</u>	<u>Collection Year</u>	<u>Amount of Levy</u>	<u>Net Levy (95% of Levy)</u>	Net Levy Collected as of 05/31/2020	
				<u>Amount</u>	<u>% of Net Levy</u>
2019	2020	\$ 1,422,179	\$ 1,351,070	In process of collection . . . . .	
2018	2019	1,267,450	1,204,078	\$ 1,230,761	102.22%
2017	2018	1,176,271	1,117,457	1,148,722	102.80%
2016	2017	1,105,307	1,050,042	1,085,342	103.36%
2015	2016	1,013,024	962,373	977,592	101.58%

Source: Ransom County.

### ***Principal Taxpayers***

A list of the principal taxpaying parcels in the District with the highest taxable valuations for the 2019 assessment, for taxes payable in 2020, is presented in Table 22 below.

**Table 22**  
**Principal Taxpayers**

<u>Taxpayer</u>	<u>Taxable Value</u>	<u>% of Total Taxable Valuation<sup>(1)</sup></u>
Archer Daniels Midland Company	\$ 1,409,366	8.30%
Plains Grain & Agronomy Cooperative	657,585	3.87%
SOO Line Railroad	452,189	2.66%
Alliance Pipeline LTD	232,133	1.37%
Red River Valley & Western RR	113,330	0.67%
Individual	112,897	0.66%
Individual	104,595	0.62%
Otter Tail Power Company	91,499	0.54%
EVI Greenfield Apartments LLC	67,815	0.40%
Eighty-Four LLC	<u>57,915</u>	<u>0.34%</u>
Total	<u>\$ 3,299,324</u>	<u>19.43%</u>

<sup>(1)</sup> Based on the 2019/20 Taxable Value of \$16,981,252.

Source: Ransom County Auditor.

## ***Mill Levy Summary***

The table below shows the total mills levied by the District for the last five years.

**Table 23**  
**Mill Levy Summary**

	<u>2019/2020</u>	<u>2018/2019</u>	<u>2017/2018</u>	<u>2016/2017</u>	<u>2015/2016</u>
<b>Enderlin School District</b>					
General	69.25	65.93	65.28	62.12	61.65
Building Fund	10.00	9.42	10.00	10.00	5.97
Sinking and Interest	0.00	0.00	0.00	0.00	1.74
Miscellaneous	<u>4.50</u>	<u>4.24</u>	<u>1.50</u>	<u>1.47</u>	<u>1.24</u>
Total	<u>83.75</u>	<u>79.59</u>	<u>76.78</u>	<u>73.59</u>	<u>70.60</u>

Source: District and Ransom County Auditor.

## **RATING**

The District has requested a credit rating for the Certificates from Moody's Investors Service, Inc. ("Moody's"). A rating is subject to withdrawal at any time; withdrawal of a rating may have an adverse effect on the marketability of the Certificates. For an explanation of the significance of the rating, an investor should communicate with the rating agency.

## **TAX EXEMPTION**

The interest on the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals.

Noncompliance by the District following the issuance of the Certificates with its covenants in the resolution under which the Certificates are issued relating to certain continuing requirements of the Internal Revenue Code of 1986 (the "Code") may result in inclusion of interest to be paid on the Certificates in gross income of the recipient for United States income tax purposes.

Interest to be paid on the Certificates is also includable in the computation of alternative minimum taxable income for purposes of the environmental tax imposed by Section 59A of the Code on corporations. In the case of an insurance company subject to the tax imposed by Section 831 of the Code the amount which otherwise would be taken into account as losses incurred under Section 832(b)(5) of the Code must be reduced by an amount equal to fifteen percent of the interest to be paid on the Certificates that is received or accrued during the taxable year. Interest on the Certificates may additionally be included in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code.

The foregoing is not intended to be an exhaustive discussion of collateral tax consequences arising from ownership or disposition of the Certificates or receipt of interest on the Certificates. Prospective purchasers or certificate holders should consult their tax advisors with respect to collateral tax consequences and applicable state and local tax rules in states other than North Dakota.

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The Certificates will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to carrying and acquiring tax-exempt obligations. Sections 265(a)(2) and 291 of the Code impose additional limitations on the deductibility of such interest expense. The District will also represent and covenant that it does not reasonably expect that it or any subordinate entities to it will issue tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) in an aggregate amount greater than \$10,000,000 in 2020.

## **LEGAL MATTERS**

Legal matters incident to the authorization and issuance of the Certificates are subject to the opinion of Arntson Stewart Wegner PC, Fargo, North Dakota, as to validity and tax exemption. Bond Counsel has not participated in the preparation of this Official Statement.

## **MUNICIPAL ADVISOR**

The District has retained PFM Financial Advisors, LLC, of Minneapolis, Minnesota, as Municipal Advisor (the “Municipal Advisor”) in connection with the issuance of the Certificates. In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the District to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Certificates.

Requests for information concerning the District should be addressed to PFM Financial Advisors LLC, 50 South Sixth Street, Suite 2250, Minneapolis, Minnesota 55402 (612/338-3535) or 1726 Prairie Lane, Fargo, North Dakota 58103 (701/235-4416).

## **CLOSING DOCUMENTS**

Simultaneously with the delivery of and payment for the Certificates by the original purchasers thereof, the District will furnish to the original purchasers the customary closing documents in form satisfactory to Bond Counsel.

## **CERTIFICATION**

The District will furnish a statement to the effect that this Official Statement, to the best of its knowledge and belief as of the date of sale and the date of delivery, is true and correct in all material respects and does not contain any

untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

### **NO LITIGATION**

There is no litigation now pending or, to the knowledge of District officials, threatened which questions the validity of the Certificates or of any proceedings of the District taken with respect to the issuance or sale thereof.

### **MISCELLANEOUS**

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement by its Superintendent has been duly authorized by the District.

**ENDERLIN AREA PUBLIC SCHOOL DISTRICT NO. 24**

By: /s/ \_\_\_\_\_  
Superintendent

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**APPENDIX A**

**The District's Audited Financial Statements  
for the Fiscal Year Ended June 30, 2019**

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**ENDERLIN AREA PUBLIC SCHOOL DISTRICT  
ENDERLIN, NORTH DAKOTA**

**FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

ENDERLIN AREA PUBLIC SCHOOL DISTRICT  
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ENDERLIN AREA PUBLIC SCHOOL DISTRICT  
LIST OF OFFICIALS  
JUNE 30, 2019

BOARD OF EDUCATION

OFFICE

David Bjorklund  
Rick Gillund  
Lauren Lemnus  
Paul Billing  
Julia Beth Wall

President  
Vice-president

ADMINISTRATION

Philip French  
Tammy Boeder

Superintendent  
Business manager

# Harold J. Rotunda

## Certified Public Accountant

### INDEPENDENT AUDITOR'S REPORT

School Board  
Enderlin Area Public School District  
Enderlin, North Dakota

I have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund and aggregate remaining fund information of Enderlin Area Public School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

#### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Enderlin Area Public School District as of June 30, 2019, and the changes in the modified cash basis financial position and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

### **Basis of Accounting**

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to that matter.

### **Other Matters**

Management has omitted the management discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

### **Other Information**

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Enderlin Area Public School District's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 my opinion, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

West Fargo, North Dakota  
September 30, 2019

405 West Main Avenue Box 816 West Fargo, ND 58078 Phone (701) 281-0483 Cell 212-3908

ENDERLIN AREA PUBLIC SCHOOL  
STATEMENT OF NET POSITION- MODIFIED CASH BASIS  
JUNE 30, 2019

GOVERNMENTAL  
ACTIVITIES

ASSETS

Cash and investments	1,015,234.47
Accounts receivable	
Taxes receivable	-
Intergovernmental receivable	-
Due from County Treasurer	
Capital assets (net of accumulated depreciation)	5,149,468.94
Total Assets	6,164,703.41

LIABILITIES

Accounts Payable	
Salaries and benefits payable	-
Deferred revenue	
Long-term liabilities:	
Due within one year:	
Bonds payable	-
Notes payable	-
Due after one year:	
Bonds payable	-
Notes payable	2,431,093.29
Total liabilities	2,431,093.29

NET POSITION

Net investment in capital assets	2,718,375.65
Restricted for:	
Capital projects	-
Debt service	-
Unrestricted	1,015,234.47
Total Net Position	3,733,610.12

The accompanying notes are an integral part of these financial statements.

ENDERLIN AREA PUBLIC SCHOOL  
STATEMENT OF ACTIVITIES- MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2019

	Expenses	Program Charges for Services	Revenues Operating grants and Contributions	Net (expense) Revenue & Change: in Net Position Governmental Activities
<b>Governmental Activities:</b>				
Instruction				
Regular	2,181,361.09	23,130.06	133,062.23	(2,025,168.80)
Special Education	473,700.19		-	(473,700.19)
Vocational Education	211,704.12		25,043.13	(186,660.99)
Support Services				-
Administrative	440,427.25			(440,427.25)
Operation & maintenance	266,293.61			(266,293.61)
Pupil Transportation Services	204,738.78		126,625.40	(78,113.38)
Extracurricular	247,767.58			(247,767.58)
Food Service	193,137.88	97,959.16	71,278.47	(23,900.25)
Capital outlay	-	-	-	-
Debt Service				
Interest expense	66,858.28			(66,858.28)
Depreciation- Operation	416,525.42			(416,525.42)
Depreciation- Transportation	-			-
<b>Total Governmental Activities</b>	<b>4,702,514.20</b>	<b>121,089.22</b>	<b>356,009.23</b>	<b>(4,225,415.75)</b>
<b>General Revenues</b>				
<b>Taxes:</b>				
Property taxes, levied for general purposes				1,309,989.57
Property taxes levied for debt service				-
<b>State aid not restricted to specific program:</b>				
Per pupil aid				2,639,949.28
Interest income and other revenue				47,945.70
<b>Total General Revenues</b>				<b>3,997,884.55</b>
<b>Change in Net Position</b>				<b>(227,531.20)</b>
<b>Net Position- July 1</b>				<b>3,961,141.32</b>
<b>Net Position- June 30</b>				<b>3,733,610.12</b>

The accompanying notes are an integral part of these financial statements.

ENDERLIN AREA PUBLIC SCHOOL  
BALANCE SHEET- MODIFIED CASH BASIS- GOVERNMENTAL FUNDS  
JUNE 30, 2019

	GENERAL FUND	BUILDING FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and investments	995,434.62	80.09	19,719.76	1,015,234.47
Accounts receivable				-
Taxes receivable	-	-	-	-
Intergovernmental receivable	-			-
Due from County Treasurer				-
<b>Total Assets</b>	<b>995,434.62</b>	<b>80.09</b>	<b>19,719.76</b>	<b>1,015,234.47</b>
<b>LIABILITIES</b>				
Accounts Payable	-			-
Salaries and benefits payable	-			-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Uncollected taxes	-	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>				
Restricted for Capital Projects			-	-
Restricted for Debt Service		-		-
Restricted for General Purpose		80.09	19,719.76	19,799.85
Unassigned	995,434.62	-		995,434.62
<b>Total fund balance</b>	<b>995,434.62</b>	<b>80.09</b>	<b>19,719.76</b>	<b>1,015,234.47</b>
<b>Total liabilities, deferred inflows and fund</b>	<b>995,434.62</b>	<b>80.09</b>	<b>19,719.76</b>	<b>1,015,234.47</b>

The accompanying notes are an integral part of these financial statements.



ENDERLIN AREA PUBLIC SCHOOL  
 RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE  
 SHEET TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2019

Total Fund Balances for Governmental Funds	1,015,234.47
--	--------------

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and are not reported in governmental funds

Cost of capital assets	9,392,253.46	
Less accumulated depreciation	4,242,784.52	
Net capital assets		5,149,468.94

-

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities- both current and long-term are reported in the statement of net position. Balances at year end are:

Bonds payable	-
Notes payable	(2,431,093.29)

Total Net Position of Governmental Activities	3,733,610.12
---	--------------

The accompanying notes are an integral part of these financial statements.

ENDERLIN AREA PUBLIC SCHOOL  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES- MODIFIED CASH BASIS- GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2019

	GENERAL FUND	BUILDING FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Property taxes	1,160,683.61	149,215.74	90.22	1,309,989.57
Other local sources	70,078.00	206.64	98,750.28	169,034.92
State sources	2,791,617.81	-	-	2,791,617.81
Federal sources	133,062.23	-	71,278.47	204,340.70
Total Revenues	4,155,441.65	149,422.38	170,118.97	4,474,983.00
Current:				
Instruction				
Regular	2,181,361.09			2,181,361.09
Special Education	473,700.19			473,700.19
Vocational Education	211,704.12			211,704.12
Support Services				
Administrative	440,427.25			440,427.25
Operation & maintenance	266,293.61			266,293.61
Pupil Transportation Services	204,738.78			204,738.78
Extracurricular	247,767.58			247,767.58
Food Service	-		193,137.88	193,137.88
Other capital outlays	-	-	-	-
Debt Service				
Principal	-	170,675.41		170,675.41
Interest expense	61,227.22	5,631.06		66,858.28
Total Expenditures	4,087,219.84	176,306.47	193,137.88	4,456,664.19
Excess revenues (expenditures)	68,221.81	(26,884.09)	(23,018.91)	18,318.81
Other Financing Sources (Uses):				
Transfers in		26,793.56	24,457.25	51,250.81
Transfers out	(51,250.81)		-	(51,250.81)
Debt proceeds		-		-
Total other financing sources and uses	(51,250.81)	26,793.56	24,457.25	-
Net change in fund balances	16,971.00	(90.53)	1,438.34	18,318.81
Fund balance- beginning	978,463.62	170.62	18,281.42	996,915.66
Fund balance- ending	995,434.62	80.09	19,719.76	1,015,234.47

The accompanying notes are an integral part of these financial statements.

ENDERLIN AREA PUBLIC SCHOOL  
 RECONCILIATION OF GOVERNMENTAL STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2019

Net Change in Fund Balances- Total Governmental Funds	18,318.81
---	-----------

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.

Current year capital outlay	-	
Current year depreciation expense	416,525.42	(416,525.42)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net pos	Bonds payable	170,675.41
		-

Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of the decrease in taxes receivable.	-
--	---

Change in Net Position of Governmental Activities	(227,531.20)
---	--------------

The accompanying notes are an integral part of these financial statements.

**ENDERLIN AREA PUBLIC SCHOOL  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2019**

**ASSETS**

Cash and investments

**AGENCY  
FUNDS**

324,361.68

**Total Assets**

324,361.68

**LIABILITIES**

**Due to Student Groups**

324,361.68

**Total liabilities**

324,361.68

The accompanying notes are an integral part of these financial statements.

ENDERLIN AREA PUBLIC SCHOOL DISTRICT  
ENDERLIN AREA, NORTH DAKOTA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the ENDERLIN AREA Public School District (District) have been prepared on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The accompanying financial statements present the activities of the District. The district has considered all potential component units for which the district is financially accountable and other organizations for which the nature and significance of their relationships with the district such that exclusion would cause the district's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the district to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District.

Based on these criteria, there are no component units to be included within the District as a reporting entity.

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Government-wide statements: The statement of net assets and the statement of activities display information about the primary government, the District. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

ENDERLIN AREA PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund. The General Fund is the primary operating fund of the District and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds

Building fund. The Building fund is used to account for building construction and repairs.

The district reports the other following fund types:

Agency Funds. These funds account for assets by the district in a custodial capacity as an agent on behalf of others. The District's agency fund is used to account for various deposits of the student activity funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements. In the government-wide Statement of Net Assets and the Statement of Activities, activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the modified cash basis of accounting, is used as appropriate.

ENDERLIN AREA PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements presents sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

In the government-wide Statement of Net Assets and the Statement of Activities, activities are presented using a modified cash basis of accounting. This basis of accounting recognizes assets, liabilities, net assets/fund equity, revenues and expenditures when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

D. Budgets

Based upon available financial information and requests by the school board, the superintendent and business manager prepares the school district budget. The budget is prepared for the general fund on the modified cash basis of accounting. The budget includes the proposed expenditures and the means of financing them. All annual appropriations lapse at year-end.

ENDERLIN AREA PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

District taxes must be levied by the governing board on or before the fifteenth day of August. The taxes levied must be certified to the county auditor by August 25. The governing body of the school district may amend its tax levy and budget for the current fiscal year on or before the tenth day of October of each year, but the certification must be filed with the county auditor by October 10. The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.

E. Cash and Investments

Cash includes amounts in demand deposits and money market accounts.

F. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the district is depreciated using the straight line method over the following estimated useful lives:

ASSETS	YEARS
Permanent Buildings	50
Temporary or Wood Structures	20
Vehicles	10
Equipment	10



ENDERLIN AREA PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

G. Long-Term Obligations

In the government-wide financial statements, long term debt and other long term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

H. Fund Balance

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

**Restricted** - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed** - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the school board-the District's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the school board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

ENDERLIN AREA PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

**Assigned** - This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The school board and superintendent have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

**Unassigned** - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, the District's preference is to first use restricted resources, then unrestricted resources-committed, assigned, and unassigned-in order as needed.

The school board has not set a General Fund minimum fund balance.

I. Interfund Transactions

In the governmental fund statements, transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

In the government-wide financial statements, interfund transactions have been eliminated.

J. Use of estimates

The preparation of financial statements in conformity with the Other comprehensive basis of accounting (OCBOA) used by the District requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

ENDERLIN AREA PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

NOTE 2: LEGAL COMPLIANCE - BUDGETS

BUDGET AMENDMENTS

The school board did not amend the District budget for the year.

EXPENDITURES OVER APPROPRIATIONS

The school district did not overspend the budget for any individual funds. No remedial action is required by the district.

NOTE 3 DEPOSITS AND INVESTMENTS

In accordance with North Dakota Statutes, the District maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

Deposits must either be deposited with the Bank of North Dakota or in other financial institution situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities equal to 110% of the deposit not covered by insurance or bonds.

Authorized collateral includes bills, notes, or bonds issued by the United State government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal Land Bank bonds, notes, warrants, and certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies, instrumentalities, or by any District, District, township, school district, park district, or other political subdivision of the State of North Dakota whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States, or such other securities approved by the banking board.

At June 30, 2019, the District's carrying amount of deposits was \$1,347,290. Of the bank balances, \$500,000 was covered by Federal Depository Insurance. The remaining balance of \$847,290 was collateralized with securities held by the pledging financial institution's agent in the government's name.

ENDERLIN AREA PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

Credit Risk

State statutes authorize the District to invest in: (1) Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress. (2) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above. (3) Certificates of Deposit fully insured by the federal deposit insurance corporation or the state. (4) Obligations of the state.

Concentration of Credit Risk

The District does not have a limit on the amount it may invest in any one issuer.

NOTE 4: PROPERTY TAXES

Taxes receivable represents the past five years of uncollected current and delinquent taxes. No allowance has been established for uncollectible taxes receivable.

The county treasurer acts as and agent to collect property taxes levied in the county for all taxing authorities. Any material tax collections are distributed after the end of each month.

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1 and may be paid in two installments. The first installment includes one-half of the real estate taxes and all the special assessments and the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5% discount on property taxes is allowed if all taxes and special assessments are paid by February 15. After the due dates, the bill becomes delinquent and penalties are assessed.

Most property owners choose to pay property taxes and special assessments in a single payment on or before February 15 and receive the discount on the property taxes.

ENDERLIN AREA PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

NOTE 5: CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	Balance July 1	Increases	Decreases	Balance June 30
Governmental Activities				
Capital assets, not being depreciated:				
Land	82,688			82,688
Construction in progress				
Total	82,688			82,688
Capital assets, being depreciated				
Buildings and Improvements	7,826,347			7,826,347
Vehicles	1,175,343			1,175,343
Equipment	307,875			307,875
Total Cap Assets				
Being Depreciated	9,309,565			9,309,565
Less accumulated depreciation for:				
Buildings & Imp	2,716,690	343,747		2,716,690
Vehicles	937,033	56,220		937,033
Equipment	172,536	26,058		172,536
Total Accumulated Dep	3,826,259	426,026		3,826,259
Total Capital Assets				
Being Depreciated, Net	5,483,306			5,483,306
Governmental Activities				
Capital Assets, Net	5,992,020			5,565,994

Depreciation Expense was charged to functions/programs of the school district as follows:

Governmental Activities:	
Operation	369,806
Transportation	56,220
Total Dep Exp-Gov Activities	426,026

NOTE 6: LONG-TERM DEBT

Changes in Long-Term Liabilities - During the year ended June 30, 2019, the following changes occurred in liabilities reported in long-term debt:

	Payable 2018	Increases	Decreases	Payable 2019	Due Within One Year
Capital lease	2,601,769		166,334	2,601,769	166,334

ENDERLIN AREA PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

Lease payable

The District is obligated to the following capital lease agreements at June 30, 2019 are shown below:

2020	238,582
2021	238,582
2022	238,582
2023	238,582
2024	238,582
Thereafter	<u>3,101,561</u>
	4,291,468
Less amount representing interest	<u>1,692,699</u>
Principal balance remaining	<u>2,601,769</u>
	=====

NOTE 7: PENSION PLANS

General Information about the Pension Plan

North Dakota Teacher's Fund for Retirement

The following brief description of TFFR is provided for general information purposes only. Participants should refer to NDCC Chapter 15-39.1 for more complete information.

TFFR Is a cost-sharing multiple-employer defined benefit pension plan covering all North Dakota public teachers and certain other teachers who meet various membership requirements. TFFR provides for pension, death and disability benefits. The cost to administer the TFFR plan is financed by investment income and contributions.

Responsibility for administration of the TFFR benefits program is assigned to a seven-member board of Trustees (Board). The Board consists of the State Treasurer, the Superintendent of Public Instruction, and five members appointed by the Governor. The appointed members serve five-year terms which end on June 30 of alternate years. The appointed Board members must include two active teachers, one active school administrator, and two retired members. The TFFR Board submits any necessary or desirable changes in statutes relating to the administration of the fund, including benefit terms, to the Legislative Assembly for consideration. The Legislative Assembly has final authority for changes to benefit terms and contribution rates.

ENDERLIN AREA PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

Pension Benefits

For purposes of determining pension benefits, members are classified within one of three categories. Tier 1 grandfathered and Tier 1 non-grandfathered members are those with service credit on file as of July 1, 2008. Tier 2 members are those newly employed and returning refunded members on or after July 1, 2008.

Tier 1 Grandfathered

A Tier 1 grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or the sum of age and years of service credit equals or exceeds 85. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 6% per year for every year the member's retirement age is less than 65 years or the date as of which age plus service equal 85. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

Tier 1 Non-grandfathered

A Tier 1 non-grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

ENDERLIN AREA PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

Tier 2

A Tier 2 member is entitled to receive unreduced benefits when five or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or has reached age 50 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 65, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the five highest annual salaries earned divided by 60 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

Death and Disability Benefits

Death benefits may be paid to a member's designated beneficiary. If a member's death occurs before retirement, the benefit options available are determined by the member's vesting status prior to death. If a member's death occurs after retirement, the death benefit received by the beneficiary (if any) is based on the retirement plan the member selected at retirement.



ENDERLIN AREA PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

An active member is eligible to receive disability benefits when: (a) a total disability lasting 12 months or more does not allow the continuation of teaching, (b) the member has accumulated five years of credited service in North Dakota, and (c) the Board of Trustees of TFFR has determined eligibility based upon medical evidence. The amount of the disability benefit is computed by the retirement formula in NDCC Section 15-39.1-10 without consideration of age and uses the member's actual years of credited service. There is no actuarial reduction for reason of disability retirement.

Member and Employer Contributions

Member and employer contributions paid to TFFR are set by NDCC Section 15-39.1-09. Every eligible teacher in the State of North Dakota is required to be a member of TFFR and is assessed at a rate of 11.75% of salary as defined by NDCC Section 15-39.1-04. Every governmental body employing a teacher must also pay into TFFR a sum equal to 12.75% of the teacher's salary. Member and employer contributions will be reduced to 7.75% each when the fund reaches 100% funded ratio on an actuarial basis.

A vested member who terminates covered employment may elect a refund of contributions paid plus 6% interest or defer payment until eligible for pension benefits. A non-vested member who terminates covered employment must claim a refund of contributions paid before age 70  $\frac{1}{2}$ . Refunded members forfeit all service credits under TFFR. These service credits may be repurchased upon return to covered employment under certain circumstances, as defined by the NDCC.

Pension Expense Related to Pensions

For the year ended June 30, 2019, the Employer recognized pension expense of \$580,539.

Actuarial assumptions. The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	4.50% to 14.75%, varying by
service,	including inflation and
productivity	
Investment rate of return	8.00%, net of investment expenses
Cost-of-living adjustments	None

ENDERLIN AREA PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

For inactive members and healthy retirees, mortality rates are based on 80% of GRS Table 378 and 75% of GRS Table 379. For active members, mortality rates are based on the post-retirement mortality rates multiplied by 60% for males and 40% for females. For disabled retirees, mortality rates are based on the RP-2000 Disabled-Life tables for Males and Females multiplied by 80% and 95%, respectively.

The actuarial assumptions used were based on the results of an actuarial experience study dated January 21, 2010. They are the same as the assumptions used in the July 1, 2018, funding actuarial valuation for TFFR.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equities	57%	7.53%
Global Fixed Income	22%	1.40%
Global Real Assets	20%	5.38%
Cash Equivalents	1%	0.00%

Discount Rate. The discount rate used to measure the total pension liability was 8 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2018, Actuarial Valuation Report. For this, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2018. 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 as of June 30, 2018.

ENDERLIN AREA PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued TFFR financial report.

NORTH DAKOTA PUBLIC EMPLOYEE RETIREMENT SYSTEM (NDPERS)  
The District participates in the North Dakota Public Employees Retirement System (NDPERS) - Main System. The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

A. DESCRIPTION OF PENSION PLAN

NDPERS is a cost-sharing multiple-employer defined benefits pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of seven members. The Board consists of a Chairman, who is appointed by the governor, one member appointed by the Attorney General; one member appointed by the State Health Officer, three members elected by the active membership of the NDPERS system; and one member elected by the retired public employees.

B. PENSION BENEFITS

Benefits are set by statute. NDPERS has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85) or at normal retirement age of (65). The annual pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 55-64 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

ENDERLIN AREA PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

C. DEATH AND DISABILITY BENEFITS

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, lifetime monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition of disabled is set by the NDPERS in the North Dakota Administrative Code.

D. REFUNDS OF MEMBER ACCOUNT BALANCE

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

1 to 12 months of service - Greater of one percent of monthly salary or \$25  
13 to 25 months of service - Greater of two percent of monthly salary or \$25  
25 to 36 months of service - Greater of three percent of monthly salary or \$25  
Longer than 36 months of service - Greater of four percent of monthly salary or \$25

ENDERLIN AREA PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

E. MEMBER AND EMPLOYER CONTRIBUTIONS

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of covered compensation. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation.

F. PENSION EXPENSE RELATED TO PENSIONS

\$83,728 reported as expense related to pensions resulting from Employer contributions for the year ended June 30, 2019.

Actuarial assumptions. The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	3.85% per annum for four years, then 4.50% per annum
Investment rate of return	8.00%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table with ages set back three years. For disabled retirees, mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with ages set back one year for males (not set back for females).

The actuarial assumptions used were based on the results of an actuarial experience study completed in 2010. They are the same as the assumptions used in the July 1, 2018, funding actuarial valuation for NDPERS. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

ENDERLIN AREA PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31%	6.90%
International Equity	21%	7.55%
Private Equity	5%	11.30%
Domestic Fixed Income	17%	1.55%
International Fixed Income	5%	0.90%
Global Real Assets	20%	5.38%
Cash equivalents	1%	0.00%

Discount rate. The discount rate used to measure the total pension liability was 8 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2018, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2018. 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 as of June 30, 2018.

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report.

ENDERLIN AREA PUBLIC SCHOOL DISTRICT  
Notes to Financial Statements- Continued

NOTE 8: TRANSFERS

Transfers are used to move unrestricted general revenue to finance programs that the District accounts for in other funds in accordance with budget authority and to subsidize other programs.

The District transferred \$31,587, from the general fund to the food service fund.

NOTE 9: RISK MANAGEMENT

The District is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In 1986 state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The school district pays an annual premium to NDIRF for its general liability and automobile insurance coverage. The coverage by NDIRF is limited to losses of one million dollars per occurrence.

The State Bonding Fund currently provides the District with blanket fidelity bond coverage in the amount of \$1,000,000 for its employees. The State Bonding fund does not currently charge any premium for this coverage.

The district has workers compensation with the Workforce, Safety and Insurance and purchases commercial insurance for personal property, building, inland marine, and boiler and machinery.

ENDERLIN PUBLIC SCHOOL  
INCOME STATEMENT  
JUNE 30, 2019

	GENERAL	FOOD SERVICE	SPECIAL RESERVE	BUILDING	DEBT SERVICE	2019	2018	2017
<b>REVENUES</b>								
PROPERTY TAXES	1,160,683.61			149,215.74	90.22	1,309,989.57	1,278,689.32	1,139,184.56
OTHER LOCAL	70,078.00	98,630.93	74.27	206.64	45.08	169,034.92	158,890.26	250,231.42
STATE	2,791,617.81	-				2,791,617.81	2,806,181.19	2,985,597.76
FEDERAL	133,062.23	71,278.47				204,340.70	201,416.44	201,524.58
<b>TOTAL REV</b>	<b>4,155,441.65</b>	<b>169,909.40</b>	<b>74.27</b>	<b>149,422.38</b>	<b>135.30</b>	<b>4,474,983.00</b>	<b>4,445,177.21</b>	<b>4,576,538.32</b>
<b>EXPENSES</b>								
INSTRUCTION	2,393,065.21					2,393,065.21	2,402,714.39	2,512,572.75
ADMINISTRATION	440,427.25					440,427.25	421,756.85	456,069.23
TRANSPORTATION	204,738.78					204,738.78	213,676.16	203,617.22
PLANT	266,293.61					266,293.61	261,371.15	320,947.09
SPECIAL EDUCATIC	473,700.19					473,700.19	460,793.78	412,897.40
FOOD SERVICE		193,137.88				193,137.88	209,813.33	204,336.64
EXTRACURRICULA	247,767.58					247,767.58	264,636.78	268,431.39
CAPITAL OUTLAY				-		-	-	3,159,996.00
DEBT SERVICE	61,227.22			176,306.47	-	237,533.69	237,533.69	237,533.69
<b>TOTAL EXP</b>	<b>4,087,219.84</b>	<b>193,137.88</b>	<b>-</b>	<b>176,306.47</b>	<b>-</b>	<b>4,456,664.19</b>	<b>4,472,296.13</b>	<b>7,776,401.41</b>
<b>EXCESS REV (EXP)</b>	<b>68,221.81</b>	<b>(23,228.48)</b>	<b>74.27</b>	<b>(26,884.09)</b>	<b>135.30</b>	<b>18,318.81</b>	<b>(27,118.92)</b>	<b>(3,199,863.09)</b>
TRANSFERS IN		24,457.25		26,793.56		51,250.81	31,587.13	82,531.96
TRANSFERS OUT	(51,250.81)		-			(51,250.81)	(31,587.13)	(82,531.96)
CAP LEASE PROC				-		-	-	2,930,206.00
<b>EXCESS REV (EXP)</b>	<b>16,971.00</b>	<b>1,228.77</b>	<b>74.27</b>	<b>(90.53)</b>	<b>135.30</b>	<b>18,318.81</b>	<b>(27,118.92)</b>	<b>(269,657.09)</b>
<b>FUND BAL- BEG</b>	<b>978,463.62</b>	<b>-</b>	<b>7,301.40</b>	<b>170.62</b>	<b>10,980.02</b>	<b>996,915.66</b>	<b>1,024,034.58</b>	<b>1,293,691.67</b>
<b>FUND BAL- END</b>	<b>995,434.62</b>	<b>1,228.77</b>	<b>7,375.67</b>	<b>80.09</b>	<b>11,115.32</b>	<b>1,015,234.47</b>	<b>996,915.66</b>	<b>1,024,034.58</b>



ENDERLIN AREA PUBLIC SCHOOL  
 BUDGETARY COMPARISON SCHEDULE- GENERAL FUND  
 YEAR ENDED JUNE 30, 2019

	ORIGINAL/ FINAL BUDGET	ACTUAL	VARIANCE
Property taxes	1,162,458.00	1,160,683.61	(1,774.39)
Other local sources	37,200.00	70,078.00	32,878.00
State sources	2,772,160.68	2,791,617.81	19,457.13
Federal sources	132,859.40	133,062.23	202.83
Total Revenues	4,104,678.08	4,155,441.65	50,763.57
Current:			
Instruction			
Regular	2,306,581.34	2,181,361.09	125,220.25
Special Education	487,888.98	473,700.19	14,188.79
Vocational Education	212,664.18	211,704.12	960.06
Support Services			
Administrative	449,358.30	440,427.25	8,931.05
Operation & maintenance	325,980.02	266,293.61	59,686.41
Pupil Transportation Services	226,830.47	204,738.78	22,091.69
Extracurricular	282,911.52	247,767.58	35,143.94
Food Service	-	-	-
Debt Service			
Principal	-	-	-
Interest expense	61,227.22	61,227.22	-
Capital outlays			-
Total Expenditures	4,353,442.03	4,087,219.84	266,222.19
Excess revenues (expenditures)	(248,763.95)	68,221.81	316,985.76
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	(51,250.81)	(51,250.81)	-
Debt proceeds	-	-	-
Total other financing sources and uses	(51,250.81)	(51,250.81)	-
Net change in fund balances	(300,014.76)	16,971.00	316,985.76
Fund balance- beginning	978,463.62	978,463.62	-
Fund balance- ending	678,448.86	995,434.62	316,985.76



**APPENDIX B**

**Form of Legal Opinion**

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July \_\_\_\_, 2020

Enderlin Area Public School District No. 24  
410 Bluff Street  
Enderlin, North Dakota 58027

**\$2,265,000**  
**Enderlin Area Public School District No. 24**  
**Ransom County, North Dakota**  
**State Aid Refunding Certificates of Indebtedness**  
**Series 2020B**

We have acted as Bond Counsel to Enderlin Area Public School District No. 24, Ransom County, North Dakota (the “Issuer”) in connection with the issuance of its \$2,265,000 State Aid Refunding Certificates of Indebtedness, Series 2020B dated July \_\_\_\_, 2020 (the “Certificates”), issued pursuant to Chapter 21-02 of the North Dakota Century Code and a Resolution of the Issuer adopted July 20, 2020 (the “Resolution”).

In such capacity, we have examined the law and such certified proceedings and other documents as we have deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of North Dakota with the power to adopt the Resolution, perform the agreements on its part contained therein and issue the Certificates.
2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer. The Resolution creates a valid lien on

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July \_\_\_\_\_, 2020

Page 2

the State Appropriations to be received from the State of North Dakota (the “State Appropriations”) by the Issuer for the payment of the Certificates.

3. The Certificates have been duly authorized, executed and delivered by the Issuer and are a valid and binding limited obligation of the Issuer, payable solely from the State Appropriations pledged under the Resolution.

4. The interest on the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Certificates in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Certificates in gross income for federal income tax purposes to be retroactive to the date of issuance of the Certificates. We express no opinion regarding other federal tax consequences arising with respect to the Certificates.

5. The interest on the Certificates is excluded from gross income for State of North Dakota income tax purposes.

6. The Certificates have been designated by the Issuer as a “qualified tax-exempt obligation” for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended.

It is to be understood that the rights of the owner of the Certificates and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

Sincerely,

**ARNTSON STEWART WEGNER PC**

**APPENDIX C**

**Form of Continuing Disclosure Certificate**

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## CONTINUING DISCLOSURE CERTIFICATE

**THIS CONTINUING DISCLOSURE CERTIFICATE** (this “Disclosure Certificate”) is made and entered into as of July \_\_\_\_, 2020, by Enderlin Area Public School District No. 24 of Ransom County, North Dakota (the “District”), in connection with the issuance of the District’s \$2,265,000 State Aid Refunding Certificates of Indebtedness, Series 2020B (the “Bonds”). The Bonds are being issued pursuant to a Resolution adopted July 20, 2020 (the “Resolution”), and the Bonds will be delivered to the Purchaser on the date hereof. Pursuant to Section 7.02 of the Resolution, the District covenants and agrees as follows:

**SECTION 1. PURPOSE OF THIS DISCLOSURE CERTIFICATE.** This Disclosure Certificate is being executed and delivered by the District for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters within the meaning of SEC Rule 15c2-12(b)(5) (the “Rule”) in complying with the Rule. This Disclosure Certificate constitutes the written undertaking required by the Rule.

**SECTION 2. DEFINITIONS.** In addition to the definitions set forth in the Resolution, which apply to any capitalized term use in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

**“Annual Report”** means any Annual Report provided by the District pursuant to and as described in, Sections 3 and 4 of this Disclosure Certificate.

**“Disclosure Representative”** means the Business Manager of the District or his or her designee, or such other person as the District shall designate in writing to the Dissemination Agent, if any, from time to time.

**“Dissemination Agent”** means any Dissemination Agent appointed hereunder, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

**“Final Official Statement”** means the deemed final official statement dated July \_\_\_\_, 2020, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

**“Financial Obligation”** means: (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of a debt obligation or derivative instrument. Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

***“Financial Statements”*** means audited or, if unavailable, unaudited general purpose financial statements of the District prepared in accordance with generally accepted accounting principles, as in effect from time to time or as required to be modified as a matter of law. If unaudited financial statements are provided, audited financial statements will be provided when and if available.

***“Fiscal Year”*** means the fiscal year of the District.

***“MSRB”*** means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, DC 20005.

***“Owner”*** means the person in whose name the Bond is registered or a beneficial owner of such Bond.

***“Participating Underwriter”*** means any of the original underwriters of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

***“Repository”*** means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (EMMA) system or any other nationally recognized municipal securities information repository recognized from time to time by the SEC for purposes of the Rule.

***“Rule”*** means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

***“SEC”*** means the Securities and Exchange Commission.

***“Specified Event”*** means any of the events listed in Section 5(a) of this Disclosure Certificate.

### **SECTION 3. PROVISION OF ANNUAL REPORTS.**

(a) The District shall, or shall cause any Dissemination Agent to, not later than 365 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2020, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report to the Dissemination Agent, if any. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited Financial Statements of the District may be submitted separately from the balance of the Annual Report.

(b) If by fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Dissemination Agent, if any, has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with subsection (a).

(c) If the Dissemination Agent, if any, is unable to verify that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Dissemination Agent shall send, in a timely manner, a notice to the Repository in substantially the form attached as Exhibit A.

(d) The Disclosure Representative or the Dissemination Agent, if any, shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the Repository;

(ii) transmit the Annual Report to the Repository by (A) electronic facsimile transmissions, confirmed by first class mail, postage prepaid, or (B) first class mail, postage prepaid, or any overnight delivery service selected by the Disclosure Representative or the Dissemination Agent; and

(iii) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided, and listing all the Repositories to which it was provided.

**SECTION 4. CONTENT OF ANNUAL REPORTS.** The District's Annual Report shall contain or incorporate by reference the following:

(a) audited Financial Statements; and

(b) updated information contained in Tables \_\_\_\_\_ and \_\_\_\_\_ of the Final Official Statement.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the District is an "obligated person" (as defined by the Rule), which have been filed with the Repository or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so incorporated by reference.

**SECTION 5. REPORTING OF SPECIFIED EVENTS.**

(a) The District shall also provide in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events or conditions of which any of its Board Members or employees has actual knowledge:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties (the Bond issue has no debt service reserve);

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform (the Bond issue has no credit or liquidity providers);

(vi) adverse tax opinions the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of Owners of the Bonds, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar events of the District;

(xiii) the consummation of a merger, consolidation or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(b) Unless otherwise required by law, the District shall provide notices of Specified Events required by this Section to the Repository.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the District shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the District's information.

**SECTION 6. TERMINATION OF REPORTING OBLIGATION.** The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

**SECTION 7. DISSEMINATION AGENT.** The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. If at any time there is no other designated Dissemination Agent, the Business Manager of the District shall be the Dissemination Agent.

**SECTION 8. AMENDMENT; WAIVER.** Notwithstanding any other provision of this Disclosure Certificate, the District and the Dissemination Agent may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the District) and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule. This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the District receives an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of this Disclosure Certificate may be amended without the consent of the Owners of the Bonds, but only upon the receipt by the District of an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Disclosure Certificate by the District with the Rule.

**SECTION 9. ADDITIONAL INFORMATION.** Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Specified Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Specified Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Specified Event.

**SECTION 10. DEFAULT.** In the event of a failure of the District or the Dissemination Agent to comply with any provision of this Disclosure Certificate, the Dissemination Agent may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any Owner, including beneficial owners, may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

**SECTION 11. DUTIES, IMMUNITIES AND LIABILITIES OF DISSEMINATION AGENT.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

**SECTION 12. BENEFICIARIES.** This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters, and Owners, including beneficial owners, from time to time of the Bonds, and shall create no rights in any other person or entity.

**SECTION 13. COUNTERPARTS.** This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**IN WITNESS WHEREOF**, the District has caused this Disclosure Certificate to be executed by its duly authorized officers, all as of the date first above written.

**ENDERLIN AREA PUBLIC SCHOOL  
DISTRICT NO. 24**

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President of the School Board

ATTEST:

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Business Manager

**EXHIBIT A**

**NOTICE TO REPOSITORIES  
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: **Enderlin Area Public School District No. 24**

Name of Bond Issue: **State Aid Refunding Certificates of Indebtedness, Series 2020B**

Name of District: **Enderlin Area Public School District No. 24**

Date of Issuance: **July \_\_\_\_\_, 2020**

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named bonds as required by Section 7.02 of the Resolution adopted July 20, 2020. The District anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_.

\_\_\_\_\_,  
on behalf of the DISTRICT

cc: District



**APPENDIX D**

**Official Notice of Sale**

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## **OFFICIAL NOTICE OF SALE**

**\$2,265,000<sup>(1)</sup>**

### **STATE AID REFUNDING CERTIFICATES OF INDEBTEDNESS, SERIES 2020B ENDERLIN AREA PUBLIC SCHOOL DISTRICT NO. 24, NORTH DAKOTA**

#### **TIME AND PLACE**

Electronic and sealed bids for the purchase of \$2,265,000<sup>(1)</sup> State Aid Refunding Certificates of Indebtedness, Series 2020B (the "Certificates") will be received by Enderlin Area Public School District No. 24, North Dakota (the "District") on Monday, July 20, 2020, until 11:00 A.M. Central Time in the Minneapolis office of PFM Financial Advisors LLC, 50 South Sixth Street, Suite 2250, Minneapolis, Minnesota 55402. Considerations of the award of the Certificates will be by the School Board at a meeting on the day of the sale at 5:30 P.M. Central Time. The bid offering to purchase the Certificates upon the terms specified herein and most favorable to the District will be accepted unless all bids are rejected. No bid may be altered or withdrawn after the time appointed for opening bids.

#### **SECURITY AND PURPOSE**

The Certificates are special limited obligations of the District for the payment of which it pledges its State Aid to be received by the District from the North Dakota Department of Public Instruction. The Certificates will be issued to (i) refund an energy lease that was used to make energy improvements to a school building and (ii) pay the costs associated with the issuance of the Certificates.

#### **CREDIT ENHANCEMENT**

The District will participate in the North Dakota School District Credit Enhancement Program.

#### **FORM OF BIDS**

Bids must be submitted on or in substantial compliance with the Official Bid Form provided by the District or through Parity® (the "Electronic Bid System"). The District shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the electronic bidding, facsimile facilities or the means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

No bid will be received after 11:00 A.M. Central Time on Monday, July 20, 2020, as specified in the Notice of Sale. The time as maintained by the Electronic Bid System shall constitute the official time with respect to all bids submitted. A bid may be withdrawn before the bid deadline using the same method used to submit the bid. If more than one bid is received from a bidder, the last bid received shall be considered.

Sealed Bidding: Sealed bids may be submitted and will be received at the office of PFM Financial Advisors LLC, 50 South Sixth Street, Suite 2250, Minneapolis, Minnesota 55402.

Electronic Bidding: Electronic bids must be submitted through Parity (the "Electronic Bid System"). Information about the Electronic Bid System may be obtained by contacting Parity® at i-Deal/Parity®, Customer Support, 1359 Broadway, 2nd Floor, New York, New York 10018 (212) 849-5021.

Each bidder shall be solely responsible for making necessary arrangements to access the Electronic Bid System for purposes of submitting its electronic bid in a timely manner and in compliance with the requirements of the Terms of Offering. The District is permitting bidders to use the services of the Electronic Bid System solely as a communication mechanism to conduct the electronic bidding and the Electronic Bid System is not an agent of the

District. Provisions of the Notice of Sale, Terms of Offering or Official Bid Form shall control in the event of conflict with information provided by the Electronic Bid System.

**Electronic Facsimile Bidding:** Bids may be submitted via facsimile at the office of PFM Financial Advisors LLC, Minneapolis, Minnesota, fax number: 612-338-7264. Electronic facsimile bids will be sealed and treated as sealed bids. Neither the District nor its agents will assume liability for the inability of the bidder to reach the above named fax number prior to the time of sale specified above. The time of receipt by the District must be prior to 11:00 A.M. Central Time on Monday, July 20, 2020 as maintained by the Electronic Bid System as described above.

## **BOND TERMS**

The Certificates are dated July 28, 2020 as the date of original issuance and are in global book-entry form, and individual purchases may be made in denominations of \$5,000 and integral multiples thereof of a single maturity. Principal is payable annually on August 1 in the following years and amounts:

<u>Year</u>	<u>Principal<sup>(1)</sup></u>	<u>Year</u>	<u>Principal<sup>(1)</sup></u>
2021	\$ 185,000	2027	\$ 210,000
2022	190,000	2028	215,000
2023	195,000	2029	220,000
2024	200,000	2030	220,000
2025	200,000	2031	225,000
2026	205,000		

<sup>(1)</sup> Preliminary, subject to change.

## **INTEREST**

Interest on the Certificates shall be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020. Interest will be computed on a 360-day year, 30-day month basis, and paid to the owners of record as of the close of business on the fifteenth day of the immediately preceding month. Payments coming due on a non-business day will be paid on the next business day.

## **ADJUSTMENT TO PRINCIPAL AFTER DETERMINATION OF BEST BID**

The District reserves the right after the bids are opened and prior to award of the Certificates, to change the aggregate par amount and the maturity amounts of the Certificates in multiples of \$5,000. Such adjustments shall be in the sole discretion of the District or its designee, provided that the District or its designee shall only make such adjustments in order to establish a debt service structure that is acceptable to the District. In the event the par amount or the maturity amounts of the Certificates are adjusted, the purchase price will be adjusted to ensure that the percentage net compensation (i.e., the percentage resulting from dividing (i) the aggregate difference between the offering price of the Certificates to the public and the price to be paid to the District (excluding accrued interest) by (ii) the principal amount of the Certificates) remains constant.

## **REDEMPTION PROVISIONS**

The Certificates are not subject to optional redemption.

## **TERM BOND OPTION**

Proposals for the Certificates may contain a maturity schedule providing for any combination of serial bonds and term bonds subject to mandatory redemption so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above.

## **TYPE OF PROPOSAL AND AWARD**

Bids for not less than **\$2,242,350 (99.0% of Par)** plus accrued interest from the date of the Certificates to the date of delivery must be received by the District prior to the time specified above. Each bid must specify the interest rates on the Certificates in multiples of 1/20 or 1/8 of one percent. All Certificates of the same maturity shall bear a single uniform rate from date of issue to maturity. Each proposal must be for the entire principal amount of the Certificates. Interest will be computed on a 360-day-year, 30-day month basis.

The bid which results in the lowest true interest cost ("TIC") will be deemed the most favorable. The true interest cost is computed as the discount rate which, when used with semiannual compounding to determine the present worth of the principal and interest payments (taking into account the anticipated credit payments from the Internal Revenue Service) as of the date of the Certificates, produces an amount equal to the purchase price. If two or more bids provide the same lowest interest rate, the District shall determine which bid shall be accepted, and such determination shall be final.

Upon award of the Certificates, the successful bidder will advise the District of the initial reoffering price to the public or beneficial ownership interests in each maturity of the Certificates. Simultaneously with or before delivery of the Certificates, the successful bidder shall furnish to the District a certificate in form and substance acceptable to bond counsel (a) confirming the initial reoffering prices, (b) certifying that a bona fide initial reoffering of the Certificates has been made to the public (excluding bond houses, brokers, and other intermediaries), and (c) stating the price at which a substantial portion of the Certificates were sold to the public (excluding bond houses, brokers and other intermediaries).

The District reserves the right to reject any and all bids, to waive any informality in any bid and to adjourn the sale.

## **GOOD FAITH DEPOSIT**

A Good Faith Deposit ("Deposit") in the form of a certified or cashier's check payable to the District, or a wire transfer immediately following the award of the Certificates, in the amount of \$22,650, is required by the successful bidder (the "Purchaser"). The Deposit should be received or wire-transferred not later than 3:30 P.M. Central Time on the next business day following the award. If such Deposit is not received by that time, the District may rescind its award from the winning bidder and award the sale of the Certificates to the next best bidder.

## **BOND INSURANCE AT PURCHASER'S OPTION**

If the Certificates qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder, the purchase of any such policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser of the Certificates. Any increased costs of issuance of the Certificates resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the District has requested and received a rating on the Certificates from a rating agency, the District will pay that rating fee. Any other rating agency fees shall be the responsibility of the Purchaser.

Failure of the municipal bond insurer to issue the policy after Certificates have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery on the Certificates.

## **RATING**

The District has requested a credit rating for the Certificates from Moody's Investors Service ("Moody's"). A rating is subject to withdrawal at any time; withdrawal of a rating may have an adverse effect on the marketability of the Certificates. For an explanation of the significance of the rating, an investor should communicate with the rating agency.

## **LEGAL OPINION**

An opinion as to the validity of the Certificates will be furnished by Arntson Stewart Wegner PC, Fargo, North Dakota, Bond Counsel. The legal opinion, in substantially the form included as Appendix B in the Official Statement, will accompany the Certificates and will state that the Certificates are valid and binding general obligations of the District enforceable in accordance with their terms, except to the extent to which enforceability may be limited by principles of equity and by state or United States laws relating to bankruptcy, reorganization, moratorium or creditors' rights generally.

## **DELIVERY**

The Certificates will be delivered without cost to the Purchaser at a location mutually agreed upon by the Purchaser and the District. Delivery will be subject to the approving legal opinion of Arntson Stewart Wegner PC., Fargo, North Dakota, Bond Counsel, and customary closing certificates, including a certificate that the Official Statement did not at the date of delivery of the Certificates contain any untrue statement of a material fact or fail to state a material fact necessary in order to make the statements contained therein not misleading, a certificate as to absence of material litigation, and an arbitrage certificate. Certificates will be delivered against payment in immediately available funds at the District's designated depository on the date of delivery. Delivery is expected to occur on or about July 28, 2020.

## **BOOK-ENTRY FORMAT**

The Certificates will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (DTC), New York, New York. DTC will act as securities depository for the Certificates, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Certificates. So long as Cede & Co. is the registered owner of the Certificates, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such Payments to its participants for subsequent disbursement to the beneficial owners of the Certificates.

## **CUSIP NUMBERS**

The Purchaser will assume no obligation for assignment or printing of CUSIP numbers on the Certificates or for the correctness of such numbers printed thereon, but will permit such printing to be done at the expense of the Purchaser, if the Purchaser waives any extension of the time of deliver cause thereby.

## **ESTABLISHMENT OF ISSUE PRICE**

The winning bidder shall assist the District in establishing the issue price of the Certificates and shall execute and deliver to the District at closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Certificates, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the District and Bond Counsel. All actions to be taken by the District under this Notice of Sale to establish the issue price of the Certificates may be taken

on behalf of the District by the District's Municipal Advisor and any notice or report to be provided to the District may be provided to the District's Municipal Advisor.

The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Certificates) will apply to the initial sale of the Certificates (the "competitive sale requirements") because:

- 1) the District shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- 2) all bidders shall have an equal opportunity to bid;
- 3) the District may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- 4) the District anticipates awarding the sale of the Certificates to the bidder who submits a firm offer to purchase the Certificates at the highest price (or lowest cost), as set forth in this Notice of Sale

**Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Certificates, as specified in the bid.**

In the event that the competitive sale requirements are not satisfied, the District shall promptly so advise the winning bidder. The District may then determine to treat the initial offering price to the public as of the award date of the Certificates as the issue price of each maturity by imposing on the winning bidder the Hold-the-Offering-Price Rule as described in the following paragraph (the "Hold-the-Offering-Price Rule"). Bids will not be subject to cancellation in the event that the District determines to apply the Hold-the-Offering-Price Rule to the Certificates. **Bidders should prepare their bids on the assumption that the Certificates will be subject to the Hold-the-Offering-Price Rule in order to establish the issue price of the Certificates.**

By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Certificates to the public on or before the date of award at the offering price or prices (the "Initial Offering Price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Certificates, that the underwriters will neither offer nor sell unsold Certificates of any maturity to which the Hold-the-Offering Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the award date for the Certificates and ending on the earlier of the following:

- 1) the close of the fifth (5<sup>th</sup>) business day after the award date; or
- 2) the date on which the underwriters have sold at least 10% of a maturity of the Certificates to the public at a price that is no higher than the Initial Offering Price to the public (the "10% Test"), at which time only that particular maturity will no longer be subject to the Hold-the-Offering-Price Rule.

The District acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the Hold-the-Offering-Price Rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the Hold-the-Offering-Price Rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the Hold-the-Offering-Price Rule, as set forth in the retail distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the Hold-the-Offering-Price Rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the Hold-the-Offering-Price Rule as applicable to the Certificates.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each

dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Certificates to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in – 7 – the related pricing wires.

*Notes: Sales of any Certificates to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:*

- 1) *“public” means any person other than an underwriter or a related party,*
- 2) *“underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the public).*
- 3) *a purchaser of any of the Certificates is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation or another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership or another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and*
- 4) *“sale date” means the date that Certificates are awarded by the District to the winning bidder.*

#### **OFFICIAL STATEMENT**

The District has prepared an Official Statement dated July 13, 2020 which the District deems to be a preliminary or “near-final” Official Statement as that term is defined in Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”). The Official Statement is available to prospective proposers and to others who request copies from the District or its Municipal Advisor, PFM Financial Advisors LLC.

Not later than seven business days following the award of the Certificates, the District shall provide copies of the Final Official Statement, as that term is used in the Rule, to the Purchaser of the Certificates. The Final Official Statement will be the Official Statement dated July 13, 2020 which includes the maturity date and amount, interest rate and reoffering yield or price, and any other information required by law.

The Purchaser will be supplied with Final Official Statements in a quantity sufficient to meet their request. Up to 25 copies of the Final Official Statement will be furnished without cost.

#### **ENDERLIN AREA PUBLIC SCHOOL DISTRICT NO. 24**

By: /s/ Philip French  
Superintendent

Further information may be obtained from:  
PFM Financial Advisors LLC  
50 South Sixth Street, Suite 2250  
Minneapolis, Minnesota 55402  
Tel: (612) 338-3535  
Fax: (612) 338-7264



## **EXHIBIT A TO NOTICE OF SALE**

\$2,265,000

ENDERLIN AREA PUBLIC SCHOOL DISTRICT NO. 24, NORTH DAKOTA  
STATE AID REFUNDING CERTIFICATES OF INDEBTEDNESS, SERIES 2020B

### **ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ (“\_\_\_\_\_”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Series 2020B Certificates”).

#### **1. REASONABLY EXPECTED INITIAL OFFERING PRICE.**

(a) As of the Sale Date, the reasonably expected initial offering prices of the Series 2020B Certificates to the Public by \_\_\_\_\_ are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Series 2020B Certificates used by \_\_\_\_\_ in formulating its bid to purchase the 2020B Certificates. Attached as Schedule B is a true and correct copy of the bid provided by \_\_\_\_\_ to purchase the Series 2020B Certificates.

(b) \_\_\_\_\_ was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by \_\_\_\_\_ constituted a firm offer to purchase the 2020B Certificates.

#### **2. DEFINED TERMS.**

**“Maturity”** or **“Maturities”** means Series 2020B Certificates with the same credit and payment terms. Series 2020B Certificates with different maturity dates, or Series 2020B Certificates with the same maturity date but different stated interest rates, are treated as separate Maturities.

**“Public”** means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

**“Sale Date”** means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2020B Certificates. The Sale Date of the Series 2020B Certificates is July 20, 2020.

**“Underwriter”** means (i) any person that agrees pursuant to a written contract with Ward County, North Dakota (the “Issuer”) (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2020B Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2020B Certificates to the Public (including a member of a selling group or a

party to a retail distribution agreement participating in the initial sale of the 2020B Certificates to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents \_\_\_\_\_'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Series 2020B Certificates, and by Arntson Stewart Wegner PC, in connection with rendering its opinion that the interest on the 2020B Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Series 2020B Certificates.

Dated: [ISSUE DATE]

\_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

## OFFICIAL BID FORM

### **\$2,265,000<sup>(1)</sup> State Aid Refunding Certificates of Indebtedness, Series 2020B Enderlin Area Public School District No. 24, North Dakota**

Enderlin Area Public School District No. 24  
Members of the School Board  
PFM Financial Advisors LLC

**Sale Date: July 20, 2020**  
Fax: 612-338-7264

For all or none of the principal amount of \$2,265,000<sup>(1)</sup> State Aid Refunding Certificates of Indebtedness, Series 2020B (the "Certificates"), dated as of date of delivery, legally issued and as described in the Official Notice of Sale, we will pay the District \$\_\_\_\_\_ (not less than \$2,242,350) plus accrued interest on the total principal of \$2,265,000<sup>(1)</sup> to date of delivery, provided the Certificates bear the following interest rates:

<u>Year</u>	<u>Principal<sup>(1)</sup></u>	<u>Interest Rate*</u>	<u>Year</u>	<u>Principal<sup>(1)</sup></u>	<u>Interest Rate*</u>
2021	\$ 185,000	_____ %	2027	\$ 210,000	_____ %
2022	190,000	_____ %	2028	215,000	_____ %
2023	195,000	_____ %	2029	220,000	_____ %
2024	200,000	_____ %	2030	220,000	_____ %
2025	200,000	_____ %	2031	225,000	_____ %
2026	205,000	_____ %			

<sup>(1)</sup> Preliminary, subject to change.

The Certificates will mature on August 1 in the above years and amounts. Interest is payable on February 1 and August 1, commencing February 1, 2021.

We hereby designate that the following bonds be aggregated into term bonds maturing on August 1, of the following years and in the following amounts (leave blank if no term bonds are specified):

<u>Years Aggregated</u>	<u>Maturity Year</u>	<u>Amount</u>
_____ through _____	_____	_____
_____ through _____	_____	_____
_____ through _____	_____	_____

**In making this offer, we accept the terms and conditions as defined in the Official Notice of Sale published in the Official Statement dated July 13, 2020, and certify that we are an Underwriter and have an established industry reputation for underwriting new issuances of municipal certificates. Our good faith deposit in the amount of \$22,650 will be filed with PFM Financial Advisors LLC according to the terms outlined in the Notice of Sale. All blank spaces of this offer are intentional and are not to be construed as an omission**

NOT PART OF THE BID:

Explanatory Note: According to our computation, this bid involves the following:

\$ \_\_\_\_\_  
Net Interest Cost

\_\_\_\_\_ %

True Interest Rate (TIC)

Respectfully submitted,

\_\_\_\_\_  
Account Manager

By \_\_\_\_\_

(A list of the firms associated with us in this bid is on the reverse side of this proposal.)

The foregoing offer is hereby accepted by and on behalf of Enderlin Area Public School District No. 24, this 20<sup>th</sup> day of July, 2020.

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Business Manager