

In the opinion of Bond Counsel, the interest to be paid on the Bonds is not includable in gross income of the recipient for United States or State of North Dakota income tax purposes. See "TAX EXEMPTION" contained herein.

OFFICIAL STATEMENT
\$2,440,000 GENERAL OBLIGATION BUILDING FUND BONDS, SERIES 2020A
BEULAH PUBLIC SCHOOL DISTRICT NO. 27
(Dunn, Mercer, and Oliver Counties, North Dakota)

Dated: March 11, 2020

Principal Due: August 1, 2020 through 2039

The \$2,440,000 General Obligation Building Fund Bonds, Series 2020A (the "Bonds") issued by Beulah Public School District No. 27, North Dakota (the "District") will be issued pursuant to the provisions of Chapter 21-03 of the North Dakota Century Code, for the purpose of (i) providing a portion of the funds to construct an addition and make renovations to the high school, (ii) remodeling, improving, equipping, and furnishing school property (the "Project"), and (iii) paying the costs associated with the issuance of the Bonds. The Bonds are a valid and binding obligation of the Issuer, payable from the 2020A General Obligation Building Fund Bond Fund to which the District has irrevocably pledged that portion of the tax levies authorized by Section 57-15-16 of the North Dakota Century Code (School Building Fund Levy), which may be levied upon all taxable property located in the District at the rate of 20 mills. In the event of a deficiency, all taxable property in the territory of the District is subject to ad valorem taxation without limitation regarding rate or amount to pay the Bonds.

The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof of a single maturity. Purchasers will not receive Bonds representing their interest in the Bonds purchased. Principal of the Bonds, is payable annually on August 1, commencing August 1, 2020, and interest, payable semiannually on each February 1 and August 1 commencing August 1, 2020, at the rates set forth below, 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 Bonds as described herein.

The Bonds 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>(087797)</u>	<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>(087797)</u>
2020	\$ 125,000	3.000%	1.000%	CM6	2029	\$ 120,000	1.400%	1.400%	CW4
2021	95,000	3.000%	1.000%	CN4	2030	125,000	1.500%	1.500%	CX2
2022	100,000	3.000%	1.000%	CP9	2031	125,000	1.600%	1.600%	CY0
2023	105,000	3.000%	1.000%	CQ7	2032	125,000	1.700%	1.700%	CZ7
2024	105,000	3.000%	1.000%	CR5	2033	130,000	1.800%	1.800%	DA1
2025	110,000	3.000%	1.050%	CS3	2034	130,000	1.900%	1.900%	DB9
2026	115,000	3.000%	1.100%	CT1	2035	135,000	1.950%	1.950%	DC7
2027	115,000	3.000%	1.200%	CU8	2036	135,000	2.000%	2.000%	DD5
2028	120,000	1.300%	1.300%	CV6					

\$425,000 2.050% Term Bond due August 1, 2039 Yield 2.050% CUSIP: 087797 DG8

The Bonds maturing on August 1, 2028 and thereafter are subject to redemption on August 1, 2027 and any date thereafter at a price of par plus accrued interest to the redemption date.

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

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

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

Piper Sandler & Co has agreed to purchase the Bonds from the District for an aggregate price of **\$2,485,816.25**. The Bonds will be available for delivery on or about **March 11, 2020**.

The date of this Official Statement is February 19, 2020.

(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.)



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 Bonds 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 BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS 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

<u>Page</u>	<u>Page</u>
Introduction to the Official Statement	1
Description of the Bonds	3
Purpose.....	3
Authority for Issuance.....	3
Security and Source of Payment	3
North Dakota School Credit Enhancement Program	3
Redemption Provisions	3
Interest	4
Sources and Uses of Funds	4
Book-Entry Only System	4
Limited Continuing Disclosure	6
The District.....	7
General Information.....	7
Organization and Administration.....	7
Enrollment Trends.....	8
Pension Plans	8
Economic and Demographic Information.....	9
Population	9
Labor Force and Unemployment Statistics	9
Major Employers	10
Financial Summary.....	11
Debt Structure.....	12
General Obligation Long-Term Debt.....	12
Future Financing	13
Debt Limitation.....	13
Overlapping Debt.....	13
Financial Reports	14
Results of Operations	14
General Fund Budgets.....	15
Property Valuations and Taxes.....	16
Property Tax Levies and Collections	16
Principal Taxpayers.....	17
Rating	18
Tax Exemption	18
Qualified Tax-exempt Obligations	19
Legal Matters.....	19
Municipal Advisor.....	19
Closing Documents.....	19
Certification.....	19
No Litigation	20
Miscellaneous	20
Appendix A - The District's Audit Report for the Fiscal Year Ended June 30, 2018	
Appendix B - Form of Legal Opinion	
Appendix C - Continuing Disclosure Certificate	

(This page has been left blank intentionally.)

INTRODUCTION TO THE OFFICIAL STATEMENT

The following information is furnished solely to provide limited introductory information regarding the \$2,440,000 General Obligation Building Fund Bonds, Series 2020A (the "Bonds") issued by Beulah Public School District No. 27, 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:	Beulah Public School District No. 27, North Dakota.
Purpose:	The proceeds of the Bonds will be used to (i) provide a portion of the funds to construct an addition and make renovations to the high school, (ii) remodel, improve, equip, and furnish existing school property, and (iii) pay the costs associated with the issuance of the Bonds.
Security:	The Bonds are payable from the 2020A General Obligation Building Fund Bond Fund to which the District has irrevocably pledged that portion of the tax levies authorized by Section 57-15-16 of the North Dakota Century Code (School Building Fund Levy), which may be levied upon all taxable property located in the District at the rate of 20 mills. In the event of a deficiency, all taxable property in the territory of the District is subject to ad valorem taxation without limitation regarding rate or amount to pay the Bonds.
Dated Date:	March 11, 2020
Principal Payment:	Principal of the Bonds is payable annually on August 1, of the years 2020 through 2039.
Interest Payment:	Interest on the Bonds is payable on February 1 and August 1, commencing August 1, 2020.
Redemption Provisions:	The Bonds maturing on August 1, 2028 and thereafter are subject to redemption on August 1, 2027 and any date thereafter at a price of par plus accrued interest to the redemption date.
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 Bonds will be issued as book-entry only securities through the Depository Trust Company.
Record Date:	The 15th day of the month preceding the payment date.
Form:	The Bonds will be issued in book-entry form only. See "Book-Entry Only System" herein.
Tax Status:	Generally exempt from federal and state income taxes (see "Tax Exemption" herein). The Bonds are designated as "Qualified Tax-Exempt Obligations."
Professional Consultants:	<i>Municipal Advisor:</i> PFM Financial Advisors LLC Minneapolis, Minnesota <i>Bond Counsel:</i> Arntson Stewart Wegner PC Bismarck, North Dakota <i>Paying Agent:</i> Starion Bond Services, Inc. Bismarck, North Dakota
Delivery:	On or about March 11, 2020

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 constructed as a representation by the Municipal Advisor or Underwriter. 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.

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

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

DESCRIPTION OF THE BONDS

Purpose

The proceeds of the Bonds will be used to (i) provide a portion of the funds to construct an addition and make renovations to the high school, (ii) remodel, improve, equip, and furnish the existing school property, and (iii) pay the costs associated with the issuance of the Bonds.

Authority for Issuance

The Bonds are being issued by the District pursuant to a Resolution to be adopted by the School Board (the "Resolution") on February 18, 2020, and are authorized by and in full conformity with the Constitution and laws of the State of North Dakota, Section 57-15-16 of the North Dakota Century Code.

On January 7, 2020, voters approved \$6,900,000 of general obligation bonds to be issued as a portion of the funds used to finance the Project. The District intends to issue \$6,900,000 of general obligation bonds through the North Dakota State School Construction Loan Program in the spring/summer of 2020, in addition to the Bonds.

Security and Source of Payment

The Bonds are payable from the 2020A General Obligation Building Fund Bond Fund to which the District has irrevocably pledged that portion of the tax levies authorized by Section 57-15-16 of the North Dakota Century Code (School Building Fund Levy), which may be levied upon all taxable property located in the District at the rate of 20 mills. In the event of a deficiency, all taxable property in the territory of the District is subject to ad valorem taxation without limitation regarding rate or amount to pay the Bonds.

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 Bonds; 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 \$160,400 in the fiscal year ending June 30, 2027. The total state aid due to the District for the 2019-20 school year is \$4,845,876. The state aid provides 30.21 times coverage for the maximum annual debt service of all outstanding bonds in the Program.

Redemption Provisions

Optional Redemption

The Bonds maturing on August 1, 2028 and thereafter are subject to redemption on August 1, 2027 and any date thereafter at a price of par plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption

Term Bonds maturing on August 1, 2039 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>
2037	\$ 140,000
2038	140,000
2039 (Maturity)	145,000

Interest

Interest on the Bonds is 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 Bonds are as follows:

Table 1
Sources and Uses of Funds

Sources of Funds	
Par Amount	\$ 2,440,000.00
Premium	<u>63,506.25</u>
Total Sources of Funds	<u>\$ 2,503,506.25</u>
Uses of Funds	
Deposit to Project Fund	\$ 2,434,257.00
Cost of Issuance/Underwriter's Discount	65,690.00
Additional Proceeds	<u>3,559.25</u>
Total Uses of Funds	<u>\$ 2,503,506.25</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 The Depository Trust Company ("DTC") entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY ONLY ISSUANCE." The District makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company ("DTC"), New York, New York will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered certificate will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC 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 securities that its participants

("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities bonds. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations ("Direct Participants"). DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds 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, but Beneficial Owners are 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 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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.

Redemption notices shall be sent to Cede & Co. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. 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 Participants and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the District or the Paying Agent, disbursements of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

NEITHER THE DISTRICT, THE REGISTRAR NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER; OR (5) THE SELECTION BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF BONDS.

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

Limited Continuing Disclosure

In order to assist the Underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (the "Rule"), the District has agreed for the benefit of the holders and beneficial owners of the Bonds to provide an annual report relating to the District (the "Annual Report"), not later than 365 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2019, and to provide notices of the occurrence of certain enumerated material events. The Annual Report and material event notices are to be filed with the MSRB through its Electronic Municipal Market Access system (EMMA ®) at www.emma.msrb.org. The details and terms of the undertaking, as well as the information to be contained in the annual report or the notices of material events are set forth in the Continuing Disclosure Certificate to be executed and delivered by the District at the time the Bonds are delivered. Such undertaking will be in substantially the form attached hereto as Appendix C.

The District has not entered into any disclosure undertakings under the Rule. A failure by the District to comply with the undertaking will not constitute an event of default on the Bonds (although holders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

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 Bonds 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 Bonds and their market price.

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

THE DISTRICT

General Information

The District is located in west-central North Dakota in Dunn, Mercer and Oliver Counties (the “Counties”) and includes the City of Beulah (the “City”) and the surrounding area. The City is located near the Missouri River and is approximately 75 miles northwest of Bismarck. The District has a population of approximately 4,605 and covers an area of 668.9 square miles.

Table 2 provides a description of the District’s facilities.

Table 2
District Facilities

<u>Building</u>	<u>Year Built</u>	<u>Additions</u>	<u>Grades</u>	<u>Current Enrollment</u>
Beulah High School	1963	1976, 1978	9-12	194
Beulah Middle School	1997	N/A	5-8	218
Beulah Elementary School	1979	1982	K-4	308

Organization and Administration

The school board is the policy-making body. Among some of the roles of the School Board are to approve the budget, establish goals and priorities, acquire and dispose of property, serve as a link between the school system and the public and interpret educational needs and concerns of the community. The Board of Education is made up of seven residents of the District elected at large to three-year terms. Regular board meetings are held on the second Thursday each month. The school board and the current administration are presented in the following table.

Table 3
School Board

<u>Name</u>	<u>Position</u>	<u>Expiration Date</u>
Douglas Moore	Chairperson	June 2022
Jennifer Steffan	Vice Chairperson	June 2020
David Ripplinger	Director	June 2021
Blake Seibel	Director	June 2021
Daniel Ziman	Director	June 2020
Kory McGraw	Director	June 2022
Dwight Hatzenbeuhler	Director	June 2020

Table 4
District Administration

<u>Name</u>	<u>Position</u>
Travis Jordan	Superintendent
Krista Richau	Business Manager

Enrollment Trends

The District provides a complete curriculum to students in grades Kindergarten through 12th grade. Enrollments in the District for the current and last five years are set forth in Table 5 below. The District's enrollment for the 2019/20 school year is 773.

Table 5
Historical Enrollment

<u>School Year</u>	<u>Students</u>
2019/20	773
2018/19	768
2017/18	761
2016/17	754
2015/16	725
2014/15	721

Source: The District.

Pension Plans

North Dakota Teachers Fund For Retirement (TFFR)

The District contributes to the North Dakota Teacher's Fund for Retirement (TFFR); a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Dakota for its certified staff. TFFR provides for retirement, disability and survivor benefits to plan members and beneficiaries. Benefit and contribution provisions are administered in accordance with chapter 15-39.1 of the North Dakota Century Code. TFFR issues a publicly available financial report that includes financial statements and required supplementary information for TFFR. That report may be obtained by writing to Teacher's Fund for Retirement, 1930 Burnt Boat Drive, PO Box 7100, Bismarck, ND 585067-7100.

Plans members are required to contribute 11.75% of their annual covered salary and the District is required to contribute 12.75% of the teacher's salary. The contribution requirements of plan members and the District are established and may be amended by the State Legislature. The District's proportionate net pension liability for TFFR for the fiscal year ending June 30, 2018 was \$1,576,837.

North Dakota Public Employees Retirement System (NDPERS)

The District contributes to the North Dakota Public Employees' Retirement System (NDPERS); a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Dakota for its non-certified staff. NDPERS provides for retirement, disability and survivor benefits to plan members and beneficiaries. Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code. NDPERS issues a publicly available financial report that includes financial statements and required supplementary information for NDPERS. That report may be obtained by writing to NDPERS, 400 E Broadway, Suite 505, P.O. Box 1214, Bismarck, North Dakota, 58502-1214.

Plan members are required to contribute 7% of their annual covered salary. The District is required to contribute 8.26% of the employees' salary which consists of 7.12% for employee retirement and 1.14% for the retiree health benefits fund. The contribution requirements of plan members and the District are established and may be amended by the State Legislature. The District's proportionate net pension liability for NDPERS for the year ending June 30, 2018, was \$6,986,183.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population

Table 6 shows the population of Dunn, Mercer, and Oliver Counties as recorded in the past four decennial censuses plus a recent estimate.

Table 6
Population Statistics

<u>Census Year</u>	<u>Dunn County</u>	<u>Mercer County</u>	<u>Oliver County</u>
2018 Estimate	4,332	8,267	1,952
2010	3,536	8,424	1,846
2000	3,600	8,644	2,065
1990	4,005	9,808	2,381
1980	4,627	9,404	2,495

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

Labor Force and Unemployment Statistics

Average annual labor force and unemployment rates for Dunn, Mercer, and Oliver Counties for the last five years and the most recent data available are presented in Table 7 below, along with the unemployment rates for the State of North Dakota and the United States.

Table 7
Labor Force and Unemployment Statistics

<u>Year</u>	<u>Dunn County</u>		<u>Mercer County</u>		<u>Oliver County</u>	
	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>Labor Force</u>	<u>Unemployment Rate</u>
2019 ⁽¹⁾	2,942	1.5%	3,481	4.3%	846	3.3%
2018	3,021	1.6%	3,969	4.2%	873	4.1%
2017	3,162	2.2%	4,441	4.1%	912	4.2%
2016	3,249	3.1%	4,654	4.4%	898	5.5%
2015	4,009	2.0%	4,298	4.2%	881	5.9%
2014	4,290	1.3%	4,142	3.9%	880	6.4%

<u>Year</u>	<u>North Dakota</u>	<u>United States</u>
	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>
2019 ⁽¹⁾	2.1%	3.3%
2018	2.6%	3.9%
2017	2.7%	4.4%
2016	3.1%	4.9%
2015	2.8%	5.3%
2014	2.7%	6.2%

⁽¹⁾ Date as of November, 2019.

Source: Job Service of North Dakota

Major Employers

Table 8 presents a listing of the principal employers in or near the District.

Table 8
Principal Employers

<u>Employer</u>	<u>County</u>	<u>Industry or Service</u>	<u>Employees</u>
Great Plains Synfuels Plant	Mercer	Alternative Fuels	700
Coteau Properties Co	Mercer	Mining	400
Basin Electric Power Co-Op	Mercer	Utilities	193
Knife River Corp	Mercer	Construction Materials	150
Sakakawea Medical Ctr	Mercer	Hospital	140
Leland Olds Power Plant	Mercer	Power Plant	130
Beulah High School	Mercer	Education	110
Coyote Creek Mining Co	Mercer	Mining	100
Hill Top Home Of Comfort	Dunn	Nursing & Convalescent Home	100
West River Telecom	Mercer	Telecommunications Services	80

Source: Reference USA.

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

FINANCIAL SUMMARY

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

2019/20 Market Value (100%)		\$	648,291,387
2019/20 Assessed Value (50%)		\$	324,145,693
2019/20 Taxable Value		\$	30,930,394
General Obligation Long-Term Debt (Includes the Bonds)		\$	9,340,000
Overlapping Debt		\$	4,532,084
District Population (U.S. Census Bureau 2018 Estimate)			4,605
Land Area			668.9 square miles
Debt Ratios:			
	<u>Amount</u>	Debt Per Capita	% of
		<u>(4,605)</u>	<u>Market Value</u>
General Obligation Long-Term Debt	\$ 9,340,000	\$ 2,019	1.44%
Overlapping Debt	<u>4,532,084</u>	<u>984</u>	<u>0.70%</u>
Total Long-Term Debt	<u>\$ 13,872,084</u>	<u>\$ 3,003</u>	<u>2.14%</u>

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

DEBT STRUCTURE

General Obligation Long-Term Debt

Table 9 below summarizes the total general obligation long-term debt of the District as of February 1, 2020 and Table 10 presents the annual maturity schedule for the general obligation bonds of the District.

Table 9
General Obligation 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>
2020	Building Fund Bonds	\$ 2,440,000	1.30%-3.00%	08/01/2020-39	\$ 2,440,000
2020	State School Construction Loan ⁽¹⁾	6,900,000	2.00%	2020-39	<u>6,900,000</u>
Total					<u>\$ 9,340,000</u>

⁽¹⁾ Loan is expected to be issued Summer 2020.

Table 10
General Obligation Long-Term Debt
Annual Maturity Schedule

<u>Bond Year Ending (August 1)</u>	<u>This Issue</u>		<u>Construction Loan</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal⁽¹⁾</u>	<u>Interest⁽¹⁾</u>	
2020	\$ 125,000	\$ 21,076	\$ 74,338	34,500	\$ 254,914
2021	95,000	50,445	298,840	136,513	580,797
2022	100,000	47,595	304,816	130,536	582,947
2023	105,000	44,595	310,913	124,440	584,948
2024	105,000	41,445	317,131	118,222	581,798
2025	110,000	38,295	323,474	111,880	583,649
2026	115,000	34,995	329,943	105,410	585,348
2027	115,000	31,545	336,542	98,811	581,898
2028	120,000	28,095	343,273	92,080	583,448
2029	120,000	26,535	350,138	85,215	581,888
2030	125,000	24,855	357,141	78,212	585,208
2031	125,000	22,980	364,284	71,069	583,333
2032	125,000	20,980	371,569	63,783	581,332
2033	130,000	18,855	379,000	56,352	584,207
2034	130,000	16,515	386,580	48,772	581,867
2035	135,000	14,045	394,312	41,040	584,397
2036	135,000	11,412	402,199	33,155	581,766
2037	140,000	8,713	410,243	25,110	584,066
2038	140,000	5,842	418,448	16,905	581,195
2039	<u>145,000</u>	<u>2,973</u>	<u>426,816</u>	<u>8,536</u>	<u>583,325</u>
Total	<u>\$ 2,440,000</u>	<u>\$ 511,791</u>	<u>\$ 6,900,000</u>	<u>\$ 1,480,541</u>	<u>\$ 11,332,332</u>

⁽¹⁾ State School Construction Loan, subject to change.

Future Financing

On January 7, 2020, voters approved \$6,900,000 of general obligation bonds to be issued as a portion of the funds used to finance the Project. The District intends to issue \$6,900,000 of general obligation bonds through the North Dakota State School Construction Loan Program in the spring/summer of 2020.

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. 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 11 presents the debt limit of the District.

Table 11
Debt Limit Computation

Assessed Value (2019/20)	\$ 324,145,693
Limit Percentage	<u>10.00%</u>
Authorized Debt Limit (100.00%)	\$ 32,414,569
Debt Subject to Limit (28.81%)	<u>9,340,000⁽¹⁾</u>
Debt Margin (71.19%)	<u>\$ 23,074,569</u>

⁽¹⁾ The District plans to issue \$6,900,000 state school construction bonds in the spring/summer of 2020, and therefore it has been included.

Overlapping Debt

There are multiple taxing jurisdictions which overlap the District and had general obligation debt as of February 1, 2020. Table 12 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 12
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>
Mercer County	\$ 3,115,000 ⁽¹⁾	54.16%	\$ 1,687,084
City of Beulah	<u>2,845,000</u>	100.00%	<u>2,845,000</u>
Total	<u>\$ 5,960,000</u>		<u>\$ 4,532,084</u>

⁽¹⁾ General obligation debt of the County does not include outstanding revenue obligations.

Source: Mercer County

FINANCIAL INFORMATION

Financial Reports

The District's financial statements are audited by an independent auditor. The District prepares its financial statements 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. Copies of the District's audited financial statements for the fiscal years ended June 30, 2016 through 2018 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 13 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 2018, plus the unaudited revenues, expenditures, and change in fund balance for the fiscal year ended June 30, 2019.

Table 13
Statement of Revenues, Expenditures and Changes in Fund Balance for the General Fund
(Years Ended June 30)

Revenues	<u>2019⁽¹⁾</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Local Sources	\$ 1,851,839	\$ 3,131,081	\$ 1,601,941	\$ 1,490,343
County Sources	1,116,181	--	1,067,811	1,061,357
State Sources	4,649,362	4,932,364	5,054,090	4,606,255
Federal Sources	189,825	147,961	193,674	234,686
Other Sources	--	38,932	43,436	28,871
Unrealized Gain/(Loss) on Investments	<u>--</u>	<u>--</u>	<u>(25,724)</u>	<u>8,388</u>
Total Revenues	<u>\$ 7,807,208</u>	<u>\$ 8,250,338</u>	<u>\$ 7,935,228</u>	<u>\$ 7,429,900</u>
Expenditures				
Current				
Regular Instruction	\$ --	\$4,064,685	\$3,955,101	\$3,998,748
Federal Programs	--	216,383	--	--
Special Education	--	245,539	106,116	95,452
Vocational Education	--	381,358	362,421	393,272
District Wide Services	--	506,715	--	--
General Administration	--	800,800	731,278	755,526
School Administration Services	--	--	371,333	363,965
Operation & Maintenance	--	792,674	261,316	645,596
Student Transportation	--	512,473	467,312	518,422
Student Activities	--	380,202	383,490	375,041
Business Office	--	--	130,846	124,035
School Library Services	--	--	113,627	107,280
Other	--	--	308,112	333,718
Capital Outlay	<u>--</u>	<u>--</u>	<u>627,967</u>	<u>224,330</u>
Total Expenditures	<u>\$ 7,464,114</u>	<u>\$ 7,900,829</u>	<u>\$ 7,818,919</u>	<u>\$ 7,935,385</u>
Excess of Revenues over (under) Expenditures	\$ (190,876)	\$349,509	\$116,309	\$ (505,485)
Fund Balance - July 1	<u>2,806,400</u>	<u>2,753,609</u>	<u>3,507,366</u>	<u>4,303,803</u>
Fund Balance - June 30	<u>\$ 2,615,523</u>	<u>\$2,853,118</u>	<u>\$2,753,609</u>	<u>\$3,507,366</u>

(1) Unaudited

General Fund Budgets

Table 14 provides a summary of the District's budget for the General Fund for the 2019/20 school year.

Table 14
General Fund 2019/2020 Budget

Revenues	
Local Sources	\$ 1,847,058
County Sources	1,005,262
State Sources	5,116,167
Federal Sources	<u>178,889</u>
Total Revenues	<u>\$ 8,147,376</u>
Expenditures	<u>\$ 8,582,250</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 15 shows the taxable values of taxable property in the District for assessment year 2019 collectible in 2020. Table 16 shows the trend in property valuations over the last five years.

Table 15
Property Values in the District

Levy 2019 / Payable 2020				
	<u>Market Value</u>	<u>Assessed Value</u>	<u>Equalization Factor</u>	<u>Taxable Value</u>
Real Property				
Residential	\$ 296,835,067	\$ 148,417,533	9%	\$ 13,357,578
Agricultural	163,121,940	81,560,970	10%	8,156,097
Commercial	174,245,900	87,122,950	10%	8,712,295
Utilities				
Railroad	--	--	10%	--
Other Utilities	14,088,480	7,044,240	10%	704,424
Less: Incremental Value	--	--	10%	--
Total	\$ 648,291,387	\$ 324,145,693		\$ 30,930,394

Source: Dunn, Mercer, and Oliver Counties.

Table 16
Trend in Valuations in the District

<u>Assessment Year/ Collection Year</u>	<u>Market Value</u>	<u>Assessed Value</u>	<u>Taxable Value</u>
2018/19	\$ 634,976,726	\$ 317,488,363	\$ 30,281,803
2017/18	629,103,948	314,551,974	29,720,708
2016/17	557,769,618	278,884,809	26,192,858
2015/16	498,162,762	249,081,381	23,422,934
2014/15	447,962,268	223,981,134	21,054,775

Source: Dunn, Mercer, and Oliver 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 17 shows the District's tax levies and collections for collection years 2015 through 2020.

Table 17
Tax Collections

<u>Levy Year</u>	<u>Collection Year</u>	<u>Amount of Levy</u>	<u>Net Levy</u>	Net Levy Collected as of	
				12/31/2019	
				<u>Amount</u>	<u>% of Net Levy</u>
2019	2020	\$ 2,339,390	\$ 2,222,420	In process of collection	
2018	2019	2,153,945	2,046,248	\$ 2,111,998	103.21%
2017	2018	2,154,752	2,047,014	2,120,316	103.58%
2016	2017	1,911,759	1,816,171	1,880,084	103.52%
2015	2016	1,680,897	1,596,852	1,654,900	103.64%
2014	2015	1,680,351	1,596,334	1,663,921	104.23%

Source: Dunn, Mercer, and Oliver Counties

Principal Taxpayers

A list of the principal taxpaying parcels in the District with the highest taxable valuations for the 2019 assessment, for taxes payable in 2020, is presented in Table 18 below.

Table 18
Principal Taxpayers

<u>Taxpayer</u>	<u>Taxable Value</u>	<u>% of Total Taxable Valuation⁽¹⁾</u>
Dakota Access, LLC	\$ 577,112	1.87%
Bridger Pipeline, LLC	77,233	0.25%
Individual Taxpayer	45,736	0.15%
Moldenhauer Properties	45,645	0.15%
Montana Dakota Utilities Co	44,072	0.14%
Individual Taxpayer	35,358	0.11%
Individual Taxpayer	34,611	0.11%
Beulah Hotel Group	33,500	0.11%
Individual Taxpayer	26,110	0.08%
Individual Taxpayer	<u>25,770</u>	<u>0.08%</u>
Total	<u>\$ 945,147</u>	<u>3.06%</u>

⁽¹⁾ Based on the 2019/20 Taxable Value of \$ 30,930,394.

Source: Dunn, Mercer, and Oliver Counties

RATING

Moody's Investors Services, Inc. ("Moody's") has assigned an enhanced rating of "Aa2" based upon the District's participation in the North Dakota School Credit Enhancement Program. A rating reflects only the view of the rating organization or explanations of the significance of such rating may be obtained from the rating agency furnishing the same. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrants. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

TAX EXEMPTION

The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings.

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

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

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

Bond Premium

The Bonds maturing in the years 2020 through 2027 are being sold at a price greater than the principal amount payable on such Bonds at maturity. Except in the case of dealers, which are subject to special rules, Bond holders who acquire Bonds at a premium, even Bonds that were not initially offered at a premium, must, from time to time, reduce their federal and North Dakota tax bases for the Bonds for purposes of determining gain or loss on the sale or payment of such Bonds. Premium generally is amortized for federal and North Dakota income tax purposes on the basis of a Bond holder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, Bond holders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds 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. Bond holders who acquire Bonds at a premium should consult their tax advisors concerning the calculation of Bond premium and the timing and rate of premium amortization, as well as the state and local tax consequences of owning and selling Bonds acquired at a premium.

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

LEGAL MATTERS

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

MUNICIPAL ADVISOR

The District has retained PFM Financial Advisors LLC, of Minneapolis, Minnesota, as Municipal Advisor (the “Municipal Advisor”) in connection with the issuance of the Bonds. 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 Bonds.

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 Bonds 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 Bonds 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.

BEULAH PUBLIC SCHOOL DISTRICT NO. 27

By: /s/ Travis Jordan
Superintendent

APPENDIX A

**The District's Audited Financial Statements
for the Fiscal Year Ended June 30, 2018**

(This page has been left blank intentionally.)



Beulah Public School District

Beulah, North Dakota

Audit Report

For the Year Ended June 30, 2018

JOSHUA C. GALLION
STATE AUDITOR

Office of the State Auditor
Division of Local Government

BEULAH PUBLIC SCHOOL DISTRICT

Table of Contents

For the Year Ended June 30, 2018

School Officials and Audit Staff.....	1
Independent Auditor’s Report	2
Basic Financial Statements	
Statement of Net Position - 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 Position - Modified Cash Basis	7
Statement of Expenditures and Changes in Fund Balances - Governmental Funds - Modified Cash Basis.....	8
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Modified Cash Basis	9
Statement of Assets and Liabilities - Fiduciary Funds - Modified Cash Basis	10
Notes to the Financial Statements.....	11
Supplementary Information	
Budgetary Comparison Schedules	26
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	27
Summary of Auditor’s Results and Findings.....	29
Schedule of Audit Findings	30
Governance Communication	33

SCHOOL BOARD

Stacey McLaughlin	Chair
Jennifer Steffan	Vice-Chair
Dwight Hatzenbuehler	Director
Doug Moore	Director
Dave Ripplinger	Director
Blake Seibel	Director
Dan Ziman	Director

SCHOOL OFFICIALS

Travis Jordan	Superintendent
Krista Richau	Business Manager

AUDIT PERSONNEL

Craig Hashbarger, CPA, CIA, CFE	Audit Manager
Heath Erickson, CPA	Audit In-Charge



STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
FARGO OFFICE BRANCH
1655 43RD STREET SOUTH, SUITE 203
FARGO, NORTH DAKOTA 58103

INDEPENDENT AUDITOR'S REPORT

School Board
Beulah Public School District
Beulah, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Beulah Public School District, Beulah, North Dakota, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Beulah Public School 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 to the financial statements; 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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Beulah Public School District, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1 to the financial statements.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. Beulah Public School District prepares its financial statements 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. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Beulah Public School District's basic financial statements. The *budgetary comparison schedule* is presented for purposes of additional analysis and are not a required part of the financial statements.

The *budgetary comparison schedule* is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *budgetary comparison schedule* is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the modified cash basis of accounting described in Note 1 to the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2019 on our consideration of the Beulah Public School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beulah Public School District's internal control over financial reporting and compliance.

/s/

Joshua C. Gallion
State Auditor

Fargo, North Dakota
February 14, 2019

BEULAH PUBLIC SCHOOL DISTRICT
Statement of Net Position – Modified Cash Basis
June 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash, Cash Equivalents, and Investments	\$ 4,110,137
Capital Assets, Net	<u>5,238,639</u>
 Total Assets	 <u>\$ 9,348,776</u>
 NET POSITION	
Net Investment in Capital Assets	\$ 5,238,639
Restricted	
Capital Projects	1,145,954
Food Service	111,065
Unrestricted	<u>2,853,118</u>
 Total Net Position	 <u><u>\$ 9,348,776</u></u>

The notes to the financial statements are an integral part of this statement.

BEULAH PUBLIC SCHOOL DISTRICT

Statement of Activities – Modified Cash Basis

For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Regular Instruction	\$ 4,070,307	\$ -	\$ 147,961	\$ (3,922,346)
Special Education	245,539	-	-	(245,539)
Vocational Education	381,358	-	113,254	(268,104)
Federal Programs	216,383	-	-	(216,383)
District Wide Services	506,715	-	-	(506,715)
Administration	800,800	-	-	(800,800)
School Food Services	411,085	299,291	126,072	14,278
Operations and Maintenance	1,139,782	-	-	(1,139,782)
Transportation	604,584	-	230,074	(374,510)
Co-curricular Activities	383,537	-	-	(383,537)
Total Governmental Activities	\$ 8,760,090	\$ 299,291	\$ 617,361	\$ (7,843,438)
General Revenues				
Property Taxes				\$ 2,380,971
Unrestricted State Grants				5,823,136
Unrestricted Interest Earnings				44,409
Miscellaneous Revenue				53,260
Unrealized Gain on Investments				37,087
Total General Revenues				\$ 8,338,863
Changes in Net Position				\$ 495,425
Net Position - July 1				\$ 8,853,351
Net Position - June 30				\$ 9,348,776

The notes to the financial statements are an integral part of this statement.

BEULAH PUBLIC SCHOOL DISTRICT

Balance Sheet – Governmental Funds – Modified Cash Basis

June 30, 2018

	General Fund	Building Fund	Hot Lunch Fund	Total Governmental Funds
ASSETS				
Cash, Cash Equivalents, and Investments	\$ 2,853,118	\$ 1,145,954	\$ 111,065	\$ 4,110,137
FUND BALANCES				
Restricted				
Capital Projects	\$ -	\$ 1,145,954	\$ -	\$ 1,145,954
Assigned				
Food Service	-	-	111,065	111,065
Unassigned	2,853,118	-	-	2,853,118
Total Fund Balances	\$ 2,853,118	\$ 1,145,954	\$ 111,065	\$ 4,110,137

The notes to the financial statements are an integral part of this statement.

BEULAH PUBLIC SCHOOL DISTRICT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position – Modified Cash Basis
June 30, 2018

Total Fund Balances for Governmental Funds \$ 4,110,137

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 the governmental funds. 5,238,639

Total Net Position of Governmental Activities \$ 9,348,776

The notes to the financial statements are an integral part of this statement.

BEULAH PUBLIC SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds – Modified Cash Basis
 For the Year Ended June 30, 2018

	General Fund	Building Fund	Hot Lunch Fund	Total Governmental Funds
REVENUES				
Local Sources	\$ 3,131,081	\$ 565,710	\$ 312,867	\$ 4,009,658
State Sources	4,932,364	-	-	4,932,364
Federal Sources	147,961	-	126,072	274,033
Other Sources	38,932	528	-	39,460
Total Revenues	\$ 8,250,338	\$ 566,238	\$ 438,939	\$ 9,255,515
EXPENDITURES				
Current				
Regular Instruction	\$ 4,064,685	\$ -	\$ -	\$ 4,064,685
Special Education	245,539	-	-	245,539
Vocational Education	381,358	-	-	381,358
Federal Programs	216,383	-	-	216,383
District Wide Services	506,715	-	-	506,715
Administration	800,800	-	-	800,800
School Food Services	-	-	406,219	406,219
Operations and Maintenance of Plant	792,674	619,044	-	1,411,718
Transportation	512,473	-	-	512,473
Co-curricular Activities	380,202	-	-	380,202
Total Expenditures	\$ 7,900,829	\$ 619,044	\$ 406,219	\$ 8,926,092
Excess (Deficiency) of Revenues Over Expenditures	\$ 349,509	\$ (52,806)	\$ 32,720	\$ 329,423
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -	\$ 250,000	\$ -	\$ 250,000
Transfers Out	(250,000)	-	-	(250,000)
Total Other Financing Sources and Uses	\$ (250,000)	\$ 250,000	\$ -	\$ -
Net Change in Fund Balances	\$ 99,509	\$ 197,194	\$ 32,720	\$ 329,423
Fund Balances - July 1	\$ 2,753,609	\$ 948,760	\$ 78,345	\$ 3,780,714
Fund Balances - June 30	\$ 2,853,118	\$ 1,145,954	\$ 111,065	\$ 4,110,137

The notes to the financial statements are an integral part of this statement.

BEULAH PUBLIC SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities – Modified Cash Basis
For the Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 329,423

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

Governmental funds report capital outlays 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.

Current Year Capital Outlay	\$ 517,384	
Current Year Depreciation Expense	<u>(351,382)</u>	<u>166,002</u>

Change in Net Position of Governmental Activities \$ 495,425

The notes to the financial statements are an integral part of this statement.

BEULAH PUBLIC SCHOOL DISTRICT

Statement of Assets and Liabilities - Fiduciary Funds – Modified Cash Basis

June 30, 2018

ASSETS

Cash	<u>\$ 227,258</u>
------	-------------------

LIABILITIES

Due to Student Activities Groups	<u>\$ 227,258</u>
----------------------------------	-------------------

The notes to the financial statements are an integral part of this statement.

BEULAH PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Beulah Public School District ("School District") have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 government's accounting policies are described below.

A. Reporting Entity

The accompanying financial statements present the activities of the School District. The School District has considered all potential component units for which the city is financially accountable and other organizations for which the nature and significance of their relationships with the city are such that exclusion would cause the School 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 School 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 School District.

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

B. Basis of Presentation

Government-wide statements. The statement of net position and the statement of activities display information about the School 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 non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the School 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, interest, and non-restricted grants and contributions, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the School 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.

The following major governmental funds are reported:

General Fund - This is the School District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Building Fund - This fund accounts for the acquisition and construction of the School District's capital facilities.

Hot Lunch Fund - This fund accounts for the activity and financial resources that support the School District's hot lunch and breakfast programs.

Additionally, the School District reports the following fund type:

Agency Funds. These funds account for assets by the School District in a custodial capacity as an agent on behalf of others. The agency fund accounts for the financial transactions related to the student activity program.

C. Measurement Focus and Basis of Accounting

Measurement Focus

Government-wide Financial Statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified cash basis of accounting. Only current financial assets are generally included on their balance sheet. The Statements of Revenues, Expenditures, and Changes in Fund Balance reports on the sources and uses of current financial resources.

Fiduciary Funds Financial Statement. The fiduciary fund financial statement is reported using the economic resources measurement focus, as applied to the modified cash basis of accounting.

Basis of Accounting

Government-wide financial statements are prepared on the modified cash basis of accounting. This basis recognizes assets, liabilities, net position, revenues, and expenses when they result from cash transactions with a provision for depreciation. The modified cash basis of accounting is modified for recording investments at current fair value, rather than cost. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The School District's governmental funds use the current financial resources measurement focus and the modified cash basis of accounting. Revenues are recognized when received in cash and expenditures are recorded at the time of disbursement.

If the School District utilized the basis of accounting recognized as generally accepted, the government-wide statements would be prepared on the accrual basis of accounting and the governmental fund financial statements would be prepared on the modified accrual basis of accounting.

D. Cash, Cash Equivalents, and Investments

Cash includes amounts in demand deposits and money market accounts.

Cash equivalents consist of highly liquid investments with an original maturity of three months or less.

Investments are recorded at fair value. All investment income, including changes in the fair value, is recognized in the statement of revenues, expenditures, and changes in fund balance – modified cash basis.

E. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column 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 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. Interest incurred during the construction phase of capital assets is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Improv.	10 - 50
Equipment	5 - 15
Vehicles	8
Land and Land Improv.	Indefinite

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 position.

In the fund financial statements, the face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs are reported as debt service expenditures.

H. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability is not reported under the modified cash basis of accounting, but the information disclosed in the pension note disclosure. Note 6, is shown as additional information to the users of the financial statements.

I. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS), and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net OPEB liability is not reported under the modified cash basis of accounting, but the information disclosed in the OPEB note disclosure. Note 7, is shown as additional information to the users of the financial statements.

J. Early Retirement

The School District offers an early retirement payment plan option to teachers if they choose to retire early. The benefit is available to employees who have completed 20 years of service to the School District, with at least 10 being consecutive, and the employee has attained eligibility standards of the North Dakota Teachers' Fund for Retirement (TFFR) for a normal (unreduced) service retirement. The benefit is 80% of the teacher's current curricular lane placement on the salary schedule during the first year of edibility under TFFR, and 60% of the teacher's current curricular lane placement on the salary schedule for the five subsequent years of TFFR eligibility.

K. Net Position

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

Net investment in capital assets is reported for capital assets less accumulated depreciation, as well as net of any related debt to purchase or finance the capital assets. These assets are not available for future spending.

Restrictions of net position in the statement of net position are due to restricted tax levies and restricted Federal & State grants/reimbursements.

Unrestricted net position is primarily unrestricted amounts related to the general fund and negative fund balances.

J. Fund Balances

Restricted Fund Balances. Restricted fund balance is shown by primary function on the balance sheet. Restricted fund balances are restricted by tax levies (enabling legislation) and by outside 3rd parties (State & Federal governments for various grants & reimbursements).

Assigned Fund Balances. Assigned fund balance consists of internally imposed constraints. These constraints reflect the specific purpose for which the it is the School District's intended use and are established by the School Board and management.

Unassigned Fund Balances. Unassigned fund balance is reported in the general fund and for negative fund balances at year-end.

It is the policy of the School District to spend restricted resources first, followed by unrestricted resources. It is also the policy of the School District to spend unrestricted resources in the following order: committed, assigned, unassigned.

L. 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.

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

NOTE 2: DEPOSITS AND INVESTMENTS

Credit Risk

Credit risk is the risk associated with the failure of a depository institution, such that in the event of a depository financial institution's failure, the School District would not be able to recover the deposits or collateralized securities that in the possession of the outside parties. The School District does not have a formal policy regarding deposits that limits the amount they may invest in any one issuer.

In accordance with North Dakota Statutes, 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 deposits not covered by insurance or bonds.

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal land bank bonds, bonds, notes, warrants, 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 or instrumentalities or by any county, city, 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 year ended June 30, 2018, the School District's carrying amount of deposits totaled \$3,103,832, and the bank balances totaled \$3,162,508. Of the bank balances, \$750,000 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by the pledging financial institution's agent in the government's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rates. The School District does not have a formal deposit policy that limits maturities as a means of managing exposure to potential fair value losses arising from increasing interest rates.

BEULAH PUBLIC SCHOOL DISTRICT
 Notes to the Financial Statements – Continued

The School District may invest idle funds as authorized in North Dakota Statutes, as follows:

- (a) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of congress.
- (b) 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.
- (c) Certificates of Deposit fully insured by the federal deposit insurance corporation.
- (d) Obligations of the state.

At June 30, 2018, the School District held investments in the amount of \$1,293,577, which consists of government backed securities, and are not considered deposits.

NOTE 3: FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with GASB Statement No. 72, assets, deferred outflows of resources, liabilities and deferred inflows of resources are grouped at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

The following table below presents the balances of assets measured at fair value on a recurring basis at June 30, 2018:

Asset	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Government Bonds	\$ -	\$ 1,293,577	\$ -	\$ 1,293,577

NOTE 4: PROPERTY TAXES

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

NOTE 5: CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2018:

	Balance July 1	Increases	Decreases	Balance June 30
<i>Capital assets not being depreciated</i>				
Construction in Progress	\$ 9,840	\$ 270,659	\$ -	\$ 280,499
<i>Capital assets being depreciated</i>				
Buildings	\$ 13,373,662	\$ -	\$ -	\$ 13,373,662
Building Improvements	423,236	220,482	-	643,718
Equipment and Furniture	596,494	26,243	-	622,737
Vehicles	1,193,383	-	-	1,193,383
Total Capital Assets, Being Depreciated	\$ 15,586,775	\$ 246,725	\$ -	\$ 15,833,500
<i>Less Accumulated Depreciation for</i>				
Buildings	\$ 9,331,933	\$ 203,796	\$ -	\$ 9,535,729
Building Improvements	8,883	20,627	-	29,510
Equipment and Furniture	405,822	37,297	-	443,119
Vehicles	777,340	89,662	-	867,002
Total Accumulated Depreciation	\$ 10,523,978	\$ 351,382	\$ -	\$ 10,875,360
Total Capital Assets Being Depreciated, Net	\$ 5,062,797	\$ (104,657)	\$ -	\$ 4,958,140
<i>Governmental Activities Capital Assets, Net</i>	\$ 5,072,637	\$ 166,002	\$ -	\$ 5,238,639

Depreciation expense was charged to functions/programs of the county as follows:

Transportation	\$ 92,111
Regular Instruction	5,622
Operations and Maintenance	239,588
Co-Curricular	9,196
Food Service	4,865
Total Depreciation Expense	\$ 351,382

NOTE 6: EARLY RETIREMENT

The School District participates in an early retirement plan where an employee may choose early retirement if they have been a full-time employee who has completed a total of twenty years of service to the School District. The plan provides a positive method for dealing with declining enrollments and the resulting need to reduce staff. If a teacher retires in the first year of eligibility, they receive 80 percent of the lane placement on the salary schedule and receive 60 percent of the lane placement if they retire within five years after the initial year. As of June 30, 2018, the School District had a liability of \$126,381.

NOTE 7: PENSION PLANS

General Information about the TFFR Pension Plan

North Dakota Teachers' Fund for Retirement TFFR

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.

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 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 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.

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 service 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 a 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 ½. 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 Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

If reporting on the full accrual basis of accounting, at June 30, 2018 the School District would report a liability of \$6,986,183 for its proportionate share of net pension liability. The net pension liability was measured as of July 1, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The district’s proportion of the net pension liability was based on the district’s share of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. At July 1, 2017, the district’s proportion was .508631%, a decrease of .018137%.

There were no deferred inflows or outflows of resources reported on the School District’s financial statements as they are reporting on the modified cash basis of accounting.

Actuarial Assumptions

The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	4.25% to 14.50%, varying by service, including inflation and productivity
Investment Rate of Return	7.75%, net of investment expenses
Cost-of-Living Adjustments	None

For active and inactive members, mortality rates were based on the RP-2014 Employee Mortality Table, projected generationally using scale MP-2014. For healthy retirees, mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table set back one year, multiplied by 50% for ages under 75 and grading up to 100% by age 80, projected generationally using scale MP-2014. For disabled retirees, mortality rates were based on the RP-2014 Disabled Mortality Table set forward four years.

The actuarial assumptions used were based on the results of an actuarial experience study dated April 30, 2015. They are the same as the assumptions used in the July 1, 2017 funding actuarial valuation for TFFR.

BEULAH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements – Continued

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 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	58%	6.70%
Global Fixed Income	23%	.80%
Global Real Assets	18%	5.32%
Cash Equivalents	1%	0.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.75% as of June 30, 2017. 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, 2017, 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, 2017. 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, 2017.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount rate

The following presents the district’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the district’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (5.44%)	Current Discount Rate (6.44%)	1% Increase (7.44%)
School District’s Proportionate Share of the Net Pension Liability	\$ 2,140,605	\$ 1,576,837	\$ 1,107,806

General Information about the NDPERS Pension Plan

North Dakota Public Employees Retirement System (Main System)

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

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

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

Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 55-64 with three or more years of service.

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

Member and Employer Contributions

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

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

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

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

If reporting on the full accrual basis of accounting, at June 30, 2018 the School District would report a liability of \$1,576,837 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the district's share of covered payroll in the main system pension plan relative to the covered payroll of all participating main system employers. At June 30, 2017, the School District's proportion was 0.098103%, which was an increase of .006269% from its proportion measured at June 30, 2016.

There were no deferred inflows or outflows of resources reported on the School District's financial statements as they are reporting on the modified cash basis of accounting.

Actuarial Assumptions

The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%	
Salary increases	Service at Beginning of year:	Increase Rate:
	0	15.00%
	1	10.00%
	2	8.00%
	Age*	
	Under 36	8.00%
	36 – 40	7.50%
	41 – 49	6.00%
	50+	5.00%
	* Age-based salary increase rates apply for employees with three or more years of service	
Investment rate of return	7.75%, net of investment expenses	
Cost-of-living adjustments	None	

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31%	6.90%
International Equity	21%	7.55%
Private Equity	5%	11.30%
Domestic Fixed Income	17%	1.52%
International Fixed Income	5%	-.45%
Global Real Assets	20%	5.38%
Cash Equivalents	1%	0.00%

Discount rate

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required. The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

The pension plan’s fiduciary net position was projected to be sufficient to make all projected future benefit payments through the year of 2061. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2061, and the municipal bond rate was applied to all benefit payments after that date. For the purpose of this valuation, the expected rate of return on pension plan investments is 7.75%; the municipal bond rate is 3.56%; and the resulting Single Discount Rate is 6.44%.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate

The following presents the School District’s proportionate share of the net pension liability calculated using the discount rate of 6.44 percent, as well as what their proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.44 percent) or 1-percentage-point higher (7.44 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District’s Proportionate Share of the Net Pension Liability	\$ 9,288,254	\$ 6,986,183	\$ 5,069,778

Pension Plan Fiduciary Net Position

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

NOTE 8: OPEB PLAN

General Information about the OPEB Plan

North Dakota Public Employees Retirement System

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member’s years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

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

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "prefunded credit applied" on the Statement of Changes in Plan Net Position for the OPEB trust funds.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. The benefits are equal to \$5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

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

If reporting on the full accrual basis of accounting, at June 30, 2018, the School District would report a liability of \$73,225 for their proportionate shares of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability was based on their share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2017, the School District's proportion was 0.092571percent.

Actuarial assumptions

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Not applicable
Investment rate or return	7.50%, net of investment expenses
Cost of living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

BEULAH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements – Continued

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC 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. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC’s target asset allocation as of July 1, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	37%	5.80%
Small Cap Domestic Equities	9%	7.05%
International Equities	14%	6.20%
Core-Plus Fixed Income	40%	1.56%

Discount rate

The discount rate used to measure the total OPEB liability was 7.50%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2017, and July 1, 2016, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Plans as of June 30, 2017, calculated using the discount rate of 7.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
School District’s Proportionate Share of the Net OPEB Liability	\$ 91,668	\$ 73,225	\$ 57,415

NOTE 9: TRANSFERS

The following is a reconciliation between transfers in and transfers out as reported in the financial statements for the year ended June 30, 2018:

	Transfers In	Transfers Out
Major Funds		
General Fund	\$ -	\$ 250,000
Building Fund	250,000	-
Total Transfers	\$ 250,000	\$ 250,000

Funds were transferred from the general fund to the building fund to assist with various capital expenses incurred and to pay off prior incurred debt.

NOTE 10: RISK MANAGEMENT

The School 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 (NDRF), 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 NDRF for its general liability, automobile insurance coverage and inland marine. The coverage by NDRF is limited to losses of three million dollars per occurrence.

The School District also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The School District pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of two million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides political subdivision with blanket fidelity bond coverage in the amount of two million dollars for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The School District has worker's compensation with the Workforce, Safety and Insurance and purchases commercial insurance for employee health and accident insurance.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 11: CONSTRUCTION COMMITMENTS

The School District had an open construction contract at year end. The total open contract is as follows:

Project	Contract	Completed	Retainage	Balance to Completion
Boiler				
Cofell's Plumbing and Heating	\$ 264,800	\$ 165,160	\$ 13,240	\$ 112,880
B&G Electric, LLC	127,721	122,872	12,287	17,136
Total	\$ 392,521	\$ 288,032	\$ 25,527	\$ 130,016

NOTE 11: NONMONETARY TRANSACTIONS

The School District receives food commodities from the federal government to subsidize its hot lunch program. The market value of commodities received for the year ended June 30, 2018 was \$33,277.

NOTE 12: ECONOMIC DEPENDENCY

The School District receives a substantial amount of its support from federal, state, and local governmental sources. A significant reduction in the level of this support, if this were to occur, may have a material effect on the School District's programs and therefore on its continued operations.

BEULAH PUBLIC SCHOOL DISTRICT

Budgetary Comparison Schedule – General Fund – Modified Cash Basis

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local Sources	\$ 2,681,767	\$ 2,681,767	\$ 3,131,081	\$ 449,314
State Sources	4,959,298	4,959,298	4,932,364	(26,934)
Federal Sources	186,307	186,307	147,961	(38,346)
Other Sources	20,000	20,000	38,932	18,932
Total Revenues	\$ 7,847,372	\$ 7,847,372	\$ 8,250,338	\$ 402,966
EXPENDITURES				
Current				
Regular Instruction	\$ 4,127,730	\$ 4,127,730	\$ 4,064,685	\$ 63,045
Special Education	233,459	233,459	245,539	(12,080)
Vocational Education	395,144	395,144	381,358	13,786
Federal Programs	185,308	185,308	216,383	(31,075)
District Wide Services	537,563	537,563	506,715	30,848
Administration	869,139	869,139	800,800	68,339
Operations and Maintenance	792,315	792,315	792,674	(359)
Transportation	548,759	548,759	512,473	36,286
Co-curricular Activities	282,158	282,158	380,202	(98,044)
Other Programs & Services	3,000	3,000	-	3,000
Total Expenditures	\$ 7,974,575	\$ 7,974,575	\$ 7,900,829	\$ 73,746
Excess (Deficiency) of Revenues Over Expenditures	\$ (127,203)	\$ (127,203)	\$ 349,509	\$ 476,712
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (64,000)	\$ (64,000)	\$ (250,000)	\$ (186,000)
Net Changes in Fund Balances	\$ (191,203)	\$ (191,203)	\$ 99,509	\$ 290,712
Fund Balances - July 1	\$ 2,835,435	\$ 2,835,435	\$ 2,753,609	\$ (81,826)
Fund Balances - June 30	\$ 2,644,232	\$ 2,644,232	\$ 2,853,118	\$ 208,886

The accompanying required supplementary information notes are an integral part of this schedule.

STATE AUDITOR

JOSHUA C. GALLION
Phone (701) 328-2241



Local Government Division
FARGO OFFICE
MANAGER – CRAIG HASHBARGER
Phone (701)239-7250

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
FARGO OFFICE BRANCH
1655 43RD STREET SOUTH, SUITE 203
FARGO, NORTH DAKOTA 58103

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

Independent Auditor's Report

School Board
Beulah Public School District
Beulah, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Beulah Public School District, Beulah, North Dakota, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Beulah Public School District's basic financial statements, and have issued our report thereon dated February 14, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying *summary of auditor's results and findings* as items 2018-001, 2018-002, 2018-003, and 2018-004 that we consider to be material weaknesses.

Compliance and Other Matters

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

BEULAH PUBLIC SCHOOL DISTRICT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* - Continued

Beulah Public School District's Response to Findings

Beulah Public School District's response to the findings identified in our audit is described in the accompanying *summary of auditor's results and findings*. Beulah Public School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

/s/

Joshua C. Gallion
State Auditor

Fargo, North Dakota
February 14, 2019

BEULAH PUBLIC SCHOOL DISTRICT

Summary of Auditor's Results
For the Year Ended June 30, 2018

Financial Statements

Type of Report Issued?	
Governmental Activities - Modified Cash Basis	Unmodified
Major Funds - Modified Cash Basis	Unmodified
Aggregate Remaining Fund Information - Modified Cash Basis	Unmodified

Internal control over financial reporting

Material weaknesses identified?	<u> X </u> Yes	<u> </u> None Noted
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Noted
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> None Noted

BEULAH PUBLIC SCHOOL DISTRICT

Schedule of Audit Findings

For the Year Ended June 30, 2018

2018-001 – FINANCIAL STATEMENT PREPARATION

Condition

Beulah Public School District does not have an internal control system over financial reporting designed to provide for the preparation of the financial statements, including the accompanying note disclosures, for external reporting. Thus, management has elected to have the financial statements and note disclosures be prepared with the assistance of the auditors.

Criteria

Management of Beulah Public School District is responsible for establishing proper internal control over the preparation of Beulah Public School District's annual financial statements to ensure that financial statements and note disclosures are reliable, accurate, free of material misstatement, and in accordance with the modified cash basis of accounting.

Cause

This deficiency is due to limited resources coupled with the fact that Beulah Public School District personnel may not know how to prepare basic financial statements that comply with the modified cash basis of accounting.

Effect

An appropriate system of internal controls is not present to prepare the financial statements and the related disclosures are fairly stated in compliance with the modified cash basis of accounting.

Recommendation

We recognize Beulah Public School District is not staffed with personnel fully knowledgeable of reporting requirements under the modified cash basis of accounting. However, it is important management is aware of this weakness and that management accepts responsibility for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting, even if the auditor assisted in drafting those financial statements. We recommend Beulah Public School District review its training system for its accounting personal and determine if it is cost effective to obtain this knowledge internally.

Beulah Public School District's Response

Agree. Beulah Public School District is aware that there is a risk having the State Auditor's Office prepare and approve our financial statements and note disclosures. We may attempt to prepare the financial statements and note disclosures in the future.

2018-002 – ADJUSTING JOURNAL ENTRIES

Condition

Material auditor-identified adjusting entries to the financial statements were proposed to properly reflect the financial statements in accordance with the modified cash basis of accounting.

Criteria

Beulah Public School District is required to maintain internal controls at a level where support for general ledger accounts can be developed and a determination can be made that the general ledger accounts are properly reflected in accordance with the modified cash basis of accounting.

Cause

Management of Beulah Public School District does not have adequate internal controls and training in place to ensure fair presentation of the Beulah Public School District’s financial statements in accordance with the modified cash basis of accounting.

Effect

Inadequate internal controls over recording of transactions affects Beulah Public School District’s ability to detect misstatements in amounts that could be material in relation to the financial statements.

Recommendation

Accounting personnel will need to determine the proper balance in each general ledger account prior to the audit. We recommend Beulah Public School District review its current training system and implement internal controls to identify misstatements.

Beulah Public School District’s Response

Agree. Beulah Public School District will review current year adjustments and determine if it is cost beneficial for the business manager to identify the adjustment prior to the start of future audits.

2018-003 – LACK OF SEGREGATION OF DUTIES

Condition

The Beulah Public School District has limited individuals responsible for most accounting functions. A lack of segregation of duties exists as limited personnel are responsible to collect and deposit monies, issue checks, send checks to vendors, record receipts disbursement in journals, maintain the general ledger, and perform bank reconciliations.

Criteria

Internal control guidance provided by the Committee of Sponsoring Organizations (COSO) indicate that the following functions should be separated: custody of assets, posting, reconciliation, and authorization.

Cause

The Beulah Public School District has limited financial resources which make segregating duties (hiring additional staff, etc) impracticable.

Effect

Limited segregation of duties exposes Beulah Public School District to risk of loss of assets, potential liabilities, and damage to the reputation, whether due to error or fraud.

Recommendation

We recommend Beulah Public School District review their internal controls over the accounting functions to determine if additional procedures can be implemented. Possible internal controls to consider include, but are not limited to:

- Periodic comparisons of direct deposit listing to amounts clearing in bank statements by someone other than the preparer
- Separating the custody of assets from the accounting function
- Review the segregation of duties over the Beulah Public School District’s cash receipt and disbursement functions
- Review of bank statements and reconciliations by someone other than the preparer

Beulah Public School District's Response

Agree. Beulah Public School District will continue to explore opportunities to improve its segregate duties.

2018-004 – IMPROPER BANK RECONCILIATIONS

Condition

Material auditor-identified transactions that had not yet cleared the bank were marked as cleared on the June 30, 2018 bank reconciliation.

Criteria

Beulah Public School District is required to maintain internal controls at a level that ensures bank reconciliations are accurately prepared.

Cause

Internal controls in place did not operate effectively to discover the errors in the bank reconciliation process.

Effect

Inadequate internal controls surrounding the bank reconciliation process affects Beulah Public School District's ability to detect misstatements in amounts that could be material in relation to the financial statements.

Recommendation

We recommend Beulah Public School District implement internal controls to ensure bank reconciliations are accurately prepared. Possible internal controls to consider include, but are not limited to:

- A review of the bank reconciliation by someone other than the preparer
- A spot check of transactions on the bank reconciliation by someone other than the preparer to ensure the transaction is properly reported as cleared/outstanding

Beulah Public School District's Response

Agree. Beulah Public School District will have someone other than the preparer review bank reconciliations.

STATE AUDITOR

JOSHUA C. GALLION
Phone (701) 328-2241



Local Government Division
FARGO OFFICE
MANAGER – CRAIG HASHBARGER
Phone (701)239-7250

STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITAL
600 E. BOULEVARD AVENUE – DEPT 117
BISMARCK, NORTH DAKOTA 58505

GOVERNANCE COMMUNICATION

School Board
Beulah Public School District
Beulah, North Dakota

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Beulah Public School District, Beulah, North Dakota, for the year ended June 30, 2018 which collectively comprise Beulah Public School District's basic financial statements and have issued our report thereon dated February 14, 2019. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in The United States of America, Government Auditing Standards and by the Uniform Guidance

As stated in our engagement letter dated November 5, 2018, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the basic financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, or fraud may exist and not be detected by us.

In planning and performing our audit, we considered Beulah Public School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on internal control over financial reporting.

As part of obtaining reasonable assurance about whether Beulah Public School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Significant Accounting Policies/Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Beulah Public School District are described in Note 1 to the financial statements. Application of existing policies was not changed during the year ended June 30, 2018. Application of existing policies was not changed during the year ended June 30, 2018. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and report them to the appropriate level of management. Management has corrected all such misstatements. The schedule below lists all misstatements detected as a result of audit procedures that were corrected by management.

AUDIT ADJUSTMENTS			
Cash	\$	38,502	
Fund Balance			\$ 38,502
Fund Balance		659,919	
Accounts Receivable		123,551	
Interfund Receivable			766,513
Accounts Payable			16,957
Cash		37,087	
Revenues			37,087
Revenues		159,094	
Cash			159,094
Expenditures		464,770	
Health Insurance Payable		91,101	
Salaries Payable			555,871

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 14, 2019.

Management Consultations with Other Independent Accountants

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

Difficulties Encountered in Performing the Audit

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

Other Audit Findings or Issues

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

FRAUD RISK ASSESSMENT

Beulah Public School District does not currently prepare a fraud risk assessment of the entire entity. If the school district does not prepare an adequate fraud risk assessment, there is an increased risk of fraudulent financial reporting, asset misappropriation, and corruption.

Fraud risk governance is a key component of entity-wide governance and the internal control environment according to the COSO framework principles. This entity-wide governance addresses the manner in which the board of directors and management meet their respective obligations to achieve the school district's goals in reporting, reliance, and accountability.

We recommend Beulah Public School District prepare a fraud risk assessment in order to identify areas of concern within the entity to appropriately mitigate the risk of fraudulent financial reporting, misappropriation of assets, and corruption.

This information is intended solely for the use of the School Board and management of Beulah Public School District, and is not intended to be, and should not be, used for any other purpose. We would be happy to meet with you and any member of your staff to discuss any of the items in this letter in more detail if you so desire.

Thank you and the employees of Beulah Public School District for the courteous and friendly assistance we received during the course of our audit. It is a pleasure for us to be able to serve Beulah Public School District.

/s/

Joshua C. Gallion
State Auditor

Fargo, North Dakota
February 14, 2019

You may obtain audit reports on the internet at:

www.nd.gov/auditor/

or by contacting the
Division of Local Government Audit

Office of the State Auditor
600 East Boulevard Avenue – Department 117
Bismarck, ND 58505-0060

(701) 328-2220

APPENDIX B

Form of Legal Opinion

(This page has been left blank intentionally.)

The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.

3. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Code**"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.
4. The interest on the Bonds is excludable from gross income for State of North Dakota income tax purposes.

It is to be understood that the rights of the holders of the Bonds, and the enforceability thereof, may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the official statement or other offering material relating to the Bonds (except to the extent, if any, stated in the official statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the official statement).

Respectfully submitted,

ARNTSON STEWART WEGNER PC

APPENDIX C

Continuing Disclosure Certificate

(This page has been left blank intentionally.)

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is made and entered into as of March 1, 2020, by Beulah Public School District No. 27 of Mercer, Oliver and Dunn Counties, North Dakota (the “District”), in connection with the issuance of the District’s \$2,440,000 General Obligation Building Fund Bonds, Series 2020A (the “Bonds”). The Bonds are being issued pursuant to a Resolution adopted February 18, 2020 (the “Resolution”), and the Bonds will be delivered to the Purchaser on the date hereof. Pursuant to Section 2.14 of the Resolution, the District covenants and agrees as follows:

SECTION 1. PURPOSE OF THE 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.

“Audited Financial Statements” means audited general purpose financial statements of the Issuer, 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. Audited Financial Statements are currently done on a biennial basis only.

“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.

“EMMA” shall mean the Electronic Municipal Market Access (EMMA®) system maintained by the Municipal Securities Rulemaking Board.

“Final Official Statement” means the deemed final official statement dated February 19, 2020, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

“Financial Obligation” means: (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned

debt obligation; or (iii) guarantee of a debt obligation or derivative instrument. Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

“MSRB” means the Municipal Securities Rulemaking Board located at 1150 18th Street NW, Suite 400, Washington, DC 20036.

“National 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.

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

“Participating Underwriters” means the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Repository” means each National Repository.

“Rule” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1935, 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.

“Specific 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. The District shall, or shall cause the Dissemination Agent to, not later than June 30, 2021, or twelve (12) months after the end of each Fiscal Year during which the Bonds are outstanding, commencing with the Fiscal Year ending June 30, 2020, provide to each Repository or to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (EMMA®) an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. 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 Agreement; provided, that the Audited Financial Statements of the District may be submitted separately from the balance of the Annual Report.

If the Dissemination Agent 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.

SECTION 4. CONTENT OF ANNUAL REPORTS. The District's Annual Report shall contain or incorporate by reference Audited Financial Statements or Unaudited Financial Statements and the operating data of the District which is customarily prepared and is publicly available.

In the event that Audited Financial Statements are not available by the reporting date, the District shall provide Unaudited Financial Statements as part of the Annual Report and deliver Audited Financial Statements to the Dissemination Agent or each Repository as soon as available thereafter. The failure to file Audited Financial Statements by the reporting date shall not be a default under this Disclosure Certificate if the failure to file is due to the unavailability of the Audited Financial Statements.

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 Electronic Municipal Market Access (EMMA®) system administered by the Municipal Securities Rulemaking Board ("MSRB"). The District shall clearly identify each such other document so incorporated by reference.

SECTION 5. REPORTING OF SPECIFIED EVENTS.

(a) The Issuer 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 (the Bond issue has no credit enhancements);
- (v) Substitution of credit or liquidity providers, or their failure to perform (the Bond issue has no credit or liquidity providers);

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

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

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

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar events of the Issuer;

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

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

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

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

(b) Unless otherwise required by law, the Issuer shall provide notices of Specified Events required by this Section to the Repository or the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA®).

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

SECTION 7. DISSEMINATION AGENT. The Issuer 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 Issuer shall be the Dissemination Agent.

SECTION 8. AMENDMENT; WAIVER. Notwithstanding any other provision of this Disclosure Certificate, the Issuer and the Dissemination Agent may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the Issuer) 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 Issuer 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 Bonds, 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 attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The

obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

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

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

BEULAH PUBLIC SCHOOL DISTRICT NO. 27

Attest

President, Board of Education

Business Manager

EXHIBIT A

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

Name of Issuer: Beulah Public School District No. 27

Name of Issue: General Obligation Building Fund Bonds, Series 2020A

Date of Issuance: March 11, 2020

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named bonds as required by Section 2.14 of the Resolution adopted February 18, 2020. The District anticipates that the Annual Report will be filed by _____.

Dated: _____.

_____,
on behalf of the DISTRICT

cc: District

