

In the opinion of Arntson Stewart Wegner PC, Fargo, North Dakota, Bond Counsel, the interest to be paid on the Certificates is included in gross income of the recipient for United States and State of North Dakota income tax purposes. (See "STATE AND FEDERAL TAX CONSIDERATIONS" herein.)

OFFICIAL STATEMENT**\$11,805,000⁽¹⁾**

**TAXABLE STATE AID REFUNDING CERTIFICATES OF INDEBTEDNESS, SERIES 2019
BARNES COUNTY NORTH PUBLIC SCHOOL DISTRICT NO. 7
(Barnes, Stutsman and Griggs Counties, North Dakota)**

Dated: December 4, 2019**Principal Due:** August 1, 2020 through 2033

The \$11,805,000⁽¹⁾ Taxable State Aid Refunding Certificates of Indebtedness, Series 2019 (the "Certificates") issued by Barnes County North Public School District, 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, on an advance refunding basis, the Lease Revenue Bonds, Series 2012, dated March 8, 2012 (the "Refunded Bonds") 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, 2020 through 2033, and interest, payable semiannually on each February 1 and August 1 commencing August 1, 2020, 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</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2020	\$ 595,000	3.000%	2.000%	067780AA4	2026	\$ 840,000	2.500%	2.500%	067780AG1
2021	720,000	3.000%	2.050%	067780AB2	2027	860,000	2.600%	2.600%	067780AH9
2022	745,000	3.000%	2.100%	067780AC0	2028	885,000	2.700%	2.700%	067780AJ5
2023	765,000	3.000%	2.200%	067780AD8	2029	905,000	2.800%	2.800%	067780AK2
2024	790,000	3.000%	2.300%	067780AE6	2030	930,000	2.850%	2.850%	067780AL0
2025	815,000	3.000%	2.400%	067780AF3	2031	955,000	2.900%	2.900%	067780AM8

\$2,000,000 3.000% Term Bond due August 1, 2033 Yield 3.000% CUSIP: 067780AP1

The Certificates maturing on August 1, 2029 and thereafter are subject to optional redemption on August 1, 2028 and any date thereafter at a price of par plus accrued interest to the redemption date.

NOT BANK QUALIFIED: The Certificates are not "Qualified Tax-Exempt Obligations."

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

REGISTRAR/PAYING AGENT: UMB Bank, Minneapolis, Minnesota

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

Robert W. Baird & Co., Inc. has agreed to purchase the Certificates from the District for an aggregate price of **\$11,835,984.02**. The Certificates will be available for delivery on or about **December 4, 2019**.

The date of this Official Statement is November 15, 2019.

(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.)

Baird



No dealer, broker, salesman or other person has been authorized by the District, the Municipal Advisor or the Underwriters to give any information or to make any representations other than those contained in this Official Statement or the Final Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the District, the Municipal Advisor or the Underwriters. This Official Statement or the Final Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Certificates by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. 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 or the Final 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.

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.

TABLE OF CONTENTS

<i><u>Page</u></i>	<i><u>Page</u></i>
Introduction to the Official Statement	1
Description of the Certificates	3
Authority and Purpose	3
Security and Source of Payment	3
State Aid.....	4
North Dakota School Credit Enhancement Program.....	6
Redemption Provisions	7
Interest	7
Sources and Uses of Funds	7
Book-Entry Only System	7
Continuing Disclosure.....	9
The District.....	10
General Information	10
Organization and Administration	10
Enrollment Trends.....	11
Pension Plans	11
Economic and Demographic Information.....	15
General Information about the Area.....	15
Population	15
Labor Force and Unemployment Statistics	15
Housing and Income Statistics	16
Major Employers in the Counties	17
Major Employers in the District.....	17
Financial Summary.....	18
Debt Structure.....	19
General Obligation Long-Term Debt.....	19
Lease Obligations.....	19
Certificates of Indebtedness	20
Future Financing	20
Debt Limitation	21
Overlapping Debt.....	21
Financial Reports	22
Results of Operations	22
General Fund Budget	23
Property Valuations and Taxes	24
Property Tax Levies and Collections	24
Principal Taxpayers	25
Mill Levy Summary	26
Rating	26
Federal Tax Status	26
Bond Premium	26
Legal Matters.....	27
Municipal Advisor.....	27
Closing Documents.....	27
Certification.....	27
No Litigation	27
Miscellaneous	28
Appendix A -	The District's Audit Report for the Fiscal Year Ended June 30, 2019
Appendix B -	Form of Legal Opinion
Appendix C -	Form of Continuing Disclosure Certificate

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INTRODUCTION TO THE OFFICIAL STATEMENT

The following information is furnished solely to provide limited introductory information regarding the \$11,805,000 Taxable State Aid Refunding Certificates of Indebtedness, Series 2019 (the "Certificates") issued by Barnes County North Public School District No. 7, 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.

Issuer:	Barnes County North Public School District No. 7, North Dakota (the "District").
Authority of Issuance:	The Certificates are being issued by the District pursuant to Chapter 21-02 of the North Dakota Century Code, and pursuant to a resolution that has been duly adopted by the District.
Purpose:	The Certificates will be issued to (i) refund, on an advance refunding basis, the Lease Revenue Bonds, Series 2012, dated March 8, 2012 (the "Refunded Bonds") and (ii) pay the costs associated with the issuance of the Certificates.
Security:	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.
Principal Payment:	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.
Interest Payment:	Interest on the Certificates is payable on February 1 and August 1, commencing August 1, 2020.
Optional Redemption	The Certificates maturing on August 1, 2029 and thereafter are subject to optional redemption on August 1, 2028 and any date thereafter at a price of par plus accrued interest.
Credit Enhancement:	The District will participate in the North Dakota School District Credit Enhancement Program.
Denominations:	\$5,000 or integral multiples thereof of a single maturity.
Book-Entry Only:	The Certificates will be issued as book-entry only securities through the Depository Trust Company.
Not Bank Qualified:	The Certificates are <u>not</u> designated as "Qualified Tax-Exempt Obligations"
Registrar & Paying Agent	UMB Bank
Professional Consultants:	<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> UMB Bank Minneapolis, Minnesota
Legal Matters:	Validity 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.
Dated Date/Delivery Date:	On or about December 4, 2019

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.

Questions regarding the Certificates 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 November 13, 2019 (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 District will refund the \$14,500,000 Lease Revenue Bonds, Series 2012, dated March 8, 2012.

Table 1
Plan of Refunding

<u>Series</u>	<u>Maturities Outstanding</u>	<u>Principal Amount Outstanding</u>	<u>Interest Rate</u>	<u>Call Date</u>	<u>Maturities to be Refunded</u>
2012	2020	\$ 610,000	4.00%	--	\$ 610,000
	2021	635,000	4.00%	--	635,000
	2022	660,000	4.00%	05/01/2021	660,000
	2024 ⁽¹⁾	1,400,000	4.00%	05/01/2021	1,400,000
	2027 ⁽¹⁾	2,330,000	4.25%	05/01/2021	2,330,000
	2030 ⁽¹⁾	2,645,000	4.50%	05/01/2021	2,645,000
	2033 ⁽¹⁾	<u>3,015,000</u>	4.50%	05/01/2021	<u>3,015,000</u>
Total		<u>\$ 11,295,000</u>			<u>\$ 11,295,000</u>

⁽¹⁾ Term Bond

The District will deposit a portion of the proceeds of the Certificates and other funds into an escrow account with UMB Bank (the “Escrow Agent”), in such amount as may be required to be invested in securities authorized for such purpose by North Dakota Century Code maturing on such dates and bearing interest at such rates as are required to provide funds sufficient, along with cash retained in the escrow account, to pay principal of the non-callable maturities of the Refunded Bonds on their maturity dates, principal of the callable Refunded Bonds on the Call Date, and to pay interest due on the Refunded Bonds to and including the Call Date.

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 2019 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.

State Aid

History of State Aid for the District

The following table shows the State Aid received by the District.

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 2,576,581
2019	2,582,981
2018	2,800,529
2017	2,924,620
2016	3,148,323
2015	3,202,799
2014	3,487,755
2013	2,553,564
2012	2,515,911
2011	2,546,961

(1) Balance as of August, 2019

Source: North Dakota Department of Public Instruction

Debt Service Coverage

The following table sets forth debt service coverage of the Certificates based on the State Aid available for debt service

Table 2
Debt Service Coverage

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage to State Aid⁽¹⁾</u>
2020	\$ 595,000	\$ 223,633	\$ 818,633	3.15x
2021	720,000	321,845	1,041,845	2.47x
2022	745,000	300,245	1,045,245	2.47x
2023	765,000	277,895	1,042,895	2.47x
2024	790,000	254,945	1,044,945	2.47x
2025	815,000	231,245	1,046,245	2.46x
2026	840,000	206,795	1,046,795	2.46x
2027	860,000	185,795	1,045,795	2.46x
2028	885,000	163,435	1,048,435	2.46x
2029	905,000	139,540	1,044,540	2.47x
2030	930,000	114,200	1,044,200	2.47x
2031	955,000	87,695	1,042,695	2.47x
2032	985,000	60,000	1,045,000	2.47x
2033	1,015,000	30,450	1,045,450	2.46x

(1) Coverage Calculation is based on the total projected State Aid for the 2019/2020 fiscal year of \$2,576,581.06 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.

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 \$1,048,435 in the year ending August 1, 2028. The total state aid due to the District for the 2019-20 school year is \$2,576,581.06. The state aid provides 2.46 times coverage for the maximum annual debt service of all outstanding bonds in the Program.

Redemption Provisions

Optional Redemption

The Certificates maturing on August 1, 2029 and thereafter are subject to optional redemption on August 1, 2028 and any date thereafter at a price of par plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption

Term Certificates maturing on August 1, 2033 are required to be redeemed in part prior to maturity on August 1 at a principal amount thereof plus accrued interest to the redemption date, in the amounts set forth below:

<u>Year</u>	<u>Amount</u>
2032	\$ 985,000
2033 (Maturity)	1,015,000

Interest

Interest on the Certificates will be payable annually on each February 1 and August 1, commencing August 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.

Sources and Uses of Funds

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

Table 3
Sources and Uses of Funds

Sources of Funds	
Par Amount	\$ 11,805,000.00
Premium	<u>103,537.75</u>
Total Sources of Funds	<u>\$ 11,908,537.75</u>
Uses of Funds	
Deposit to Escrow Account	\$ 11,751,320.71
Cost of Issuance/Underwriter's Discount	155,703.73
Additional Proceeds	<u>1,513.31</u>
Total Uses of Funds	<u>\$11,908,537.75</u>

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 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.

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. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. 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).

8. 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.

9. 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.

10. 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.

11. 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 ending June 30, 2019, 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.

Within the last five years the District has never failed to comply with its only prior undertaking pursuant to the Rule with the following exceptions. Its audited financial statements for fiscal years ended June 30, 2014 were filed on January 20, 2015 (24 days late), and its financial and operating data for the same year was filed on December 31, 2014 (4 days late).

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

Barnes County North Public School District No. 7 (the “District”) is located in Barnes, Stutsman and Griggs Counties in southeastern North Dakota. It serves an area of approximately 1,050 square miles and has an estimated population of 2,000. The District’s office is located in Wimbledon, which is approximately 90 miles west of Fargo and 131 miles east of Bismarck

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>
School Building	2013	--	PreK-12	25/classroom	275

Organization and Administration

Barnes County North Public Schools has nine school board members who are elected for four-year terms. The Board meets on the third Wednesday of each month at 7:00 P.M. The School Board members and the School Administrators are shown below.

Table 5
School Board

<u>Name</u>	<u>Position</u>	<u>Expiration Date</u>
Mike Schwehr	President	2022
Lee Guscette	Vice President	2022
Cynthia Christianson	Member	2020
Michele Elston	Member	2020
Chad Bakken	Member	2021
Robert Harstad	Member	2021
Lori Carlson	Member	2021
Brent Bruner	Member	2022

Table 6
District Administration

<u>Name</u>	<u>Position</u>
Michael Severson	Superintendent
Lindsay Polk	Business Manager

Enrollment Trends

The District provides a complete curriculum to students in grades Kindergarten through 12th 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 is 275.

Table 7
Historical Enrollment

<u>School Year</u>	<u>Students</u>
2018/19	261
2017/18	268
2016/17	285
2015/16	289
2014/15	297

Source: Barnes County North Public School District No. 7

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.

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.

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

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 the 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 years 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 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 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 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 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 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.

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.

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^{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 Expenses Related to Pensions

For the year ended June 30, 2019, the District recognized pension expense of \$188,080.

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

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 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
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 8.00 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 TFFR financial report.

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ECONOMIC AND DEMOGRAPHIC INFORMATION

General Information about the Area

The District is located in three counties, Barnes, Griggs and Stutsman Counties, in Southeastern North Dakota. The District resides in Wimbledon, North Dakota, 90 miles west of Fargo and 131 miles east of Bismarck.

Population

Table 8 shows the population of Barnes, Griggs, and Stutsman Counties as recorded in the past four decennial censuses plus a recent estimate.

Table 8
Population Statistics

<u>Census Year</u>	<u>Barnes County</u>	<u>Griggs County</u>	<u>Stutsman County</u>
2018 ⁽¹⁾	10,542	2,232	20,917
2010	11,066	2,420	21,100
2000	11,775	2,754	21,908
1990	12,545	3,303	22,241
1980	13,960	3,714	24,154

⁽¹⁾ July 2018 Estimate.

Source: U.S. Census Bureau, www.census.gov

Labor Force and Unemployment Statistics

Average annual labor force and unemployment rates for Barnes, Griggs, and Stutsman Counties 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 found in Table 10 in the following page.

Table 9
Labor Force Statistics

<u>Year</u>	<u>Labor Force</u>				
	<u>Barnes County</u>	<u>Griggs County</u>	<u>Stutsman County</u>	<u>North Dakota</u>	<u>United States</u>
2019 ⁽¹⁾	5,223	1,037	10,273	403,519	163,943,000
2018	5,279	1,060	10,536	404,299	162,075,000
2017	5,418	1,123	10,947	410,396	160,320,000
2016	5,623	1,160	11,082	412,765	159,187,000
2015	5,631	1,152	10,683	413,068	157,130,000
2014	5,587	1,183	10,420	413,544	155,922,000

⁽¹⁾ Date reflects September, 2019.

Source: Job Service of North Dakota

Table 10
Unemployment Statistics

Year	Unemployment Rate				
	<u>Barnes County</u>	<u>Griggs County</u>	<u>Stutsman County</u>	<u>North Dakota</u>	<u>United States</u>
2019 ⁽¹⁾	2.0%	1.9%	1.8%	1.9%	3.3%
2018	2.7%	2.3%	2.5%	2.7%	3.9%
2017	2.8%	2.9%	2.4%	2.8%	4.4%
2016	3.2%	2.8%	2.5%	3.1%	4.9%
2015	3.2%	2.3%	2.6%	2.7%	5.3%
2014	3.1%	2.4%	2.8%	2.6%	6.2%

⁽¹⁾ Date reflects September, 2019.

Housing and Income Statistics

Table 11 below presents key housing and income statistics for the Counties as compared with the State of North Dakota.

Table 11
Housing and Income Statistics

	<u>Barnes County</u>	<u>Griggs County</u>	<u>Stutsman County</u>	<u>State of North Dakota</u>
Median Value of Home (2013-2017)	\$ 117,200	\$ 91,800	\$ 130,900	\$ 174,100
Median Household Income (2013-2017)	\$ 56,237	\$ 50,272	\$ 56,088	\$ 61,285
Per Capita Personal Income				
2017	\$ 48,674	\$ 51,105	\$ 49,366	\$ 52,269
2016	52,510	57,634	51,245	52,632
2015	47,989	51,107	47,658	53,559
2014	48,527	55,422	48,268	56,004

Source: U.S. Census Bureau, www.census.gov.
Bureau of Economic Analysis, www.bea.gov.

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Major Employers in the Counties

The majority of the major employers in the Counties and the District are located in Stutsman County. Table 12 presents a listing of the principal private employers within the counties in the District

Table 12
Principal Employers

<u>Employer</u>	<u>County</u>	<u>Product or Service</u>	<u>Employees</u>
Collins Aerospace	Stutsman	Aircraft Components – Manufacturing	560
North Dakota State Hospital	Stutsman	Hospitals	500
Anne Carlsen Center	Stutsman	Rehabilitation Services	317
Lutheran Charity Association	Stutsman	Associations	301
JRMC Obstetrics & Gynecology	Stutsman	Physicians & Surgeons	300
Jamestown Regional Medical Center	Stutsman	Hospitals	276
Sheyeene Care Center	Barnes	Nursing & Convalescent Homes	250
Open Door Center	Barnes	Group Homes	245
Eventide Jamestown	Stutsman	Skilled Nursing Care Facilities	220
Cavendish Farms Operations Inc.	Stutsman	Potatoes - Wholesale	210

Source: Reference USA.

Major Employers in the District

Table 13 below shows the distribution of industries in the District.

Table 13
Principal Employers

<u>Industry Sector</u>	<u>Business/Service</u>	<u>Employees</u>
Arrowwood Prairie Co-op	Co-op	23
ADM	Grain Elevator	15
Dakota Spirit Midwest Ag Energy	Ethanol Plant	40
Self-Employed Farmers	Agriculture	

Source: Barnes County North Public School District No. 7.

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FINANCIAL SUMMARY

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

2018/19 Market Value (100%)			\$ 603,922,091
2018/19 Assessed Value (50%)			\$ 302,261,055
2018/19 Taxable Value			\$ 29,732,564
General Obligation Long-Term Debt			\$ 0
Lease Obligations			\$ 0
Certificates of Indebtedness (This Issue)			\$ 11,805,000
Overlapping Debt			\$ 2,397,728
District Population			2,000
Land Area			730 square miles
Debt Ratios:			
	<u>Amount</u>	<u>Debt Per Capita (2,000)</u>	<u>% of Market Value</u>
Certificates of Indebtedness	\$ 11,805,000	\$ 5,903	1.95%
Overlapping Debt	<u>2,397,728</u>	<u>1,199</u>	<u>0.40%</u>
Total Long-Term Debt	<u>\$ 14,202,728</u>	<u>\$ 7,101</u>	<u>2.35%</u>

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DEBT STRUCTURE

General Obligation Long-Term Debt

The District does not have any general obligation long-term debt outstanding as of the issuance of the Certificates.

Lease Obligations

The leases to the District are for one year, subject to annual renewal at the District's option and annual appropriations by the School Board of the District. Table 14 below summarizes the District's outstanding lease commitments by issue.

Table 14
Limited Tax Long-Term Debt by Issue

<u>Date</u>	<u>Purpose</u>	<u>Original Issue Size</u>	<u>Interest Range</u>	<u>Maturity Dates Outstanding</u>	<u>Principal Amount Outstanding</u>
2012	K-12 Facility	\$ 14,500,000	4.00%-4.50%	05/01/2020-33	\$ <u> --⁽¹⁾</u>
Total Limited Tax Long-Term Debt					\$ <u> --</u>

⁽¹⁾ The 2020-2033 maturities are being advance refunded by the 2019 Certificates of Indebtedness

Certificates of Indebtedness

Table 15 and Table 16 summarize the District's Taxable State Aid Refunding Certificates of Indebtedness, Series 2019.

Table 15
Certificates of Indebtedness

<u>Date</u>	<u>Purpose</u>	<u>Original Issue Size</u>	<u>Interest Range</u>	<u>Maturity Dates Outstanding</u>	<u>Principal Amount Outstanding</u>
12/04/19	Refunding Certificates of Indebtedness	\$ 11,805,000	2.500%-3.00%	08/01/2020-33	<u>\$ 11,805,000</u>
Total Limited Tax Long-Term Debt					<u>\$ 11,805,000</u>

Table 16
Certificates of Indebtedness
Annual Maturity Schedule

<u>Calendar Year (December 31)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 595,000	\$ 223,633	\$ 818,633
2021	720,000	321,845	1,041,845
2022	745,000	300,245	1,045,245
2023	765,000	277,895	1,042,895
2024	790,000	254,945	1,044,945
2025	815,000	231,245	1,046,245
2026	840,000	206,795	1,046,795
2027	860,000	185,795	1,045,795
2028	885,000	163,435	1,048,435
2029	905,000	139,540	1,044,540
2030	930,000	114,200	1,044,200
2031	955,000	87,695	1,042,695
2032	985,000	60,000	1,045,000
2033	<u>1,015,000</u>	<u>30,450</u>	<u>1,045,450</u>
Total	<u>\$ 11,805,000</u>	<u>\$ 2,597,718</u>	<u>\$ 14,110,085</u>

Future Financing

The District does not anticipate that it will issue additional general obligation bonds 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 17 presents the debt limit of the District.

Table 17
Debt Limit Computation

Assessed Value (2018/19)	\$ 302,261,055
Limit Percentage	<u>5%</u>
Authorized Debt Limit (100.00%)	\$ 15,113,052
Debt Subject to Limit (35.24%)	<u>--</u>
Debt Margin (64.76%)	<u><u>\$ 15,113,052</u></u>

Overlapping Debt

There is one taxing jurisdiction which overlaps the District and has general obligation debt as of November 1, 2019. Table 18 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 18
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>
Stutsman County	\$ 6,285,000	38.15%	<u>\$ 2,397,728</u>
Total			<u><u>\$ 2,397,728</u></u>

Source: The County

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FINANCIAL INFORMATION

Financial Reports

The District's financial statements are prepared using the modified cash basis of accounting and are audited by an independent auditor. Copies of the District's audited financial statements for the fiscal years ended June 30, 2016 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 19 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, 2016 through 2019.

Table 19
Statement of Revenues, Expenditures and Changes in Fund Balance for the General Fund
(Years Ended June 30)

Revenues	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Local Sources	\$ 2,051,448	\$ 2,133,654	\$ 1,819,511	\$ 1,638,569
State Sources	2,592,521	2,800,529	2,924,621	3,148,323
Federal Sources	102,653	105,680	76,138	120,152
Other Sources	<u>69,766</u>	<u>55,264</u>	<u>38,670</u>	<u>49,691</u>
Total Revenues	<u>\$ 4,816,388</u>	<u>\$ 5,095,129</u>	<u>\$ 4,858,940</u>	<u>\$ 4,956,735</u>
Expenditures				
Current				
Regular Instruction	\$ 2,085,522	\$ 2,203,663	\$ 1,963,795	\$ 1,874,191
Administration	528,006	633,383	556,526	557,265
Transportation	504,407	503,891	482,863	519,717
Operation and Maintenance	228,824	198,181	218,736	238,680
Special Education	65,659	68,981	55,624	76,630
Vocational Education	162,224	0	165,037	151,586
Food Service	109,527	106,919	87,503	95,336
Extracurricular	125,877	95,447	124,465	94,602
Capital Outlay	--	--	--	--
Debt Service				
Principal	590,000	1,152,624	1,299,688	1,095,503
Interest expense	<u>498,380</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenditures	<u>\$ 4,898,426</u>	<u>\$ 4,963,089</u>	<u>\$ 4,954,237</u>	<u>\$ 4,703,510</u>
Excess of Revenues over Expenditures	\$ (82,038)	\$ 132,040	\$ (95,297)	\$ 253,225
Transfers In (Out)	<u>--</u>	<u>(75,000)</u>	<u>--</u>	<u>(195,500)</u>
Net Change in Fund Balance	\$ (82,038)	\$ 57,040	\$ (95,297)	\$ 57,725
Prior Period Adjustments				
Fund Balance - July 1	<u>\$ 1,677,315</u>	<u>\$ 1,620,277</u>	<u>\$ 1,715,574</u>	<u>\$ 1,657,849</u>
Fund Balance - June 30	<u>\$ 1,595,277</u>	<u>\$ 1,677,317</u>	<u>\$ 1,620,277</u>	<u>\$ 1,715,574</u>

General Fund Budget

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

Table 20
General Fund Budget

	Adopted Budget <u>2019/2020</u>
Revenues	
Local Sources	\$ 2,190,614
State and County Sources	2,770,803
Federal Sources	112,357
Other Sources	<u>--</u>
Total Revenues	<u>\$ 5,073,774</u>
Expenditures	<u>\$ 5,309,987</u>

(The remainder of this page has been left blank intentionally.)

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 21 shows the taxable values of taxable property in the District for assessment year 2018 collectible in 2019. Table 22 shows the trend in property valuations over the last five years.

Table 21
Property Values in the District

Levy 2018 / Payable 2019				
	<u>Market Value</u>	<u>Assessed Value</u>	Equalization <u>Factor</u>	<u>Taxable Value</u>
Real Property				
Residential	\$ 92,708,111	\$ 46,354,065	9.00%	\$ 4,171,865
Agricultural	352,034,840	176,017,420	10.00%	17,601,742
Commercial	85,244,960	42,622,480	10.00%	4,262,248
Utilities				
Railroad	27,246,820	13,623,410	10.00%	1,362,341
Other Utilities	46,687,360	23,643,680	10.00%	2,334,368
Total	\$ 603,922,091	\$ 302,261,055		\$ 29,732,564

Source: Barnes, Stutsman, and Griggs Counties.

Table 22
Trend in Valuations in the District

<u>Assessment Year/ Collection Year</u>	<u>Market Value</u>	<u>Assessed Value</u>	<u>Taxable Value</u>
2017/18	\$ 595,457,175	\$ 297,728,588	\$ 29,309,427
2016/17	576,085,557	288,043,106	28,390,939
2015/16	606,075,250	303,037,626	29,948,707
2014/15	504,019,341	252,009,673	24,889,117
2013/14	461,399,941	230,699,973	22,743,031

Source: Barnes, Stutsman, and Griggs Counties.

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 23 shows the District's tax levies and collections for levy years 2014 through 2019.

Table 23
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 09/30/2019	
				<u>Amount</u>	<u>% of Net Levy</u>
2018	2019	\$ 2,080,409	\$ 1,976,389	In process of collection	
2017	2018	2,104,226	1,999,015	\$ 1,980,136	97.13%
2016	2017	2,086,661	1,982,328	2,096,713	100.00%
2015	2016	1,828,591	1,737,161	1,737,161	100.00%
2014	2015	1,897,779	1,802,890	1,802,890	100.00%

Source: Barnes, Stutsman, and Griggs Counties.

Principal Taxpayers

A list of the principal taxpaying parcels in the District with the highest taxable valuations for the 2018 assessment, for taxes payable in 2019, is presented in Table 24 below.

Table 24
Principal Taxpayers

<u>Taxpayer</u>	<u>County</u>	<u>Taxable Value</u>	<u>% of Total Taxable Valuation⁽¹⁾</u>
Cargill Inc	Stutsman	\$ 2,416,679	8.13%
Alliance Pipeline Ltd	Barnes	1,180,234	3.97%
Mpls St Paul & Sault Te	Barnes	601,133	2.02%
Archer-Daniels-Midland Co	Barnes	529,450	1.78%
Kinder Morgan Cochin LLC	Barnes	340,235	1.14%
Agrium Us Inc	Barnes	319,375	1.07%
Spiritwood Energy Park Assc	Stutsman	316,774	1.07%
BNSF Railway Co.	Barnes	315,170	1.06%
Private Taxpayer	Barnes	281,015	0.95%
Burlington Northern Railroad	Stutsman	<u>251,550</u>	<u>0.85%</u>
Total		<u>\$ 6,551,615</u>	<u>22.04%</u>

⁽¹⁾ Based on the 2018/19 Taxable Value of \$29,732,564.

Source: Barnes, Stutsman, and Griggs Counties.

Mill Levy Summary

The table below shows the total mills currently by the District.

Table 25
Mill Levy Summary

	<u>2018/2019</u>	<u>2017/2018</u>	<u>2016/2017</u>	<u>2015/2016</u>	<u>2014/2015</u>
Barnes County North PSD No. 7					
General	60.00	63.32	60.00	56.51	68.00
Building Fund	10.00	6.93	10.00	8.23	9.91
Miscellaneous	<u>0.00</u>	<u>2.97</u>	<u>5.00</u>	<u>0.00</u>	<u>0.00</u>
Total	<u>70.00</u>	<u>73.22</u>	<u>75.00</u>	<u>64.74</u>	<u>77.91</u>

Source: District and North Dakota Department of Public Instruction.

RATING

S&P Global Ratings (S&P) has assigned an enhanced rating of “AA” based on the District’s participation in the North Dakota School Credit Enhancement Program and an underlying rating of “A”. 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.

FEDERAL TAX STATUS

The interest on the Certificates is included in gross income for federal and the State of North Dakota income tax purposes.

Certificates Premium

The Certificates maturing in the years 2020 through 2025 are being sold at a price greater than the principal amount payable on such Certificates at maturity. Except in the case of dealers, which are subject to special rules, Certificates holders who acquire Certificates at a premium, even Certificates that were not initially offered at a premium, must, from time to time, reduce their federal and North Dakota tax bases for the Certificates for purposes of determining gain or loss on the sale or payment of such Certificates. Premium generally is amortized for federal and North Dakota income tax purposes on the basis of a bondholder’s constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, Certificates holders who acquire Certificates at a premium might recognize taxable gain upon sale of the Certificates, even if such Certificates are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal or North Dakota income tax purposes. Certificates holders who acquire Certificates at a premium should consult their tax advisors concerning the calculation of Certificates premium and the timing and rate of premium amortization, as well as the state and local tax consequences of owning and selling Certificates acquired at a premium.

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 matters. 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.

BARNES COUNTY NORTH PUBLIC SCHOOL DISTRICT NO. 7

By: /s/ _____
Superintendent

APPENDIX A

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

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BARNES COUNTY NORTH
PUBLIC SCHOOL DISTRICT
WIMBLEDON, NORTH DAKOTA

FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

BARNES COUNTY NORTH PUBLIC SCHOOL DISTRICT
Table of Contents

	Page

School Officials	1
Independent Auditor's Report	2-3
BASIC FINANCIAL STATEMENTS	
Statement of Net Assets- modified cash basis	4
Statement of Activities-modified cash basis	5
Balance Sheet- Governmental Funds-modified cash basis	6
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	7
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds- modified cash basis	8
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	9
Statement of Fiduciary Assets and Liabilities	10
Notes to Combined Financial Statement	11-26
SUPPLEMENTARY FINANCIAL INFORMATION	
Statement of Revenue and Expenditures	27

BARNES COUNTY NORTH PUBLIC SCHOOL DISTRICT
LIST OF OFFICIALS
JUNE 30, 2019

BOARD OF EDUCATION

Mike Schwehr
Lee Guscette
Bret Fehr
Chad Bakken
Lori Carlson
Michele Elston
Robert Harstad
Cindy Christianson
Brent Bruner

OFFICE
President
Vice-president

ADMINISTRATION

Michael Severson
Amy Darby

Superintendent
Business manager

Harold J. Rotunda

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

School Board
Barnes County North Public School District
Wimbledon, 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 Barnes County North 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 opinion.

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 Barnes County North 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 Barnes County North 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 basis 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 basis 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 basis financial statements as a whole.

West Fargo, North Dakota

September 10, 2019

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

BARNES COUNTY NORTH PUBLIC SCHOOL
STATEMENT OF NET POSITION- MODIFIED CASH BASIS
JUNE 30, 2019

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and investments	2,464,068.71
Capital assets (net of accumulated depreciation)	15,365,841.97
Total Assets	17,829,910.68
LIABILITIES	
Long-term liabilities:	
Due within one year:	
Bonds payable	610,000.00
Notes payable	
Due after one year:	
Bonds payable	10,685,000.00
Notes payable	
Total liabilities	11,295,000.00
NET POSITION	
Net investment in capital assets	4,070,841.97
Restricted for:	
Capital projects	808,122.32
Debt service	
Unrestricted	1,655,946.39
Total net position	6,534,910.68

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

BARNES COUNTY NORTH PUBLIC SCHOOL
STATEMENT OF ACTIVITIES- MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2019

		Program Revenues		Net (expense) Revenue & Change in Net Position
	Expenses	Charges for Services	Operating grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction				
Regular	2,085,522.47		102,653.40	(1,982,869.07)
Special Education	65,658.56			(65,658.56)
Vocational Education	162,223.70		-	(162,223.70)
Support Services				-
Administrative	528,005.69			(528,005.69)
Operation & maintenance	228,824.31			(228,824.31)
Pupil Transportation Services	421,107.24		242,215.90	(178,891.34)
Extracurricular	125,876.89			(125,876.89)
Food Service	238,243.34	68,232.26	67,522.29	(102,488.79)
Other capital outlays	50,024.30		-	(50,024.30)
Debt Service				
Interest expense	498,380.48			(498,380.48)
Depreciation- Unallocated	498,173.53			(498,173.53)
Total Governmental Activities	4,902,040.51	68,232.26	412,391.59	(4,421,416.66)
General Revenues				
Taxes:				
Property taxes, levied for general purposes				2,382,528.55
State aid not restricted to specific program:				
Per pupil aid				2,340,765.67
Interest income and other revenue				79,513.05
Total General Revenues				4,802,807.27
Change in Net Position				381,390.61
Net Position- July 1				6,153,520.07
Net Position- June 30				6,534,910.68

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

BARNES COUNTY NORTH PUBLIC SCHOOL
 BALANCE SHEET-MODIFIED CASH BASIS- GOVERNMENTAL FUNDS
 JUNE 30, 2019

	GENERAL	FOOD SERVICE	BUILDING	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and investments	1,595,277.05	60,668.94	808,122.32	2,464,068.31
				-
				-
				-
				-
Total Assets	1,595,277.05	60,668.94	808,122.32	2,464,068.31
LIABILITIES				
Total liabilities	-	-		-
FUND BALANCE				
Restricted for Capital Projects		-	808,122.32	808,122.32
Assigned for Food Service		60,668.94		60,668.94
Unassigned	1,595,277.05	-	-	1,595,277.05
Total fund balance	1,595,277.05	60,668.94	808,122.32	2,464,068.31
Total liabilities and fund balance	1,595,277.05	60,668.94	808,122.32	2,464,068.31

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

BARNES COUNTY NORTH PUBLIC SCHOOL
 RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE
 SHEET TO THE STATEMENT OF NET POSITION
 JUNE 30, 2019

Total Fund Balances for Governmental Funds	2,464,068.31
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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	17,626,214.77	
Less accumulated depreciation	2,260,372.80	
Net capital assets		15,365,841.97

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	(11,295,000.00)
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Total Net Position of Governmental Activities	6,534,910.28
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The accompanying notes are an integral part of these financial statements.

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

	GENERAL	FOOD SERVICE	BUILDING	TOTAL GOVERNMENTAL FUNDS
Property taxes	2,051,448.10	-	331,080.45	2,382,528.55
Other local sources	69,766.20	68,376.14	63.97	138,206.31
State sources	2,592,520.57	-		2,592,520.57
Federal sources	102,653.40	67,522.29		170,175.69
Total Revenues	4,816,388.27	135,898.43	331,144.42	5,283,431.12
Current:				
Instruction				
Regular	2,085,522.47			2,085,522.47
Special Education	65,658.56			65,658.56
Vocational Education	162,223.70			162,223.70
Support Services				
Administrative	528,005.69			528,005.69
Operation & maintenance	228,824.31			228,824.31
Pupil Transportation Services	504,407.24			504,407.24
Extracurricular	125,876.89			125,876.89
Food Service	109,526.89	128,716.45		238,243.34
Capital outlays			90,561.30	90,561.30
Debt Service				
Principal	590,000.00			590,000.00
Interest expense	498,380.48			498,380.48
Total Expenditures	4,898,426.23	128,716.45	90,561.30	5,117,703.98
Excess revenues (expenditures)	(82,037.96)	7,181.98	240,583.12	165,727.14
Other Financing Sources (Uses):				
Transfers in				-
Transfers out				-
Bond proceeds			-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	(82,037.96)	7,181.98	240,583.12	165,727.14
Fund balance- beginning	1,677,315.41	53,486.96	567,539.20	2,298,341.57
Fund balance- ending	1,595,277.45	60,668.94	808,122.32	2,464,068.71

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

BARNES COUNTY NORTH 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	165,727.14
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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	123,837.00	
Current year depreciation expense	498,173.53	(374,336.53)

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 position.	590,000.00
--	------------

-

Change in Net Position of Governmental Activities	381,390.61
---	------------

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

BARNES COUNTY NORTH PUBLIC SCHOOL
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2019

AGENCY
FUNDS

ASSETS

Cash and investments

57,014.66

Total Assets

57,014.66

LIABILITIES

Due to Student Groups

57,014.66

Total liabilities

57,014.66

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

BARNES COUNTY NORTH PUBLIC SCHOOL DISTRICT
ROGERS, NORTH DAKOTA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Barnes County North 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 is one component unit to be included within the District as a reporting entity.

BLENDED COMPONENT UNIT

Barnes County North School District Building Authority- The Building Authority was created by the school board as a legally separate entity. Its purpose is to promote the educational system of the district by providing financing for use by the school in altering, repairing, maintaining or constructing buildings and making improvements connected to school buildings. The school board is the governing board of the building authority. Activity of the Building Authority is recorded in the debt service and capital projects funds. Financial statements for the component unit may be obtained at the District office.

BARNES COUNTY NORTH PUBLIC SCHOOL DISTRICT
Notes to Financial Statements- Continued

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.

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.

Food Service. The Food service fund is used to account for the operation of the hot lunch program.

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.

BARNES COUNTY NORTH PUBLIC SCHOOL DISTRICT
Notes to Financial Statements- Continued

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.

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.

BARNES COUNTY NORTH PUBLIC SCHOOL DISTRICT
Notes to Financial Statements- Continued

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.

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.

BARNES COUNTY NORTH PUBLIC SCHOOL DISTRICT
Notes to Financial Statements- Continued

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

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.

BARNES COUNTY NORTH PUBLIC SCHOOL DISTRICT
Notes to Financial Statements- Continued

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.

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.

BARNES COUNTY NORTH PUBLIC SCHOOL DISTRICT
Notes to Financial Statements- Continued

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.

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.

BARNES COUNTY NORTH PUBLIC SCHOOL DISTRICT
Notes to Financial Statements- Continued

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 December 31, 2019, the District's carrying amount of deposits was \$2,645,932. Of the bank balances, \$500,000 was covered by Federal Depository Insurance. The remaining balance of \$2,145,932 was collateralized with securities held by the pledging financial institution's agent in the government's name.

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.

BARNES COUNTY NORTH PUBLIC SCHOOL DISTRICT
Notes to Financial Statements- Continued

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.

BARNES COUNTY NORTH 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
Construction in progress				
Capital assets, being				
Depreciated				
Buildings and Improvement	16,358,864	40,537		16,399,401
Vehicles & Equipment	1,143,514	83,300		1,226,814
Total Cap Assets				
Being Depreciated	17,502,378	123,837		17,626,215
Less accumulated				
depreciation for:				
Buildings & Imp	966,865	420,168		1,387,033
Vehicles & Equipment	795,334	78,006		873,340
Total Accumulated Dep	1,762,199	498,174		2,260,373
Total Capital Assets				
Being Depreciated, Net	15,740,179			15,365,842
Governmental Activities				
Capital Assets, Net	15,740,179			15,365,842

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

Governmental Activities:	
Student transportation	78,006
Operation and maintenance	420,168
Total	498,174

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
Bonds Payable	11,885,000		590,000	11,295,000	610,000

Debt payable at June 30, 2019, is comprised of the following individual issues:

Lease revenue Bonds of 2014 due in annual installments of 485,000, to 1,050,000 plus interest at 4.00-4.50%, through May 2033.	11,295,000
--	------------

BARNES COUNTY NORTH PUBLIC SCHOOL DISTRICT
Notes to Financial Statements- Continued

The annual long-term debt service requirements for bonds payable, special assessments, contract for deeds, certificates of indebtedness and revenue bonds as of June 30, 2019, are as follows:

Year Ending June 30	Long-Term Debt	
	Principal	Interest
2020	610,000	485,925
2021	635,000	461,525
2022	660,000	436,125
2023	685,000	409,725
2024	715,000	382,325
2025-2029	4,055,000	1,436,287
2030-2033	3,935,000	452,475
 TOTAL	 11,295,000	 4,064,387

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.

BARNES COUNTY NORTH 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.

BARNES COUNTY NORTH 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.

BARNES COUNTY NORTH 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 \$188,080.

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

BARNES COUNTY NORTH 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.

BARNES COUNTY NORTH 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.

NOTE 8: TRANSFERS

The District had no transfers in 2019.

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 (NDRIF), 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 NDRIF for its general liability and automobile insurance coverage. The coverage by NDRIF 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.

BARNES COUNTY NORTH SCHOOL
INCOME STATEMENT
JUNE 30, 2019

	GENERAL	FOOD SERVICE	BUILDING	2019	2018	2017	2016
REVENUES							
PROPERTY TAXES	2,051,448.10		331,080.45	2,382,528.55	2,357,894.42	2,092,854.65	1,871,098.31
OTHER LOCAL	69,766.20	68,376.14	63.97	138,206.31	122,918.50	103,902.79	125,090.42
STATE	2,592,520.57	-		2,592,520.57	2,800,529.41	2,924,620.61	3,148,323.27
FEDERAL	102,653.40	67,522.29	-	170,175.69	181,852.41	146,210.22	181,724.91
TOTAL REV	4,816,388.27	135,898.43	331,144.42	5,283,431.12	5,463,194.74	5,267,588.27	5,326,236.91
EXPENSES							
INSTRUCTION	2,247,746.17			2,247,746.17	2,203,663.05	2,128,831.55	2,025,776.34
ADMINISTRATION	528,005.69			528,005.69	633,382.80	556,526.38	557,265.22
TRANSPORTATION	504,407.24			504,407.24	503,891.39	482,862.46	519,717.09
PLANT	228,824.31			228,824.31	198,181.78	218,736.75	238,679.88
SPECIAL EDUCATIC	65,658.56			65,658.56	68,980.89	55,624.13	76,629.74
FOOD SERVICE	109,526.89	128,716.45		238,243.34	243,734.62	225,710.46	232,144.27
EXTRACURRICULA	125,876.89			125,876.89	95,446.76	124,464.54	94,601.59
DEBT SERVICE	1,088,380.48			1,088,380.48	1,152,623.81	1,299,688.31	1,095,504.14
CAPITAL OUTLAY			90,561.30	90,561.30	195,080.20	250,506.05	115,715.83
TOTAL EXP	4,898,426.23	128,716.45	90,561.30	5,117,703.98	5,294,985.30	5,342,950.63	4,956,034.10
EXCESS REV (EXP)	(82,037.96)	7,181.98	240,583.12	165,727.14	168,209.44	(75,362.36)	370,202.81
TRANSFERS IN			-	-	75,000.00	-	195,500.00
TRANSFERS OUT	-			-	(75,000.00)	-	(195,500.00)
CAP LEASE PROC				-			
EXCESS REV (EXP)	(82,037.96)	7,181.98	240,583.12	165,727.14	168,209.44	(75,362.36)	370,202.81
FUND BAL- BEG	1,677,315.01	53,486.96	567,539.20	2,298,341.17	2,130,132.13	2,205,494.49	1,835,291.68
FUND BAL- END	1,595,277.05	60,668.94	808,122.32	2,464,068.31	2,298,341.57	2,130,132.13	2,205,494.49

BARNES COUNTY NORTH PUBLIC SCHOOL
BUDGETARY COMPARISON SCHEDULE- GENERAL FUND
YEAR ENDED JUNE 30, 2019

	ORIGINAL/ FINAL BUDGET	ACTUAL	VARIANCE
Property taxes	2,067,908.14	2,051,448.10	(16,460.04)
Other local sources	-	69,766.20	69,766.20
State sources	2,582,981.57	2,592,520.57	9,539.00
Federal sources	105,971.00	102,653.40	(3,317.60)
Total Revenues	4,756,860.71	4,816,388.27	59,527.56
Current:			
Instruction			
Regular	2,057,900.00	2,085,522.47	(27,622.47)
Special Education	72,000.00	65,658.56	6,341.44
Vocational Education	176,500.00	162,223.70	14,276.30
Support Services			
Administrative	591,600.00	528,005.69	63,594.31
Operation & maintenance	239,950.00	228,824.31	11,125.69
Pupil Transportation Services	522,050.00	504,407.24	17,642.76
Extracurricular	141,100.00	125,876.89	15,223.11
Food Service	120,500.00	109,526.89	10,973.11
Debt Service			
Principal	590,000.00	590,000.00	-
Interest expense	337,800.00	498,380.48	(160,580.48)
Total Expenditures	4,849,400.00	4,898,426.23	(49,026.23)
Excess revenues (expenditures)	(92,539.29)	(82,037.96)	10,501.33
Other Financing Sources (Uses):			
Transfers in		-	-
Transfers out		-	-
Total other financing sources and uses	-	-	-
Net change in fund balances	(92,539.29)	(82,037.96)	10,501.33
Fund Balance- July1	1,677,315.41	1,677,315.41	-
Fund Balance- June 30	1,584,776.12	1,595,277.45	10,501.33

APPENDIX B

Form of Legal Opinion

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December 4, 2019

Barnes County North Public School District No. 7
2192 101st Avenue SE
Wimbledon, North Dakota 58429

Robert W. Baird & Co., Inc.
777 East Wisconsin Avenue
Milwaukee, Wisconsin 53203

\$11,805,000
Barnes County North Public School District No. 7
Barnes, Stutsman and Griggs Counties, North Dakota
Taxable State Aid Refunding Certificates of Indebtedness
Series 2019

We have acted as Bond Counsel to Barnes County North Public School District No. 7, Barnes, Stutsman and Griggs Counties, North Dakota (the “Issuer”) in connection with the issuance of its \$11,805,000 Taxable State Aid Refunding Certificates of Indebtedness, Series 2019 dated December 4, 2019 (the “Certificates”), issued pursuant to Chapter 21-02 of the North Dakota Century Code and a Resolution of the Issuer adopted November 13, 2019 (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

Barnes County North Public School District No. 7
Robert W. Baird & Co., Inc.
December 4, 2019
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 from the State Appropriations pledged under the Resolution.

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 December 4, 2019, by Barnes County North Public School District No. 7 of Barnes, Stutsman and Griggs Counties, North Dakota (the “District”), in connection with the issuance of the District’s \$11,805,000 Taxable State Aid Refunding Certificates of Indebtedness, Series 2019 (the “Certificates”). The Certificates are being issued pursuant to a Resolution adopted November 13, 2019 (the “Resolution”). Pursuant to Section 7.03 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 Bondholders and in order to assist the Participating Underwriters in complying with the Rule (defined below).

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 November 15, 2019, which constitutes the final official statement delivered in connection with the Certificates, which is available from the MSRB.

“Financial Statements” means audited 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 or, if unavailable, Unaudited Financial Statements. 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 Underwriters” means the original underwriters of the Certificates required to comply with the Rule in connection with the offering of the Certificates.

“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.

“Rule” means Rule 15c2-12(b)(5) adopted 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.

“Unaudited Financial Statements” means the annual financial report submitted to the North Dakota Department of Public Instruction.

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, 2019, provide to each 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 a notice to each Repository of the MSRB 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 each Repository;

(ii) transmit the Annual Report to each 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 19 and 20 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 each of the Repositories 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 Certificates, or other material events affecting the tax status of the Certificates;

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

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

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Certificates, if material;

(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 obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, 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 obligated person, 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 each Repository.

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 Certificates.

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 counsel expert in federal securities laws acceptable to both the District and the Dissemination Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of 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 Holders of at least 25% aggregate principal amount of Outstanding Certificates, shall), or any Bondholder, 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 Certificates.

SECTION 12. BENEFICIARIES. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters, and Holders, including beneficial owners, from time to time of the Certificates, 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.

**BARNES COUNTY NORTH PUBLIC
SCHOOL DISTRICT NO. 7**

President of the School Board

ATTEST:

Business Manager

EXHIBIT A

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

Name of Issuer: **Barnes County North Public School District No. 7**

Name of Bond Issue: **Taxable State Aid Refunding Certificates of Indebtedness, Series 2019**

Name of District: **Barnes County North Public School District No. 7**

Date of Issuance: **December 4, 2019**

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Certificates as required by Section 7.03 of the Resolution adopted November 13, 2019. The District anticipates that the Annual Report will be filed by _____.

Dated: _____.

_____,
on behalf of the DISTRICT

cc: District