

REFUNDING: FULL-BOOK ENTRY ONLY**RATING BY S&P “Applied for”**

In the opinion of Bond Counsel, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion is subject to the condition that the Park District 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, or continue to be, excluded from gross income for federal income tax purposes. The Park District 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 tax purposes retroactive to the date of issuance of the Bonds.

OFFICIAL STATEMENT**\$2,015,000⁽¹⁾ REFUNDING IMPROVEMENT BONDS, SERIES 2026B****PARK DISTRICT OF THE CITY OF HORACE****(CASS COUNTY, NORTH DAKOTA)****Dated Date:** July 15, 2026**Maturity Date:** May 1, 2027, through 2046**Minimum Bid:** Not less than \$1,994,850 (99.0% of Par)**Good Faith Deposit:** \$20,000

The Park District of the City of Horace, North Dakota (the “Park District”) is issuing \$2,015,000⁽¹⁾ Refunding Improvement Bonds, Series 2026B (the “Bonds”) pursuant to the provisions of the North Dakota Century Code, Chapters 40-24 through 40-27 and 40-49. The proceeds of the Bonds will be used for the purpose of (i) refunding definitive improvement warrants issued to finance park improvements within Park Improvement District No. 2025-1 (Independence Park) (the “Improvement District”), and (ii) paying the costs associated with the issuance of the Bonds.

The Bonds are valid and binding obligations of the Park District payable from a separate and special fund of the Park District, which has been duly created and designated as the Refunding Improvement Bonds, Series 2026B Bond Fund. The Bonds are issued for the purpose of refunding a like principal amount of one or more valid outstanding special improvement warrants (the "Improvement Warrants") of the Park District, which were issued for the purpose of paying the cost of local improvements in Park Improvement District No. 2025-1. The Improvement Warrants are valid and binding obligations of the Park District, issued in anticipation of the collection of Special Assessments levied or to be levied in accordance with Chapters 40-23 and 40-25 of the N.D.C.C. upon property within Park Improvement District No. 2025-1 benefitted by the Improvements, which Special Assessments have been appropriated to the Bond Fund for the payment of the Improvement Warrants and any additional improvement warrants drawn thereon. Pursuant to N.D.C.C. § 40-26-08, whenever Special Assessments appropriated and collected for the Improvements are insufficient to pay principal and interest then due on the Improvement Warrants, the Governing Board is required by law to levy a general tax upon all taxable property within the corporate limits of the Park District for the payment of such deficiency; the Governing Board is also authorized to levy such a tax whenever a deficiency is likely to occur within one year. Such deficiency levies may be made without an election and are not subject to any limitation as to rate or amount. (See "DESCRIPTION OF THE BONDS – Security and Source of Payment" herein).

The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal is payable annually on May 1 as set forth below, and interest, payable semi-annually on each May 1 and November 1, commencing November 1, 2026 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, on the close of the 15th day (whether or not a business day) of the immediately preceding month.

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

Year	Amount ⁽¹⁾	Rate*	Yield*	Year	Amount ⁽¹⁾	Rate*	Yield*
2027	\$ 80,000	___%	___%	2037	\$ 100,000	___%	___%
2028	65,000	___%	___%	2038	105,000	___%	___%
2029	70,000	___%	___%	2039	110,000	___%	___%
2030	75,000	___%	___%	2040	115,000	___%	___%
2031	80,000	___%	___%	2041	120,000	___%	___%
2032	80,000	___%	___%	2042	120,000	___%	___%
2033	85,000	___%	___%	2043	125,000	___%	___%
2034	90,000	___%	___%	2044	130,000	___%	___%
2035	95,000	___%	___%	2045	135,000	___%	___%
2036	95,000	___%	___%	2046	140,000	___%	___%

The Bonds maturing on May 1, 2034, and thereafter are subject to optional redemption on May 1, 2033, and any day 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: Ohnstad Twichell, P.C., West Fargo, North Dakota

PAYING AGENT/REGISTRAR: UMB Bank, N.A., Minneapolis, Minnesota

BIDS RECEIVED UNTIL: 11:00 A.M. Central Time on Monday, June 22, 2026

BIDS CONSIDERED: On Monday, June 22, 2026.

DELIVERY: The Bonds will be available for delivery on or about July 15, 2026.

The date of this Official Statement is June 4, 2026.

* Interest rates, reoffering yields or prices, CUSIPS, and rating shall be set forth in the final official statement described herein.

⁽¹⁾ Preliminary, subject to change.

(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 Park District, the Municipal Advisor or the Underwriters to give any information or to make any representations other than those contained in this Official Statement or the Final Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the Park District, the Municipal Advisor or the Underwriters. This Official Statement or the Final Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Park District and other sources which are believed to be reliable, but it is not to be construed as a representation by the Municipal Advisor or Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement or the Final Official Statement nor any sale made thereafter shall, under any circumstances, create any implication that there has been no change in the affairs of the Park 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 \$2,015,000⁽¹⁾ Refunding Improvement Bonds, Series 2026B (“Bonds”) issued by the Horace Park District, North Dakota 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: Park District of the City of Horace, North Dakota (the “Park District”)
Authorization: The Bonds are issued pursuant to the provisions of the North Dakota Century Code, Chapters 40-24 through 40-27 and 40-49.

Purpose: The proceeds of the Bonds will be used for the purpose of (i) refunding outstanding definitive improvement warrants issued to finance park improvements within Park Improvement District no. 2025-1 (Independence Park) (the “Improvement District”), and (ii) paying the costs associated with the issuance of the Bonds.

Security: The Bonds are valid and binding special obligations of the Park District, issued in anticipation of the collection of Special Assessments levied or to be levied in accordance with Chapters 40-23 and 40-25 of the N.D.C.C. upon property within Park Improvement District No. 2025-1 benefitted by the Improvements, which Special Assessments have been appropriated to the Bond Fund for the payment of the Improvement Warrants exchanged for the Bonds and any additional improvement warrants drawn thereon. The Governing Board of the Park District is required by law, pursuant to N.D.C.C. § 40-26-08, to levy a general tax upon all taxable property within its corporate limits to cover any deficiency, without an election and without limitation as to rate or amount (see "DESCRIPTION OF THE BONDS – Security and Source of Payment" herein).

Dated Date: The Bonds are dated July 15, 2026.

Principal Payments: Principal on the Bonds is payable on May 1, 2027, through 2046.

Interest Payments: Interest on the Bonds is payable semiannually on each May 1 and November 1, commencing November 1, 2026.

Optional Redemption: The Bonds maturing on May 1, 2034, and thereafter are subject to redemption on May 1, 2033, and any date thereafter at a price of par plus accrued interest to the redemption date.

Denominations: Individual purchases may be made in denominations of \$5,000 or integral multiples thereof.

Book-Entry Only: The Bonds will be issued as book-entry only securities through DTC.

Record Date: The 15th day of the month preceding the payment date.

Tax Status: Generally, exempt from federal and state income taxes (see “State and Federal Tax Considerations” herein). 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 Ohnstad Twichell P.C., Bond Counsel. The opinion will be substantially in the form set forth in “APPENDIX C – Form of Legal Opinion” attached hereto.

Professional Consultants: *Municipal Advisor:* PFM Financial Advisors LLC
Minneapolis, Minnesota

Bond Counsel: Ohnstad Twichell, P.C.
West Fargo, North Dakota

⁽¹⁾Preliminary, subject to change.

Registrar/Paying Agent: UMB Bank, N.A.
Minneapolis, Minnesota

Delivery: On or about July 15, 2026

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

The Official Statement is in a form deemed final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1) (the "Rule"), but is subject to minor revision or amendment in accordance with the Rule. Not later than seven business days following the award of the Bonds, the Park District shall provide copies of the Final Official Statement, as that term is used in the Rule, to the purchaser of the Bonds. The purchaser of the Bonds will be supplied with Final Official Statements in a quantity sufficient to meet its request. Up to 20 copies of the Final Official Statement will be furnished without cost.

Questions regarding the Bonds or the Official Statement can be directed to, additional copies of the Official Statement, and the documents described herein may be obtained from, PFM Financial Advisors LLC, 45 South Seventh, Suite 2950, Minneapolis, Minnesota 55402 (612/371-3723 or 612/338-7264 fax), the Park District's Municipal Advisor.

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DESCRIPTION OF THE BONDS

Authorization and Purpose

The Bonds are issued pursuant to the provisions of the North Dakota Century Code, Chapters 40-24 through 40-27 and 40-49.

The proceeds of the Bonds will be used for the purpose of (i) refunding outstanding definitive improvement warrants previously issued to finance park improvements within Park Improvement District No. 2025-1 (Independence Park) (the "Improvement District"), and (ii) paying the costs associated with the issuance of the Bonds.

Security and Source of Payment

The Bonds are valid and binding special obligations of the Park District, issued in anticipation of the collection of Special Assessments levied or to be levied in accordance with Chapters 40-23 and 40-25 of the N.D.C.C. upon property within Park Improvement District No. 2025-1 (Independence Park) benefitted by the Improvements. The Park District has issued Improvement Warrants for the Improvement District, which are exchanged for the Bonds at closing, pursuant to Chapter 40-27 of the N.D.C.C. The Special Assessments have been appropriated to the Refunding Improvement Bonds, Series 2026B Bond Fund (the "Bond Fund") for the payment of the Improvement Warrants and any additional improvement warrants drawn thereon, and payments on each Improvement Warrant shall continue to be made to the Bond Fund in the same manner as though each improvement warrant had not been exchanged.

The Special Assessments are levied in equal annual installments of principal, plus interest, against benefited properties within the Improvement District over a period of 20 years (levy years 2026 through 2045), with payments due in each of the years 2027 through 2046, corresponding to the maturity schedule of the Bonds.

Pursuant to N.D.C.C. § 40-26-08, whenever all special assessments appropriated and collected for any improvement are insufficient to pay principal and interest then due on the definitive warrants issued with respect thereto, the Park District is required by law to levy a general tax, *without an election and without limitation as to rate or amount*, upon all taxable property in the corporate limits of the City of Horace (which limits are coterminous with those of the Park District) for the payment of such deficiency. The Park District is required to levy (the deficiency levy) a similar tax whenever such deficiency is likely to occur within one year, which deficiency levies are not subject to any limitation as to rate or amount. Such tax is to be levied at the time and in the manner provided in Section 40-26-08 of the North Dakota Century Code, as amended, and may be levied without limitation as to rate or amount. Pursuant to North Dakota Century Code, Section 57-15-01.2(2)(f) any deficiency in tax levy pursuant to Section 40-26-08 *is exempt from* the three percent budget limitation set forth in HB 1176 and enacted into law during the sixty-ninth session of the North Dakota Legislative Assembly.

The Park District has covenanted that Special Assessments will be levied against benefited properties in an aggregate amount equal to the total cost of the Improvements, except that up to one-fifth of such costs may be paid from ad valorem taxes levied on all taxable property within the Park District. The Park District has determined that the total benefits to properties within the Improvement District will not be less than the total cost of the Improvements.

Interest Computation

Interest on the Bonds is payable on each May 1 and November 1, commencing November 1, 2026. It will be computed on a 360-day year, 30-day month basis, to the owners of record as of the close of business on the fifteenth day of the immediately preceding month. Payments coming due on a non-business day will be paid on the next business day.

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Redemption Provisions

Optional Redemption

The Bonds maturing on May 1, 2034, and thereafter are subject to optional redemption on May 1, 2033, and any day thereafter at a price of par plus accrued interest to the redemption date. Redemption may be whole or in part, and if in part, at the option of the Park District and in such manner as the Park District shall determine.

Sources and Uses of Funds

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

Table 1
Estimated Sources and Uses of Funds

Estimated Sources of Funds

Par Amount of Bonds \$ 2,015,000⁽¹⁾

Total

Uses of Funds

Deposit to Improvement Warrants

Cost of Issuance/Underwriter's Discount

Total Uses of Funds

⁽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 Park District makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company ("DTC"), New York, NY, 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) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations

that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 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 Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Park 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

NEITHER THE PARK 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 CERTIFICATE HOLDERS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS CERTIFICATE HOLDER; 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.

Limited Continuing Disclosure

In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), the Park District will covenant and agree, for the benefit of the registered holders or beneficial owners, to provide the Park District’s financial statements (the “Annual Report”) 12 months after the end of each fiscal year, commencing with the Fiscal Year ending December 31, 2026, and notice of the occurrence of certain events, if material, as hereinafter described (the “Disclosure Covenants”) not more than ten business days after occurrence of the event. Information to be provided on an annual basis, the events as to which notice is to be given, if material, and a form of Continuing Disclosure Undertaking, including the other provisions of the Disclosure Covenants, including termination, amendment and remedies, is included in Appendix D to this Official Statement.

In the past the Park District’s financial statements were not audited. Its Annual Reports for the 2020, 2021, 2022, and 2023 fiscal years included unaudited financial reports and failure-to-file notices. The Park District now has audited financial statements for each of those years which have been posted on the EMMA® website. Its audited financial statements for the 2025 fiscal year have also been posted on the EMMA® website and are included as Appendix B to this Preliminary Official Statement.

Breach of the Disclosure Covenants will not constitute a default or an “Event of Default” under the Bonds or the Resolution. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the District to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Bonds and their market price.

Bondholder’s Risks

An investment in the Bonds is subject to certain risks. No person should purchase the Bonds unless such person understands the risks described below and is willing to bear those risks. There may be other risks not listed below which may adversely affect the value of the Bonds. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement (including the Appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment.

Secondary Market Not Established: There is no established secondary market for the Bonds, and there is no assurance that a secondary market will develop for the purchase and sale of the Bonds. Prices of municipal bonds traded in the secondary market, if any, are subject to adjustment upward and downward in response to changes in the credit markets and changes in the operating performance of the entities operating the facilities subject to bonded indebtedness. From time to time it may be necessary to suspend indefinitely secondary market trading in selected issues of municipal bonds as a result of the financial condition or market position, prevailing market conditions, lack of adequate current financial information about the entity, operating the subject facilities, or a material adverse change in the operations of that entity, whether or not the subject Bonds are in default as to principal and interest payments, and other factors which, may give rise to uncertainty concerning prudent secondary market practices.

Municipal bonds are generally viewed as long-term investments, subject to material unforeseen changes in the investor’s circumstances, and may require commitment of the investor’s funds for an indefinite period of time, perhaps until maturity.

Rating Loss: Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the ratings will continue for any given period of time, or that such ratings will not be revised, suspended or withdrawn, if, in the judgment of such rating agency, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

Rating agencies are currently not regulated by any regulatory body. Future regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Bonds.

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

Matters Relating to Enforceability: Holders of the Bonds shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of North Dakota and of the United States of America for the enforcement of payment of the Bonds, including but not limited to, the right to a proceeding in the law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by North Dakota law and the Resolution for the Bonds.

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the Resolution for the Bonds. The opinion, to be delivered concurrently with the delivery of the Bonds, will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principals of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

No representation is made and no assurance is given that the enforcement of any remedies with respect to such assets will result in sufficient funds to pay all amounts due under the Resolution for the Bonds, including principal of and interest on the Bonds.

Forward-Looking Statements: This Preliminary Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Preliminary Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware there are likely to be differences between forward-looking statements and the actual results. These differences could be material and could impact the availability of funds of the Park District to pay debt service when due on the Bonds.

Redemption Prior to Maturity: In considering whether to make an investment in the Bonds, it should be noted the Bonds are subject to optional redemption, as outlined herein, without Bondholder discretion or consent. See “REDEMPTION PROVISIONS” herein.

Tax Matters and Loss of Tax Exemption: As discussed under the heading “TAX MATTERS” herein, the interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the Park District in violation of its covenants in the Resolution for the Bonds.

Should such an event of taxability occur, the Bonds would not be subject to a special prepayment and would remain outstanding until maturity or until prepaid under the prepayment provisions contained in the Bonds, and there is no provision for an adjustment of the interest rates on the Bonds.

It is possible legislation will be proposed or introduced that could result in changes in the way tax exemption is calculated, or whether interest on certain securities are exempt from taxation at all. Prospective purchasers should consult with their own tax advisors regarding any pending or proposed federal income tax legislation. The likelihood of legislation being enacted cannot be reliably predicted.

It is also possible that actions of the Park District, after the closing of the Bonds, will alter the tax status of the Bonds, and in the extreme, remove the tax-exempt status from the Bonds. In that instance, the Bonds are not subject to mandatory prepayment and the interest rates on the Bonds do not increase or otherwise reset. A determination of taxability on the Bonds after closing could materially adversely affect the value and marketability of the Bonds.

Pending Federal Tax Legislation: From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals pending in Congress that could, if enacted, alter or amend one or more of the federal (or state) tax matters described herein in certain respects or would adversely affect the market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds.

Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether, or in what forms, any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds. In addition, regulatory actions are from time to time announced or proposed and litigation threatened or commenced, which if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Cybersecurity: The Park District, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the Park District will be completely successful to guard against and prevent cyber threats and attacks. Failure to properly maintain functionality, control, security, and integrity of the Park District's information systems could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant. Along with significant liability claims or regulatory penalties, any security breach could have a material adverse impact on the Park District's operations and financial condition.

Summary: The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Preliminary Official Statement and the Appendices hereto to make a judgment as to whether the Bonds are an appropriate investment.

RATING

A rating review for the Bonds has been requested from S&P Global Ratings. Any such rating is subject to withdrawal at any time; withdrawal of a rating may have an adverse effect on the marketability of the Bonds. For an explanation of the significance of the rating, an investor should communicate with the rating agency.

STATE AND FEDERAL TAX CONSIDERATIONS

In the opinion of Bond Counsel, interest on the Bonds is not includable in the "gross income" of the owners thereof for purposes of federal and State of North Dakota income taxation.

Noncompliance following the issuance of the Bonds with certain requirements of the Internal Revenue Code of 1986 (the "Code") and covenants of the Bond Resolution may result in the inclusion of interest on the Bonds in the federal and North Dakota "gross income" of the owners thereof retroactive to the date of issuance of the Bonds. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of North Dakota income taxation.

The Code imposes an alternative minimum tax with respect to individuals on alternative minimum taxable income. Interest on the Bonds will not be treated as a preference item in calculating the federal alternative minimum taxable income of individuals.

Prospective purchasers of the Bonds should also be aware that (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, a portion of a holder's interest expense allocated to interest on the Bonds, (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by the applicable percentage of the sum of certain items, including interest on the Bonds, (iii) passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have accumulated earnings and profits at the close of the taxable year if greater than 25 percent of the gross receipts of such Subchapter S corporation is passive investment income, and (iv) Section 86 of the Code requires receipts of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Bonds.

Original Issue Discount

Bonds may be issued at a discount from their principal amount (any such Bonds being “Discount Bonds”). The excess of the principal amount payable on Bonds of a given maturity over their issue price constitutes “original issue discount” (“OID”). OID that accrues to a holder of a Discount Bond is excluded from federal gross income to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder’s federal tax basis.

OID on a Discount Bond generally accrues pursuant to a constant-yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of OID that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For this purpose, the adjusted issue price is determined by adding to the issue price for such Discount Bonds the OID that is treated as having accrued during all prior accrual periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then the original issue discount that would have accrued for that accrual period for federal income tax purposes is allocated ratably to the days in that accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued OID, the amount of OID that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of the Discount Bond. If the excess is greater than the amount of remaining OID, the basis reduction rules for amortizable bond premium may result in taxable gain upon sale or other disposition of the Bonds, even if the Bonds are sold, redeemed, or retired for an amount equal to or less than their cost.

It is possible under certain state and local income tax laws that OID on a Discount Bond may be taxable in the year of accrual and may be deemed to accrue differently than under federal law.

Market Discount

If a Bond is purchased for a cost that is less than the Bond’s issue price (plus accrued OID, if any), the purchaser will be treated as having purchased the Bond with market discount (unless a statutory de minimis rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Bond (to the extent that the gain realized does not exceed the accrued market discount on the Bond).

Bond Premium

A holder that acquires a Bond for an amount in excess of its principal amount generally must, from time to time, reduce the holder’s federal tax basis for the Bond. Premium generally is amortized for federal income tax purposes on the basis

of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, holders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes.

Sale or Other Disposition

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Bond equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder's adjusted tax basis in the Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Bond. A holder's adjusted tax basis in a Bond generally will be equal to the amount that the holder paid for the Bond, increased by any accrued OID with respect to the Bond and reduced by the amount of any amortized bond premium on the Bond. Except to the extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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.

FUTURE FINANCING

The Park District does not anticipate the issuance of additional long-term obligations within the 2026 calendar year.

NO LITIGATION

There is no controversy or litigation of any nature now pending, or to the knowledge of the Park District, threatened, restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Park District taken with respect to the issuance of the Bonds, the formation of the Improvement District, or the public improvements in the Improvement District funded by the Bonds.

LEGAL MATTERS

Issuance and delivery of the Bonds are subject to opinions as to the validity of the Bonds by Ohnstad Twichell, P.C., West Fargo, North Dakota, bond counsel to the Park District (“Bond Counsel”). Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in this Official Statement and will express no opinions with respect thereto. The proposed form of the opinion of Bond Counsel to be delivered in connection with the issuance of the Bonds is in substantially the form set forth in “APPENDIX C – FORM OF BOND COUNSEL OPINION” to this Official Statement.

BOND INSURANCE

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment thereof at the option of the bidder, 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 Park District has requested and received a rating on the uninsured Bonds from a rating agency, the Park District will pay that rating fee. Any other rating agency fees shall be the responsibility of the purchaser.

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

CERTIFICATION

The Park District has authorized the distribution of this Official Statement for use in connection with the initial sale of the Bonds. As of the date of issuance of the Bonds, the Park District will certify that as of the date of the Official Statement, the Official Statement did not, and does not as of the date of the certificate, contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

MUNICIPAL ADVISOR

The Park District has retained PFM Financial Advisors LLC, of Minneapolis, Minnesota, as municipal advisor (the “Municipal Advisor”) in connection with the issuance of the Bonds. In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the Park 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.

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 President, attested to by its Clerk, has been duly authorized by the Park District.

PARK DISTRICT OF THE CITY OF HORACE, NORTH DAKOTA

ATTEST:

By/ _____
Clerk

APPENDIX A

**Information About
The Park District of the City of Horace**

THE ISSUER

General Information

The Park District of the City of Horace (the “Park District”) was established in 1972 and is coterminous with the City of Horace (the “City”). It is located in east central North Dakota, immediately south of both the cities of Fargo and West Fargo, North Dakota.

The City of Horace covers approximately 12.7 square miles and has a population of 7,001 according to the 2025 population estimate published by the U.S. Census Bureau.

The Park District has no full-time employees and approximately 21 part-time seasonal employees. The Park District owns and/or maintains 10 parks: Independence, Freed, Horace Lions, Arrowwood, Willow, Adelman, Maple Grove, Meadowlark, Terra Gardens, and Southdale Farms Pocket, totaling over 37 acres of property.

Organization

The Park District is a separate governing and taxing entity within the City of Horace. The Board of Park Commissioners, (5 members, elected at-large for a 4-year term) sets the budget and policies for the Park District; ensures coordination of parks, forestry and recreation services. Park Board meetings are the fourth Monday of each month at 5:30 p.m. unless otherwise announced.

The following table presents the governing body of the Park District.

Table 2
Board of Park Commissioners

<u>Name</u>	<u>Position</u>	<u>Term Expiration</u>
Wade Frank	<i>President</i>	2028
Paige Shockman	<i>Vice-President</i>	2026
Alex Kjelland	<i>Commissioner</i>	2026
Shannon Kist	<i>Commissioner</i>	2028
Jason Olsen	<i>Commissioner</i>	2028

Administration

<u>Name</u>	<u>Position</u>
Justin Germundson	<i>Clerk</i>

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ECONOMIC AND DEMOGRAPHIC INFORMATION

Population

Table 3 below summarizes the historical population data for the City of Horace and the County of Cass (the “County”) for the past five decennial censuses and a recent estimate. The County is the most populous county in North Dakota.

Table 3
Population Statistics

<u>Year</u>	<u>City of Horace</u>	<u>Cass County</u>
2025 Estimate	7,001	201,794
2020 Census	3,085	184,525
2010 Census	2,438	149,778
2000 Census	915	123,138
1990 Census	662	102,874
1980 Census	494	88,247

Source: United States Census Bureau, www.census.gov.

Business and Industry

Table 4 below presents the largest employers in the City of Horace.

Table 4
Principal Employers

<u>Firm</u>	<u>Type of Business</u>	<u>No. of Employees</u>
Norwood Sales Inc	Farm Equipment	200
Horace Elementary School	Schools	75
Sun Gold Foods Inc	Food Products & Manufacturers	75
Heartland Behavioral Health	Health Services	47
Southern Valley Fire & Rescue	Event Centers	30
Kidventures Childcare-Prschl	Child Care Service	26
Red River Drywall Inc	Dry Wall Contractors	20
Starr Fireworks	Fireworks	20
Fargo Public Schools	Schools	19
Horace City Office	Government	17

Source: Data Axle Reference Solutions as of April 2026.

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The Fargo-Moorhead metropolitan area, situated along the Red River of the North, functions as a unified economic region. Table 5 presents the principal employers in Cass County and the broader Fargo-Moorhead-West Fargo area, based on the most recent available data from the City of Fargo and City of Moorhead Annual Comprehensive Financial Reports.

Table 5
Principal Employers

<u>Firm</u>	<u>Type of Business</u>	<u>Number of Employees</u> ⁽¹⁾
Sanford Health	Health Services	9,244
West Fargo Public Schools	Education	2,265
Essentia Health	Health Services	2,251
Fargo Public Schools	Education	2,218
North Dakota State University	Higher Education	2,183
Marvin Windows	Manufacturing	1,890
Fargo VA Health Care System	Healthcare (Federal)	1,400
Coborn's Inc.	Retail (Grocery)	1,100
City of Fargo	Government	1,073
Independent School District 152	Education	1,000
Concordia College	Higher Education	784
Minnesota State University Moorhead	Higher Education	750
Scheels All Sports	Retail	696
American Crystal Sugar Company	Agriculture / Manufacturing	648
Creative Care for Reaching Independence	Social Services	475
Eventide Lutheran Home	Nursing / Senior Care	400
Cash Wise Foods	Retail (Grocery)	299
City of Moorhead	Government	284
MSUM	Higher Education	137
Access of Red River Valley	Social Services	120

Source: Fargo ACFR 2024; Moorhead ACFR 2024

⁽¹⁾ Employee counts reflect a mix of reporting methodologies. Fargo data is reported as full-time equivalent (FTE), while Moorhead data includes both full- and part-time employees.

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Labor Force and Unemployment Statistics

Average annual employment figures for the last five years, including the most recent monthly figure available, for Cass County and the State of North Dakota, are listed in Table 6 below. The figures shown below are not seasonally adjusted.

Table 6
Labor Force and Unemployment Statistics

<u>Year</u>	<u>Cass County</u>		<u>State of North Dakota</u>
	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>
2025 ⁽¹⁾	119,395	2.5%	2.6%
2024	117,992	2.2%	2.4%
2023	116,575	1.8%	2.0%
2022	114,250	1.7%	2.1%
2021	111,359	2.4%	3.1%
2020	108,762	4.1%	5.0%

⁽¹⁾ As of February 2026.

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

Housing and Income Statistics

The table below presents key housing and income statistics for Cass County as compared with the State of North Dakota.

Table 7
Housing and Income Statistics

	<u>Cass County</u>	<u>State of North Dakota</u>
2024 Median Value of Home	\$ 298,000	\$ 249,900
2024 Median Household Income	\$ 75,555	\$ 76,657
Per Capita Personal Income		
2024 ⁽¹⁾	\$ 45,643	\$ 43,389
2023	44,593	42,474
2022	43,474	40,748
2021	40,345	37,343
2020	37,784	36,289

⁽¹⁾ Estimate

Source: U.S. Census Bureau, <http://www.census.gov>
U.S. Bureau of Economic Analysis, Personal Income and Employment, <http://www.bea.gov>

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FINANCIAL SUMMARY

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

2025/26 Market Value (100%)		\$	1,092,434,722
2025/26 Assessed Value (50%)		\$	546,217,361
2025/26 Taxable Value		\$	50,015,426
General Obligation Long-Term Debt		\$	3,670,000
Special Assessment Long-Term Debt (Includes this Issue)		\$	6,951,711 ⁽¹⁾
Overlapping Debt		\$	226,017,716
City of Horace Population (2025 Estimate)			7,001
Area			12.7 sq. miles
Debt Ratios			
	<u>Amount</u>	<u>Debt Per Capita (7,001)</u>	<u>% of Market Value</u>
General Obligation Debt	\$ 3,670,000	\$ 524	0.34%
Special Assessment Debt	6,951,711 ⁽¹⁾	993	0.64%
Overlapping Debt	<u>226,017,716</u>	<u>32,284</u>	<u>20.69%</u>
Total	<u>\$ 236,639,427</u>	<u>\$ 33,801</u>	<u>21.66%</u>

⁽¹⁾ Preliminary, subject to change.

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INDEBTEDNESS

General Obligation Long-Term Debt

The Park District issues General Obligation Special Assessments Prepayment Bonds to prepay special assessment obligations to the City of Horace. These bonds are paid by tax levies levied against all taxable property within the Park District. Table 8 summarizes the Park District’s outstanding general obligation long-term debt by issue and Table 9 presents the annual maturity schedule of the Park District’s debt as of the issuance of the Bonds.

Table 8
General Obligation Long-Term Debt by Issue

<u>Date</u>	<u>Bond Issue</u>	<u>Original Issue</u> <u>Size</u>	<u>Interest</u> <u>Range</u>	<u>Outstanding</u> <u>Maturities</u>	<u>Outstanding</u> <u>Principal</u>
02/25/2026	GO Special Assessment Prepayment	\$ 3,770,000	4.00%-5.00%	05/01/2027-45	<u>\$ 3,670,000</u>
Total G.O. Long Term Debt					<u>\$ 3,670,000</u>

Table 9
General Obligation Long-Term Debt
Annual Maturity Schedule

<u>Year Ending</u> <u>December 31</u>	<u>This Issue</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2026	\$ --	\$ 77,675	\$ 77,675
2027	125,000	152,225	277,225
2028	130,000	145,850	275,850
2029	140,000	139,100	279,100
2030	145,000	131,975	276,975
2031	155,000	124,475	279,475
2032	160,000	116,600	276,600
2033	170,000	109,200	279,200
2034	175,000	102,300	277,300
2035	185,000	95,100	280,100
2036	190,000	87,600	277,600
2037	200,000	79,800	279,800
2038	205,000	71,700	276,700
2039	215,000	63,300	278,300
2040	225,000	54,500	279,500
2041	230,000	45,400	275,400
2042	240,000	36,000	276,000
2043	250,000	26,200	276,200
2044	260,000	16,000	276,000
2045	<u>270,000</u>	<u>5,400</u>	<u>275,400</u>
Total	<u>\$ 3,670,000</u>	<u>\$ 1,680,400</u>	<u>\$ 5,350,400</u>

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Special Assessment Long-Term Debt

The Park District's Special Assessment Bonds will be repaid from special assessments levied against the property owners benefited by the improvements. Table 10 below and Table 11 on the following page summarize the Park District's outstanding special assessment long-term debt by issue as of the issuance of the Bonds and present the annual maturity schedule of the Park District's Special Assessment debt.

Table 10
Special Assessment Long-Term Debt by Issue

<u>Date</u>	<u>Bond Issue</u>	<u>Original Issue Size</u>	<u>Interest Range</u>	<u>Outstanding Maturities</u>	<u>Outstanding Principal</u>
10/15/2020	Refunding Improvement, Series 2020	\$ 1,695,000	1.75% - 3.00%	05/01/2027-41	\$ 1,330,000
08/18/2021	Refunding Improvement, Series 2021	835,000	1.45%-2.75%	05/01/2027-41	660,000
09/12/2024	Improvement Warrants 2024	825,000	2.00%	05/01/2027-44	751,711
10/29/2025	Refunding Improvement, Series 2025	2,315,000	4.00% - 5.00%	05/01/2027-45	2,195,000
06/22/2026	Refunding Improvement, Series 2026B	2,015,000	This Issue	05/01/2027-46	<u>2,015,000</u>
Total Special Assessment Debt					<u>\$ 6,951,711</u>

Table 11
Special Assessment Long-Term Debt
Annual Maturity Schedule

<u>Year Ending</u> <u>December 31</u>	<u>Outstanding</u>		<u>This Issue</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal⁽¹⁾</u>	<u>Interest⁽¹⁾</u>	
2026	\$ --	\$ 78,366	\$ --	\$ 25,160	\$ 103,526
2027	228,324	153,527	80,000	83,450	545,301
2028	233,707	146,989	65,000	79,825	525,521
2029	239,094	140,275	70,000	76,450	525,819
2030	244,485	133,214	75,000	72,825	525,524
2031	249,880	125,726	80,000	68,950	524,556
2032	260,279	117,929	80,000	64,950	523,158
2033	270,681	109,780	85,000	61,250	526,711
2034	276,088	101,326	90,000	57,750	525,164
2035	286,499	92,562	95,000	54,050	528,111
2036	291,914	83,516	95,000	50,250	520,680
2037	302,333	74,186	100,000	46,350	522,869
2038	312,757	64,385	105,000	42,250	524,391
2039	323,184	54,119	110,000	37,950	525,253
2040	333,616	43,501	115,000	33,450	525,567
2041	339,052	32,599	120,000	28,750	520,402
2042	189,493	23,751	120,000	23,950	357,194
2043	194,938	16,957	125,000	19,050	355,945
2044	200,387	9,954	130,000	13,950	354,291
2045	160,000	3,200	135,000	8,650	306,850
2046	--	--	140,000	2,975	142,975
Total	<u>\$ 4,936,711</u>	<u>\$ 1,605,862</u>	<u>\$ 2,015,000</u>	<u>\$ 952,235</u>	<u>\$ 9,509,808</u>

(1) Preliminary, subject to change.

Debt Limitations

According to Article X, Section 15 of the North Dakota Constitution and Section 21-03-04 of the North Dakota Century Code, park districts may not become indebted for any purpose in excess of 1% of the assessed value of the taxable property. 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. The table below shows the debt limit computation for the Park District.

Table 12
Debt Limit Computation

Assessed Value	\$ 546,217,361
Limit Percentage	<u>1%</u>
Authorized Debt Limit (100%)	\$ 5,462,174
Debt Subject to Limit (67.19%)	<u>3,670,000</u>
Debt Margin (32.81%)	<u>\$ 1,792,174</u>

Overlapping Debt

There are five taxing jurisdictions which overlap the Park District and which have general obligation debt outstanding. Table 13 below sets forth the general obligation debt for each of these jurisdictions and the amount of that debt allocable to the Park District as of the issuance of the Bonds, unless otherwise noted.

Table 13
Overlapping Debt

	<u>Outstanding Debt</u>	<u>Percent Allocable to the Park District⁽³⁾</u>	<u>Portion Allocable to the Park District</u>
Cass County	\$ 105,000 ⁽¹⁾	3.55%	\$ 3,725
City of Horace	205,550,000	100.00%	205,550,000
Southeast Cass Water Resource District	2,705,000 ⁽¹⁾	3.93%	106,384
Kindred Public Schools	18,798,077 ⁽²⁾	0.35%	66,349
West Fargo Public Schools	<u>265,659,613⁽²⁾</u>	7.64%	<u>20,291,258</u>
Total	<u>\$ 492,817,690</u>		<u>\$ 226,017,716</u>

(1) Includes debt supported by special assessments. Excludes debt supported by revenues, non-appropriation debt and short-term debt.

(2) Includes general obligation debt and limited tax debt payable from the Building Fund levy.

(3) Percentages shown are rounded; allocable amounts are calculated using unrounded percentages.

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FINANCIAL INFORMATION

Financial Reports

The District's financial reports are audited independently. Copies of the District's Audit Report for the years ended December 31, 2022 through 2025, are available upon request from the District or the District's Municipal Advisor, PFM Financial Advisors LLC.

Results of Operations

Financial data summarized in this report has been compiled from the Park District's Financial Statements and presented in a format to facilitate year-to-year comparison. Table 14 below presents the audited statement of revenues, expenditures, and changes in fund balance for the fiscal years ended December 31, 2022, through 2025.

Table 14
Statement of Revenues, Expenditures and
Changes in Fund Balance of the General Fund
(Years Ended December 31)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues				
Property Taxes	\$ 258,850	\$ 233,921	\$ 205,896	\$ 185,046
Charges for Services	30,146	23,349	22,283	13,911
Intergovernmental	64,238	48,358	37,285	28,615
Miscellaneous	<u>5,811</u>	<u>1,145</u>	<u>1,603</u>	<u>7,701</u>
Total Revenue	<u>\$ 359,045</u>	<u>\$ 306,773</u>	<u>\$ 267,067</u>	<u>\$ 235,273</u>
Expenditures				
Current				
General Government	<u>\$ 288,556</u>	<u>\$ 172,980</u>	<u>\$ 179,892</u>	<u>\$ 185,397</u>
Total Expenditures	<u>\$ 288,556</u>	<u>\$ 172,980</u>	<u>\$ 179,892</u>	<u>\$ 185,397</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 70,489</u>	<u>\$ 133,793</u>	<u>\$ 87,175</u>	<u>\$ 49,876</u>
Other Financing Sources (Uses)				
Transfers In	\$ --	\$ 75,000	\$ 35,000	\$ 40,000
Transfers (Out)	<u>(66,141)</u>	<u>(133,793)</u>	<u>(87,174)</u>	<u>(69,874)</u>
Total Other Financing Sources	<u>\$ (66,141)</u>	<u>\$ (58,793)</u>	<u>\$ (52,174)</u>	<u>\$ (29,874)</u>
Net Changes in Fund Balance	<u>\$ 4,348</u>	<u>\$ 75,000</u>	<u>\$ 35,001</u>	<u>\$ 20,002</u>
Fund Balance, Beginning of Year (Restated)	<u>\$ 208,885</u>	<u>\$ 133,885</u>	<u>\$ 98,884</u>	<u>\$ 78,882</u>
Fund Balance, End of Year	<u>\$ 213,233</u>	<u>\$ 208,885</u>	<u>\$ 133,885</u>	<u>\$ 98,884</u>

General Fund Budget

Table 15 below provides a summary of the Park District’s general fund budget for fiscal year 2026.

Table 15
General Fund Budget

	<u>2026</u>
Revenues	
Taxes	\$ 308,851
State Aid	55,000
Programs	<u>26,000</u>
Total Revenue	<u>\$ 389,851</u>
Expenditures	
Total Expenditures	<u>\$ 389,000</u>

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PROPERTY VALUATIONS AND TAXES

Market and Assessed Values

The County 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 commercial property the taxable value is 10% of the assessed value. Table 16 shows the market, assessed and taxable values of taxable property in the Park District for assessment year 2025/collection year 2026. Table 17 below, shows the trend in property valuations over the last five years.

Table 16
Property Values in the Park District
2025 Assessment Year/2026 Collection Year

	<u>Market Value</u>	<u>Assessed Value</u>	<u>Equalization Factor</u>	<u>Taxable Value</u>
Real Property				
Residential	\$ 921,262,022	\$ 460,631,011	9%	\$ 41,456,791
Agricultural	5,172,220	2,586,110	10%	258,611
Commercial	162,494,400	81,247,200	10%	8,124,720
Utilities				
Railroad	--	--	10%	--
Other Utilities	<u>3,506,080</u>	<u>1,753,040</u>	10%	<u>175,304</u>
Total	<u>\$ 1,092,434,722</u>	<u>\$ 546,217,361</u>		<u>\$ 50,015,426</u>

Source: Cass County Auditor.

Table 17
Trend in Valuations

<u>Assessment Year</u>	<u>Market Value</u>	<u>Assessed Value</u>	<u>Taxable Value</u>
2024	\$ 913,264,400	\$ 456,632,200	\$ 41,910,468
2023	765,115,600	382,557,800	35,041,633
2022	582,693,500	291,346,750	26,608,106
2021	463,170,400	231,585,200	21,154,837
2020	393,854,200	196,927,100	17,909,023

Source: Cass 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 February 28.

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 May 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 Park District as well as other local government entities have no loss in tax revenues from the credit. Table 18 shows the Park District’s tax levies and collections for collection years 2020 through 2025 as of March 31, 2026.

Table 18
Tax Levies and Collections

Levy Year/ Collection Year	Levy	Net Levy	Amount Collected During Collection Year		Amount Collected as of 03/31/2026	
			Amount Collected	% of Net Levy	Amount Collected	% of Net Levy
2025/2026 ⁽¹⁾	\$ 856,821	\$ 813,980	\$ 689,190	84.67%	\$ 689,190	84.67%
2024/2025	851,084	808,530	777,955	96.22%	781,474	96.65%
2023/2024	755,478	717,704	701,880	97.80%	714,385	99.54%
2022/2023	574,770	546,032	536,918	98.33%	548,083	100.38%
2021/2022	349,383	331,914	329,682	99.33%	333,143	100.37%
2020/2021	295,201	280,441	277,555	98.97%	280,678	100.08%

⁽¹⁾ Levy year 2025/2026 is in the current collection period; amounts collected and percentages are as of March 31, 2026.

Source: Cass County Auditor.

Mill Rates

The Table 19 below shows the total mills currently levied by the Park District and other taxing entities in the City of Horace for the last five years.

Table 19
Mill Levy Summary

	<u>2025/26</u>	<u>2024/25</u>	<u>2023/24</u>	<u>2022/23</u>	<u>2021/22</u>
Horace Park District Levies					
General Fund	5.56	6.48	6.92	8.08	9.07
Share of Specials	10.30	10.31	10.01	9.10	2.87
Public Recreation Facilities	<u>4.97</u>	<u>5.00</u>	<u>5.00</u>	<u>4.65</u>	<u>4.78</u>
Total	<u>20.83</u>	<u>21.79</u>	<u>21.93</u>	<u>21.83</u>	<u>16.72</u>
Other Funding					
State and County	60.11	50.17	49.59	51.54	52.29
City of Horace	53.96	56.40	56.53	60.14	60.11
Horace Rural Fire	12.80	13.00	13.00	13.00	13.00
Kindred School District	142.40	148.35	141.40	152.42	95.21
West Fargo School District	144.68	129.42	129.53	136.10	143.16
Southeast Cass Water RD	<u>2.50</u>	<u>2.50</u>	<u>2.90</u>	<u>3.69</u>	<u>3.69</u>
Total Levies for Residents Living Within the Boundaries of Kindred Schools	<u>292.60</u>	<u>292.21</u>	<u>285.35</u>	<u>302.62</u>	<u>241.02</u>
Total Levies for Residents Living Within the Boundaries of West Fargo Schools	<u>294.88</u>	<u>273.28</u>	<u>273.48</u>	<u>286.30</u>	<u>288.97</u>

Source: Cass County Auditor.

Principal Taxpayers

A list of the ten taxpayers in the Park District with the highest taxable values on the 2025 assessment year is presented in Table 20 below.

Table 20
Principal Taxpayers

<u>Taxpayer</u>	<u>Taxable Value</u>	<u>% of Total Taxable Value</u>
Christianson Holdings LLLP Et Al	\$ 1,137,985	2.28%
HS Investments LLC	565,710	1.13%
GTM 69 LLC	287,715	0.58%
Shoppes at Horace LLC	216,985	0.43%
HS Investments LLC	185,640	0.37%
76 Land LLC	182,655	0.37%
Northern States Power CO	173,175	0.35%
New Horizon Homes LLC	172,565	0.35%
Individual	157,428	0.31%
Individual	<u>137,160</u>	<u>0.27%</u>
Total	<u>\$ 3,217,018</u>	<u>6.43%</u>
Total Taxable Value (2025/2026)	\$ 50,015,426	

Source: Cass County Auditor.

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APPENDIX B

**Audited Financial Statements for the
Fiscal Year Ended December 31, 2025**

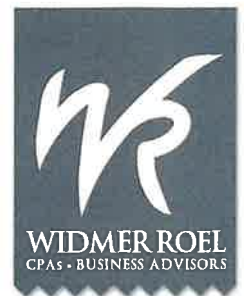
HORACE PARK DISTRICT

**FINANCIAL STATEMENTS
DECEMBER 31, 2025**

WITH INDEPENDENT AUDITOR'S REPORT

HORACE PARK DISTRICT
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4220 31st Avenue S.
Fargo, ND 58104-8725

Phone: 701.237.6022
Toll Free: 888.237.6022
Fax: 701.280.1495

INDEPENDENT AUDITOR'S REPORT

Horace Park Board
Horace Park District
Horace, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the **Horace Park District** (the "District") as of and for the year ended December 31, 2025, and the related notes to the 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 and each major fund of the **Horace Park District**, as of December 31, 2025, 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* (GAS), 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 **Horace Park 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.

Emphasis of Matter

Error Correction

As discussed in Note 9 to the financial statements, the 2024 financial statements have been restated to correct misstatements. Our opinions is not modified with respect to this matter.

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 **Horace Park District's** ability to continue as a going concern for twelve months beyond the financial statement issuance 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 GAS 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 GAS, 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 **Horace Park 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 **Horace Park 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, Budgetary Comparison Schedule - Special Revenue Fund and Notes to the Required Supplementary Information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2026, on our consideration of **Horace Park 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 solely 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 the effectiveness of the District's 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 **Horace Park District's** internal control over financial reporting and compliance.



Fargo, North Dakota
April 14, 2026

HORACE PARK DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 1,422,998
Due from other governments	4,351
Taxes receivable	33,297
Certified special assessments receivable	94,112
Uncertified special assessments receivable	1,916,477
Capital assets, net of accumulated depreciation	
Construction in progress	175,052
Buildings	90,000
Equipment	77,341
Vehicles	1,716
Improvements	<u>6,285,028</u>
Total capital assets, net of accumulated depreciation	<u>6,629,137</u>
Total assets	<u>\$ 10,100,372</u>
LIABILITIES	
Retainage payable	\$ 6,307
Interest payable	27,686
Current portion of long-term debt	370,196
Long-term debt, net of current portion	<u>8,910,667</u>
Total liabilities	<u>9,314,856</u>
NET POSITION	
Net investment in capital assets	(2,679,412)
Restricted	
Debt service	455,592
Capital projects	749,167
Recreation	9,357
Unrestricted	<u>2,250,812</u>
Total net position	<u>785,516</u>
Total liabilities and net position	<u>\$ 10,100,372</u>

HORACE PARK DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net Revenue (Expense) and Change in Net Position Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
General government	\$ 702,273	\$ 30,146	\$ -	\$ -	\$ (672,127)
Special assessments	2,594,100	-	-	-	(2,594,100)
Interest on long-term debt	288,421	-	-	-	(288,421)
Total governmental activities	\$ 3,584,794	\$ 30,146	\$ -	\$ -	(3,554,648)
 GENERAL REVENUES					
Property taxes					772,813
Special assessments					185,462
State aid not restricted					64,238
Investment income					70,825
Miscellaneous revenues					5,814
Total general revenues					1,099,152
Change in net position					(2,455,496)
Net position - January 1					4,682,768
Prior period adjustment					(1,441,756)
Net position - beginning balance, as restated					3,241,012
Net position - December 31					\$ 785,516

HORACE PARK DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Government Funds</u>
ASSETS					
Cash and investments	\$ 208,882	\$ 9,357	\$ 749,167	\$ 455,592	\$ 1,422,998
Due from other governments	4,351	-	-	-	4,351
Taxes receivable	9,943	23,354	-	-	33,297
Certified special assessments receivable	-	-	-	94,112	94,112
Uncertified special assessments receivable	-	-	-	1,916,477	1,916,477
Total assets	<u>\$ 223,176</u>	<u>\$ 32,711</u>	<u>\$ 749,167</u>	<u>\$ 2,466,181</u>	<u>\$ 3,471,235</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred tax revenue	\$ 9,943	\$ 23,354	\$ -	\$ -	\$ 33,297
Certified special assessments receivable	-	-	-	94,112	94,112
Uncertified special assessments receivable	-	-	-	1,916,477	1,916,477
Total liabilities and deferred inflows of resources	<u>9,943</u>	<u>23,354</u>	<u>-</u>	<u>2,010,589</u>	<u>2,043,886</u>
FUND BALANCES					
Restricted					
Debt service	-	-	-	455,592	455,592
Capital projects	-	-	749,167	-	749,167
Recreation	-	9,357	-	-	9,357
Unassigned	<u>213,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,233</u>
Total fund balances	<u>213,233</u>	<u>9,357</u>	<u>749,167</u>	<u>455,592</u>	<u>1,427,349</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 223,176</u>	<u>\$ 32,711</u>	<u>\$ 749,167</u>	<u>\$ 2,466,181</u>	<u>\$ 3,471,235</u>

HORACE PARK DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025

Total fund balances for governmental funds		\$ 1,427,349
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not current financial resources and are not reported in the governmental funds.		
Cost of capital assets	7,463,451	
Less accumulated depreciation	<u>(834,314)</u>	6,629,137
Property tax and special assessments receivable will be collected after year-end, but are not available to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.		
Property taxes receivable	33,297	
Certified special assessments receivable	94,112	
Uncertified special assessments receivable	<u>1,916,477</u>	2,043,886
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net position.		
Long-term debt	(9,280,863)	
Retainage payable	(6,307)	
Interest payable	<u>(27,686)</u>	<u>(9,314,856)</u>
Total net position of governmental activities		\$ <u><u>785,516</u></u>

HORACE PARK DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Government Funds</u>
REVENUES					
Property taxes	\$ 258,850	\$ 198,166	\$ -	\$ 305,784	\$ 762,800
Special assessments	-	102,582	-	174,317	276,899
Charges for services	30,146	-	-	-	30,146
Intergovernmental	64,238	-	-	-	64,238
Interest income	-	-	70,825	-	70,825
Miscellaneous	<u>5,811</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,811</u>
Total revenues	<u>359,045</u>	<u>300,748</u>	<u>70,825</u>	<u>480,101</u>	<u>1,210,719</u>
EXPENDITURES					
Current					
General government	288,556	-	-	86,361	374,917
Special assessments	-	-	-	-	-
Capital outlay	-	144,876	168,747	-	313,623
Debt service					
Principal	-	45,803	-	2,700,345	2,746,148
Interest	<u>-</u>	<u>88,327</u>	<u>-</u>	<u>196,782</u>	<u>285,109</u>
Total expenditures	<u>288,556</u>	<u>279,006</u>	<u>168,747</u>	<u>2,983,488</u>	<u>3,719,797</u>
Excess of revenues over expenditures	<u>70,489</u>	<u>21,742</u>	<u>(97,922)</u>	<u>(2,503,387)</u>	<u>(2,509,078)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	20,000	99,425	-	119,425
Bond proceeds	-	-	-	2,396,156	2,396,156
Transfers out	<u>(66,141)</u>	<u>(53,284)</u>	<u>-</u>	<u>-</u>	<u>(119,425)</u>
Total other financing sources (uses)	<u>(66,141)</u>	<u>(33,284)</u>	<u>99,425</u>	<u>2,396,156</u>	<u>2,396,156</u>
NET CHANGE IN FUND BALANCES	<u>4,348</u>	<u>(11,542)</u>	<u>1,503</u>	<u>(107,231)</u>	<u>(112,922)</u>
FUND BALANCE - January 1	<u>208,885</u>	<u>20,899</u>	<u>747,664</u>	<u>562,823</u>	<u>1,540,271</u>
FUND BALANCE - December 31	\$ <u>213,233</u>	\$ <u>9,357</u>	\$ <u>749,167</u>	\$ <u>455,592</u>	\$ <u>1,427,349</u>

HORACE PARK DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025**

Net change in fund balances - total governmental funds \$ (112,922)

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

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

Capital outlay	236,261	
Depreciation expense	(243,683)	(7,422)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Proceeds from long-term debt provides financial resources to the governmental funds, but increase long-term liabilities in the statement of net position

Repayment of debt	2,746,148	
Issuance of debt	(4,990,255)	(2,244,107)

Some revenues reported in the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures.

Net change in taxes receivable	19,437	
Net change in certified special assessments receivable	2,949	
Net change in uncertified special assessments receivable	(103,812)	(81,426)

Certain liabilities, such as interest payable and retainage payable, are not due and payable in the current period, and therefore are not reported in the funds

Net change in retainage payable	(6,307)	
Net change in interest payable	(3,312)	(9,619)

Change in net position of governmental activities \$ (2,455,496)

HORACE PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The financial statements of the Horace Park District (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Government Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government’s accounting policies are described below.

Financial Reporting Entity

The accompanying financial statements present the activities of the Horace Park 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 are such that exclusion would cause the District’s financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. Their criteria include appointing a voting majority of an organization’s governing board 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 imposed financial burdens on the District.

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

Basis of Presentation

Government-Wide Financial Statements: The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the primary government of the District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function to segment. Program revenues include (1) fees and charges paid by the recipient of goods or services offered by the program and (2) grant and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including all taxes, are reported instead as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District’s funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregate and reported as non-major funds.

The District reports the following major governmental funds:

General Fund: This is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Fund: This fund accounts for financial resources that exist for special purposes. The major sources of revenues are a restricted tax levy and state/federal grants/reimbursements.

HORACE PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Capital Projects Fund: This fund accounts for financial resources dedicated to the construction of new capital improvements and construction. The primary revenue source in this fund is special assessments and state reimbursements.

Debt Service Fund: This fund is used to account for the resources accumulated and payments made for principal and interest on special assessment, revenue, and general obligation bonds debt.

Measurement Focus and Basis of Accounting

In the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. These 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. Non-exchange 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.

In the fund financial statements, the current financial resources measurement focus, and the modified accrual basis of accounting is used. 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 the 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 long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditure in governmental funds. Proceeds of long-term debt and acquisitions under leases are reported as other financing sources.

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

Cash and Investments

Cash and cash investments include amounts in demand deposits and certificates of deposit, stated at cost. The certificates of deposit may be used at maturity or cashed out without penalty at any time.

Capital Assets

Capital assets include property, plant, 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 their acquisition value at the time of acquisition. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not capitalized.

HORACE PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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

Buildings	30 years
Equipment	7 to 15 years
Vehicles	7 years
Improvements	10 to 30 years

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and not be recognized as an inflow of resources (revenues) until that time.

Fund Financial Statements

Government fund equity is classified as fund balance and may distinguish between “Restricted” and “Unassigned” components.

Fund Balance and Classification Policies and Procedures

Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, the governmental funds report fund classification that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds are spent. Fund balances are classified as follows:

Nonspendable – Fund balances that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – Restricted fund balances are those for which constraints are placed on the use of fund balances which are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of the governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances can only be used for specific purposes pursuant to constraints imposed by a board motion of the government’s highest level of decision-making authority, the governing board. A board motion is required to rescind a fund balance commitment.

Assigned – Assigned fund balances are amounts that are constrained by the District’s intent to be used for a specific purpose but are under the direction of the board and the District’s management.

Unassigned – Unassigned fund balances are those that have not been reported in any other classification. The general fund is the only fund that can report a positive unassigned fund balance.

As of December 31, 2025, the District reported restricted and unassigned fund balances.

HORACE PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Net Position – Net position represents the difference between assets and liabilities. Net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

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 expenditure in the fund that is reimbursed. All other interfund transactions, except reimbursements, are reported as transfers. In the government-wide financial statements, interfund transactions have been eliminated.

NOTE 2 – DEPOSITS – CASH AND INVESTMENTS

In accordance with North Dakota Statutes, the District maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System. Deposits must either be deposited with the Bank of North Dakota or in another financial institution situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities of 110% of the deposits not covered by insurance or bonds.

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

At year ended December 31, 2025, the District’s carrying amount of deposits was \$1,422,998 and the bank balances were \$1,424,835, all of which is covered by Federal Deposit Insurance.

Credit Risk

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

- a) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of congress.

HORACE PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

- b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
- c) Certificates of deposit are fully insured by the Federal Deposit Insurance Corporation.
- d) Obligations of the state.

Concentration of Credit Risk

The District does not have a policy limiting the amount the District may invest in any one issuer.

NOTE 3 – TAXES RECEIVABLE

Taxes receivable represents the past three years of uncollected current and delinquent taxes. Management believes all delinquent taxes will be collected; therefore, 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 authorities. Any material tax collections are distributed after the end of each month.

Property taxes are levied as of January 1. The property taxes attach as an enforceable lien on property on January 1 and may be paid in two installments. The first installment includes one-half of the real estate taxes and all the special assessments, and the second installment is the balance of the real estate taxes. The first installment is due by March 1 and the second installment is due by October 15. A 5.00% discount 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.

Property owners generally 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 4 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated					
Construction in progress	\$ -	\$ 175,052	\$ -	\$ -	\$ 175,052
Capital assets, being depreciated					
Buildings	150,000	-	-	-	150,000
Equipment	50,582	45,519	-	-	96,101
Vehicles	12,000	-	-	-	12,000
Improvements	<u>7,014,608</u>	<u>15,690</u>	<u>-</u>	<u>-</u>	<u>7,030,298</u>
Total capital assets, being depreciated	<u>7,227,190</u>	<u>61,209</u>	<u>-</u>	<u>-</u>	<u>7,288,399</u>
Less accumulated depreciation for					
Buildings	55,000	5,000	-	-	60,000
Equipment	10,721	8,039	-	-	18,760
Vehicles	8,570	1,714	-	-	10,284
Improvements	<u>516,340</u>	<u>228,930</u>	<u>-</u>	<u>-</u>	<u>745,270</u>
Total accumulated depreciation	<u>590,631</u>	<u>243,683</u>	<u>-</u>	<u>-</u>	<u>834,314</u>

(Continued)

HORACE PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Total capital assets, being depreciated, net	6,636,559	(182,474)	-	-	6,454,085
Governmental activities capital assets, net	\$ 6,636,559	\$ (7,422)	\$ -	\$ -	\$ 6,629,137

Depreciation expense was charged to the general government function.

NOTE 5 – LONG-TERM LIABILITIES

During the year ended December 31, 2025, the following changes occurred in liabilities reported in the long-term liabilities:

	<u>Beginning Balance</u>	<u>Prior Period Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$ 4,770,000	\$ -	\$ 2,315,000	\$ 2,665,000	\$ 4,420,000	\$ 235,000
Notes payable	825,000	-	-	35,345	789,655	37,944
Special assessments payable	-	1,441,756	2,594,100	45,803	3,990,053	93,194
Bond premium	-	-	81,155	-	81,155	4,058
Total	\$ 5,595,000	\$ 1,441,756	\$ 4,990,255	\$ 2,746,148	\$ 9,280,863	\$ 370,196

The following represent the required payments on the long-term debt:

Bonds Payable

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 235,000	\$ 146,012	\$ 381,012
2027	190,000	138,877	328,877
2028	195,000	133,109	328,109
2029	200,000	127,173	327,173
2030	205,000	120,898	325,898
2031-2035	1,140,000	497,804	1,637,804
2036-2040	1,350,000	291,045	1,641,045
2041-2045	905,000	79,263	984,263
	\$ 4,420,000	\$ 1,534,181	\$ 5,954,181

Notes Payable

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 37,944	\$ 15,414	\$ 53,358
2027	38,324	14,651	52,975
2028	38,707	13,881	52,588
2029	39,094	13,103	52,197
2030	39,485	12,317	51,802
2031-2035	203,427	49,520	252,947
2036-2040	213,804	28,662	242,466
2041-2045	178,870	7,199	186,069
	\$ 789,655	\$ 154,747	\$ 944,402

(Continued)

HORACE PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Specials Assessments Payable

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 93,194	\$ 248,023	\$ 341,217
2027	97,229	242,644	339,873
2028	101,525	237,004	338,529
2029	106,097	231,087	337,184
2030	110,965	224,875	335,840
2031-2035	639,574	1,019,463	1,659,037
2036-2040	811,800	807,374	1,619,174
2041-2045	957,441	536,576	1,494,017
2046-2050	1,072,228	209,344	1,281,572
	\$ 3,990,053	\$ 3,756,390	\$ 7,746,443

Bond Premium

	<u>Premium</u>
2026	\$ 4,058
2027	4,058
2028	4,058
2029	4,058
2030	4,058
2031-2035	20,289
2036-2040	20,289
2041-2045	20,287
	\$ 81,155

NOTE 6 – CONSTRUCTION COMMITMENT

The District had the following construction commitment as of December 31, 2025:

	<u>Total Contract</u>	<u>Total Completed</u>	<u>Retainage Payable</u>	<u>Remaining</u>
Southdale Farms	\$ 198,788	\$ 63,075	\$ 6,307	\$ 142,020

NOTE 7 – INTERFUND TRANSFERS

The following is a reconciliation between transfers in and transfers out as reported in the basic financial statements for the year ended December 31, 2025:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ -	\$ 66,141
Special revenue fund	20,000	53,284
Capital projects fund	99,425	-
Total	\$ 119,425	\$ 119,425

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

HORACE PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 8 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1986, the state and other political subdivisions joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The District pays an annual premium to NDIRF for its general insurance coverage. The coverage by NDIRF is limited to losses of \$5,000,000 per occurrence for general liability and automobile; and \$112,126 for public assets.

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 two million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides the District with blanket fidelity bond coverage in the amount of \$550,000.

The District has workers' compensation with the Department of Workforce Safety and Insurance; and purchases commercial insurance for employee health and accident insurance.

NOTE 9 – ERROR CORRECTIONS

The 2025 beginning net position has been restated to adjust for a special assessments payable error that was not recorded in the proper period. This resulted in an adjustment to the January 1, 2025, net position as follows:

	<u>Governmental Activities</u>
Beginning of year net position, as previously reported	\$ 4,682,768
Beginning special assessments payable balance	<u>(1,441,756)</u>
Beginning of year net position, as restated	\$ <u><u>3,241,012</u></u>

NOTE 10 - SUBSEQUENT EVENT

Subsequent to December 31, 2025, the District approved of a bond issuance of \$3.79M with Raymond James Financial. The bond issuance was approved by the Park Board during the February 2026 meeting. In addition, the District entered into a construction contract with Roers Construction for an upcoming project for Independence Park that will begin in the summer of 2026, in which, the District will be entering into a new debt issuance to fund the project.

HORACE PARK DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

HORACE PARK DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
REVENUES				
Property taxes	\$ 271,326	\$ 271,326	\$ 258,850	\$ (12,476)
Charges for services	19,000	19,000	30,146	11,146
Intergovernmental	44,000	44,000	64,238	20,238
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>5,811</u>	<u>4,811</u>
Total revenues	<u>335,326</u>	<u>335,326</u>	<u>359,045</u>	<u>23,719</u>
EXPENDITURES				
Current				
General government	<u>306,000</u>	<u>306,000</u>	<u>288,556</u>	<u>(17,444)</u>
Excess (deficiency) of revenues over expenditures	<u>29,326</u>	<u>29,326</u>	<u>70,489</u>	<u>41,163</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(20,000)</u>	<u>(39,696)</u>	<u>(66,141)</u>	<u>(26,445)</u>
NET CHANGE IN FUND BALANCE	<u>9,326</u>	<u>(10,370)</u>	<u>4,348</u>	<u>14,718</u>
FUND BALANCE - January 1	<u>208,885</u>	<u>208,885</u>	<u>208,885</u>	<u>-</u>
FUND BALANCE - December 31	<u>\$ 218,211</u>	<u>\$ 198,515</u>	<u>\$ 213,233</u>	<u>\$ 14,718</u>

HORACE PARK DISTRICT
BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
REVENUES				
Property taxes	\$ 209,680	\$ 209,680	\$ 198,166	\$ (11,514)
Special assessments	<u>106,941</u>	<u>106,941</u>	<u>102,582</u>	<u>(4,359)</u>
Total revenues	<u>316,621</u>	<u>316,621</u>	<u>300,748</u>	<u>(15,873)</u>
EXPENDITURES				
Current				
General Government	209,000	209,000	-	(209,000)
Capital outlay	-	-	144,876	144,876
Debt service				
Principal	106,500	134,130	45,803	(88,327)
Interest	<u>-</u>	<u>-</u>	<u>88,327</u>	<u>88,327</u>
Total expenditures	<u>315,500</u>	<u>343,130</u>	<u>279,006</u>	<u>(64,124)</u>
Excess (deficiency) of revenues over expenditures	<u>1,121</u>	<u>(26,509)</u>	<u>21,742</u>	<u>48,251</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	20,000	20,000
Transfers out	<u>-</u>	<u>-</u>	<u>(53,284)</u>	<u>(53,284)</u>
NET CHANGE IN FUND BALANCE	<u>1,121</u>	<u>(26,509)</u>	<u>(11,542)</u>	<u>14,967</u>
FUND BALANCE - January 1	<u>20,899</u>	<u>20,899</u>	<u>20,899</u>	<u>-</u>
FUND BALANCE - December 31	<u>\$ 22,020</u>	<u>\$ (5,610)</u>	<u>\$ 9,357</u>	<u>\$ 14,967</u>

HORACE PARK DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025

NOTE 1 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

- The District adopts an annual budget on a modified accrual basis of accounting.
- The annual budget must be prepared, and the District taxes must be levied on or before the fifteenth day of August of each year.
- The taxes levied must be certified to the county auditor by the twenty-fifth of August.
- The governing board may amend its tax levy and budget, but the certification must be filed with the county auditor by the tenth of October.
- 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 – BUDGET AMENDMENTS

The board of commissioners amended the Park District budget for 2025 as follows:

	<u>Original Budget</u>		<u>Amendments</u>		<u>Amended Budget</u>
General fund transfers out	\$ 20,000	\$	19,696	\$	39,696
Special reserve expenditures	315,500		27,630		343,130



4220 31st Avenue S.
Fargo, ND 58104-8725

Phone: 701.237.6022
Toll Free: 888.237.6022
Fax: 701.280.1495

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

INDEPENDENT AUDITOR'S REPORT

Horace Park Board
Horace Park District
Horace, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the **Horace Park District** (the "District"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise **Horace Park District's** basic financial statements, and have issued our report thereon dated April 14, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Horace Park District's** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Horace Park District's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Horace Park District's** internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying *schedule of findings and responses* as item 2025-001 and 2025-002 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Horace Park 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *GAS*.

Horace Park District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the **Horace Park District's** response to the findings identified in our audit and described in the accompanying *schedule of findings and responses*. **Horace Park District's** response was not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 **Horace Park District's** internal control or on compliance. This report is an integral part of an audit performed in accordance with *GAS* in considering the **Horace Park District's** internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Fargo, North Dakota
April 14, 2026

HORACE PARK DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2025

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:

Governmental activities

Unmodified

Major funds

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 X yes no

Significant deficiency(ies) identified that are not considered to be material weakness(es)?

 yes X none reported

Noncompliance material to financial statements noted?

 yes X no

HORACE PARK DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS

2025-001 (MATERIAL WEAKNESS) –SEGREGATION OF DUTIES

Condition

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

Criteria

According to the COSO framework, 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. The segregation of duties would provide better control over the assets of the District.

Cause

Management has chosen to allocate economic resources to other functions of the District.

Effect

The lack of segregation of duties increases the risk of material misstatement to the District's financial statements, whether due to error or fraud.

Recommendation

To mitigate the risk associated with the lack of segregation of duties, we recommend the following:

- Financial statements, credit memos, and payroll registers should be reviewed, analyzed, and spot-checked by a responsible official, such as a board member.
- Where possible, segregate the functions of approval, posting, custody of assets, and reconciliation as they relate to any amounts which impact the financial statements.

Views of Responsible Officials

We agree. We hope to add staff in the coming years to address this weakness.

HORACE PARK DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2025

2025-002 (MATERIAL WEAKNESS) – AUDIT ADJUSTMENTS

Condition

During the audit of the Horace Park District, we proposed adjusting entries to the financial statements in accordance with generally accepted accounting principles (GAAP). The adjustments were approved by management and are reflected in the financial statements.

Criteria

Horace Park District is responsible to ensure the financial statements are reliable, free of material misstatements, and in accordance with Generally Accepted Accounting Principles (GAAP).

Cause

The Horace Park District may not have had procedures in place to ensure the financial statements are complete and accurate.

Effect

The financial statements may have been misstated had they not been adjusted during the audit.

Recommendation

We recommend the Horace Park District carefully review their procedures for the preparation of the financial statements to ensure the financial statements are complete and accurate in accordance with GAAP.

Views of Responsible Officials

We agree. The Horace Park District will review the adjustments needed for presentation in the financial statements.

APPENDIX C

Form of Legal Opinion

July 15, 2026

John T. Shockley
Attorney
Licensed in ND, MN, TX

BOND OPINION

\$2,015,000 REFUNDING IMPROVEMENT BONDS, SERIES 2026B
PARK DISTRICT OF THE CITY OF HORACE, NORTH DAKOTA
(CASS COUNTY, NORTH DAKOTA)

Ladies and Gentlemen,

We have acted as Bond Counsel in connection with the issuance by the Park District of the City of Horace, North Dakota (the "Issuer"), of its Refunding Improvement Bonds, Series 2026B, dated as of July 15, 2026, in the total principal amount of \$2,015,000 (the "Bonds"). We have examined the law, such certified proceedings, and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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).

Based on the foregoing, we are of the opinion that under existing law:

1. The Bonds are valid and binding obligations of the Issuer payable from a separate and special fund of the Issuer which has been duly created and designated as the Refunding Improvement Bonds, Series 2026B Bond Fund (the "Series 2026B Bond Fund").
2. The Bonds will refund a like principal amount of one or more valid outstanding special improvement warrants (the "Improvement Warrants") of the Issuer which were issued for the purpose of permanent financing for the costs of local improvements (the "Improvements") in Park Improvement District No. 2025-1, an improvement district of the Issuer (the "District").
3. The Bonds are refunding bonds issued for the purpose of: (i) refunding the Improvement Warrants issued to finance the Improvements within the District; and (ii) paying the costs associated with the issuance of the Bonds.

4. The Issuer has jurisdiction to undertake the Improvements within the District and the execution, delivery, and performance of any and all documents establishing the District are within the Issuer's power, have been duly authorized by all necessary action, and require no action by or in respect of, or in filing with, any governmental body, agency, or official that has not been accomplished.
5. The Issuer is a political subdivision of the State of North Dakota and is validly existing and in good standing under the constitution and laws of the State of North Dakota.
6. The Bonds have been duly authorized, executed, and delivered by the Issuer. The Bonds, and the resolution are legal, valid, binding, and enforceable in accordance with their respective terms. However, the rights of the owner of the Bonds and the enforceability of the Bonds may be limited by the application of bankruptcy, insolvency, reorganization, moratorium, and other similar laws with respect to creditors' rights generally and by application of general principles of equity.
7. The Improvement Warrants are valid and binding obligations of the Issuer, issued in anticipation of the collection of special assessments levied or to be levied upon property within the District benefitted by the Improvements therein, which special assessments have been appropriated to the funds of the District for the payment of the Improvement Warrants and any additional improvement warrants drawn thereon. Whenever all special assessments appropriated and theretofore collected for any Improvement are insufficient to pay principal and interest then due on the Improvement Warrants issued with respect thereto, the governing body of the Issuer is required by law to levy a tax upon all taxable property within the corporate limits of the Issuer for the payment of such deficiency, and the governing body of the Issuer is authorized to levy a similar tax whenever such a deficiency is likely to occur within one year, which deficiency levies are not subject to any limitation as to rate or amount.
8. The Improvement Warrants refunded by the issuance of the Bonds are held in trust by the Issuer in the Bond Fund as security for the Bonds, and all collections of special assessments, and any deficiency tax levies, are required to be used and applied in said fund for the payment of principal of and interest on the Bonds.
9. At the time of the issuance and delivery of the Bonds to the original purchaser, the interest on the Bonds is excluded from gross income of the recipient for United States or State of North Dakota income tax purposes, and it is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Such interest, however, is included in determining the annual adjusted financial statement income (as defined in Section 59(K) of the Code) of applicable corporations for the purposes of computing the alternative minimum tax imposed on such applicable corporations for tax years beginning after December 31, 2022. The opinions set forth in this paragraph are 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 thereof be, or

continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in the gross income for federal and state income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Ownership of the Bonds may result in other collateral federal income tax consequences to certain taxpayers.

We express no opinion and make no representation as to any other tax consequence regarding the Bonds, except as set forth above.

In giving the foregoing opinions with respect to the treatment of the interest on the Bonds and the status of the Bonds under federal tax laws, we have assumed and relied upon compliance by the Issuer with its covenants contained in the Transcript and upon the accuracy and completeness, which we have not independently verified, of the representations and certifications of the Issuer and others contained in the Transcript. Failure to comply with certain requirements with respect to the Bonds subsequent to the issuance of the Bonds may cause interest thereon to be included in the gross income for federal income tax purposes, in some cases retroactively to the date of the issuance of the Bonds.

The opinions set forth herein are based upon existing law which is subject to change. It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity. We do not undertake to advise you of matters which may come to our attention subject to the date hereof which may affect our legal opinions expressed herein.

OHNSTAD TWICHELL, P.C.

APPENDIX D

Form of Continuing Disclosure Certificate

LIMITED CONTINUING DISCLOSURE CERTIFICATE

This Limited Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Park District of the City of Horace, North Dakota (the “Issuer”) in connection with the Issuer’s \$2,015,000 Refunding Improvement Bonds, Series 2026B (the “Bonds”). The Bonds are being issued pursuant to the Authorizing Resolution adopted by the governing body of the Issuer on _____, 2026 (the “Resolution”) and delivered to the Purchaser on the date hereof. The Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds 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 defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“EMMA” means the Electronic Municipal Market Access (EMMA®) system operated by the Municipal Securities Rulemaking Board (“MSRB”) as the primary portal for complying with the continuing disclosure requirements of the Rule.

“Final Official Statement” means the deemed final official statement dated _____, 2026, delivered in connection with the Bonds, which is available from the MSRB.

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

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

“Issuer” means the Park District of the City of Horace, North Dakota, which is the obligated person with respect to the Bonds.

“Material Event” means any of the events listed in Section 4(a) of this Disclosure Certificate.

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

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

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

“Repository” means EMMA®.

“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 Securities and Exchange Commission.

Section 3. Provision of Annual Financial Information and Financial Statements.

- (a) The Issuer shall, not later than 12 months after the end of the Fiscal Year (currently December 31), commencing with the fiscal year ended December 31, 2026 (which is due no later than December 31, 2027), provide the Repository with an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. 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 Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.
- (b) If the Issuer is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact to the Repository, and the MSRB.
- (c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Reporting of Material Events.

- (a) This Section 4 shall govern the giving of notice of the occurrence of any of the following events (“Material Events”) with respect to the Bonds:
 - 1. Principal and interest payment delinquencies;
 - 2. Non-payment related defaults, if material;
 - 3. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - 4. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - 5. Substitution of credit or liquidity providers, or their failure to perform;
 - 6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
 - 7. Modification to rights of security holders, if material;
 - 8. Bond Calls, if material, and tender offers;
 - 9. Defeasances;
 - 10. Release, substitution, or sale of property securing repayment of the securities, if material;
 - 11. Rating changes.
 - 12. Bankruptcy, insolvency, receivership, or similar event of the obligated person;
 - 13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
 15. Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
 16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.
- (b) The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within ten (10) business days of the occurrence of the Material Event.
- (c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 5. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption, or payment in full of all the Bonds.

Section 6. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 7. Amendment: Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, 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 to violate the Rule. This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository 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 delivery by the Issuer to the Repository of the proposed amendment and 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 and by the Issuer with the Rule.

Section 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer 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 Requested Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Requested Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Requested Report or notice of occurrence of a Material Event.

Section 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Section 11. Electronic Signatures. The electronic signature of a party or individual to this Disclosure Certificate shall be deemed as valid as an original signature of such party or individual and shall be effective to bind such party or individual. For purposes hereof: (i) “electronic signature” means a manually signed original signature that is then transmitted by electronic means; (ii) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a portable document format (“pdf”), or other replicating image attached to an electronic mail or internet message; or (iii) a digital signature of an authorized representative of any party provided by *AdobeSign*® or *DocuSign*® (or such other digital signature provider as specified by such party).

(Remainder of page intentionally left blank.)

IN WITNESS WHEREOF, I have executed this Disclosure Certificate in my official capacity effective _____, 2026.

PARK DISTRICT OF THE CITY OF
HORACE, NORTH DAKOTA

Park District Clerk

APPENDIX E

Official Notice of Sale

OFFICIAL NOTICE OF SALE

\$2,015,000⁽¹⁾

REFUNDING IMPROVEMENT BONDS, SERIES 2026B PARK DISTRICT OF THE CITY OF HORACE, 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 \$2,015,000⁽¹⁾ Refunding Improvement Bonds, Series 2026B (the "Bonds"), will be received by the Park District of the City of Horace, North Dakota (the "Park District") on Monday, June 22, 2026, until 11:00 A.M. Central Time, in the offices of PFM Financial Advisors LLC, Minneapolis, Minnesota. The bid offering to purchase the Bonds upon the terms specified herein and most favorable to the Park District will be accepted unless all bids are rejected. No bid may be altered or withdrawn after the time appointed for opening bids.

SECURITY AND PURPOSE

The proceeds of the Bonds will be used for the purpose of (i) refunding outstanding definitive improvement warrants issued to finance park improvements within Park Improvement District No. 2025-1 (Independence Park) (the "Improvement District"), and (ii) paying the costs associated with the issuance of the Bonds.

The Bonds are valid and binding special obligations of the Park District, issued in anticipation of the collection of Special Assessments levied or to be levied in accordance with Chapters 40-23 and 40-25 of the N.D.C.C. upon property within Park Improvement District No. 2025-1 (Independence Park) benefitted by the Improvements. The Park District has issued Improvement Warrants for the Improvement District, which are exchanged for the Bonds at closing pursuant to Chapter 40-27 of the N.D.C.C. The Special Assessments have been appropriated to the Refunding Improvement Bonds, Series 2026B Bond Fund (the "Bond Fund") for the payment of the Improvement Warrants and any additional improvement warrants drawn thereon, and payments on each Improvement Warrant shall continue to be made to the Bond Fund in the same manner as though each improvement warrant had not been exchanged. The Special Assessments are levied in equal annual installments over a period of 20 years (levy years 2026 through 2045), with payments due in each of the years 2027 through 2046, corresponding to the maturity schedule of the Bonds. Whenever all Special Assessments appropriated and collected for the Improvements are insufficient to pay principal and interest then due on the Improvement Warrants, the Park District is required by law to levy a general tax, without an election and without limitation as to rate or amount, upon all taxable property in the corporate limits of the Park District for the payment of such deficiency. The Park District is required to levy a similar tax whenever such a deficiency is likely to occur within one year, as provided in N.D.C.C. § 40-26-08. The Park District has covenanted that Special Assessments will be levied in an aggregate amount equal to the total cost of the Improvements, except that up to one-fifth of such costs may be paid from ad valorem taxes levied on all taxable property within the Park District.

FORMS OF BIDS

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

No bids will be received after 11:00 A.M. Central Time on Monday, June 22, 2026, as specified in the 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 proposal. 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, Minneapolis, Minnesota, to the attention of Anne Wuollet, Director, Phone: (612) 371-3723, Fax: (612) 338-7264, Email: wuolletta@pfm.com.

⁽¹⁾Preliminary, subject to change.

Electronic Bidding: The Park District assumes no responsibility or liability for proposals submitted electronically. Notice is hereby given that electronic proposals will be received via Parity, in the manner described below, until 11:00 A.M. Central Time on Monday, June 22, 2026, but no bid will be received after that time. If any provisions in this Official Notice of Sale conflict with information provided by an electronic bidding service, these terms of Bond Sale shall control. For further information about Parity, potential bidders may contact PFM Financial Advisors LLC, the Park District’s Municipal Advisor, or BiDCOMP/Parity, Customer Support, 1359 Broadway, Second Floor, New York, New York 10010, (212) 849-5021.

Each bidder shall be solely responsible for making necessary arrangements to access the Electronic Bid System for purposes of submitting its electronic bid in a timely manner and in compliance with the requirements of the Official Notice of Sale. The Park District is permitting proposers 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 Park District. Provisions of the Official Notice of Sale and the 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 Park District nor its agents will assume liability for the inability of the bidder to reach the above named fax number prior to the time of sale specified above. Time of receipt shall be the time recorded by the facsimile receiver.

DATE, MATURITIES AND REDEMPTION

The Bonds are dated July 15, 2026, as the date of original issuance and are in denominations of \$5,000 and integral multiples thereof, of a single maturity. Principal is payable on May 1 in the following years in the following amounts:

<u>Year</u>	<u>Principal⁽¹⁾</u>	<u>Year</u>	<u>Principal⁽¹⁾</u>
2027	\$ 80,000	2037	\$ 100,000
2028	65,000	2038	105,000
2029	70,000	2039	110,000
2030	75,000	2040	115,000
2031	80,000	2041	120,000
2032	80,000	2042	120,000
2033	85,000	2043	125,000
2034	90,000	2044	130,000
2035	95,000	2045	135,000
2036	95,000	2046	140,000

(1) Preliminary, subject to change.

The Bonds maturing on May 1, 2034, and thereafter are subject to optional redemption on May 1, 2033, and any day thereafter at a price of par plus accrued interest to the redemption date.

ADJUSTMENTS TO PRINCIPAL AMOUNTS AFTER DETERMINATION OF BEST BID

The aggregate principal amount of the Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the Park District or its designee after the determination of the Successful Proposer. Such adjustments shall be in the sole discretion of the Park District or its designee, provided that the Park District or its designee shall only make such adjustments in order to size the Bonds to provide enough funds to establish a debt service structure that is acceptable to the Park District.

The dollar amount of the purchase price proposed by the Successful Proposer will be changed if the aggregate principal amount of the Bonds is adjusted as described above. 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 Park District’s financial advisor will make every effort to ensure that the net compensation to the Successful Proposer 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.

INTEREST

Interest on the Bonds is payable on May 1 and November 1, commencing November 1, 2026. Interest will be computed on a 360-day year, 30-day month basis, to the owners of record as of the close of business on the fifteenth day of the immediately preceding month.

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. Payments coming due on a non-business day will be paid on the next business day.

BOOK-ENTRY-ONLY SYSTEM

The Bonds will be issued as fully registered Bonds without coupons and, when issued will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository 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 Bonds 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

It is anticipated the Committee on Uniform Security Identification Procedures ("CUSIP") numbers will be printed on the Bonds and the Purchaser must agree in the proposal to pay the cost thereof. In no event will the Park District, Bond Counsel or Municipal Advisor be responsible for the review or express any opinion that the CUSIP numbers are correct. Incorrect CUSIP numbers on said Bonds shall not be cause for the Purchaser to refuse to accept delivery of said Bonds. The Park 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 Park District will permit such printing to be done at the expense of the Purchaser, provided that such printing does not result in any delay of the date of delivery of the Bonds.

TYPE OF BID AND AWARD

Bids for **not less than \$1,994,850 (99.0%)** plus accrued interest from the dated date of the Bonds to the date of delivery must be received prior to the time specified above. All rates must be in integral multiples of 1/20th or 1/8th of one percent. All Bonds of the same maturity shall bare a single uniform rate from date of issue to maturity. 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 which results in the lowest true interest cost will be deemed the most favorable. The true interest cost is computed as the discount rate which, when used with semiannual compounding to determine the present worth of the principal and interest payments as of the date of the Bonds, produces an amount equal to the purchase price. In the event two or more bids provide the lowest true interest cost, the Park District shall determine which bid shall be accepted, and such determination shall be final.

Upon award of the Bonds, the successful bidder will advise the Park District of the initial reoffering price to the public of the Bonds. Simultaneously with or before delivery of the Bonds, the successful bidder shall furnish to the Park 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 Park District reserves the right to reject any and all bids, to waive any informality in any bid and to adjourn the sale.

ESTABLISHMENT OF ISSUE PRICE

The winning bidder shall assist the Park District in establishing the issue price of the Bonds and shall execute and deliver to the Park District at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit C-1, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Park District and Bond Counsel. All actions to be taken by the Park District under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Park District by the Park District’s Municipal Advisor and any notice or report to be provided to the Park District may be provided to the Park District’s Municipal Advisor.

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

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

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

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

By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “Initial Offering Price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the award date for the Bonds and ending on the earlier of (a) the close of the fifth (5th) business day after the award date, or (b) the date on which the underwriters have sold at least 10% of a maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public (the “10% Test”), at which time only that particular maturity will no longer be subject to the Hold-the-Offering-Price Rule; and (iii) at or prior to closing, deliver to the Park District a certification substantially in the form attached hereto as Exhibit C-2, together with a copy of the pricing wire.

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

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

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

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

BOND INSURANCE AT THE PURCHASER’S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment thereof at the option of the bidder, 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 Park District has requested and received a rating on the uninsured Bonds from a rating agency, the Park District will pay that rating fee. Any other rating agency fees shall be the responsibility of the purchaser.

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

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 \$20,000, 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.

DELIVERY

The Bonds will be delivered without cost to the Purchaser at a location mutually agreed upon by the Purchaser and the Park District. Delivery will be subject to the approving legal opinion of Ohnstad Twichell, P.C., West Fargo, North Dakota, Bond Counsel, and customary closing Bonds, including a certificate that the Official Statement did not at the date of delivery of the Bonds contain any untrue statement of a material fact or fail to state a material fact necessary in order to make the statements contained therein not misleading, a certificate as to absence of material litigation, and an arbitrage certificate. Bonds will be delivered against payment in immediately available funds at the Park District's designated depository on the date of delivery. Delivery is expected to occur on or about July 15, 2026.

OFFICIAL STATEMENT

The Park District has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds, and said Preliminary Official Statement will serve as a near final Official Statement within the meaning of the Rule. For copies of the Preliminary Official Statement or for any additional information prior to sale, any prospective proposer is referred to the Park District's Municipal Advisor, PFM Financial Advisors LLC, 45 South Seventh Street, Suite 2950, Minneapolis, Minnesota 55402 (612-371-3723).

The Preliminary Official Statement, when further supplemented with maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law, shall constitute a Final Official Statement of the Park District with respect to the Bonds, as that term is defined in the Rule. By awarding the Bonds to any underwriter or underwriting syndicate submitting a proposal therefor, the Park District agrees that no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded up to 20 copies of the Final Official Statement for the Bonds. The Park District designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each participating underwriter. Any underwriter delivering a proposal with respect to the Bonds agrees thereby that if the Park District accepts its proposal, it shall enter into a contractual relationship with all participating underwriters of the Bonds for purposes of assuring the receipt by each such participating underwriter of the Final Official Statement.

ON BEHALF OF THE PARK DISTRICT OF THE CITY OF HORACE

By: /s/ Wade Frank
President

ATTEST:

By: /s/ Justin Germundson
Clerk

Further information may be obtained from:
PFM Financial Advisors LLC
45 South Seventh Street, Suite 2950
Minneapolis, Minnesota 55402
Attention: Anne Wuollet
Tel: (612) 371-3723
Fax: (612) 338-7264

OFFICIAL BID FORM

(Electronic and Sealed Bids Accepted)

**\$2,015,000⁽¹⁾ REFUNDING IMPROVEMENT BONDS, SERIES 2026B
PARK DISTRICT OF THE CITY OF HORACE, NORTH DAKOTA**

Members of the Board
Park District of the City of Horace
c/o PFM Financial Advisors LLC

**Sale Date: June 22, 2026
FAX: (612) 338-7264**

For all or none of the principal amount of \$2,015,000⁽¹⁾ Refunding Improvement Bonds, Series 2026B (the "Bonds"), dated July 15, 2026, legally issued and as described in the Official Notice of Sale, we will pay the Park District \$_____ (not less than \$1,994,850) plus accrued interest on the total principal of \$2,015,000 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>
2027	\$ 80,000	_____ %	2037	\$ 100,000	_____ %
2028	65,000	_____ %	2038	105,000	_____ %
2029	70,000	_____ %	2039	110,000	_____ %
2030	75,000	_____ %	2040	115,000	_____ %
2031	80,000	_____ %	2041	120,000	_____ %
2032	80,000	_____ %	2042	120,000	_____ %
2033	85,000	_____ %	2043	125,000	_____ %
2034	90,000	_____ %	2044	130,000	_____ %
2035	95,000	_____ %	2045	135,000	_____ %
2036	95,000	_____ %	2046	140,000	_____ %

⁽¹⁾ The Park District reserves the right to adjust the issue size by an amount after receipt of bids.

We hereby designate that the following bonds be aggregated into term bonds maturing on May 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 _____	_____	_____

The Bonds maturing on May 1, 2034, and thereafter are subject to redemption on May 1, 2033, and any date thereafter at a price of par plus accrued interest to the redemption date.

In making this offer, we accept the terms and conditions as defined in the Official Notice of Sale published in the Official Statement dated June 4, 2026, and certify that we are an Underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. All blank spaces of this offer are intentional and are not to be construed as an omission. Our good faith deposit in the amount of \$20,000 has been or will be submitted in accordance with the Official Notice of Sale.

NOT PART OF THIS BID:

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

\$ _____
True Interest Cost

\$ _____
True Interest Rate (TIC)

Respectfully submitted,

Account Manager

By _____

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

The foregoing offer is hereby accepted by and on behalf of Park District of the City of Horace, North Dakota, this 22nd day of June 2026.

Wade Frank, Board President

Justin Germundson, Clerk