

NEW ISSUE: FULL-BOOK ENTRY ONLY

**RATINGS BY MOODY’S: “Applied for” (Enhanced)
(North Dakota School District Credit Enhancement Program)**

In the opinion of Arntson Stewart Wegner PC, Bismarck, North Dakota, Bond Counsel, according to existing North Dakota and federal laws, regulations, rulings, and judicial decisions, and assuming compliance with certain covenants, as of their date of issuance, interest on the Bonds is excluded from gross income for purposes of federal income taxation and is exempt from taxable income for State of North Dakota income tax purposes. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax for individuals. Interest on the Bonds may affect the federal alternative minimum tax imposed on corporations. See “TAX MATTERS” herein.

OFFICIAL STATEMENT

**\$1,300,000⁽¹⁾ GENERAL OBLIGATION BUILDING FUND BONDS, SERIES 2024
WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
(RICHLAND COUNTY NORTH DAKOTA)**

Dated Date: July 10, 2024

Principal Due: August 1, 2025 through 2043

Minimum Bid: \$1,287,000 (99.0% of Par)

Good Faith Deposit: \$13,000

The \$1,300,000⁽¹⁾ General Obligation Building Fund Bonds, Series 2024 (the “Bonds”) are issued by Wahpeton Public School District No. 37, North Dakota (the “District”) pursuant to Section 21-03-07(7) of the North Dakota Century Code. The proceeds of the Bonds will be used for the purpose of providing funds, together with any other funds available, (i) to upgrade the mechanical heating, ventilating, and air conditioning (HVAC) system at the Wahpeton Middle School, and (ii) to pay the costs of issuance. The Bonds are valid and binding general obligations of the District. All taxable property within the corporate limits of the District is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds, but are primarily payable from proceeds of the District’s 10-mill building fund levy.

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 (“DTC”). DTC will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal, payable annually, on each August 1, commencing August 1, 2025, and interest, payable semi-annually, on February 1 and August 1, commencing February 1, 2025, will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to the beneficial owners of the Bonds as described herein.

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

MATURITY SCHEDULE

<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Rate</u>	<u>Yield</u>
2025	\$ 40,000	_____%	_____%	2035	\$ 70,000	_____%	_____%
2026	45,000	_____%	_____%	2036	75,000	_____%	_____%
2027	50,000	_____%	_____%	2037	75,000	_____%	_____%
2028	50,000	_____%	_____%	2038	80,000	_____%	_____%
2029	55,000	_____%	_____%	2039	85,000	_____%	_____%
2030	55,000	_____%	_____%	2040	85,000	_____%	_____%
2031	60,000	_____%	_____%	2041	90,000	_____%	_____%
2032	60,000	_____%	_____%	2042	95,000	_____%	_____%
2033	65,000	_____%	_____%	2043	95,000	_____%	_____%
2034	70,000	_____%	_____%				

The Bonds maturing on August 1, 2032 and thereafter are subject to optional redemption on August 1, 2031 and any date thereafter at a price of par plus accrued interest to the redemption date.

- BANK QUALIFIED:** The Bonds are designated as “Qualified Tax-Exempt Obligations.”
- LEGAL OPINION:** Arntson Stewart Wegner PC, Bismarck, North Dakota
- ENHANCEMENT:** The District will participate in the North Dakota Credit Enhancement Program.
- REGISTRAR/PAYING AGENT:** US Bank National Association, St. Paul, Minnesota
- BIDS OPENING:** 11:00 A.M. Central Time on Monday, June 17, 2024
In the offices of PFM Financial Advisors LLC
45 South 7th Street, Suite 2950, Minneapolis, Minnesota 55402
- BID CONSIDERATION:** At the regularly scheduled Board Meeting on Monday, June 17, 2024.
- DELIVERY:** Delivery is anticipated on or about July 10, 2024

The date of this Official Statement is June 6, 2024.

⁽¹⁾ Preliminary, subject to change.
* Interest rates, reoffering yields or prices and ratings will be set forth in the Final Official Statement described herein.
(THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.)

No dealer, broker, salesman or other person has been authorized by the District, the Financial 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 Financial 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 Financial 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.

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INTRODUCTION TO THE OFFICIAL STATEMENT

The following information is furnished solely to provide limited introductory information regarding the \$1,300,000⁽¹⁾ General Obligation Building Fund Bonds, Series 2024 (the "Bonds") issued by Wahpeton Public School District No. 37, 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:	Wahpeton Public School District No. 37, North Dakota						
Authorization:	The Bonds are being issued by the District pursuant to Section 21-03-07(7) of the North Dakota Century Code.						
Purpose:	The proceeds of the Bonds will be used for the purpose of providing funds, together with any other funds available, (i) to upgrade the mechanical heating, ventilating, and air conditioning (HVAC) system at the Wahpeton Middle School, and (ii) to pay the costs of issuance.						
Security:	The Bonds are valid and binding general obligations of the District. All taxable property within the corporate limits of the District is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds, but are primarily payable from proceeds of the District's 10-mill building fund levy.						
Principal Payments:	Principal is paid annually on August 1, 2025 through 2043.						
Interest Payments:	Interest is paid semiannually on February 1 and August 1 of each year, commencing February 1, 2025.						
Optional Redemption:	The Bonds maturing on August 1, 2032 and thereafter are subject to optional redemption on August 1, 2031 and any date thereafter at the price of par plus accrued interest to the redemption date.						
Credit Enhancement:	The District intends to participate in the North Dakota Credit Enhancement Program.						
Denominations:	\$5,000 or multiples thereof, of a single maturity						
Book-Entry-Only System:	The Bonds will be fully registered Bonds as to principal and interest in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"). Subject to certain exemptions described herein, all purchases, sales, or other transfers of beneficial ownership in the Bonds are to be made by book-entry only, and no owner will receive, hold or deliver any certificates as long as DTC or any successor securities depository is the registered owner of the Bonds.						
Registrar & Paying Agent:	US Bank National Association, St. Paul, Minnesota						
Record Date:	The 15th day of the immediately month preceding the payment date.						
Tax Status:	Generally exempt from federal and state income taxes (see "Tax Exemption" page 19). The Bonds are designated as "Qualified Tax-Exempt Obligations."						
Bank Qualified:	The Bonds will be designated as "Qualified Tax-Exempt Obligations".						
Legal Matters:	Validity, tax exemption and legal matters incident to the authorization and issuance of the Bonds are subject to the opinion of Arntson Stewart Wegner PC, Bismarck, North Dakota, Bond Counsel. The opinion will be substantially in the form set forth in Appendix B attached hereto.						
Delivery:	The Bonds will be available for delivery on or about July 10, 2024.						
Professional Consultants:	<table><tr><td><i>Financial Advisor:</i></td><td>PFM Financial Advisors LLC Minneapolis, Minnesota</td></tr><tr><td><i>Bond Counsel:</i></td><td>Arntson Stewart Wegner PC Bismarck, North Dakota</td></tr><tr><td><i>Registrar/Paying Agent:</i></td><td>US Bank National Association St. Paul, Minnesota</td></tr></table>	<i>Financial Advisor:</i>	PFM Financial Advisors LLC Minneapolis, Minnesota	<i>Bond Counsel:</i>	Arntson Stewart Wegner PC Bismarck, North Dakota	<i>Registrar/Paying Agent:</i>	US Bank National Association St. Paul, Minnesota
<i>Financial Advisor:</i>	PFM Financial Advisors LLC Minneapolis, Minnesota						
<i>Bond Counsel:</i>	Arntson Stewart Wegner PC Bismarck, North Dakota						
<i>Registrar/Paying Agent:</i>	US Bank National Association St. Paul, Minnesota						

⁽¹⁾ Preliminary, subject to change.

The information set forth herein has been obtained from the District and other sources which are believed to be reliable, but it is not to be constructed as a representation by the Financial 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 documents described herein may be obtained from, PFM Financial Advisors LLC 45 South 7th Street, Suite 2950, Minneapolis, Minnesota 55402 (612-371-3723 or 612/338-7264 fax), the District's Municipal Advisor.

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

DESCRIPTION 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 June 17, 2024, and pursuant to the provisions of Section 21-03-07 of the North Dakota Century Code, as amended.

Purpose

The proceeds of the Bonds will be used for the purpose of providing funds, together with any other funds available, (i) to upgrade the mechanical heating, ventilating, and air conditioning (HVAC) system at the Wahpeton Middle School, and (ii) to pay the costs of issuance.

Security and Source of Payment

The Bonds are payable from an irrevocably pledged 10 mill tax levy authorized by Section 57-15-16 of the North Dakota Century Code (School Building Fund Levy). In the event of a deficiency, all taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. 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.

North Dakota School District 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 total State Aid Payment for the District for the 2023-24 school year was \$11,162,874. As of the issuance of the Bonds, the maximum annual debt service of the District for all outstanding issues in the Program is \$822,853.13 in fiscal year ending June 30, 2027, which represents 13.57X coverage.

Interest Computation

Interest on the Bonds will be payable semi-annually on each February 1 and August 1, commencing on February 1, 2025. It will be computed on a 360-day year, 30-day month basis, and will be paid to the owners of record as of the close of business on the fifteenth day of the immediately preceding month.

Redemption Provisions

Optional Redemption

The Bonds maturing on August 1, 2032 and thereafter are subject to optional redemption on August 1, 2031 and any date thereafter at a price of par plus accrued interest to the redemption date.

Notice of Redemption

Notice of the call for any redemption of the Bonds shall identify the Bonds to be redeemed and shall be given by the Bond Registrar by a mailing of a copy of the redemption notice by first-class mail not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the registered owner of each Bond to be redeemed at the address shown on the registration books; which notice shall specify (i) the place where the Bond must be delivered for redemption, (ii) the redemption date, and (iii) that from and after the redemption date interest on the Bond shall cease to accrue; provided, however, that failure to give such notice by mailing, or any defect therein shall not affect the validity of any proceedings for the redemption of Bonds.

Estimated Sources and Uses of Funds

Table 1 below presents estimate sources and uses of funds for the Bonds.

Table 1
Estimated Sources and Uses of Funds⁽¹⁾

Sources of Funds	
Par Amount	<u>\$ 1,300,000</u>
Total Sources of Funds	
Uses of Funds	
	\$
Deposit to Project Fund	
Cost of Issuance/Underwriter's Discount	
Additional Proceeds	
Total Uses of Funds	<u>\$ 1,300,000</u>

⁽¹⁾ Preliminary, subject to change.

Book-Entry Only System

The information contained in the following paragraphs of this subsection "Book-Entry Only System" has been extracted from a schedule prepared by Depository Trust Company ("DTC") entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY ONLY ISSUANCE." The 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.

DTC 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 such certificates 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 certificates. 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.

Purchases of securities 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 certificate ("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 certificates 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 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.

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.

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.

Neither DTC nor Cede & Co. will consent or vote with respect to 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 Participant and not of DTC 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, 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. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

NEITHER THE DISTRICT NOR THE UNDERWRITERS 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 OR INTEREST ON THE BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO

CERTIFICATEHOLDERS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS CERTIFICATEHOLDER; 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.

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 ended June 30, 2024, 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.

Within the past five years, the District has never failed to comply in all material respects with any previous undertakings under the Rule. On one occasion, its audited financial statements for the fiscal year ending June 30, 2021 were not timely filed since the audited financial statements were not yet completed. A failure to file notice was posted on EMMA® in connection with this event.

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.

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THE DISTRICT

General Information

Wahpeton Public School District No. 37 covers approximately 257 square miles in the southeastern corner of North Dakota in Richland County. The District operates two elementary schools, one middle school, and one senior high school, serving the City of Wahpeton as well as students from the Cities of Dwight, Great Bend, and Mooreton and from the Townships of Brandenburg, Center, Dwight, Ibsen, Mooreton, and Summit. The District has an estimated population of 9,620 persons.

The table below shows details on the school buildings operated by the District and major additions completed through the years.

Table 2
School Facilities

<u>Building</u>	<u>Year Built</u>	<u>Major Additions</u>	<u>Grades</u>	<u>Estimated Capacity</u>
High School	1964	1997, 2005, & 2016	9-12	500
Middle School	1988	--	6-8	350
Elementary	2016	--	1-5	550
Zimmerman	1957	1987 & 2005	PK-K	150

Source: The District.

Organization and Administration

The School District Board of Education consists of nine members elected to three-year terms. Five board members represent the City of Wahpeton, and four serve the rural areas. Regular meetings are held the second Wednesday of each month. Below is the list of board members and the current administration.

Table 3
Board Members

<u>Name</u>	<u>Position</u>	<u>Expiration Date</u>
Jake Kubela	President	June 2024
Mike Hauschild	Vice President	June 2024
Michelle Nelson	Director	June 2024
Lisa Graves	Director	June 2025
Matt Dockter	Director	June 2025
Kathy Dimmer	Director	June 2025
Brooke Hills	Director	June 2026
Robb Dohman	Director	June 2026
Matthew Vetter	Director	June 2026

Table 4
Administration

<u>Name</u>	<u>Position</u>
Michael Kaiser	Superintendent
Keri Wiest	Business Manager Consultant

Enrollment Trends

Table 5 below presents the historical enrollment of the District. The enrollment for the 2023/24 school year is 1,185.

Table 5
Enrollment Statistics

<u>School Year</u>	<u>Enrollment</u>
2022/23	1,186
2021/22	1,204
2020/21	1,193
2019/20	1,223
2018/19	1,216

Pension Plans

North Dakota Teachers' Fund for Retirement

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

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

Responsibility for administration of the TFFR benefits program is assigned to a Board comprised of seven members. The Board consists of the State Treasurer, the Superintendent of Public Instruction and five members appointed by the Governor.

Member and Employer Contributions

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

A vested member who terminates covered employment may elect a refund of contributions paid plus 6% interest or defer payment until eligible for pension benefits. A non-vested member who terminates covered employment must claim a refund of contributions paid before age 70½. Re-funded 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

At June 30, 2023, the District reported a liability of \$13,470,373 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial calculation 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 employees. At June 30, 2022 the District's proportion was .925129 percent which was a decrease of .054792 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expenses of \$570,778.

North Dakota Public Employees Retirement 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 NDPERS plan is financed by investment income and contributions.

Responsibility for administration of the NDPERS benefits program 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 active membership of the NDPERS system; one member elected by the retired public employees; and two members of the legislative assembly appointed by the chairman of the legislative management.

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 8.26% of covered compensation.

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

At June 30, 2023, the District reported a liability of \$4,231,826 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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 Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2022, the District's proportion was .146935 percent, which was an increase of .000572 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$590,674.

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ECONOMIC AND DEMOGRAPHIC INFORMATION

Community Characteristics

Wahpeton is a community located in the southeast corner of North Dakota founded in 1869. Wahpeton’s twin city is Breckendridge, Minnesota. The area has several medical facilities including St. Francis Hospital, Sanford Clinic, and Essentia Health Clinic. Wahpeton has two railroads, five truck lines and a municipal airport. The North Dakota State College of Science, a state two-year college, and Circle of Nations School, a Native American boarding school for grades 5-8 are all located in Wahpeton. Several manufacturing and agricultural processing plants are also headquartered in Wahpeton, including Quanex, Vaderstad, ContiTech, Minn-Dak Farmers Cooperative, Com-Del Innovation and Cargill.

Population

Table 6 below shows the populations of Richland County and the City of Wahpeton as recorded in the past four censuses and the most recent estimates from the United States Census Bureau.

Table 6
Population Statistics

<u>Year</u>	<u>Richland County</u>	<u>City of Wahpeton</u>
2023 ⁽¹⁾	16,558	--
2022	16,574	8,014
2020	16,529	8,007
2010	16,321	7,766
2000	17,998	8,586
1990	18,148	8,751
1980	19,207	9,064

⁽¹⁾ As of February 2024

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

Business and Industry

The major employers within the District are presented in Table 7 below.

Table 7
Principal Employers

<u>Firm</u>	<u>Type of Business</u>	<u>Employees</u>
North Dakota State Clg Of Sci	Universities & Colleges Academic	600
Quanex	Millwork	499
Minn-Dak Farmers Co-Op	Sugar Refiners	450
Comdel Innovation	Business Services NEC	325
Heartland Precision	Manufacturers	300
Walmart Supercenter	Department Stores	160
Comstock Construction Of ND	General Contractors	150
Cargill Inc	Agricultural Products	135
ContiTech	Belting & Belting Supplies	130
Vaderstad	Manufacturers	130

Source: District, Data Axle Reference Solutions.

Labor Force and Unemployment Statistics

Table 8 below presents annualized average labor force and unemployment rates for Richland County and unemployment rates for the State of North Dakota for the past five years and the most recent month available. Information set forth in this table has not been seasonally adjusted.

Table 8
Labor Force and Unemployment
Statistics

<u>Year</u>	<u>Labor Force</u>	<u>Unemployment Rates</u>	
	<u>Richland County</u>	<u>Richland County</u>	<u>North Dakota</u>
2024 ⁽¹⁾	8,830	2.4%	2.0%
2023	8,893	1.7%	1.9%
2022	8,810	1.8%	2.1%
2021	8,713	2.3%	3.1%
2020	8,613	3.7%	5.0%
2019	8,752	2.1%	2.2%

⁽¹⁾ As of April 2024.

Source: U.S. Bureau of Labor Statistics, <https://www.bls.gov>

Housing and Income Statistics

Table 9 below presents key housing and income statistics for the County as compared with the State of North Dakota.

Table 9
Housing and Income Statistics

	<u>Richland County</u>	<u>State of North Dakota</u>
Median Value of Home (2018-2022)	\$ 164,500	\$ 232,500
Median Household Income (2022)	\$ 67,089	\$ 73,959
Per Capita Personal Income		
2022	38,265	\$ 40,748
2021	33,768	37,343
2020	32,008	36,289
2019	31,346	36,062

Sources: U.S. Census Bureau.

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FINANCIAL SUMMARY

2023/24 Market Value (100%)	\$	1,018,692,073
2023/24 Assessed Value (50%)	\$	509,346,037
2023/24 Taxable Value	\$	47,625,582
General Obligation Long-Term Debt (Includes the Bonds)	\$	17,263,771
Certificates of Indebtedness	\$	445,000
Overlapping Debt	\$	15,192,018
District Population (District Estimate)		9,620
Land Area		257 sq. miles
Debt Ratios:		
	<u>Amount</u>	Debt Per Capita <u>(9,620)</u>
		<u>% of Market Value</u>
General Obligation Long-Term Debt	\$ 17,263,771	\$ 1,795
Certificates of Indebtedness	445,000	46
Overlapping Debt	<u>15,192,018</u>	<u>1,579</u>
Total Long-Term Debt	<u>\$ 32,900,789</u>	<u>\$ 3,420</u>
		<u>3.23%</u>

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DISTRICT INDEBTEDNESS

General Obligation Long-Term Debt

Table 10 and Table 11 below summarize the District's outstanding general obligation long-term debt as of June 1, 2024.

Table 10
General Obligation Debt by Issue

<u>Date</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Interest Rate Range</u>	<u>Maturities Outstanding</u>	<u>Principal Outstanding</u>
01/22/14	State School Construction Loan	\$ 20,000,000	1.00%	06/01/24-33	\$ 9,493,771
11/02/15	School Building Bonds ⁽¹⁾	9,695,000	2.00%–3.25%	08/01/24-35	6,470,000
07/10/24	School Building Bonds ⁽¹⁾⁽²⁾	1,300,000 ⁽²⁾	This Issue	08/01/25-43	<u>1,300,000⁽²⁾</u>
Total					<u>\$ 17,263,771</u>

⁽¹⁾ North Dakota School District Credit Enhancement Program.

⁽²⁾ Preliminary, subject to change.

Table 11
General Obligation Debt – Annual Maturity Schedule

<u>Year Ending (June 30)</u>	<u>Outstanding</u>		<u>The Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal⁽¹⁾</u>	<u>Interest⁽¹⁾</u>	
2024	\$ --	\$ --	\$ --	\$ --	\$ --
2025	1,483,369	269,988	--	31,979	1,785,336
2026	1,498,502	249,217	40,000	56,275	1,843,994
2027	1,523,737	226,919	45,000	54,150	1,849,806
2028	1,544,075	204,207	50,000	51,775	1,850,057
2029	1,569,515	181,078	50,000	49,275	1,849,868
2030	1,590,061	156,877	55,000	46,650	1,848,588
2031	1,615,711	130,908	55,000	43,900	1,845,519
2032	1,641,468	103,726	60,000	41,025	1,846,219
2033	1,672,333	75,911	60,000	38,025	1,846,269
2034	590,000	47,463	65,000	34,900	737,363
2035	610,000	29,463	70,000	31,875	741,338
2036	625,000	10,156	70,000	29,075	734,231
2037	--	--	75,000	26,175	101,175
2038	--	--	75,000	23,175	98,175
2039	--	--	80,000	20,075	100,075
2040	--	--	85,000	16,775	101,775
2041	--	--	85,000	13,375	98,375
2042	--	--	90,000	9,875	99,875
2043	--	--	95,000	6,056	101,056
2044	--	--	95,000	2,018	97,019
Total	<u>\$ 15,963,771</u>	<u>\$ 1,685,910</u>	<u>\$ 1,300,000</u>	<u>\$ 626,429</u>	<u>\$ 19,576,110</u>

⁽¹⁾ Preliminary, subject to change.

Certificates of Indebtedness

Table 12 and Table 13 below summarize the District’s outstanding Certificates of Indebtedness as of June 1, 2024.

Table 12
Certificates of Indebtedness by Issue

<u>Date of Issue</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Interest Rate Range</u>	<u>Maturities Outstanding</u>	<u>Principal Outstanding</u>
12/03/19	Certificates of Indebtedness	\$ 725,000	1.75%-2.375%	08/01/24-29	<u>\$ 445,000</u>
Total					<u>\$ 445,000</u>

Table 13
Certificates of Indebtedness Annual Maturity Schedule

<u>Year Ending (June 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 70,000	\$ 9,081	\$ 79,081
2026	70,000	7,856	77,856
2027	75,000	6,353	81,353
2028	75,000	4,572	79,572
2029	75,000	2,791	77,791
2030	<u>80,000</u>	<u>950</u>	<u>80,950</u>
Total	<u>\$ 445,000</u>	<u>\$ 31,603</u>	<u>\$ 476,603</u>

Future Financing

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

Debt Limitations

According to Article X, Section 15 of the North Dakota Constitution and Section 21-03-04 of the North Dakota Century Code, North Dakota School Districts may not become indebted for any purpose in excess of 5% of their assessed value. 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 14 shows the debt limit computation for the District. Debt subject to limit is General Obligation and limited tax debt. Excludes special assessment, lease debt, revenue debt, and certificates.

Table 14
Debt Limit Computation

Assessed Value	\$ 509,346,037
Limit Percentage	<u>10%</u>
Authorized Debt Limit (100%)	\$ 50,934,604
Debt Subject to Limit (33.89%)	<u>17,263,771</u>
Debt Margin (66.11%)	<u>\$ 33,670,833</u>

Overlapping Debt

There is one jurisdiction which underlies the District and which had general obligation debt outstanding as of December 31, 2023. The table below sets forth the net general obligation debt for the City of Wahpeton and the amount of its debt allocable to the District.

Table 15
Overlapping Debt

	<u>General Obligation Debt</u>	<u>Percent Allocable to the District</u>	<u>Portion Allocable to the District</u>
City of Wahpeton	\$ 15,192,018	100.00%	<u>\$ 15,192,018</u>
Total			<u>\$ 15,192,018</u>

Source: EMMA®

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FINANCIAL INFORMATION

Financial Reports

The District's financial statements are audited by an independent auditor. Copies of the District's audited financial statements for the years ended June 30, 2020 through 2023 are available upon request from the District or Public Financial Management, Inc., the District's financial advisor.

Results of Operations

Financial data summarized in this Official Statement has been compiled from the District's Audit Report and presented in a format to facilitate year-to-year comparison. Table 16 below presents a statement of revenues, expenditures and changes in fund balance for the fiscal years ended December 31, 2020 through 2023.

Table 16
Statement of Revenues, Expenditures and
Changes in Fund Balance for the General Fund
(Years Ended June 31)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues				
Local Sources	\$ 3,722,431	\$ 3,312,969	\$ 3,062,058	\$ 2,797,280
State Sources	11,486,772	11,401,911	11,742,719	11,240,944
Federal Sources	2,635,532	4,076,395	2,243,392	943,226
Interest Income	5,420	8,074	5,024	313
Miscellaneous	<u>66,328</u>	<u>40,176</u>	<u>124,334</u>	<u>62,239</u>
Total Revenues	<u>\$ 17,916,393</u>	<u>\$ 18,840,525</u>	<u>\$ 17,177,527</u>	<u>\$ 15,044,002</u>
Expenditures				
Current				
Regular Instruction	\$ 8,594,064	\$ 11,367,531	\$ 8,562,421	\$ 7,630,314
Special Education	2,226,246	2,145,843	2,803,395	2,163,757
Vocational Education	551,398	517,351	551,881	490,154
Pupil Services	1,632,108	1,558,215	1,517,878	1,425,205
General Administration Services	487,111	489,288	497,297	451,778
School Administration Services	233,049	251,456	155,089	171,273
Operation and Maintenance	1,626,506	1,414,531	1,140,743	1,460,438
Pupil Transportation	575,521	530,246	627,649	727,517
Student Activities	<u>999,573</u>	<u>900,139</u>	<u>750,261</u>	<u>585,557</u>
Total Expenditures	<u>\$ 16,925,576</u>	<u>\$ 19,174,600</u>	<u>\$ 16,606,614</u>	<u>\$ 15,105,993</u>
Excess of Revenues Over (Under)				
Expenditures	\$ 990,817	\$ (334,075)	\$ 570,913	\$ (61,991)
Total Other Financing Sources (Uses)	<u> --</u>	<u> 43,754</u>	<u> --</u>	<u> 60,000</u>
Net Changes in Fund Balances	\$ 990,817	\$ (290,321)	\$ 570,913	\$ (1,991)
Fund Balance – July 1	<u>\$ 4,899,164</u>	<u>\$ 5,189,485</u>	<u>\$ 4,618,572</u>	<u>\$ 4,187,596</u>
Fund Balance – June 30	<u>\$ 5,889,981</u>	<u>\$ 4,899,164</u>	<u>\$ 5,189,485</u>	<u>\$ 4,185,605</u>

General Fund Budget

Table 17 below presents a summary of the District's General Fund Budget for the fiscal year ending June 30, 2024.

Table 17
General Fund Budget

Revenues	
Local Sources	\$ 3,936,928.96
State Sources	11,949,964.16
Federal Sources	<u>2,812,500.91</u>
Total Revenues	<u>\$ 18,699,394.03</u>
Expenditures	<u>\$ 18,661,849.33</u>

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PROPERTY VALUATIONS AND TAXES

Market and Assessed Values

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 agriculture and commercial property the taxable value is 10% of the assessed value. Table 18 shows the market, assessed and taxable values of taxable property in the District for assessment year 2023/collection year 2024. Table 19 shows the trend in property valuations over the last five years.

Table 18
Property Values
Assessment 2023/Collection 2024

	Market Value (100%)	Assessed Value (50%)	Equalization - Factor %	Taxable Value
Real Property				
Residential	\$ 449,741,733	\$ 224,870,867	9%	\$ 20,238,378
Agricultural	222,529,300	111,264,650	10%	11,126,465
Commercial	308,520,920	154,260,460	10%	15,426,046
Utilities				
Railroad	5,175,620	2,587,810	10%	258,781
Other Utilities	32,724,500	16,362,250	10%	1,636,225
Adjusted Total	--	--		<u>1,060,313</u>
Real Property	<u>\$ 1,018,692,073</u>	<u>\$ 509,346,037</u>		<u>\$ 47,625,582</u>

Source: Richland County Auditor.

Table 19
Trend in Valuations in the District

Assessment Year	Market Value	Assessed Value	Taxable Value
2022	\$ 961,933,958	\$ 480,967,070	\$ 45,985,746
2021	907,302,232	453,651,119	43,449,577
2020	860,036,378	430,018,193	41,190,864
2019	825,294,578	412,647,293	39,519,792
2018	782,899,362	391,449,683	37,472,860

⁽¹⁾ The values are before deduction of incremental value, if any.

Source: Richland County Auditor.

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 have no loss in tax revenues from the credit.

The table below summarizes the District’s tax collections for the past five years and the most recent collection year. The collection figures do not include any penalties and interest.

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 have no loss in tax revenues from the credit.

Table 20 below summarizes the District’s tax collections for the past five years and the current collection year.

Table 20
Tax Levies and Collections

<u>Levy Year/ Collection Year</u>	<u>Gross Tax Levy</u>	<u>Net Tax Levy (95%)</u>	<u>Collected First Year</u>		<u>Collected as of 01/31/2024</u>	
			<u>Amount</u>	<u>% of Net Levy</u>	<u>Amount</u>	<u>% of Net Levy</u>
2023/24	\$ 6,411,235	\$ 6,090,673	In process of collection.....			
2022/23	6,112,482	5,806,858	\$ 5,661,115	97.49%	\$ 6,074,559	104.61%
2021/22	5,647,436	5,365,064	5,215,658	97.22%	5,633,455	105.00%
2020/21	5,528,363	5,251,945	5,071,948	96.57%	5,528,363	105.26%
2019/20	5,285,425	5,021,154	4,834,022	96.27%	5,285,425	105.26%
2018/19	4,985,797	4,736,507	4,615,497	97.45%	4,687,800	98.97%

Source: Richland County.

Principal Taxpayers

A list of the ten largest taxpayers in the District with the highest taxable values for the 2023 assessment for taxes payable in 2024 is presented in Table 21 below.

Table 21
Largest Taxpaying Parcels

<u>Taxpayers</u>	<u>Net Tax Capacity</u>	<u>% of Total Net Tax Capacity</u>
Minn-Dak Farmers Coop	\$ 1,787,545	3.75%
Cargill Inc.	1,623,345	3.41%
CDI Properties LLC	477,980	1.00%
Wal-Mart Stores Inc	458,485	0.96%
Clark Equipment Company	373,730	0.78%
Contitech USA Inc.	313,485	0.66%
New Wahpeton Properties LLC	292,740	0.61%
Vaderstad Properties LLC	292,595	0.61%
CHS Inc.	274,725	0.58%
Pioneer Hi Bred Intl Inc.	<u>274,300</u>	<u>0.58%</u>
Total	<u>\$ 3,778,727</u>	<u>12.95%</u>

(1) Based on the 2023/2024 taxable valuation of \$47,625,582. Total tax capacity includes real and personal property and is not adjusted for incremental value.

Source: Richland County Auditor.

Mill Levy Summary

Table 22 below shows the total mills levied by the District for the last five years.

	<u>2023/2024</u>	<u>2022/2023</u>	<u>2021/2022</u>	<u>2020/2021</u>	<u>2019/2020</u>
Wahpeton School District					
General	67.80	67.65	64.02	64.00	64.34
Tuition	--	--	--	--	--
Building Fund	11.05	9.98	10.00	10.00	10.00
Special Reserve Levy	--	1.00	1.00	--	1.01
Special Assessment	--	--	--	--	0.15
Sinking and Interest	45.50	50.95	51.57	55.61	53.99
Miscellaneous	<u>9.50</u>	<u>4.99</u>	<u>5.00</u>	<u>5.00</u>	<u>5.68</u>
Total	<u>133.85</u>	<u>134.57</u>	<u>131.59</u>	<u>135.61</u>	<u>135.17</u>

Source: Richland County Auditor.

RATINGS

A rating review has been requested from Moody's Investors Services, Inc. ("Moody's") for the Bonds. 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

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.

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 on the Bonds is not includable as a preference item in calculating the alternative minimum taxable income of individual and corporations. Interest to be paid on the Bonds is includable in book income and in earnings and profits for purposes of determining the alternative minimum taxable income of corporations.

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.

Legislative Proposals

Bond Counsel's opinion is given as of its date and Bond Counsel assumes no obligation to update, revise, or supplement such opinion to reflect any changes in facts or circumstances or any changes in law that may hereafter occur. Proposals are regularly introduced in both the United States House of Representatives and the United States Senate that, if enacted, could alter or affect the tax-exempt status of municipal bonds. For example, legislation has been proposed by President Obama that would, among other things, limit the amount of exclusions (including tax-exempt interest) or deductions that certain higher-income taxpayers could use to reduce their tax liability. The likelihood of adoption of this or any other such legislative proposal relating to tax-exempt bonds cannot be reliably predicted. If enacted into law, current or future proposals may have a prospective or retroactive effect and could affect the value or marketability of tax-exempt bonds (including the Bonds). Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any such change in law.

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 bondholders should consult their tax advisors with respect to collateral tax consequences and applicable state and local tax rules in states other than North Dakota.

QUALIFIED TAX-EXEMPT OBLIGATION

In the opinion of Bond Counsel, the Bonds are designated as "Qualified Tax-Exempt Obligations" for purposes of Section 265 of the Internal Revenue Code of 1986 relating to the ability of certain financial institutions to deduct from income for federal income tax purposes, eighty percent of that portion of such financial institutions' interest expense allocable to interest on the Bonds.

MUNICIPAL ADVISOR

The District has retained PFM Municipal 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 Bonds should be addressed to PFM Municipal Advisors LLC, 45 South 7th Street, Suite 2950, Minneapolis, Minnesota 55402 (612/338-3535, 612/338-7264 FAX).

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.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the opinion of Arntson Stewart Wegner PC, Bond Counsel, as to validity and tax exemption. The opinion will be substantially in the form set forth in Appendix B attached hereto. Bond Counsel has not participated in the preparation of this Official Statement.

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.

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37, NORTH DAKOTA

By: /s/ _____
Superintendent

APPENDIX A

**The District's Audit Report
For the Fiscal Year Ended June 30, 2023**

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Wahpeton, North Dakota

AUDITED FINANCIAL STATEMENTS
Year Ended June 30, 2023

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Wahpeton, North Dakota

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June 30, 2023

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WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
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WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Wahpeton, North Dakota

OFFICIAL DIRECTORY
June 30, 2023

Damon DeVillers	President
Art Nelson	Vice-President
Michelle Nelson	Board Member
Matt Dockter	Board Member
Mike Hauschild	Board Member
Jake Kubela	Board Member
Lisa Graves	Board Member
Scott Thiel	Board Member
Kathy Dimmer	Board Member
Michael Kaiser	Superintendent
Keri Wiest	Business Manager



INDEPENDENT AUDITOR'S REPORT

School Board
Wahpeton Public School District No. 37
Wahpeton, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wahpeton Public School District No. 37 ("the District"), as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule – general fund, schedules of employer's proportionate share of net pension and OPEB liability, schedules of employer contributions, and notes to required supplementary information presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The nonmajor governmental funds – combining balance, nonmajor governmental funds – combining schedule of revenues, expenditures, and changes in fund balance, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nonmajor governmental funds – combining balance, nonmajor governmental funds – combining schedule of revenues, expenditures, and changes in fund balance, and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the official directory but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024 on our consideration of the 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 the District’s internal control over financial reporting and compliance.



Nadine Julson, LLC
Wahpeton, North Dakota
February 29, 2024

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Wahpeton, North Dakota

STATEMENT OF NET POSITION
June 30, 2023

ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 14,206,555
Accounts Receivable	20,248
Due from County	4,805
Due from State Government	54,030
Due from Federal Government	571,093
Taxes Receivable	239,584
Inventories	30,472
Total Current Assets	<u>15,126,787</u>
Capital Assets	
Non-depreciable	
Land	124,000
Depreciable, net of accumulated depreciation	
Buildings and Improvements	33,313,811
Vehicles and Equipment	744,951
Total Capital Assets	<u>34,182,762</u>
Total Assets	49,309,549
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pension & OPEB	<u>5,594,012</u>
Total Assets and Deferred Outflows of Resources	54,903,561
LIABILITIES	
Current Liabilities	
Accounts Payable	1,113,670
Interest Payable	94,537
Current Portion of Long-term Debt	
General Obligation Bonds Payable	1,623,335
Bond Premium	12,666
Total Current Liabilities	<u>2,844,208</u>
Due After One Year	
General Obligation Bonds Payable	16,401,623
Bond Premium	139,318
Pension & OPEB Liability	17,819,004
Total Long-term Liabilities	<u>34,359,945</u>
Total Liabilities	37,204,153
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions & OPEB	<u>2,973,421</u>
Total Liabilities and Deferred Inflows of Resources	40,177,574
NET POSITION	
Net Investment in Capital Assets	16,005,820
Restricted	6,196,508
Unrestricted (Deficit)	<u>(7,476,341)</u>
Total Net Position	<u>\$ 14,725,987</u>

See Notes to Financial Statements

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Wahpeton, North Dakota

STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Regular Instruction	\$ 9,276,812	\$ 95,740	\$ 2,363,067	\$ (6,818,005)
Special Instruction	2,279,892	-	384,177	(1,895,715)
Vocational Instruction	561,100	-	-	(561,100)
Pupil Services	1,633,127	-	-	(1,633,127)
General Administration Services	495,214	-	-	(495,214)
School Administration Services	241,152	-	-	(241,152)
Operation and Maintenance	1,807,605	-	-	(1,807,605)
Pupil Transportation	621,128	-	189,138	(431,990)
Student Activities	1,083,296	218,220	144,099	(720,977)
School Food Services	871,179	355,085	495,724	(20,370)
Interest and Other Charges	313,452	-	-	(313,452)
	<u>\$ 19,183,957</u>	<u>\$ 669,045</u>	<u>\$ 3,576,205</u>	(14,938,707)
General Revenues				
Taxes				
				3,317,712
				2,259,414
				442,497
				11,185,922
				97,946
				(31,162)
				411,617
				<u>17,683,946</u>
				Change in Net Position 2,745,239
				Net Position, Beginning of Year 11,980,748
				<u>\$ 14,725,987</u>

See Notes to Financial Statements

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Wahpeton, North Dakota

BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2023

	Major Funds			Total Governmental Funds
	General Fund	Debt Service HS Reno	Other Governmental Funds	
ASSETS				
Cash and Cash Equivalents	\$ 6,379,093	\$ 4,544,216	\$ 1,738,801	\$ 12,662,110
Accounts Receivable	-	-	20,248	20,248
Due from County	2,516	1,843	446	4,805
Due from State Government	54,030	-	-	54,030
Due from Federal Government	535,443	-	35,650	571,093
Due from Other Funds	-	-	3,087	3,087
Taxes Receivable	128,954	88,244	22,386	239,584
Inventories	2,565	-	27,907	30,472
Total Assets	7,102,601	4,634,303	1,848,525	13,585,429
LIABILITIES				
Accounts Payable	1,083,666	-	-	1,083,666
Due to Other Funds	-	-	3,087	3,087
Total Liabilities	1,083,666	-	3,087	1,086,753
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	128,954	88,244	22,386	239,584
Total Deferred Inflows of Resources	128,954	88,244	22,386	239,584
FUND BALANCE				
Nonspendable	2,565	-	27,907	30,472
Restricted	482,594	4,546,059	1,121,290	6,149,943
Assigned	-	-	673,855	673,855
Unassigned	5,404,822	-	-	5,404,822
Total Fund Balance	5,889,981	4,546,059	1,823,052	12,259,092
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 7,102,601	\$ 4,634,303	\$ 1,848,525	\$ 13,585,429

See Notes to Financial Statements

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Wahpeton, North Dakota

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2023**

Total Fund Balance - Governmental Funds		\$ 12,259,092
Total net position reported for government 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.		
Cost of Capital Assets	44,740,953	
Less Accumulated Depreciation	(10,558,191)	
Net Capital Assets	<u>34,182,762</u>	34,182,762
Property taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.		
		239,584
Internal service funds are used by the District to charge the costs of health insurance to departments. The assets and liabilities of internal service funds are included in the governmental activities in the statement of net position.		
		1,514,441
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditures when due. All liabilities, both current and long-term are reported in the statement of net position. Balances at the end of the year are reported in the statement of net position.		
Interest Payable	(94,537)	
General Obligation Bonds Payable	(18,024,958)	
Bond Premium	(151,984)	
Pension & OPEB Liability	(15,198,413)	
Total Long-term Liabilities	<u>(33,469,892)</u>	(33,469,892)
Total Net Position of Governmental Activities		<u>\$ 14,725,987</u>

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Wahpeton, North Dakota

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	Major Funds			Total Governmental Funds
	General Fund	Debt Service HS Reno	Other Governmental Funds	
REVENUES				
Local Sources	\$ 3,722,341	\$ 2,189,200	\$ 910,452	\$ 6,821,993
State Sources	11,486,772	-	4,153	11,490,925
Federal Sources	2,635,532	-	491,571	3,127,103
Interest Income	5,420	83,803	5,664	94,887
Miscellaneous Income	66,328	-	30,000	96,328
Total Revenues	17,916,393	2,273,003	1,441,840	21,631,236
EXPENDITURES				
Current				
Regular Instruction	8,594,064	-	-	8,594,064
Special Instruction	2,226,246	-	-	2,226,246
Vocational Instruction	551,398	-	-	551,398
Pupil Services	1,632,108	-	-	1,632,108
General Administration Services	487,111	-	-	487,111
School Administration Services	233,049	-	-	233,049
Operation and Maintenance	1,626,506	-	168,401	1,794,907
Pupil Transportation	575,521	-	-	575,521
Student Activities	999,573	-	-	999,573
School Food Services	-	-	830,307	830,307
Debt Service				
Principal	-	1,438,735	165,000	1,603,735
Interest and Other Charges	-	315,970	15,850	331,820
Facilities Acquisition and Construction	-	-	146,440	146,440
Total Expenditures	16,925,576	1,754,705	1,325,998	20,006,279
Excess of Revenues over Expenditures	990,817	518,298	115,842	1,624,957
FUND BALANCE, BEGINNING OF YEAR	4,899,164	4,027,761	1,707,210	10,634,135
FUND BALANCE, END OF YEAR	\$ 5,889,981	\$ 4,546,059	\$ 1,823,052	\$ 12,259,092

See Notes to Financial Statements

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Wahpeton, North Dakota

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**
Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$	1,624,957
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 costs of those assets with a cost greater than \$5,000 is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year.		(696,543)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.		
Net Increase in Pension Liability	(103,238)	
Net Decrease in Interest Payable	<u>5,702</u>	
		(97,536)
Repayment of debt principal and other long-term liabilities is an expenditure in the governmental fund financial statements, but repayment reduces long-term liabilities in the statement of net position.		1,603,735
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain or loss on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.		(31,162)
Internal service funds are used by the District to charge the costs of health insurance to departments. The net revenue of activities of the internal service fund is reported with governmental activities.		317,873
Governmental funds report the effect of bond issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Annual amortization of bond issue premium and bond issuance costs are included in the statement of activities, but not in the governmental funds.		12,666
Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures. This consists of an increase in taxes receivable.		<u>11,249</u>
Change in Net Position of Governmental Activities	\$	<u><u>2,745,239</u></u>

See Notes to Financial Statements

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Wahpeton, North Dakota

STATEMENT OF NET POSITION – PROPRIETARY FUND
June 30, 2023

	<u>Internal Service Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,544,445
LIABILITIES	
Accrued Expenses	<u>30,004</u>
NET POSITION	
Unrestricted	<u><u>\$ 1,514,441</u></u>

See Notes to Financial Statements

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Wahpeton, North Dakota

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUND
June 30, 2023

	<u>Internal Service Fund</u>
OPERATING REVENUES	
Contribution to Self-Insurance	\$ 2,060,431
OPERATING EXPENSES	
Claims Expense	1,643,573
Administrative Fees and Other	<u>101,569</u>
Total Operating Expenses	<u>1,745,142</u>
Operating Income	315,289
NONOPERATING INCOME	
Interest Income	<u>2,584</u>
CHANGE IN NET POSITION	317,873
NET POSITION, BEGINNING OF YEAR	<u>1,196,568</u>
NET POSITION, END OF YEAR	<u><u>\$ 1,514,441</u></u>

See Notes to Financial Statements

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Wahpeton, North Dakota

STATEMENT OF CASH FLOWS – PROPRIETARY FUND
June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from User Charges	\$ 2,060,431
Payments for Health Insurance Claims	<u>(1,752,880)</u>
Net Cash Provided by Operating Activities	307,551
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	<u>2,584</u>
Net Cash Provided by Investing Activities	<u>2,584</u>
Change in Cash and Cash Equivalents	310,135
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,234,310</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,544,445</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 315,289
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Decrease in Accrued Expenses	<u>(7,738)</u>
Net Cash Provided by Operating Activities	<u>\$ 307,551</u>

See Notes to Financial Statements

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37

Wahpeton, North Dakota

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Wahpeton Public School District No. 37, Wahpeton, North Dakota (the “District”) have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

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

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

B. Basis of Presentation, Basis of Accounting

Government-wide statements - The statement of net position and the statement of activities display information about the primary government (Wahpeton Public School District No. 37). 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, fees and other non-exchange transactions. The statement of activities presents a comparison between direct expenses and program revenues for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements - The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental and proprietary. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- General Fund – The General Fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- Debt Service HS Reno – Used to account for the accumulation of resources for, and payment of, general obligation bond principal, interest, and related costs.

Additionally, the District reports the following governmental fund types that are included in non-major funds:

- Governmental Funds
 - a. Special Reserve Fund – Used to account for resources restricted to, or designated for, specific purposes by the District.
 - b. Food Service Fund – Used to account for food service revenues and expenditures.
 - c. Capital Projects Fund – Used to account for financial resources related to capital outlays made by the District.
 - d. Debt Service Funds – Used to account for the accumulation of resources for, and payment of, general obligation bond principal, interest, and related costs.

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Notes to Financial Statements – Continued

The District also reports the following major fund type:

- Proprietary Fund
 - a. Internal Service Fund – This fund accounts for medical insurance provided to other departments on a cost-reimbursement basis.

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

Government-wide and Fiduciary Fund Financial Statements - The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Government Fund Financial Statements - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. All revenues are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

D. Cash and Investments

Cash includes amounts in demand deposits and money market accounts. Cash equivalents on the statement of cash flows consist of certificates of deposit with a maturity of three months or less. Deposits must either be deposited with the Bank of North Dakota or in other financial institutions 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 uninsured balance.

Investments consist of certificates of deposits stated at cost with maturities greater than three months.

E. Inventories

Inventory consists of food service supplies not consumed as of June 30, 2023 reported in the food service fund. Reported inventories net of deferred revenue are offset by a fund balance reserve to indicate they do not constitute "available spendable resources" even though they are a component of net current assets.

F. Capital Assets

Capital assets include land, building and equipment. Assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37

Notes to Financial Statements – Continued

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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
Building	20-75
Playground equipment	20
School busses	10
Other vehicles	10
Improvements	10-40

G. Vacation Pay, Sick Pay, Severance

The expenditures for vacation pay are recognized when payment is made. The superintendent is the only individual allowed to carry-over vacation days, therefore the amount is not deemed to be material. Employees are not compensated for unused sick pay or severance pay upon termination.

H. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the government activities statement of net position. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material. In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the current period. The face amount of the debt is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

I. Pension Plans

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 Teachers' Fund for Retirement (TFFR) and North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from TFFR's and NDPERS's fiduciary net position have been determined on the same basis as they are reported by TFFR and 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.

J. 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, and 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.

K. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in the classifications that disclose constraints for which amount in those funds can be spent. These classifications are as follows:

- Nonspendable
 - a. Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. They include items such as, but not limited to, inventories, prepaid items, or the permanent principal of endowment funds.

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37

Notes to Financial Statements – Continued

- Restricted
 - a. Fund balance is reported as restricted when constraints are placed on the use of resources that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed
 - a. A committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the School Board. Formal action is required to be taken to establish, modify, or rescind a fund balance commitment.
- Assigned
 - a. Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes but are under the direction of the board and the business manager.
- Unassigned
 - a. Unassigned fund balance is the lowest classification for the General Fund. This is a fund balance that has not been reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. A negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

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

L. Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted Net Position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted Net Position is the net amount of assets, deferred outflows or resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

M. Interfund Transactions

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

All other interfund transactions, except reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. In the government-wide financial statements, interfund transactions have been eliminated.

NOTE 2 - LEGAL COMPLIANCE - BUDGETS

Expenditures over Appropriations – General fund expenditures did not exceed appropriations for the year ended June 30, 2023.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

Deposits must either be deposited with the Bank of North Dakota or in other financial institutions 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.

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37

Notes to Financial Statements – Continued

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, 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 end, June 30, 2023, the District's carrying amounts of deposits was \$14,206,555 and the bank balances were \$14,491,612. Of the bank balances, \$750,000 was covered by Federal Depository Insurance. The remaining bank balances were collateralized with securities held by pledging financial institution's agent in the government's name.

Credit Risk

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

- 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.
- 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.
- Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation.
- Obligations of the state.

As of June 30, 2023, the District held no certificates of deposit.

Interest Rate Risk

The District does not have a formal deposit policy that limits maturities as a means of managing exposure to fair-value losses arising from increasing interest rates.

Concentration of Credit Risk

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

NOTE 4 - TAXES RECEIVABLE

The taxes receivable represents the past five years of uncollected current and delinquent taxes. No allowance has been established for uncollectible taxes receivable. The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authority. Any material tax collections are distributed after the end of each month.

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

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

NOTE 5 - DUE FROM COUNTY

Due from county represents the amount of taxes collected prior to year-end that are distributed to the District shortly after June 30, 2023.

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Notes to Financial Statements – Continued

NOTE 6 - DUE FROM STATE AND FEDERAL GOVERNMENT

The amount due from state and federal governments consists of a reimbursement claim for various programs. This claim is passed through the state.

NOTE 7 - DUE TO/FROM OTHER FUNDS

The due to and from other funds as of June 30, 2023 represents the cash balance in the debt service special assessment fund, owed from the capital projects building fund.

NOTE 8 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$ 124,000	\$ -	\$ -	\$ 124,000
Total Capital Assets, not being depreciated	124,000	-	-	124,000
Capital Assets, being depreciated				
Buildings and Improvements	42,961,672	136,319	-	43,097,991
Vehicles and Equipment	2,172,729	29,121	(682,888)	1,518,962
Total Capital Assets, being depreciated	45,134,401	165,440	(682,888)	44,616,953
Less Accumulated Depreciation for				
Buildings and Improvements	9,020,400	763,780	-	9,784,180
Vehicles and Equipment	1,327,534	98,203	(651,726)	774,011
Total Accumulated Depreciation	10,347,934	861,983	(651,726)	10,558,191
Total Capital Assets Being Depreciated, net	34,786,467	(696,543)	(31,162)	34,058,762
Governmental Activities Capital Assets, net	<u>\$ 34,910,467</u>	<u>\$ (696,543)</u>	<u>\$ (31,162)</u>	<u>\$ 34,182,762</u>

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

Governmental Activities	
Regular Instruction	\$ 579,510
Special Instruction	53,646
Vocational Instruction	9,702
Pupil Services	1,019
General Administration Services	8,103
School Administration Services	8,103
Operation and Maintenance	12,698
Pupil Transportation	64,607
Student Activities	83,723
School Food Services	40,872
Total Depreciation Expense - Governmental Activities	<u>\$ 861,983</u>

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Notes to Financial Statements – Continued

NOTE 9 - LONG-TERM LIABILITIES

During the year ended June 30, 2023, the following changes occurred in liabilities reported in long-term liabilities:

	Long-term Liabilities at July 1, 2022	Increases	Decreases	Long-term Liabilities at June 30, 2023	Due Within One Year
Governmental Activities					
General Obligation Bonds Payable	\$ 19,628,693	\$ -	\$ (1,603,735)	\$ 18,024,958	\$ 1,623,335
Bond Premium	164,650	-	(12,666)	151,984	12,666
Pension & OPEB Liability*	11,915,103	5,903,901	-	17,819,004	-
Total - Governmental Activities	<u>\$ 31,708,446</u>	<u>\$ 5,903,901</u>	<u>\$ (1,616,401)</u>	<u>\$ 35,995,946</u>	<u>\$ 1,636,001</u>

*The change in pension liability is shown as a net change because changes in salary prohibit exact calculations of additions and reductions.

Outstanding debt at June 30, 2023, are comprised of the following individual issues:

- General Obligation Bonds
 - a. General Obligation State School Construction Bonds dated January 22, 2014. From an original issuance of \$20,000,000, at an interest rate of 1.00%, \$10,489,958 remains outstanding. The principal and interest are payable through June 1, 2033.
 - b. General Obligation State School Building Bonds dated April 4, 2013. From an original issuance of \$880,000, at rates ranging from 1.00% to 1.75%, \$95,000 remains outstanding. The principal and interest are payable through August 1, 2023.
 - c. General Obligation School Building Bonds, Series 2015 dated November 2, 2015. From an original issuance of \$9,695,000, at rates ranging from 2.00% to 3.25%, \$6,925,000 remains outstanding. The principal and interest are payable through August 1, 2035.
 - d. General Obligation School Building Bonds, Series 2019 dated December 3, 2019. From an original issuance of \$725,000 at rates ranging from 1.50% to 2.375%, \$515,000 remains outstanding. The principal and interest are payable through August 1, 2029.
- Bond Premium
 - a. Bond premium associated with General Obligation School Building Bonds, Series 2015 dated November 2, 2015. From an original issuance of \$253,312 being amortized through August 1, 2035, \$151,984 remains outstanding.

The debt service requirements are as follows:

Bonds Payable			
Year Ending June 30	Principal	Interest	Payment
2024	\$ 1,623,335	\$ 302,638	\$ 1,925,973
2025	1,553,369	279,068	1,832,437
2026	1,568,502	257,072	1,825,574
2027	1,598,737	233,272	1,832,009
2028	1,619,075	208,779	1,827,854
2029 - 2033	8,236,940	652,248	8,889,188
2034 - 2036	1,825,000	87,080	1,912,080
	<u>\$ 18,024,958</u>	<u>\$ 2,020,157</u>	<u>\$ 20,045,115</u>

NOTE 10 - DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources in the fund financial statements consist of amounts for which asset recognition criteria have been met. Under the modified accrual basis of accounting, such amounts are measurable but not available and include taxes receivables of \$239,584. Deferred inflows of resources on the statement of net position consist of related pension expense of \$2,973,421.

NOTE 11 - DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources in the fund financial statements consist of amounts for which liability recognition criteria have been met, but for which expense recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available. Deferred outflows of resources on the statement of net position consist of related pension expense of \$5,594,012.

NOTE 12 - RISK MANAGEMENT

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

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The District pays an annual premium to NDRIF for its general liability, auto and public assets insurance coverage. The coverage by NDRIF is limited to losses of \$3,000,000 per occurrence for general liability.

The District also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The 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 \$1,000,000 per occurrence during a twelve-month period. The State Bonding Fund currently provides political subdivision with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The District has also established a self-funded employee welfare benefit plan. A service contract has been entered into for the year ending June 30, 2023, with a company to provide administrative services and stop-loss insurance coverage. Stop-loss coverages are based on claims incurred during the contract period and paid during or after the same 12-month period. The individual stop-loss maximum is \$30,000 per member per year and the aggregate stop-loss maximum is 120% of expected claims. The basis for estimating unpaid claims at year end is to view claims filed with the service company after year-end.

NOTE 13 - PENSION PLANS

North Dakota Teachers' Fund for Retirement (TFFR)

The following brief description of TFFR is provided for general information purposes only. Participants should refer to 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.

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Notes to Financial Statements – Continued

Pension Benefits

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

Tier 1 Grandfathered

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

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

Tier 1 Non-Grandfathered

A Tier 1 non-grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or 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.

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Notes to Financial Statements – Continued

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

Member and Employer Contributions

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

A vested member who terminates covered employment may elect a refund of contributions paid plus 6% interest or defer payment until eligible for pension benefits. A non-vested member who terminates covered employment must claim a refund of contributions paid before age 70½. Re-funded 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

At June 30, 2023, the District reported a liability of \$13,470,373 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial calculation 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 employees. At June 30, 2022 the District’s proportion was .925129 percent which was a decrease of .054792 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expenses of \$570,778. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 58,049	\$ 359,652
Changes in assumptions	273,907	-
Net difference between projected and actual investment earnings	1,008,950	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	278,659	920,234
Employer contributions subsequent to the measurement date	914,553	-
Totals	<u>\$ 2,534,118</u>	<u>\$ 1,279,886</u>

\$914,553 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Notes to Financial Statements – Continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2024	\$ (16,048)
2025	(49,480)
2026	(180,299)
2027	782,729
2028	(47,034)
Thereafter	(150,188)

Actuarial Assumptions

The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in measurement:

Inflation	2.30%
Salary increases	3.80% to 14.80%, varying by service, including inflation and productivity
Investment rate of return	7.25%, net of investment expenses, including inflation
Cost-of-living adjustments	None

For active and inactive members, mortality rates were based on the PubT-2010 Employee table, projected with generational improvement using Scale MP-2019. For healthy retirees, mortality rates were based on 104% of the PubT-2010 Retiree table for retirees and to 95% of the PubT-2010 Contingent Survivor table for beneficiaries, both projected with generational improvement using Scale MP-2019. For disability retirees, mortality rates were based on the PubNS-2010 Non-Safety Disabled Mortality table projected with generational improvement using Scale MP-2019.

The actuarial assumptions used were based on the results of an actuarial experience study dated March 19, 2020. They are the same as the assumptions used in the July 1, 2022, funding actuarial valuation for TFFR.

The TFFR Board is responsible for establishing investment policy for the fund assets under NDCC 15-39.1-05.2. Benefit payments are projected to occur over a long period of time. This allows TFFR to adopt a long-term investment horizon and asset allocation policy for the management of fund assets. Asset allocation policy is critical because it defines the basic risk and return characteristics of the investment portfolio. Asset allocation targets are established using an asset-liability analysis designed to assist the Board in determining an acceptable volatility target for the fund and an optimal asset allocation policy mix.

The TFFR Board is responsible for establishing investment policy for the fund assets under NDCC 15-39.1-05.2. Benefit payments are projected to occur over a long period of time. This allows TFFR to adopt a long-term investment horizon and asset allocation policy for the management of fund assets. Asset allocation policy is critical because it defines the basic risk and return characteristics of the investment portfolio. Asset allocation targets are established using an asset-liability analysis designed to assist the Board in determining an acceptable volatility target for the fund and an optimal asset allocation policy mix. This asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk, including the resulting estimated impact of funded status and contribution rates.

The long-term expected rate of return on TFFR investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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.

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Notes to Financial Statements – Continued

Best estimates of arithmetic real rates of return for each major asset class included in the TFFR target asset allocation as of June 30, 2022, is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equities	55%	6.61%
Global Fixed Income	26%	0.35%
Global Real Assets	18%	4.60%
Cash Equivalents	1%	-1.05%

Discount Rate

The discount rate used to measure the total pension liability was 7.25% percent as of June 30, 2022. 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, 2022, 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 July 1, 2022. 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, 2022.

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 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
District's proportionate share of the net pension liability	\$ 18,507,057	\$ 13,470,373	\$ 9,293,078

Pension Plan Fiduciary Net Position

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

North Dakota Public Employees Retirement System (Main System)

General Information about the NDPERS Pension Plan

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 multi-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. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (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. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. 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 member's 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 salaries and ages. Member contribution rates are 7% and employer contribution rates 7.12% of covered compensation. For members hired after January 1, 2020 member contributes are 7% and employer contribution rates are 8.26% 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

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Notes to Financial Statements – Continued

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

At June 30, 2023, the District reported a liability of \$4,231,826 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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 Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2022, the District's proportion was .146935 percent, which was an increase of .000572 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$590,674. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,074	\$ 80,835
Changes in assumptions	2,530,694	1,568,890
Net difference between projected and actual investment earnings	154,884	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	141,951	23,962
Employer contributions subsequent to the measurement date	147,831	-
Totals	<u>\$ 2,997,434</u>	<u>\$ 1,673,687</u>

\$147,831 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2024	\$ 334,512
2025	401,571
2026	46,976
2027	392,857
Thereafter	-

Actuarial Assumptions

The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.50% to 17.75%, including inflation
Investment rate of return	5.10%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Notes to 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 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	30%	6.00%
International Equity	21%	6.70%
Private Equity	7%	9.50%
Domestic Fixed Income	23%	0.73%
International Fixed Income	0%	0.00%
Global Real Assets	19%	4.77%
Cash Equivalents	0%	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).

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%, the municipal bond rate is 3.69%, and the resulting Single Discount Rate is 5.10%.

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 5.10 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 (4.10 percent) or 1-percentage-point higher (6.10 percent) than the current rate:

	1% Decrease (4.10%)	Current Discount Rate (5.10%)	1% Increase (6.10%)
District's proportionate share of the net pension liability	\$ 5,585,719	\$ 4,231,826	\$ 3,120,326

Pension Plan Fiduciary Net Position

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

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS

North Dakota Public Employees Retirement System

General Information about the NDPERS Pension Plan

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. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. 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. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

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

At June 30, 2023, the District reported a liability of \$116,805 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2022, the District's proportion was .097312 percent which was a decrease of .018783 percent from its proportion measured as of June 30, 2021.

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Notes to Financial Statements – Continued

For the year ended June 30, 2023 the District recognized OPEB expense of \$15,269. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,768	\$ 1,004
Changes in assumptions	29,422	-
Net difference between projected and actual investment earnings	15,727	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,443	18,844
Employer contributions subsequent to the measurement date	11,100	-
Totals	<u>\$ 62,460</u>	<u>\$ 19,848</u>

\$11,100 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024.

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

<u>Year ended June 30:</u>	
2024	\$ 8,074
2025	7,210
2026	5,748
2027	10,480
2028	-
Thereafter	-

Actuarial Assumptions

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Not applicable
Investment rate of return	5.75%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

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, 2022 are summarized in the following table:

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Notes to Financial Statements – Continued

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap Domestic Equities	33%	5.85%
Small Cap Domestic Equities	6%	6.75%
Domestic Fixed Income	35%	0.50%
International Equities	26%	6.25%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. 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 District’s Proportionate Share of the Net OPEB Liability to Change in the Discount Rate

The following presents the net OPEB liability of the Plans as of June 30, 2022, calculated using the discount rate of 5.39 percent, 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 (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the net pension liability	\$ 149,094	\$ 116,805	\$ 89,698

OPEB Plan Fiduciary Net Position

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

NOTE 15 - JOINT VENTURE

The District participates in the following joint venture:

Southeast Region Career and Technology Center

Formed for the purpose of providing vocational services to the member school districts. The Center’s governing board is composed of representatives from the member school districts, who are school board members. The Board is responsible for adopting the Center’s budget and setting service fees at a level adequate to fund the adopted budget. The District retains no equity in the net assets of the Center, but does have a responsibility to fund deficits of the Co-op in proportion to the relative participation. Separate financial statements for this joint venture are available from Southeast Region Career and Technology Center.

NOTE 16 - NONMONETARY TRANSACTIONS

The District receives food commodities from the federal government to subsidize its food service program. The market value of commodities received for the year ended June 30, 2023 was \$56,408.

NOTE 17 - CONCENTRATIONS

The District receives a substantial amount of its support from federal and state governments. A significant reduction in this support may have a material effect on the District's programs and its continued operations.

NOTE 18 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through February 29, 2024, the date on which the financial statements were available to be issued.

The District anticipates spending approximately \$2 million on HVAC upgrades and other equipment purchases in the next fiscal year. Planned subsequent capital improvement expenditures will be financed by grant proceeds.

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Wahpeton, North Dakota

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year Ended June 30, 2023

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Local Sources	\$ 3,781,440	\$ 3,722,341	\$ (59,099)
State Sources	11,473,805	11,486,772	12,967
Federal Sources	2,557,559	2,635,532	77,973
Interest Income	400	5,420	5,020
Miscellaneous Income	33,000	66,328	33,328
Total Revenues	17,846,204	17,916,393	70,189
EXPENDITURES			
Current			
Regular Instruction	9,592,639	8,594,064	998,575
Special Instruction	2,490,565	2,226,246	264,319
Vocational Instruction	602,777	551,398	51,379
Pupil Services	1,667,682	1,632,108	35,574
General Administration Services	521,846	487,111	34,735
School Administration Services	242,871	233,049	9,822
Operation and Maintenance	1,492,263	1,626,506	(134,243)
Pupil Transportation	763,255	575,521	187,734
Student Activities	1,019,190	999,573	19,617
Total Expenditures	18,393,088	16,925,576	1,467,512
Excess (Deficiency) of Revenues over Expenditures	(546,884)	990,817	1,537,701
FUND BALANCE, BEGINNING OF YEAR		4,899,164	
FUND BALANCE, END OF YEAR		<u>\$ 5,889,981</u>	

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Wahpeton, North Dakota

PENSION SCHEDULES
Year Ended June 30, 2023

NDTFFR Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions Last 10 Fiscal Years**

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.925129%	13,470,373	7,279,958	185.03%	67.50%
2022	0.979921%	10,324,992	7,552,249	136.71%	75.70%
2021	0.953834%	14,598,466	6,959,753	209.76%	63.40%
2020	0.961889%	13,247,652	6,747,928	196.32%	65.50%
2019	0.971673%	12,951,026	6,605,525	196.06%	65.50%
2018	0.996090%	13,681,637	6,723,363	203.49%	63.20%
2017	1.031544%	15,112,734	6,702,203	225.49%	59.20%
2016	1.064563%	13,922,942	6,548,180	212.62%	62.10%
2015	1.074754%	11,261,517	6,234,148	180.64%	66.60%

	Statutorily Required Contribution	Contributions in Relation to Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	928,195	(928,195)	-	7,279,958	12.75%
2022	962,912	(962,912)	-	7,552,249	12.75%
2021	887,375	(887,375)	-	6,959,753	12.75%
2020	860,361	(860,361)	-	6,747,928	12.75%
2019	842,205	(842,205)	-	6,605,525	12.75%
2018	857,229	(857,229)	-	6,723,363	12.75%
2017	854,531	(854,531)	-	6,702,203	12.75%
2016	834,853	(834,853)	-	6,548,180	12.75%
2015	670,164	(670,164)	-	6,234,148	10.75%

*Complete data for these schedules is not available prior to 2015

**The measurement date of the net pension liability is June 30th of the prior year

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Pension Schedules – Continued

NDPERS Schedule of Employer’s Share of Net Pension Liability and Schedule of Employer’s Contributions Last 10 Fiscal Years**

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.146935%	4,231,826	1,705,676	248.10%	54.47%
2022	0.146363%	1,525,542	1,657,403	92.04%	78.26%
2021	0.136565%	4,296,364	1,506,478	285.19%	48.91%
2020	0.131611%	1,542,576	1,368,978	112.68%	71.66%
2019	0.139269%	2,350,316	1,430,730	164.27%	62.80%
2018	0.145134%	2,332,780	1,481,586	157.45%	61.98%
2017	0.141146%	1,375,605	1,422,423	96.71%	70.46%
2016	0.153205%	1,041,768	1,364,873	76.33%	77.15%
2015	0.150735%	956,747	1,269,764	75.35%	77.70%

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	128,466	(131,065)	(2,599)	1,705,676	7.68%
2022	122,226	(125,064)	(2,838)	1,657,403	7.55%
2021	106,672	(117,013)	(10,341)	1,506,478	7.77%
2020	99,669	(107,878)	(8,209)	1,368,978	7.88%
2019	105,380	(102,483)	2,897	1,430,730	7.16%
2018	107,433	(110,884)	(3,451)	1,481,586	7.48%
2017	102,981	(108,677)	(5,696)	1,422,423	7.64%
2016	103,673	(105,652)	(1,979)	1,364,873	7.74%
2015	90,407	(90,407)	-	1,269,764	7.12%

*Complete data for these schedules is not available prior to 2015

**The measurement date of the net pension liability is June 30th of the prior year

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Pension Schedules – Continued

NDPERS Schedule of Employer’s Share of Net OPEB Liability and Schedule of Employer’s Contributions Last 10 Fiscal Years**

	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.097312%	116,805	1,004,649	11.63%	56.28%
2022	0.116095%	64,569	1,265,734	5.10%	76.63%
2021	0.131273%	110,427	1,496,478	7.38%	63.38%
2020	0.122684%	98,538	1,368,978	7.20%	63.13%
2019	0.130754%	102,978	1,430,730	7.20%	61.89%
2018	0.136950%	108,329	1,481,586	7.31%	59.78%

	Statutory Required Contribution	Contributions in Relation to the Statutory Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	12,228	(12,978)	(750)	1,004,649	1.29%
2022	15,221	(15,940)	(719)	1,265,734	1.26%
2021	17,580	(18,592)	(1,012)	1,496,478	1.24%
2020	15,921	(17,273)	(1,352)	1,368,978	1.26%
2019	16,782	(16,409)	373	1,430,730	1.15%
2018	17,222	(17,754)	(532)	1,481,586	

*Complete data for these schedules is not available prior to 2018

**The measurement date of the net pension liability is June 30th of the prior year

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

NOTE 1 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The School Board adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States for the general fund.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- The annual budget must be prepared, and District taxes must be levied on or before the 15th day of August of each year.
- The taxes levied must be certified to the county auditor by October 10th.
- The operating budget includes proposed expenditures and means of financing them.
- Each budget is controlled by the Business Manager at the revenue and expenditure function/object level.
- The current budget, except for property taxes, may be amended during the year for any revenues and appropriations not anticipated at the time the budget was prepared.
- All appropriations lapse at year-end.

NOTE 2 - NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT CHANGES OF ASSUMPTIONS

Changes of Assumptions

Amounts reported in 2021 and later reflect the following actuarial assumption changes based on the results of an actuarial experience study dated March 19, 2020:

- Investment return assumption lowered from 7.75% to 7.25%.
- Inflation assumption lowered from 2.75% to 2.30%.
- Individual salary increases were lowered.
- Rates of turnover, retirement and disability were changed to better reflect anticipated future experience.
- The post-retirement healthy mortality table was updated to 104% of the PubT-2010 Retiree table for retirees and to 95% of the PubT-2010 Contingent Survivor table for beneficiaries, both projected with generational improvement using Scale MP-2019.
- The disabled mortality was updated to the PubNS-2010 Non-Safety Disabled Mortality table projected with generational improvement using Scale MP-2019.
- The pre-retirement mortality table was updated to the PubT-2010 Employee table projected with generational improvement using Scale MP-2019.

Amounts reported in 2016-2020 reflect the following actuarial assumption changes based on the results of an actuarial experience study dated April 30, 2015:

- Investment return assumption lowered from 8.00% to 7.75%.
- Inflation assumption lowered from 3.00% to 2.75%.
- Total salary scale rates lowered by .25% due to inflation.
- Added explicit administrative expense assumption, equal to prior year administrative expense plus inflation.
- Rates of turnover and retirement were changed to better reflect anticipated future experience.
- Updated mortality assumption to the RP-2014 mortality tables with generational improvement.

NOTE 3 - NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM CHANGES OF ASSUMPTIONS

Changes of Benefit Terms

The interest rate earned on member contributions decreased from 6.50 percent to 6.00 percent effective January 1, 2023 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System increased from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

Changes of Assumptions

The investment return assumption was updated from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020.

NOTE 4 – NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM CHANGE OF ASSUMPTIONS OPEB

Changes of Benefit Terms

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in the RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

Changes of Assumptions

The investment return assumption was updated from 6.50% to 5.75% beginning with the actuarial valuation as of July 1, 2022. All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2021.

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Wahpeton, North Dakota

NONMAJOR GOVERNMENTAL FUNDS – COMBINING BALANCE SHEET
June 30, 2023

	Special Reserve	Food Service	Debt Service Special Assessment	Debt Service Zimmerman	Capital Projects Building	Total Other Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 200,795	\$ 617,957	\$ -	\$ 138,776	\$ 781,273	\$ 1,738,801
Accounts Receivable	-	20,248	-	-	-	20,248
Due from County	35	-	-	55	356	446
Due from Federal Government	-	35,650	-	-	-	35,650
Due from Other Funds	-	-	3,087	-	-	3,087
Taxes Receivable	1,785	-	-	2,784	17,817	22,386
Inventories	-	27,907	-	-	-	27,907
Total Assets	<u>202,615</u>	<u>701,762</u>	<u>3,087</u>	<u>141,615</u>	<u>799,446</u>	<u>1,848,525</u>
LIABILITIES						
Due to Other Funds	-	-	-	-	3,087	3,087
Total Liabilities	-	-	-	-	3,087	3,087
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	1,785	-	-	2,784	17,817	22,386
Total Deferred Inflows of Resources	<u>1,785</u>	<u>-</u>	<u>-</u>	<u>2,784</u>	<u>17,817</u>	<u>22,386</u>
FUND BALANCE						
Nonspendable	-	27,907	-	-	-	27,907
Restricted	200,830	-	3,087	138,831	778,542	1,121,290
Assigned	-	673,855	-	-	-	673,855
Total Fund Balance	<u>200,830</u>	<u>701,762</u>	<u>3,087</u>	<u>138,831</u>	<u>778,542</u>	<u>1,823,052</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 202,615</u>	<u>\$ 701,762</u>	<u>\$ 3,087</u>	<u>\$ 141,615</u>	<u>\$ 799,446</u>	<u>\$ 1,848,525</u>

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Wahpeton, North Dakota

**NONMAJOR GOVERNMENTAL FUNDS – COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**
June 30, 2023

	Special Reserve	Food Service	Debt Service Special Assessment	Debt Service Zimmerman	Capital Projects Building	Total Other Governmental Funds
REVENUES						
Local Sources	\$ 44,283	\$ 355,085	\$ 14	\$ 69,093	\$ 441,977	\$ 910,452
State Sources	-	4,153	-	-	-	4,153
Federal Sources	-	491,571	-	-	-	491,571
Interest Income	2,918	-	-	1,610	1,136	5,664
Miscellaneous Income	-	-	-	-	30,000	30,000
Total Revenues	<u>47,201</u>	<u>850,809</u>	<u>14</u>	<u>70,703</u>	<u>473,113</u>	<u>1,441,840</u>
EXPENDITURES						
Current						
Operation and Maintenance	-	-	-	-	168,401	168,401
School Food Services	-	830,307	-	-	-	830,307
Debt Service						
Principal	-	-	-	95,000	70,000	165,000
Interest and Other Charges	-	-	357	3,543	11,950	15,850
Facilities Acquisition and Construction	-	-	-	-	146,440	146,440
Total Expenditures	<u>-</u>	<u>830,307</u>	<u>357</u>	<u>98,543</u>	<u>396,791</u>	<u>1,325,998</u>
Excess (Deficiency) of Revenues over Expenditures	47,201	20,502	(343)	(27,840)	76,322	115,842
FUND BALANCE, BEGINNING OF YEAR	<u>153,629</u>	<u>681,260</u>	<u>3,430</u>	<u>166,671</u>	<u>702,220</u>	<u>1,707,210</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 200,830</u></u>	<u><u>\$ 701,762</u></u>	<u><u>\$ 3,087</u></u>	<u><u>\$ 138,831</u></u>	<u><u>\$ 778,542</u></u>	<u><u>\$ 1,823,052</u></u>

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Wahpeton, North Dakota

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal AL Number	Pass-Through Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through North Dakota Department of Public Instruction			
School Breakfast Program	10.553	F10553	\$ 66,879
National School Lunch Program - Cash	10.555	F10555	315,762
National School Lunch Program - Commodities	10.555	N/A	56,408
Total Child Nutrition Cluster			439,049
State Administrative Expenses for Children Nutrition	10.560	F10560	4,700
Fresh Fruit and Vegetable Program	10.582	F10582	47,823
Total U.S. Department of Agriculture			491,572
U.S. DEPARTMENT OF EDUCATION			
Passed through North Dakota Department of Public Instruction			
Title I - Grants to Local Educational Agencies	84.010	F84010	472,335
Supporting Effective Instruction State Grants	84.367	F84367	114,656
Comprehensive Literacy Development	87.371	F84371	335,867
Student Support and Academic Enrichment Program	84.424	F84424	141,854
Special Education - Grants to States (IDEA, Part B)	84.027	F84027	437,143
Special Education - Preschool Grants (IDEA Preschool)	84.173	F84173	7,838
Total Special Education Cluster			444,981
Elementary and Secondary School Emergency Relief Fund	84.425D	F84425D	535,646
American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	F84425U	590,192
Total 84.425			1,125,838
Total U.S. Department of Education			2,635,531
Total Expenditures of Federal Awards			\$ 3,127,103

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Wahpeton, North Dakota

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The amounts reported on the schedule have been reconciled to and are in agreement with amounts recorded in the accounting records from which the financial statements have been reported.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the applicable cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or limited as to reimbursement. The District has not elected to use the 10-percent de minimis cost rate as allowed under the Uniform Guidance.

NOTE 3 – NONCASH AWARDS

Federal reimbursement is not based upon specified expenditures. Therefore, the amounts reported here represent cash value received rather than federal expenditures.



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

School Board
Wahpeton Public School District No. 37
Wahpeton, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to finance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wahpeton Public School District No. 37 (“the District”), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated February 29, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses (2023-001 and 2023-002).

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 these 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*.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our engagement and described in the accompanying schedule of findings and questioned costs. The 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Nadine Julson, LLC
Wahpeton, North Dakota
February 29, 2024



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

School Board
Wahpeton Public School District No. 37
Wahpeton, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Wahpeton Public School District No. 37’s (“the District”) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2023. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Nadine Julson, LLC

Nadine Julson, LLC
Wahpeton, North Dakota
February 29, 2024

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Wahpeton, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Report Issued:	Unmodified		
Internal Control Over Financial Reporting			
Material weakness identified?	<u> X </u>	Yes	<u> </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u> No

Federal Awards

Internal Control Over Major Program			
Material weakness identified?	<u> </u>	Yes	<u> X </u> No
Significant deficiency identified?	<u> </u>	Yes	<u> X </u> None reported

Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit finding disclosed that are required to be reported in accordance with 2 CDF 200.516(a)?	<u> </u>	Yes	<u> X </u> No

CFDA Numbers	Name of Program or Cluster
84.425	Elementary and Secondary School Emergency Relief Fund
	CHILD NUTRITION CLUSTER
10.553	School Breakfast Program
10.555	National School Lunch Program

Dollar threshold used to distinguish between Type A and Type B programs	<u> \$750,000 </u>
Auditee qualified as low-risk auditee?	<u> </u> Yes <u> X </u> No

SECTION II - FINANCIAL STATEMENT FINDINGS

2023-001 INADEQUATE SEGREGATION OF DUTIES

Criteria

The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the entity's assets and ensure accurate financial reporting.

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Schedule of Findings and Questioned Costs - Continued

Condition

Proper internal control surrounding custody of assets, the recording of transactions, reconciling bank accounts and preparation of financial statements dictates that there should be sufficient accounting personnel, so duties of employees are properly segregated. More segregation of duties would provide better control over the assets of the District.

Effect or Potential Effect

Without sufficient segregation of duties, the risk significant increases that errors and fraud related to cash receipts, disbursements, and reconciliations, including misappropriation of assets, could occur and not be detected within a timely basis.

Cause

The entity's limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.

Recommendation

The accounting functions should be reviewed to determine if additional segregation of duties is feasible and to improve the efficiency and effectiveness of financial management and financial statement accuracy for the District. Segregation of authorization, custody of assets, record keeping, and reconciliation functions would assist in mitigating the risk of fraud or misstatements to the financial statements.

Views of Responsible Officials

There is no disagreement with the audit finding and we understand that this will be a repeated recommendation due to the limited amount of resources of the District. The District will segregate functions where feasible.

2023-002 FINANCIAL STATEMENT PREPARATION

Criteria

A good system of internal accounting control contemplates an adequate system for the preparation of the financial statements, including recording government wide journal entries in order to reconcile from the fund financials to the government wide financials and ensuring all general ledger accounts are properly reflected on a GAAP basis.

Condition

The District does not have an internal control system designed to provide for the preparation of the financial statements being audited, including recording government wide journal entries. As auditors, we were requested to draft the financial statements, which include proposing government wide journal entries, and drafting the accompanying notes to the financial statements.

Effect or Potential Effect

Inadequate controls over financial reporting of the District results in more than a remote likelihood that the District would not be able to draft the financial statements and accompanying notes to financial statements that are materially correct without the assistance of the auditors.

Recommendation

We recommend the District be aware of this condition and be prepared and able to provide all necessary information and schedules to complete the financial statements and disclosures. As a compensating control, the District should establish an internal control policy to document annual review of the financial statements and to review a financial statement disclosure checklist.

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Schedule of Findings and Questioned Costs - Continued

Views of Responsible Officials

The District will continue to have the auditor prepare the financial statements. It is currently not cost-effective for management to perform the preparation.

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
Wahpeton, North Dakota

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2023

Prior Financial Statement Findings

2022-001

A material weakness was reported for inadequate segregation of duties.

Corrective Action Plan

The accounting functions should be reviewed to determine if additional segregation of duties is feasible and to improve the efficiency and effectiveness of financial management and financial statement accuracy for the District. Segregation of authorization, custody of assets, record keeping, and reconciliation functions would assist in mitigating the risk of fraud or misstatements to the financial statements. This material weakness continues to exist under the current audit findings as finding number 2023-001.

2022-002

A material weakness was reported for financial statement preparation.

Corrective Action Plan

The accounting functions should be reviewed to determine if it is feasible for the District to prepare its own financial statements. This material weakness continues to exist under the current audit findings as finding number 2023-002.

Corrective Action Plan

Year Ended June 30, 2023

2023-001 INADEQUATE SEGREGATION OF DUTIES

Corrective Action Plan – The District will review segregation of duties in accounting functions where possible.

Completion Date – Ongoing.

2023-002 FINANCIAL STATEMENT PREPARATION

Correction Action Plan – The District will approve an internal control policy to document the review of the financial statements.

Completion Date – Ongoing.

APPENDIX B

Form of Legal Opinion

income tax purposes. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax applicable to individuals. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations. The opinion set forth in this paragraph is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and 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 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

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is made and entered into as of July 1, 2024, by Wahpeton Public School District No. 37 of Richland County, North Dakota (the “District”), in connection with the issuance of the District’s \$1,300,000 General Obligation Building Fund Bonds, Series 2024 (the “Bonds”). The Bonds are being issued pursuant to a resolution dated June 17, 2024 (the “Resolution”), and the Bonds will be delivered to the Purchaser on the date hereof. Pursuant to Section 2.13 of the Resolution, the District covenants and agrees as follows:

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

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

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

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

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

“Final Official Statement” means the deemed final official statement dated June __, 2024, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

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

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

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

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

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

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

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

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

“SEC” means the Securities and Exchange Commission.

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

SECTION 3. PROVISION OF ANNUAL REPORTS.

(a) The District shall, or shall cause any Dissemination Agent to, not later than 12 months after the end of each fiscal year, commencing with the fiscal year ending June 30, 2024, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report to the Dissemination Agent, if any. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited Financial Statements of the District may be submitted separately from the balance of the Annual Report.

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

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

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

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

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

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

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

(a) audited Financial Statements; and

(b) updated information contained in the Final Official Statement as listed in Exhibit B to this Disclosure Certificate.

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

SECTION 5. REPORTING OF SPECIFIED EVENTS.

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

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties (the Bond issue has no debt service reserve);
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform (the Bond issue has no credit or liquidity providers);
- (vi) Adverse tax opinions the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of Owners of the Bonds if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar events of the District;
- (xiii) The consummation of a merger, consolidation or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar

terms of a Financial Obligation of the District, any of which affect security holders, if material; and

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

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

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

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

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

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

SECTION 9. ADDITIONAL INFORMATION. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Specified Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include

any information in any Annual Report or notice of occurrence of a Specified Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Specified Event.

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

SECTION 11. DUTIES, IMMUNITIES AND LIABILITIES OF DISSEMINATION AGENT. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including 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 Owners, including beneficial owners, from time to time of the Bonds, and shall create no rights in any other person or entity.

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

(remainder of page intentionally left blank)

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

WAHPETON PUBLIC SCHOOL DISTRICT NO. 37
RICHLAND COUNTY, NORTH DAKOTA

President of the School Board

ATTEST:

Business Manager

EXHIBIT A

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

Name of Issuer: Wahpeton Public School District No. 37

Name of Bond Issue: General Obligation Building Fund Bonds, Series 2024

Name of District: Wahpeton Public School District No. 37

Date of Issuance: July 10, 2024

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named bonds as required by Section 6.02 of the Resolution adopted June 17, 2024. The District anticipates that the Annual Report will be filed by _____.

Dated: _____.

on behalf of the DISTRICT

cc: District

EXHIBIT B

FINANCIAL SUMMARY	
Table 10	General Obligation Debt by Issue
Table 11	General Obligation Debt - Annual Maturity Schedule
Table 14	Debt Limit Computation

APPENDIX D

Official Notice of Sale

OFFICIAL NOTICE OF SALE

\$1,300,000⁽¹⁾

General Obligation Building Fund Bonds, Series 2024 Wahpeton Public School District No. 37, North Dakota

NOTICE IS HEREBY GIVEN that these Bonds will be offered for sale according to the following terms:

TIME AND PLACE

Electronic and sealed bids for the purchase of \$1,300,000⁽¹⁾ General Obligation Building Fund Bonds, Series 2024 (the “Bonds”), will be received at the offices of PFM Financial Advisors LLC, 45 South 7th Street, Suite 2950 Minneapolis, Minnesota 55402 on Monday, June 17, 2024 until 11:00 A.M. Central Time. The School Board will meet that same day, to consider the bids and award the sale. The bid offering to purchase the Bonds upon the terms specified herein and most favorable to the District will be accepted unless all bids are rejected. No bid may be altered or withdrawn after the time appointed for opening bids.

AUTHORIZATION, SECURITY AND PURPOSE

The Bonds are being issued by the District pursuant to Section 21-03-07(7) of the North Dakota Century Code. The proceeds of the Bonds will be used for the purpose of providing funds, together with any other funds available, (i) to upgrade the mechanical heating, ventilating, and air conditioning (HVAC) system at the Wahpeton Middle School, and (ii) to pay the costs of issuance.

The Bonds are general obligations of the District for the payment of which it pledges its full faith and credit and power to levy ad valorem taxes unlimited as to rate or amount but are primarily payable from the proceeds of the District’s 10-mill Building Fund Levy. If necessary for the payment of the Bonds, the District is required to levy a tax without limitation as to rate or amount.

FORM OF BIDS

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

No bids will be received after 11:00 A.M. Central Time on Monday, June 17, 2024, as specified in this Official Notice of Sale. The time as maintained by the Electronic Bid System shall constitute the official time with respect to all bids submitted. A bid may be withdrawn before the bid deadline using the same method used to submit the bid. If more than one bid is received from the bidder, the last bid shall be considered.

Sealed Bidding: Sealed bids may be submitted and will be received at the offices of PFM Financial Advisors LLC, 45 South 7th Street, Suite 2950, Minneapolis, MN 55402, (612) 338-3535.

Electronic Bidding: Electronic bids must be submitted through Parity (the “Electronic Bid System”). Information about the Electronic Bid System may be obtained by contacting Parity at i-Deal/Parity, Customer Support, 40 West 23rd Street, Fifth Floor, New York, New York 10010, (212) 849-5021.

⁽¹⁾ Preliminary, subject to change.

Each bidder shall be solely responsible for making necessary arrangements to access the Electronic Bid System for purposes of submitting its electronic bid in a timely manner and in compliance with the requirements of the Official Notice of Sale. The District is permitting bidders to use the services of the Electronic Bid System solely as a communication mechanism to conduct the electronic bidding and the Electronic Bid System is not an agent of the District. Provisions of the Official Notice of Sale or Official Bid Form shall control in the event of conflict with information provided by the Electronic Bid System.

Electronic Facsimile Bidding: Bids may be submitted via facsimile at the offices of PFM Financial Advisors LLC, Fax number (612) 338-7264. Electronic facsimile bids will be sealed and treated as sealed bids. Neither the District nor its agents will assume liability for the inability of the proposer to reach the above named fax number prior to the time of sale specified above. Time of receipt shall be the time recorder of the facsimile receiver.

DATE, MATURITIES, AND REDEMPTION

The Bonds will be dated as of July 10, 2024, will be fully registered bonds in the denomination of \$5,000 each, and will mature on August 1, in the following years in the following amounts:

<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Year</u>	<u>Amount⁽¹⁾</u>
2025	\$ 40,000	2035	\$ 70,000
2026	45,000	2036	75,000
2027	50,000	2037	75,000
2028	50,000	2038	80,000
2029	55,000	2039	85,000
2030	55,000	2040	85,000
2031	60,000	2041	90,000
2032	60,000	2042	95,000
2033	65,000	2043	95,000
2034	70,000		

⁽¹⁾ Preliminary, subject to change.

The Bonds maturing on August 1, 2032 and thereafter are subject to optional redemption on August 1, 2031 and any date thereafter at a price of par plus accrued interest to the redemption date.

ADJUSTMENTS TO PRINCIPAL AMOUNTS AFTER DETERMINATION OF BEST BID

The District reserves the right after bids are opened and prior to award of the Bonds, to adjust each maturity in multiples of \$5,000. In the event the maturity amounts of the Bonds are adjusted, the purchase price will be adjusted to ensure that the percentage net compensation (i.e., the percentage resulting from dividing (i) the aggregate difference between the offering price of the Bonds to the public and the price to be paid to the District (excluding accrued interest) by (ii) the principal amount of the Bonds) remains constant.

The dollar amount of the purchase price proposed by the successful bidder will be changed if the aggregate principal amount of the Bonds is adjusted. Generally any premium offered or discount taken will be increased or reduced by a percentage equal to the percentage by which the principal amount of the Bonds is increased or reduced; provided that the District's financial advisor will make every effort to ensure that the net compensation to the successful Bidder as a percentage of the adjusted par amount does not increase or decrease from what it would have been if no adjustment had been made to the principal amounts shown in the maturity schedule above.

TERM BOND OPTION

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

INTEREST

Interest is payable semi-annually on February 1 and August 1, commencing February 1, 2025. 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.

BOOK-ENTRY-ONLY SYSTEM

The Bonds will be issued as fully registered securities in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases will be made in book-entry form only in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants, for subsequent disbursement to the beneficial owner of the Bonds.

CUSIP NUMBERS

The District will assume no obligation for the assignment of CUSIP numbers to the Bonds or for the correctness of any such numbers printed thereon, but the District will permit such printing to be done at the expense of the purchaser, if the purchaser waives any extension of the time of the delivery of the Bonds caused thereby.

GOOD FAITH DEPOSIT

A Good Faith Deposit ("Deposit") in the form of a certified or cashier's check payable to the District, or a wire transfer immediately following the award of the Bonds, in the amount of \$13,000, is required. The Deposit should be received or wire-transferred not later than 3:30 P.M. Central Time on the next business day following the award. If such Deposit is not received by that time, the District may resend its award to the winning bidder and award the sale of the Bonds to the next best bidder.

TYPE OF BID AND AWARD

Bids for not less than \$1,287,000 (99.0% of Par) plus accrued interest from the date of the Bonds to the date of delivery must be received by the District prior to the time specified above. Each bid must specify the interest rates on the Bonds in multiples of 1/20 or 1/8 of one percent, and no rate shall be more than one percentage point lower than the rate specified for any prior maturity. All Bonds of the same maturity shall bear a single uniform rate from date of issue to maturity. Each proposal must be for the entire principal amount of the Bonds. Interest will be computed on a 360-day-year, 30-day month basis.

Bids will be compared on the basis of true interest cost (TIC). The bid offering the lowest true interest cost will be deemed most favorable. The true interest cost is computed as the discount rate which, when used with semiannual compounding to determine the present worth of the principal and interest payments as of the date of the Bonds, produces an amount equal to the purchase price. If two or more bids provide the same lowest true interest rate, the District shall determine which bid shall be accepted, and such determination shall be final. In the event of a tie, the sale of the bonds will be awarded by lot.

Upon award of the Bonds, the successful bidder (the “Purchaser”) shall advise the District of the initial reoffering price to the public of the Bonds. Simultaneously with or before delivery of the Bonds, the Purchaser shall furnish to the District a certificate in form and substance acceptable to bond counsel (a) confirming the initial reoffering prices, (b) certifying that a bona fide initial reoffering of the Bonds has been made to the public (excluding bond houses, brokers, and other intermediaries), and (c) stating the price at which a substantial portion of the Bonds were sold to the public (excluding bond houses, brokers and other intermediaries). The School Board reserves the right to reject any and all bids, to waive any informality in any bid and to adjourn the sale.

SETTLEMENT

Within 40 days following the date of their award, the Bonds will be delivered without cost to the Purchaser. Delivery will be subject to receipt by the Purchaser of the legal opinion of Arntson Stewart Wegner PC, and of customary closing papers, including non-litigation certificate. On the date of settlement, payment for the Bonds shall be made in federal or equivalent funds, which shall be received at the offices of the District, or its designee, not later than 11:00 A.M. Central Time. Except as compliance with the terms of payment for the Bonds shall have been made impossible by action of the District or its agents, the Purchaser shall be liable to the District for any loss suffered by the District by reason of the Purchaser’s non-compliance with said terms for payment. Delivery of the Bonds is anticipated on or about July 10, 2024.

BOND INSURANCE AT THE PURCHASER’S OPTION

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

OFFICIAL STATEMENTS

The District has prepared an Official Statement dated June 6, 2024, which the District deems to be a preliminary or “near-final” Official Statement as that term is defined in Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”). The Official Statement is available to prospective bidders and to others who request copies from the District or its financial advisor, PFM Financial Advisors LLC

Not later than seven business days following the award of the Bonds, the District shall provide a reasonable number of copies of the Final Official Statement, as that term is used in the Rule, to the Purchaser of the Bonds. The Final Official Statement will be the Official Statement dated June 6, 2024, modified to include the maturity dates and amounts, interest rates and reoffering yields or prices, and any other information required by law.

The successful bidder will be supplied with an electronic copy of the Final Official Statement

**ON BEHALF OF THE
WAHPETON PUBLIC SCHOOL DISTRICT NO. 37, ND**

By: /s/ _____
Superintendent

Further information may be obtained from:
PFM Financial Advisors LLC
45 South 7th Street, Suite 2950
Minneapolis, MN 55402
Tel: (612) 338-3535
Fax: (612) 338-7264

OFFICIAL BID FORM

(Electronic and Sealed Bids Accepted)

**\$1,300,000⁽¹⁾ General Obligation Building Fund Bonds, Series 2024
Wahpeton Public School District No. 37, North Dakota**

Members of the School Board
c/o PFM Financial Advisors LLC (612/338-7264 Fax)

Sale Date: June 17, 2024

For all or none of the principal amount of \$1,300,000⁽¹⁾ General Obligation Building Fund Bonds, Series 2024, for Wahpeton Public School District No. 37, North Dakota (the "District"), dated July 10, 2024, legally issued and as described in the Official Notice of Sale, we will pay the District \$_____ (not less than \$1,287,000) plus accrued interest on the total principal of \$1,300,000⁽¹⁾ to date of delivery, provided the Bonds bear the following interest rates:

<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Interest Rate*</u>	<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Interest Rate*</u>
2025	\$ 40,000	_____ %	2035	\$ 70,000	_____ %
2026	45,000	_____ %	2036	75,000	_____ %
2027	50,000	_____ %	2037	75,000	_____ %
2028	50,000	_____ %	2038	80,000	_____ %
2029	55,000	_____ %	2039	85,000	_____ %
2030	55,000	_____ %	2040	85,000	_____ %
2031	60,000	_____ %	2041	90,000	_____ %
2032	60,000	_____ %	2042	95,000	_____ %
2033	65,000	_____ %	2043	95,000	_____ %
2034	70,000	_____ %			

⁽¹⁾ Preliminary, subject to change.

The Bonds mature on August 1 in each of the years indicated above and interest is payable on February 1 and August 1, commencing February 1, 2025.

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

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

In making this offer, we accept the terms and conditions as defined in the Notice of Sale published in the Official Statement dated June 6, 2024. Our good faith deposit in the amount of \$13,000 has been filed with PFM Financial Advisors LLC according to the terms outlined in the Notice of Sale. All blank spaces of this offer are intentional and are not to be construed as an omission.

NOT PART OF THE BID:

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

\$ _____
Net Interest Cost

_____ %
True Interest Rate

Respectfully submitted,

Account Manager

By _____

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

The foregoing offer is hereby accepted by and on behalf of Wahpeton Public School District No. 37, North Dakota, this 17th day of June, 2024.

President

Business Manager