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2019 CAFR

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

STATE OF NORTH DAKOTA

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED

June 30, 2019



Prepared by the Office of Management and Budget

State of North Dakota
Office of Management and Budget
Fiscal Management Division
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This CAFR is also available at our Fiscal Management website:
<https://www.nd.gov/omb/agency/financial/comprehensive-annual-financial-report-cafr/cafr-reports>

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
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Introductory Section



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December 11, 2019

To the Governor, Legislators and Citizens of the State of North Dakota:

In accordance with North Dakota Century Code (NDCC) section 54-44-04(14), we are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the State of North Dakota for the fiscal year ended June 30, 2019. This report has been prepared by the Office of Management and Budget. The financial statements contained in the CAFR have been prepared in accordance with generally accepted accounting principles (GAAP) applicable to state and local governments, as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the state's management. To the best of our knowledge and belief, the information contained in the CAFR is accurate in all material respects and reported in a manner that presents fairly the financial position and results of operations of the State's primary government and the component units for which it is financially accountable. All disclosures necessary to enable the reader to gain an understanding of the State of North Dakota's financial affairs have been included.

The state's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the costs of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

In compliance with state statute, the Office of the State Auditor (SAO) audited the State's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the State for the fiscal year ended June 30, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and evaluating the overall financial statement presentation. Their examination was conducted in accordance with GAAP and the standards applicable to financial audits contained in *Government Auditing Standards* as published by the Comptroller General of the United States. The SAO concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the State's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report

The State of North Dakota is also required to undergo a single audit in conformity with the provision of the Single Audit Act Amendments of 1996 and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (contained in Title 2 U.S. Code of Federal Regulations Part 200). Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs, are included in a separately issued biennial single audit report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview and analysis of the basic financial statements. This letter of transmittal is intended to complement MD&A and should be read in conjunction with it.

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PROFILE OF THE GOVERNMENT

The State of North Dakota provides for a full range of services, including education, health and social services, highway maintenance and construction, law enforcement, judicial, public safety, business regulation, community and economic development, and natural resource development. The State's reporting entity reflected in the CAFR includes all the funds of the state as legally defined, as well as all of its component units in conformity with the requirements of GASB Statement No. 61. Statement No. 61 provides that the financial statements should emphasize the primary government and permit financial statement users to distinguish between the primary government and its component units. Consequently, the transmittal letter, MD&A, and the financial statements focus on the primary government and its activities. Although information pertaining to the discretely presented component units is provided, their separately issued financial statements should be read to obtain a complete overview of their financial position. The State's reporting entity is described more fully in Note 1A to the basic financial statements.

The State operates through a biennial appropriation, which represents agency appropriations recommended by the governor and presented to the Legislative Assembly at the beginning of each legislative session. The budget is legally required to be adopted through passage of appropriation bills by the Legislative Assembly and signed by the governor. The governor has line item veto powers over all appropriations subject to legislative override. Once passed and signed, the appropriation bill becomes the departments' financial plan for the next two years. Changes to the appropriation are limited to Emergency Commission authorization, initiative, allotment, or referendum action.

The State does not budget by fund nor does it formally budget revenues. The legal level of budgetary control is at the agency, appropriation authority and expenditure line item level. The State's budgetary policies and procedures are further explained in Note 1D on the notes to the basic financial statements.

LOCAL ECONOMY

Although North Dakota's economy is increasingly diversified, the agricultural industry continues to play a key role in the state's economy. The USDA's National Agricultural Statistics Service reports that for 2018 crop production, North Dakota is the nation's leading producer of durum wheat, spring wheat, canola, flaxseed, oats, dry edible beans and peas, navy beans, pinto beans and honey. North Dakota also ranked second in the production of black beans, lentils, and sunflowers.

The energy industry plays an important role in the state's economy. The development of wind and coal resources, the production of ethanol and bio-diesel, and oil and natural gas extraction all contribute to the state's economy. North Dakota reached an all-time high for oil production which averaged over 1.48 million barrels of oil produced per day in August 2019. North Dakota's current crude oil production ranks second in the nation, behind first-ranked Texas. Oil prices have rebounded significantly from the 2016 lows when North Dakota producers were receiving prices below \$25 per barrel. Prices have averaged around \$50 per barrel at the start of the 2019-21 biennium. In September 2019, the actual average price per barrel for North Dakota oil was \$50.25, slightly over the estimated price of \$48.50 used for budgeting purposes. The long-term outlook remains strong for oil globally as well as here in North Dakota.

According to the United States Census Bureau, the state's estimated population for 2018 was approximately 760,000 people, which is an all-time high. Health care and social assistance jobs account for nearly 21% of the employment in the state. Other leading areas of employment are retail trade, educational services, construction and manufacturing. The unemployment rate for the state in October 2019 was 2.5%, compared to 3.6% for the United States.

A listing of the state's 20 largest employers demonstrates the diversity of the economy. Top employers include: the U.S. military, the state university system, health care providers, manufacturers, financial and insurance companies, information technology companies, energy producers, and retail companies.

Despite uncertainty within international markets, North Dakota achieved positive export growth in 2018. The United States Census Bureau showed that North Dakota's exports were up overall by \$1 billion for a total of \$6.8 billion in 2018. This represents an increase of 16.2% over 2017.

LONG-TERM FINANCIAL PLANNING

The long-term financial plan for the state of North Dakota was outlined by Governor Burgum as part of the 2019-21 executive budget address, presented to the legislature in December 2018. The Governor's long-term financial plan includes the following key components:

- Balancing ongoing revenues and expenses of state government
- Rebuilding reserves.
- Ensuring solvency for the state pension fund.

North Dakota is required by its Constitution to have a balanced budget. However, ongoing revenues and ongoing expenses have not always been in balance. In those instances where ongoing revenues did not meet the obligations of ongoing expenses of state government, one-time transfers from accumulated reserves and fund balances were used to fill the gap. In nearly all cases, those accumulated reserves and fund balances were directly attributable to oil and natural gas extraction and production tax revenue. In the 2019-21 biennium executive budget, the governor laid out a financial plan that not only balanced ongoing revenues and expenses but did so by adding transparency to the use of oil tax revenue. In the executive budget, the state general fund allocation of oil and gas taxes increased from \$400 million to \$1 billion per biennium, but no additional transfers from accumulated fund balances were proposed. Both the 2013-15 and 2015-17 biennium budgets included general fund revenues and transfers in excess of \$1 billion that were directly funded from oil and gas tax revenue.

The legislature did not approve the proposed transfer of \$1 billion per biennium from oil tax revenues to the general fund, opting to continue it at the level of \$400 million per biennium. The legislature instead chose to balance the general fund budget with transfers from accumulated oil tax revenues. Although this approach provides less transparency and obscures the state's ongoing revenue and expense structure, it ensures overall revenue sources are adequate to fund ongoing government expenses. It provides a conservative approach to funding the budget as the accumulated balances transferred to the general fund are balances on hand at the start of the biennium and not dependent on forecasted tax revenues.

The state's rainy-day fund, the Budget Stabilization Fund, was nearly depleted during the 2015-17 biennium economic downturn. The 2019-21 executive budget proposed to fully replenish this fund to its maximum balance allowed by law, which is 15% of general fund appropriations. This included a proposed transfer of over \$300 million from the Strategic Investment and Improvements Fund. A critical component of ensuring the long-term financial well-being of the state of North Dakota is a well-funded Budget Stabilization Fund that provides a necessary buffer against volatile commodity prices that drive ups and downs in the state's economy.

The legislature did not approve the transfer of \$300 million to the Budget Stabilization Fund. However, the revenue forecast adopted by the legislature proved so conservative that actual revenues ended the biennium \$250 million higher than predicted. North Dakota law requires any end of biennium balance in the general fund in excess of \$65 million to be transferred to the Budget Stabilization Fund. As a result, \$548 million was transferred to the Budget Stabilization Fund, pushing the balance above \$660 million. It is expected to reach its \$726 million cap by the end of the 2019-21 biennium.

Another component of the state's long-term financial plan is ensuring the solvency of the state's pension fund. The governor proposed restoring solvency to the fund through a combination of policy proposals that reformed the benefit and funding structure, along with a one-time cash infusion into the fund. The proposed one-time cash infusion was a transfer of \$265 million at the beginning of the 2019-21 biennium from the Strategic Investment and Improvements Fund to the Public Employees Retirement Fund.

Although the legislature did not approve the proposed cash infusion of \$265 million, the legislature did adopt separate proposals that reformed the benefit structure and had a positive impact on the long-term actuarial projections for the fund.

The backbone of the state's financial plan is a revenue forecasting process that is accurate, conservative, and credible. The state utilizes a Revenue Forecasting Advisory Committee, comprised of representatives of the major industries in the state and the legislative and executive branches of government, along with the expertise of a national economic forecasting consultant. With the assistance of these experts, the state's Tax Department and Office of Management and Budget develop a conservative revenue forecast for use in the budgeting process.

The budgeting process begins with the development of a biennial budget proposal reflecting the Governor's priorities for the next two years. The budget is submitted to the legislature for their consideration and eventual enactment. With a biennial budget cycle, each revenue forecast and budget proposal provides a three-year plan for the revenues and expenditures of state government.

RELEVANT FINANCIAL POLICIES

North Dakota's financial policies ensure that in the event of an economic downturn, North Dakota state government will be able to continue to provide its citizens with necessary services. Should North Dakota experience a significant revenue shortfall, the state is able to access funds in the budget stabilization fund. The statutory maximum balance for the budget stabilization fund is 15.0 percent of the state general fund budget.

North Dakota experienced a significant revenue shortfall during the 2015-17 biennium due to decreases in oil and agriculture prices, resulting in a transfer of nearly the entire balance of the budget stabilization fund to the general fund prior to June 30, 2017. The 2017 legislature established an ongoing allocation of \$75 million per biennium from oil and gas tax revenues to the budget stabilization fund. North Dakota Century Code requires the transfer to the budget stabilization fund of any end-of-biennium general fund balance in excess of \$65 million. The 2017-19 biennium ended with revenues exceeding the forecast and resulted in the transfer of \$548 million to the budget stabilization fund. The balance of the budget stabilization fund is estimated to be over \$726 million by June 30, 2021 due to a combination of existing fund balance and additional oil tax revenue allocations.

In addition to accessing the budget stabilization fund, in the event of an economic downturn the Governor can reduce general fund expenditure authority uniformly across state agencies through a process known as allotment. In the event of an allotment, the foundation aid stabilization fund was established to protect the state school aid program. Dollars from this fund would replace the amount of general fund dollars allotted, thus K-12 education would not experience a reduction in funding. The passage of Measure 2 in the 2016 general election allowed money in the fund to be appropriated for education-related purposes. Funding for the foundation aid stabilization fund comes from 10 percent of oil extraction tax collections. The foundation aid stabilization fund is expected to have a June 30, 2021 balance in excess of \$443 million.

MAJOR INITIATIVES

Major initiatives proposed by Governor Doug Burgum and approved by the legislature for the 2017-19 biennium include:

- Investing in infrastructure and in other priorities;
- Continued funding of Medicaid expansion;
- Investing in behavioral health issues; and
- Transitioning the cost of county social services to the state.

INFRASTRUCTURE INVESTMENTS

The 2017-19 biennial budget includes funding to rebuild and repair roads throughout the state, for water supply and flood control, and grants for airports. Funding for infrastructure improvements includes:

- \$612.9 million to rebuild and repair state highways;
- \$97.1 million for city road projects;
- \$51.1 million dedicated to the repair and rebuilding of county and township roads;
- \$40 million in grant funds to two communities in oil country for airports; and
- \$722.2 million for water-related projects, including \$120.1 million for water supply, \$27.0 million for rural water supply, \$136.0 million for flood control and \$15.8 million for general water projects.

TAX RELIEF

The legislature approved, and the Governor signed into law, a tax relief package that provides:

- \$160.7 million for a state-paid economic assistance and social services pilot program for the 2017-19 biennium;
- \$23.3 million to continue state funding for certain county costs of child welfare and service payments for elderly and disabled services; and
- \$14.8 million for the homestead tax credit program; and
- \$8.1 million for the disabled veteran's property tax credit.

EDUCATION

K-12 education initiatives include:

- \$1.94 billion in state funding for K-12 schools through integrated funding formula;
- \$6 million in grants to districts experiencing rapid enrollment growth;
- \$55.4 million to assist districts in the provision of transportation services;
- \$19.3 million to go towards special education contracts; and
- Almost \$33 million will be provided to schools during the 2017-19 biennium to support CTE offerings, providing more educational opportunities for students and important job skills for those students entering the workforce.

Higher Education initiatives include:

- \$15.2 million for UND Medical School Residency Programs.
- \$ 2.0 million in state funding to continue the North Dakota Higher Education Challenge Grant Program, to encourage philanthropy by providing a state match for private contributions to the state's colleges and universities.
- \$168.5 million is slated to be invested for capital projects across the system, with funding from revenue bonds and private donations.
- \$22.5 million in bonding authority to construct an Integrated Carbon Plant at Valley City State University

RESERVES

It is anticipated that by June 30, 2019, there will be a total ending balance of approximately \$1.58 billion in the budget stabilization fund, foundation aid stabilization fund, strategic investment and improvements fund, and tax relief fund. The general fund budget for the 2017-19 biennium totals \$4.31 billion.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of North Dakota for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the 27th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the State of North Dakota received the GFOA's Award for Distinguished Budget Presentation for its 2017-2019 budget. In order to qualify for the Distinguished Budget Presentation Award, the State's budget document was judged to be proficient in several categories, including policy documentation, financial planning, and organization.

This report was prepared by staff members of the Fiscal Management Division of the Office of Management and Budget. Their dedication and efforts are greatly appreciated. We also extend our gratitude to the numerous individuals from virtually all the state agencies and institutions, especially the Office of the State Auditor, for their assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Morrissette", written in a cursive style.

Joe Morrissette
Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

State of North Dakota

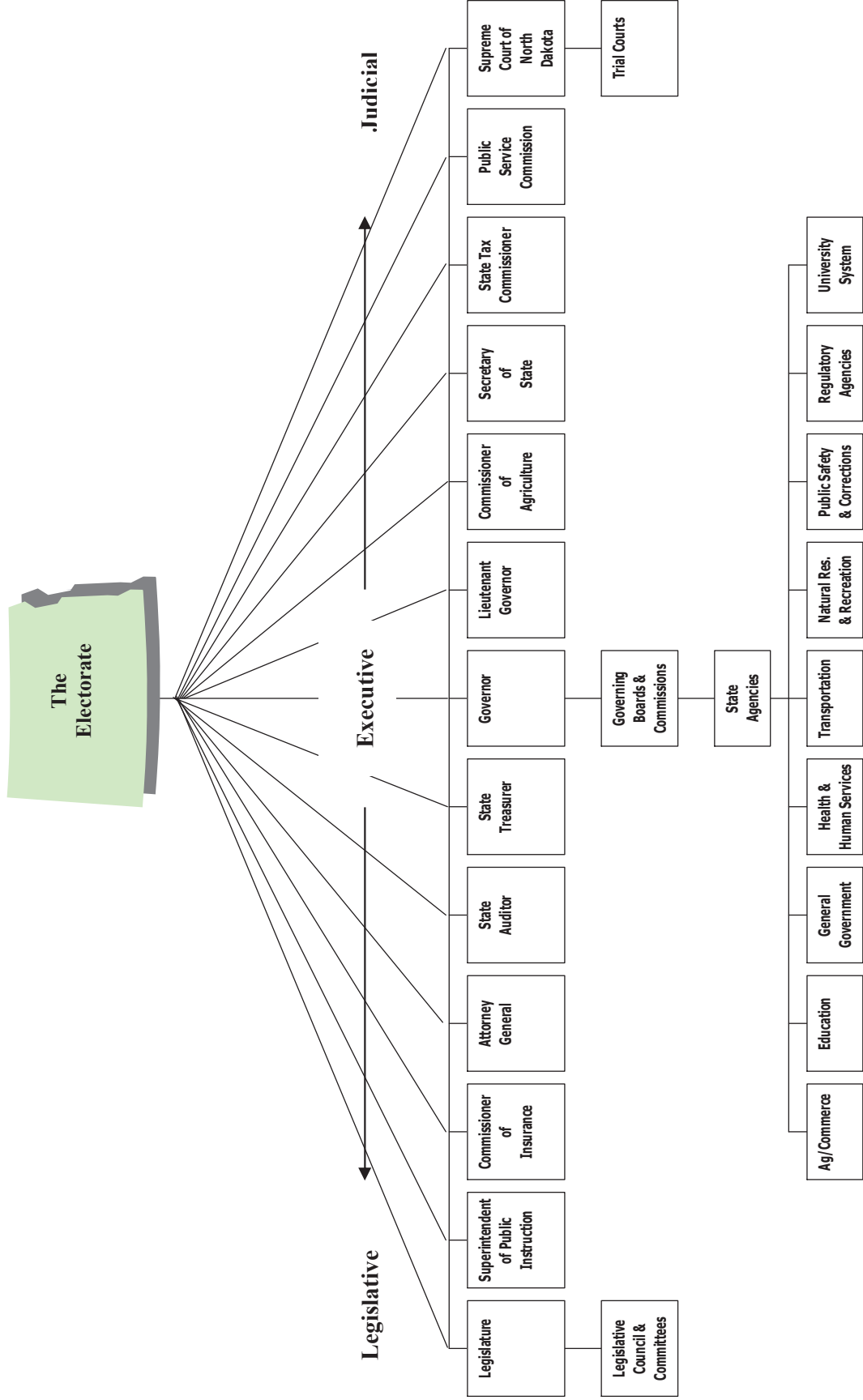
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

STATE OF NORTH DAKOTA ORGANIZATIONAL CHART



NORTH DAKOTA
PRINCIPAL STATE OFFICIALS
June 30, 2019

ELECTED OFFICIALS

Doug Burgum, Governor
Brent Sanford, Lieutenant Governor
Alvin A. Jaeger, Secretary of State
Wayne Stenehjem, Attorney General
Julie Fedorchak, Public Service Commissioner
Randel Christmann, Public Service Commissioner
Brian Kroshus, Public Service Commissioner
Doug Goehring, Commissioner of Agriculture
Josh Gallion, State Auditor
Jon Godfread, Commissioner of Insurance
Kirsten Baesler, Superintendent of Public Instruction
Ryan Rauschenberger, Tax Commissioner
Kelly Schmidt, State Treasurer

LEGISLATIVE

Lawrence R. Klemin, Speaker of the House
Chet Pollert, House Majority Leader
Joshua A. Boschee, House Minority Leader
Lt. Gov. Brent Sanford, President of the Senate
Rich Wardner, Senate Majority Leader
Joan Heckaman, Senate Minority Leader

JUDICIAL

Gerald W. VandeWalle, Chief Justice, North Dakota Supreme Court
Daniel J. Crothers, Justice
Lisa K Fair McEvers, Justice
Jerod Tufte, Justice
Jon Jensen, Justice



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Financial Section



Independent Auditor's Report

The Honorable Doug Burgum, Governor
of the State of North Dakota

Members of the Legislative Assembly
of the State of North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of North Dakota as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following state entities and discretely presented component units:

Addiction Counselor Internship Loan Program	Job Service North Dakota
Bank of North Dakota	Mandan Remediation Trust
Beginning Farmer Revolving Loan Fund	Medical Facility Infrastructure Loan Program
Building Authority	PACE and AG PACE Funds
College SAVE	Public Employees Retirement System
Community Water Facility Loan Fund	Public Finance Authority
Comprehensive Health Association of North Dakota	Rebuilders Loan Program
Department of Trust Lands	Retirement and Investment Office
North Dakota Development Fund	School Construction Assistance Revolving Loan Fund
Guaranteed Student Loan Program	State Fair Association
Housing Finance Agency	State Historical Society of North Dakota Foundation
Housing Incentive Fund	Student Loan Trust
Infrastructure Revolving Loan Fund	Workforce Safety and Insurance

The financial statements of the above entities reflect total assets, net position or fund balance, and revenues of the government-wide financial statements and fund financial statements as follows:

	<u>Percent of Assets</u>	<u>Percent of Net Position or Fund Balance</u>	<u>Percent of Revenues</u>
<u>Government-Wide Financial Statements</u>			
Governmental Activities	29%	30%	18%
Business-Type Activities	82%	61%	51%
Aggregate Discretely Presented Component Units	100%	100%	100%
<u>Fund Financial Statements</u>			
<u>Major Governmental Funds</u>			
General Fund	0%	0%	0%
Federal Fund	1%	0%	1%
State Special Revenue Fund	74%	76%	46%
<u>Major Enterprise Funds</u>			
Bank of North Dakota	100%	100%	100%
Housing Finance Agency	100%	100%	100%
University System	0%	0%	0%
Workforce Safety and Insurance	100%	100%	100%
Aggregate Remaining Fund Statements	94%	97%	76%

The financial statements for these entities were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for these entities, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the North Dakota University System's discretely presented component units (foundations) were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of North Dakota, as of June 30, 2019, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the 2019 financial statements have been restated to correct misstatements. Our opinion is not modified with respect this matter.

As discussed in Note 2 to the financial statements, Housing Finance changed its method of accounting for bond premiums and discounts from the straight-line method to the effective interest rate method. Our opinion is not modified with respect to this matter.

The actuary for the North Dakota Public Employees Retirement System has determined that the Fund's unfunded actuarial accrued liability is approximately \$1.187 billion as of July 1, 2019. The funding for the actuarial accrued liability is predicated on employer and employee funding rates mandated by North Dakota statutes. The actuary has determined that the current statutory rates are insufficient compared to the actuarially determined contribution rate needed to fund the actuarial accrued liability. Note 6 identifies the net pension liability as calculated using GASB 67 and 68 requirements. Our opinion is not modified with respect to this matter.

As discussed in Note 17 to the basic financial statements, the Bank of North Dakota elected to present an unclassified statement of net position because current assets are not matched with current liabilities. Presentation of a classified statement of net position would give the false impression that there is a liquidity problem at the bank. Presentation of a classified statement of net position for the Bank of North Dakota would be misleading to the extent that the financial statements may be materially misstated. Our opinion is not modified with respect to this matter.

As described in Note 22 to the financial statements, the State of North Dakota adopted the provisions of GASB 83 *Certain Asset Retirement Obligations* and GASB 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules and related reconciliations and notes, information about the state of North Dakota's pension plans and other post-retirement benefits, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

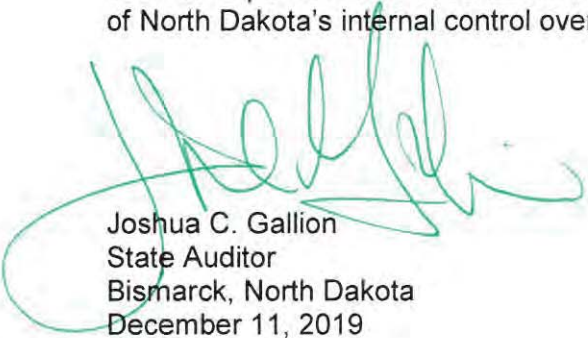
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of North Dakota's basic financial statements. The combining and individual fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections, as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2019 on our consideration of the State of North Dakota'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 State of North Dakota'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 the State of North Dakota's internal control over financial reporting and compliance.



Joshua C. Gallion
State Auditor
Bismarck, North Dakota
December 11, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the State of North Dakota's (the State's) Comprehensive Annual Financial Report presents a discussion and analysis of the State's financial performance, providing an overview of the activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and with the State's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-wide:

Total assets and deferred outflows of resources of the State exceeded its liabilities and deferred inflows of resources at fiscal year-end by \$24.7 billion (reported as net position), an increase of \$2.3 billion from the previous year. The net position of governmental activities increased by 11.4% while the net position of the business-type activities showed an increase of 5.2%.

As a result of implementing GASB Statement 68, *Accounting and Financial Reporting for Pensions*, the State recorded \$27.5 million net pension asset, \$380.3 million deferred outflows of resources, \$887.5 million net pension liability, and \$82.5 million deferred inflows of resources for the primary government. The State had a slight increase in net pension liability during the year of \$24.6 million or 2.9%.

Fund Level:

As of the close of fiscal year 2019 the State's governmental funds reported combined ending fund balances of \$15.7 billion, an increase of \$1.96 billion. Of this amount, \$108.4 million is non-spendable, primarily for Permanent Trust Funds. Spendable fund balance consists of \$6.5 billion restricted for specific purposes such as common schools, highway projects, and state education aid, \$1.5 billion committed and \$374.6 million assigned for specific functional expenditures such as education and health and human service operations, with the unassigned fund balance making up the remaining amount of \$7.2 billion, which is primarily made up of the legacy fund with a balance of \$6.2 billion.

The enterprise funds reported net position at year-end of \$4.1 billion, an increase of \$201.8 million during the year.

Long-term Debt:

The State's total debt (bonds, certificates of participation, and notes payable) increased approximately 7.8% during the fiscal year to \$2.8 billion, an increase of \$200 million, which represents the net difference between new issuances and payments. During the year the State issued \$389 million in bonds, \$97 million in certificates of participation, and \$6.4 billion in notes.

More detailed information regarding these activities and funds is included in Note 3L.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the State's basic financial statements, which consists of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Statements

The government-wide financial statements provide a broad view of the State's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the State's financial position, which assists in assessing the State's economic condition at the end of the fiscal year. These statements include all non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents all of the State's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as "net position". Over time, increases and decreases in net position is an indicator of whether the State's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the State's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both statements report three activities:

Governmental Activities – The activities in this section are primarily supported by taxes and intergovernmental revenue. Most of the State's basic services, such as education, health and human services and transportation, are reported under this category.

Business-type Activities – These functions are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The Bank of North Dakota, Housing Finance Agency and the University System are examples of the State's business-type activities.

Discretely Presented Component Units – These are operations for which the State has financial accountability but they have certain independent qualities as well. These entities operate similar to private-sector business and the business-type activities described above. The State has 5 discretely presented component units. Financial information for these entities is presented separately from the financial information presented for the primary government.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the State uses to keep track of specific sources of funding and spending for a particular purpose. The State, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

The basic fund financial statements begin after the Component Unit FASB basis statements and provide more detail about the major individual funds. The State's funds are divided into three categories – governmental, proprietary, and fiduciary. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Governmental funds - Most of the State's basic services are reported in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on the near-term inflows and outflows of spendable resources. They also focus on the balances left at year-end that are available for future spending. Such information may be useful in evaluating whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds

and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

Governmental funds include the General Fund, special revenue, debt service, and permanent funds. The State has several governmental funds, of which three (3) are considered major individual funds. These three are the General Fund, the Federal Fund, and the State Special Revenue Fund. Each of these major funds is presented in a separate column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance. The remaining governmental funds are combined in a single aggregated column on the basic fund statements. Individual fund data for each of these non-major governmental funds can be found in the other supplementary information section of this report.

Proprietary funds – Services for which the State charges customers a fee are generally reported in proprietary funds. The state maintains two different types of proprietary funds, enterprise funds and internal service funds. Enterprise funds report activities that provide supplies and services to the general public. Internal service funds report activities that provide supplies and services for the State's other programs and activities. Like the government-wide statements, proprietary funds use the accrual basis of accounting. Although the basis of accounting is the same for the government-wide and proprietary fund statements, reconciliation between these statements is presented because of the allocation of internal service funds' net income.

The State has four (4) major enterprise funds: The Bank of North Dakota, Housing Finance, University System, and Workforce Safety and Insurance. These four funds are each presented in separate columns on the basic proprietary fund financial statements. The remaining enterprise funds are combined in a single total column on these statements. Individual fund data for each of the non-major enterprise funds can be found in the other supplementary information section of this report.

The State's internal service funds are reported as governmental activities on the government-wide statements, because the services they provide predominantly benefit governmental activities. The State's four (4) internal service funds are reported on the basic proprietary fund financial statements in a single combined column. Individual fund data for the internal service funds is provided in the form of combining statements found in the other supplementary information section of this report.

Fiduciary funds - The State acts as a trustee, or fiduciary, for its employee pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The State's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These funds, which include pension (and other employee benefit) trust, investment trust, private-purpose trust, and agency funds, are reported using accrual accounting. The government-wide statements exclude fiduciary fund activities and balances because the State cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found immediately following component units' financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule, which includes reconciliation between the statutory fund balances for budgetary purposes and the fund balances for the General Fund, the Federal Fund and the State Special Revenue Fund as presented in the governmental fund financial statements. In addition, the required supplementary information includes up to ten years of information on the State's pension and Other Post Employment Benefit (OPEB) plans, including schedules on the employer proportionate share of the net pension liability and net OPEB liability, changes in the net pension liability and OPEB liability, and employer contributions.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental, non-major enterprise, internal service, and fiduciary funds. These funds are added together, by fund type, and presented in single columns in the basic financial statements.

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

As noted previously, net position may serve over time as a useful indicator of a government's financial position. The State's combined net position (governmental and business-type activities) totaled \$24.7 billion at the end of fiscal year 2019. Net position increased \$2.3 billion from the prior fiscal year.

State of North Dakota's Net Position (Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$16,972,671	\$14,981,436	11,346,654	\$10,822,219	25,434,033	\$22,897,146
Capital Assets	5,237,060	5,027,823	1,631,300	1,528,012	6,868,360	6,555,834
Total Assets	22,209,731	20,009,259	12,977,954	12,350,231	32,302,393	29,452,980
Deferred Outflows of Resources	293,718	330,883	114,216	121,445	407,934	452,328
Long-Term Liabilities						
Outstanding	798,562	796,635	4,245,686	3,966,548	5,044,248	4,763,183
Other Liabilities	1,029,509	984,009	4,687,353	4,564,120	2,831,570	2,641,620
Total Liabilities	1,828,071	1,780,644	8,933,039	8,530,668	7,875,818	7,404,803
Deferred Inflows of Resources	63,215	43,280	35,002	23,066	98,217	66,346
Net Position						
Net Investment in						
Capital Assets	5,185,682	4,988,839	1,246,741	1,214,133	6,432,423	6,202,972
Restricted	6,639,786	6,355,103	972,887	924,611	7,612,673	7,279,713
Unrestricted	8,786,695	7,172,276	1,904,501	1,779,198	10,691,196	8,951,474
Total Net Position	\$20,612,163	\$18,516,218	\$4,124,129	\$3,917,942	24,736,292	\$22,434,159

The largest component (43%) of the State's net position is unrestricted net position. Unrestricted net position may be used at the State's discretion, but often have limitations on use based on State statutes. Restricted net position makes up thirty-one percent (31%) of the state's net position. Restricted net position represents resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used.

Twenty-six percent (26%) of the State's net position reflects its investment in capital assets such as land, buildings, equipment, intangibles (software), and infrastructure (roads, bridges and other immovable assets) less any related debt outstanding that was needed to acquire or construct the assets. The State uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The condensed financial information below was derived from the government-wide Statement of Activities and reflects how the State's net position changed during the fiscal year:

State of North Dakota's Changes in Net Position
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	378,032	\$344,920	1,854,857	\$1,890,738	2,232,889	\$2,235,658
Operating Grants & Contributions	2,121,703	2,156,382	410,791	363,266	2,532,494	2,519,648
Capital Grants & Contributions	107	95	19,926	4,769	20,033	4,864
General Revenues:						
Income Taxes	604,088	452,793	-	-	604,088	452,793
Sales Taxes	1,435,130	1,326,249	-	-	1,435,130	1,326,249
Oil, Gas and Coal Taxes	2,586,570	2,196,877	-	-	2,586,570	2,196,877
Other Taxes	110,715	100,127	-	-	110,715	100,127
Investment Earnings	360,264	380,165	-	-	360,264	380,165
Tobacco Settlement	20,752	55,305	-	-	20,752	55,305
Other	231,745	163,996	5,162	2,922	236,907	166,918
Total Revenues	7,849,106	7,176,909	2,290,736	2,261,695	10,139,842	9,438,604
Expenses						
General Government	1,183,234	1,034,864	-	-	1,183,234	1,034,864
Education	1,238,989	1,208,514	-	-	1,238,989	1,208,514
Health and Human Services	1,947,263	1,930,265	-	-	1,947,263	1,930,265
Regulatory	61,213	60,782	-	-	61,213	60,782
Public Safety and Corrections	230,667	241,144	-	-	230,667	241,144
Agriculture and Commerce	99,247	95,412	-	-	99,247	95,412
Natural Resources	261,308	230,195	-	-	261,308	230,195
Transportation	443,629	444,530	-	-	443,629	444,530
Interest on Long Term Debt	1,952	2,503	-	-	1,952	2,503
Bank of North Dakota	-	-	98,931	86,073	98,931	86,073
Housing Finance	-	-	52,715	46,083	52,715	46,083
Loan Programs	-	-	12,666	13,320	12,666	13,320
State Lottery	-	-	26,175	23,215	26,175	23,215
Unemployment Compensation	-	-	84,206	115,487	84,206	115,487
University System	-	-	1,198,989	1,178,669	1,198,989	1,178,669
Workforce Safety and Insurance	-	-	297,497	270,197	297,497	270,197
Other	-	-	594,491	632,912	594,491	632,912
Total Expenses	5,467,502	5,248,209	2,365,670	2,365,956	7,833,172	7,614,165
Increase (decrease) in Net Position Before Contributions, Loss & Transfers						
Contributions to Permanent Fund Principal	11,014	4,393	-	-	11,014	4,393
Transfers	(290,718)	(367,497)	277,019	285,002	(13,699)	(82,495)
Change in Net Position	2,101,900	1,565,596	202,085	180,741	2,203,985	1,746,337
Net Position - Beginning	18,516,218	16,973,696	3,917,941	3,744,940	22,434,159	20,718,636
Prior Period Adjustment *	(5,955)	(23,074)	4,103	(7,740)	(1,852)	(30,814)
Net Position- Ending	<u>\$20,612,163</u>	<u>\$18,516,218</u>	<u>\$4,124,129</u>	<u>\$3,917,941</u>	<u>\$24,736,292</u>	<u>\$22,434,159</u>

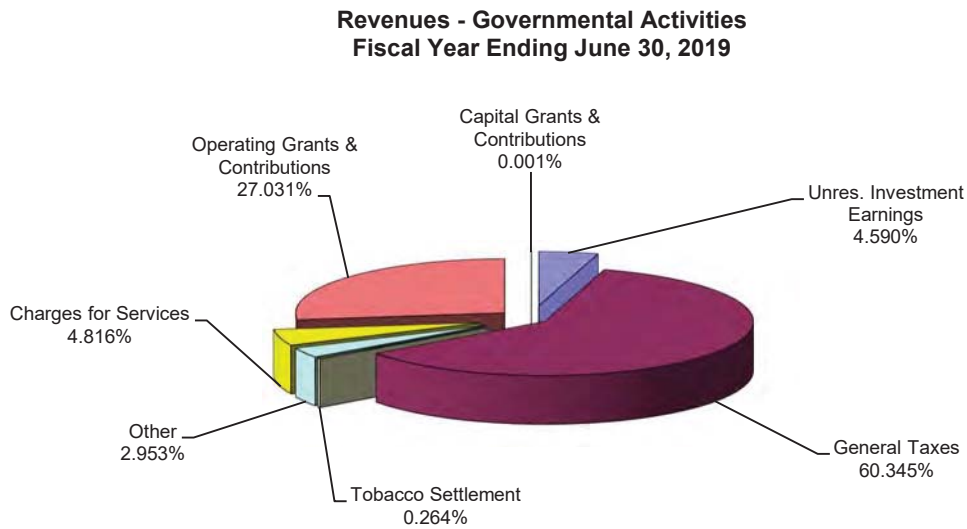
* More detailed information regarding the prior period adjustments can be found in Note 2.

Governmental Activities

Governmental Activities increased the State's net position by \$2.1 billion. Revenues increased 9.4%, with the largest dollar increase in the State's revenues for fiscal year 2019 coming from oil, gas, and coal, taxes, an increase of \$390 million. The increase in sales and use tax is due to growth in taxable sales and purchases as a result of a strong economy and the taxation of internet sales as a result of the US Supreme Court decision. Corporation and Individual Income Tax both increased showing growth in the economy, growth in oil activity, and increased wages and salaries. Oil and Gas production tax and Oil Extraction tax increased due to strong oil prices leading to production growth.

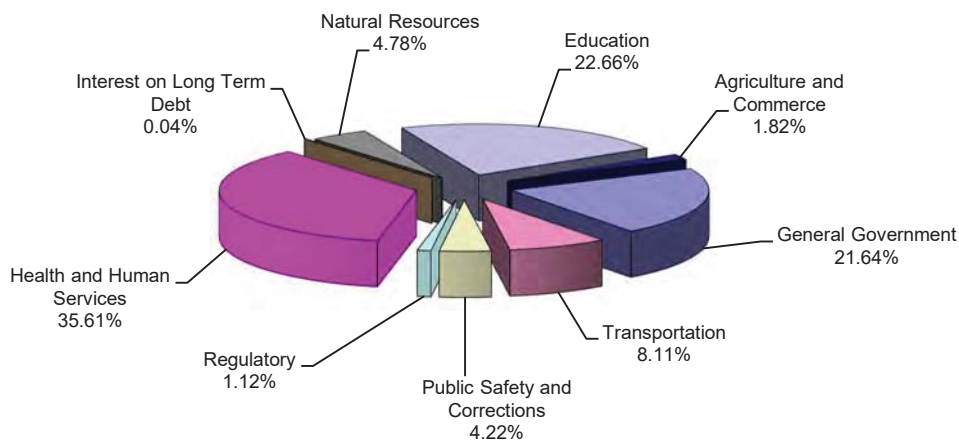
Expenses for governmental activities remained relatively consistent.

The following chart depicts revenues of the governmental activities for the fiscal year:



The chart on the following page depicts expenses of the governmental activities for the fiscal year:

**Expenditures - Governmental Activities
Fiscal Year Ending June 30, 2019**



Business-type Activities

Net position of the business-type activities increased by \$202 million during the fiscal year.

Workforce Safety and Insurance’s (WSI) net position increased \$89.4 million. Policyholder count increased by 319 policies in fiscal year 2019. WSI’s financial position remains stable. Earned premium net of discounts and reinsurance totaled \$238 million, \$232 million, and \$233 million for fiscal years 2019, 2018, and 2017, respectively. WSI re-entered the Securities Lending arena in fiscal year 2016. Total income for fiscal year 2019 was \$145 thousand, compared to fiscal year 2018 which had earnings of \$200 thousand with related expense of \$40 thousand. Total claims filed for fiscal year 2019 totaled 19,913. This is an increase of 83 from previous fiscal year 2018 total of 19,830. A strong investment return in the past three years has contributed to the positive change in net position.

The Bank of North Dakota net position increased \$27.6 million. The loan portfolio decreased by \$332,000 to \$4.5 million at December 31, 2018. Total assets increased by .2% to \$7 million. The increase was largely attributable to investment purchases offset by the sale of federal student loan portfolio. Interest-bearing deposits totaled \$4.2 billion at December 31, 2018 compared to \$4.1 billion at December 31, 2017. This fluctuation is due to state deposits and the economic status of the state. The Bank has a tier one capital leverage ratio of 12.48% as of December 31, 2018. The leverage ratio is a measure of strength. Well capitalized per federal regulations requires this percentage to be a minimum of 5%.

The University System’s net position increased \$8.5 million. Net position increased due to a 3% increase in grants and contracts and a 7% increase in total assets. Increases in non-current assets was due primarily to an increase of \$45.1 million in other long-term investments as well as an increase of \$37.8 million in restricted cash which represents unspent certificate of participation proceeds for the new steam plant and infrastructure improvements at UND.

Housing Finance net position increase of \$12.1 million as a result of the year’s program operations and financing activities. Included in this number is an increase in the prior year’s net position of \$4.1 million due to a prior period adjustment with regards to implementing the effective interest method in amortizing bond premium.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

As the State completed the year, its governmental funds reported combined fund balances of \$15.7 billion, an increase of \$2 billion from the prior fiscal year. Of the \$15.7 billion in net position, \$108 million is non-spendable, \$6.5 billion is restricted, \$1.5 billion is committed, \$375 million is assigned, and \$7.2 billion is unassigned. These fund balance categories are a result of GASB Statement 54. Note 1U provides definitions for these categories. The following analysis of funds provides the explanation for the overall change in net position for governmental funds.

The General Fund is the chief operating fund of the State. At the end of current fiscal year, unassigned fund balance of the General Fund was \$7.2 billion, non-spendable was \$6.6 million, \$279 thousand was restricted, and \$348 million was committed for expenditure by various governmental functions.

Total General Fund balance increased during the fiscal year by \$917 million. Revenues decreased approximately 7.6%, largely due to a decrease in oil, gas, and coal taxes of \$477 million. Increases of revenue were individual and corporate income tax of \$135 million and sales and use tax of \$121 million. As there was a slight decrease in the general fund revenues, revenues for the overall state had increased and was previously explained with the increase in net position for governmental activities.

General fund expenditures remained relatively consistent with a slight overall decrease of \$2 million.

The State Special Revenue ending fund balance increased by \$1 billion resulting in \$8.1 billion fund balance. Revenues increased by 38.5% in the state special revenue fund primarily due to an increase in oil, gas, and coal taxes due to strong oil prices leading to production growth as previously discussed. Special fund expenditures increased by 6.4% primarily due to an increase in Health and Human Services spending, as they received additional funding for Medicaid expansion in their special fund.

The June 30 Federal Fund balance of \$10.7 million consists primarily of non-spendable items such as prepaids and inventory and unavailable revenue for those revenues to be received later than the time period used for revenue recognition. Expenditures and revenues in the federal fund remained relatively consistent from prior years with an increase of 5% in expenditures and a 3% increase in revenues with no significant changes in FY19 from prior year. The federal fund balance decreased by \$5.5 million due to a larger increase in federal fund expenditures than revenues.

Proprietary Funds

The State's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The increases in the net position of the proprietary funds are discussed under "Business-type Activities" above.

General Fund Budgetary Highlights:

The State has a biennial appropriated budget. The fiscal year ending June 30, 2019, was the second year of the 2017-19 budget cycle. The original budget increased \$205.4 million. The increases to the beginning appropriated budget are from authorized carryover of general fund appropriation authority and legislative changes of which the larger ones are noted below.

At the beginning of the 2017-19 budget cycle, there was an increase in the original budget of \$79.9 million due to the authorized carryover of general fund appropriation authority from the 2015-17 biennium, a \$7.2 million increase for capital construction carryover, and a \$11.4 million increase for Theodore Roosevelt Presidential Library carryover.

Several state agencies were authorized by appropriation laws to carryover a portion or all of their general fund appropriation for various purposes, including the University System, \$21 million, the Department of

Transportation, \$25 million, the Industrial Commission, \$2.4 million, the Department of Human Services, \$11.7 million, Legislative Council, \$4.6 million, the Department of Commerce, \$2.9 million, the Adjutant General, \$2 million and Office of Management & Budget, \$3.7 million.

Of the \$7.2 million in capital construction carryover dollars, \$1.3 million was for the Attorney General; \$2.2 million was for the Secretary of State; \$3.7 million was for the Parks and Recreation and various smaller amounts for several other state agencies.

During the 2019 Legislative Session the legislature increased budgets by \$19.2 million in several agencies for different reasons. The Governor's office received an increase in general fund budget of \$15 million to deposit into a fund to establish funding for the Theodore Roosevelt Presidential Library and Museum. Other increases were \$1 million for the Bank of North Dakota for Loan interest payments in relation to protest costs and the Tax Department of \$1.3 million for the Homestead tax and disabled veterans credit.

Also, during the Legislative Session and increase of \$52.6 million was for several Universities with the largest being for North Dakota State University of \$28 million, University of North Dakota for \$9 million, Bismarck State College of \$8.9 million for different capital projects at each university.

Other items appropriated during the 2019 legislative session was \$13 million for the Department of Transportation for the purpose of road maintenance and \$28 million for the Department of Commerce to defray the expenses relating to the beyond visual line of sight unmanned aircraft system program.

There were no expenditures in excess of general fund authority. The difference between the final amended budget and actual spending was \$51.9 million below final budgeted estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: At the end of the fiscal year 2019, the State had invested \$6.4 billion, net of accumulated depreciation, in a broad range of capital assets. Depreciation charges for this fiscal year totaled \$226 million.

(Net of Depreciation, Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018*	2019	2018	2019	2018*
Land and Land Improvements	\$161,050	\$159,143	\$24,099	\$24,099	\$185,149	\$183,242
Building & Building Improvements	411,708	402,500	1,139,160	1,142,194	1,550,868	1,544,694
Equipment	168,030	158,485	172,127	176,252	340,157	334,737
Intangibles						
Software	244,549	148,569	1,982	3,043	246,531	151,612
Other	9,684	10,025	8,441	8,420	18,125	18,445
Infrastructure	2,588,639	2,019,522	118,542	115,892	2,707,181	2,135,414
Construction in Progress	1,653,401	2,127,056	166,949	58,112	1,820,350	2,185,168
Total	<u>\$5,237,061</u>	<u>\$5,025,300</u>	<u>\$1,631,300</u>	<u>\$1,528,012</u>	<u>\$6,868,361</u>	<u>\$6,553,312</u>

* Beginning capital asset balances were adjusted for certain reclassifications.

The total increase in the State's investments in capital assets for the current fiscal year was 4.8% in terms of net book value. However, actual expenditures to purchase or construct capital assets were approximately \$1.3 billion for the year. A major portion of this amount was used to construct or reconstruct assets for highway construction. More detailed information on the State's capital assets can be found in Note 3H to the financial statements.

Long-term Debt: Article X, Section 13 of the Constitution of North Dakota provides that the state may issue or guarantee the payment of bonds provided that all bonds in excess of \$2 million are: secured by first

mortgage upon property and no further indebtedness may be incurred by the state unless evidenced by a bond issue; authorized by law, for a certain purpose; provisioned to pay the interest semiannually, and pay the principal within 30 years. The law authorized the bond issue must specifically appropriate the provisions to the payment of the principal and interest of the bond. The State has no general obligation bonds outstanding at June 30, 2019.

The State does have a number of revenue bonds outstanding at June 30, 2019. Current state statutes empower certain state agencies and the Building Authority, a component unit of the State, to issue bonds as part of their activities. This debt is not backed by the full faith and credit of the State of North Dakota. The principal and interest on revenue bonds issued by state agencies is payable from designated revenue sources. The Building Authority's bonds generate revenue to finance the construction and improvements of State buildings. Revenues derived from leases on the buildings fund the debt service requirements.

The Bank of North Dakota has advances from the Federal Home Loan Bank in the amounts of \$1.1 billion. The advances have a fixed rate of interest, ranging from 1.61 percent to 5.56 percent.

More detailed information regarding the State's long-term obligations is presented in Note 3L to the financial statements.

State of North Dakota's Outstanding Debt
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018 Restated	2019	2018 Restated
Revenue Bonds	\$29,950	\$40,429	\$1,525,285	\$1,242,368	\$1,555,235	\$1,282,797
Certificate of Participation	-	-	96,843	-	96,843	-
Notes Payable	21,897	22,247	1,120,787	1,289,686	1,142,684	1,311,933
Total	<u>\$51,847</u>	<u>\$62,676</u>	<u>\$2,742,915</u>	<u>\$2,532,054</u>	<u>\$2,794,762</u>	<u>\$2,594,730</u>

The State's total debt increased approximately 7.8% during the current fiscal year.

ECONOMIC CONDITION AND OUTLOOK

Moody's Analytics recently completed an analysis of the North Dakota economy for its *Précis U.S. State* October 2019 publication. The report depicts an economy in recovery, but at a slow pace due to low commodity prices and slow employment growth.

North Dakota's outlook is linked tightly to two major industries, energy and agriculture. Oil production per rig has risen by more than 25 percent per rig in the last year. Additionally, overall production is at an all-time high averaging over 1.44 million barrels per day. This nation-leading gain has put the Bakken at the forefront among all shale oil plays for output per rig. The higher productivity will lift output and improve profits. The most recent average price per barrel of oil was at \$50.25, which is slightly over the estimated price of \$48.50 used for budgeting purposes.

The trade war with China has had an adverse impact on commodity prices in North Dakota, but the cancellation of a round a of tariff hikes will lead to an increase in the purchase of farm commodities and will lift prices.

North Dakota's job growth dropped slightly from the national level in year-to-date growth, but still grew by a modest 0.3%. Unemployment is still low in North Dakota with the jobless rate at a historic low of 2.4%. Although employment is declining slightly in the mining industry due to increased productivity, the

construction and manufacturing industries continue to increase their hiring and goods employment is at a more than three year high.

Median household income and per capita income for North Dakota are both ahead of the national average. For 2019, median household income in North Dakota was \$66,605 compared to \$63,179 for the U.S. Per capita income for 2019 was \$55,452 for North Dakota, while \$54,446 for the U.S.

CONTACTING THE STATE'S OFFICE OF FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. Questions about this report or additional financial information should be addressed to the State of North Dakota, Office of Management and Budget, 600 E. Boulevard, Dept. 110, Bismarck, ND 58505.

Basic Financial Statements

STATE OF NORTH DAKOTA

Statement of Net Position June 30, 2019

	Primary Government			Component Units (GASB Based)
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 270,986,685	\$ 724,241,415	\$ 995,228,100	\$ 15,605,709
Investments	12,539,561,402	4,028,874,532	16,568,435,934	818,362
Accounts Receivable - Net	148,202,363	124,079,450	272,281,813	232,795
Taxes Receivable - Net	609,569,080	-	609,569,080	-
Interest Receivable - Net	44,922,497	70,068,820	114,991,317	80,999
Intergovernmental Receivable - Net	222,311,091	28,079,713	250,390,804	-
Internal Receivable	2,885,291,087	-	-	-
Due from Component Units	-	34,963,635	34,963,635	-
Due from Primary Government	-	-	-	61,000
Prepaid Items	11,280,631	4,715,769	15,996,400	-
Inventory	24,747,168	34,356,247	59,103,415	-
Loans and Notes Receivable - Net	188,060,261	4,774,052,611	4,962,112,872	10,857,772
Pension Assets	27,458,900	-	27,458,900	-
Other Assets	-	48,167,473	48,167,473	161,200
Restricted Assets:				
Cash and Cash Equivalents	279,367	216,254,000	216,533,367	80,867,016
Investments	-	55,778,382	55,778,382	985,939,000
Interest Receivable - Net	-	4,488,000	4,488,000	5,933,000
Loans and Notes Receivable - Net	-	1,198,534,000	1,198,534,000	-
Capital Assets:				
Nondepreciable	1,814,451,711	191,047,765	2,005,499,476	1,115,389
Depreciable, Net	3,422,608,774	1,440,252,108	4,862,860,882	6,836
Total Assets	<u>22,209,731,017</u>	<u>12,977,953,920</u>	<u>32,302,393,850</u>	<u>1,101,679,078</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Bond Refunding	2,130,000	3,988,193	6,118,193	3,802,000
Financial Derivative Instrument	-	7,886,000	7,886,000	-
Unrealized Loss on Interest Rate Swap	-	2,545,000	2,545,000	-
Derived from Pensions	283,360,544	96,933,074	380,293,618	113,000
Derived from OPEB	8,226,972	2,863,884	11,090,856	-
Total Deferred Outflows of Resources	<u>293,717,516</u>	<u>114,216,151</u>	<u>407,933,667</u>	<u>3,915,000</u>

* An internal payable balance remains in the Total column because certain Business-Type Activities have different fiscal year ends than the Governmental Activities. As internal balances are reported separately as internal receivables and internal payables, those lines, as well as the total assets and total liabilities, do not crossfoot.

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Net Position June 30, 2019

	Primary Government			Component Units (GASB Based)
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Accounts Payable	324,984,357	59,939,338	384,923,695	724,556
Accrued Payroll	58,163,221	41,607,116	99,770,337	2,587
Securities Lending Collateral	264,798,011	6,178,872	270,976,883	-
Interest Payable	1,375,537	18,968,484	20,344,021	4,802,000
Intergovernmental Payable	214,668,082	6,176,602	220,844,684	-
Tax Refunds Payable	134,827,724	-	134,827,724	-
Internal Payable	-	3,114,964,554	229,673,467	-
Due to Component Units	-	36,808,983	36,808,983	-
Contract Retainage Payable	23,382,205	3,445,240	26,827,445	-
Federal Funds Purchased	-	271,505,000	271,505,000	-
Other Deposits	-	933,175,958	933,175,958	-
Amounts Held In Custody for Others	-	20,993,981	20,993,981	-
Unearned Revenue	7,309,467	136,482,443	143,791,910	49,809
Financial Derivative Instrument	-	7,886,000	7,886,000	-
Other Liabilities	-	29,220,333	29,220,333	136,668
Long-Term Liabilities				
Due within one year	26,492,478	1,030,736,584	1,057,229,062	26,981,001
Due in more than one year	81,831,083	2,976,289,829	3,058,120,912	523,014,340
Net Pension Liability	658,978,231	228,512,880	887,491,111	279,000
Net OPEB Liability	31,260,024	10,146,883	41,406,907	-
Total Liabilities	1,828,070,420	8,933,039,080	7,875,818,413	555,989,961
DEFERRED INFLOWS OF RESOURCES				
Grant Received Prior to Time Requirements	-	140,783	140,783	-
Increase in Fair Value of Hedging Derivatives	-	15,750	15,750	-
Unrealized Gain on Interest Rate Swap	-	12,846,000	12,846,000	-
Derived from Pensions	61,146,519	21,308,001	82,454,520	21,000
Derived from OPEB	2,068,442	691,441	2,759,883	-
Total Deferred Inflows of Resources	63,214,961	35,001,975	98,216,936	21,000
NET POSITION				
Net Investment in Capital Assets	5,185,682,467	1,246,740,894	6,432,423,361	6,836
Restricted for:				
General Government	7,732,114	-	7,732,114	-
Education	5,353,280,164	-	5,353,280,164	-
Health and Human Services	25,165,341	-	25,165,341	-
Regulatory Purposes	73,989,399	-	73,989,399	-
Public Safety & Corrections	3,984,296	-	3,984,296	-
Agriculture and Commerce	61,938,107	-	61,938,107	-
Cultural and Natural Resources	455,693,018	-	455,693,018	-
Transportation	542,536,563	-	542,536,563	-
Capital Projects	-	84,464	84,464	534,286
Debt Service	782,977	191,273,713	192,056,690	98,810,000
Loan Purposes	-	42,860,355	42,860,355	420,857,000
Pledged Assets	-	470,185,000	470,185,000	-
Unemployment Compensation	-	224,309,763	224,309,763	-
Pension Benefits	27,458,900	-	27,458,900	-
Permanent Fund and University System - Nonexpendable	76,551,281	18,384,451	94,935,732	2,401,493
University System - Expendable	-	23,875,071	23,875,071	-
Other	10,673,456	1,914,774	12,588,230	-
Unrestricted	8,786,695,069	1,904,500,531	10,691,195,600	26,973,502
Total Net Position	\$ 20,612,163,152	\$ 4,124,129,016	\$ 24,736,292,168	\$ 549,583,117

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Activities

For the Fiscal Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 1,183,233,944	\$ 37,185,115	\$ 2,853,268	\$ -
Education	1,238,988,634	7,147,934	572,362,721	-
Health and Human Services	1,947,263,363	80,627,617	1,095,465,447	-
Regulatory	61,213,248	29,490,252	5,428,477	106,834
Public Safety and Corrections	230,666,579	32,002,961	47,981,758	-
Agriculture and Commerce	99,247,117	32,809,364	24,395,640	-
Natural Resources	261,307,506	38,390,527	41,401,335	-
Transportation	443,629,333	120,377,945	331,814,341	-
Interest on Long Term Debt	1,952,361	-	-	-
Total Governmental Activities	<u>5,467,502,085</u>	<u>378,031,715</u>	<u>2,121,702,987</u>	<u>106,834</u>
Business-Type Activities:				
Bank of North Dakota	98,931,503	251,626,000	-	-
Housing Finance	52,714,991	49,362,786	15,331,000	-
Loan Programs	12,665,669	13,095,470	187,656	-
State Lottery	26,174,686	35,511,058	12,952	-
Unemployment Compensation	84,205,911	114,657,558	4,442,751	-
University System	1,198,989,180	540,691,218	249,838,061	19,925,817
Workforce Safety & Insurance	297,497,091	249,787,742	137,014,666	-
Other	594,491,102	600,125,017	3,963,745	-
Total Business-Type Activities	<u>2,365,670,133</u>	<u>1,854,856,849</u>	<u>410,790,831</u>	<u>19,925,817</u>
Total Primary Government	<u>\$ 7,833,172,218</u>	<u>\$ 2,232,888,564</u>	<u>\$ 2,532,493,818</u>	<u>\$ 20,032,651</u>
Component Units (GASB Based):	<u>\$ 31,204,053</u>	<u>\$ 6,669,587</u>	<u>\$ 43,890,125</u>	<u>\$ 6,000</u>

General Revenues:

Taxes:

- Individual and Corporate Income Taxes
- Sales and Use Taxes
- Oil, Gas and Coal Taxes
- Business and Other Taxes

Unrestricted Investment Earnings

Tobacco Settlement

Miscellaneous

Contributions to Perm Fund Principal

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, Beginning of Year, as restated

Net Position, Ending

Net (Expense) Revenue and Change in Net Position			
Primary Government			Component Units (GASB Based)
Governmental Activities	Business-Type Activities	Total	
\$ (1,143,195,561)		\$ (1,143,195,561)	
(659,477,979)		(659,477,979)	
(771,170,299)		(771,170,299)	
(26,187,685)		(26,187,685)	
(150,681,860)		(150,681,860)	
(42,042,113)		(42,042,113)	
(181,515,644)		(181,515,644)	
8,562,953		8,562,953	
(1,952,361)		(1,952,361)	
<u>(2,967,660,549)</u>		<u>(2,967,660,549)</u>	
	152,694,497	152,694,497	
	11,978,795	11,978,795	
	617,457	617,457	
	9,349,324	9,349,324	
	34,894,398	34,894,398	
	(388,534,084)	(388,534,084)	
	89,305,317	89,305,317	
	9,597,660	9,597,660	
-	<u>(80,096,636)</u>	<u>(80,096,636)</u>	
<u>(2,967,660,549)</u>	<u>(80,096,636)</u>	<u>(3,047,757,185)</u>	
			<u>\$ 19,361,659</u>
604,088,632	-	604,088,632	-
1,435,129,762	-	1,435,129,762	-
2,586,569,876	-	2,586,569,876	-
110,714,853	-	110,714,853	-
360,264,138	-	360,264,138	-
20,752,400	-	20,752,400	-
231,745,021	5,162,713	236,907,734	-
11,014,244	-	11,014,244	-
(290,718,287)	277,018,465	(13,699,822)	-
<u>5,069,560,639</u>	<u>282,181,178</u>	<u>5,351,741,817</u>	<u>-</u>
2,101,900,090	202,084,542	2,303,984,632	19,361,659
18,510,263,062	3,922,044,474	22,432,307,536	530,221,458
<u>\$ 20,612,163,152</u>	<u>\$ 4,124,129,016</u>	<u>\$ 24,736,292,168</u>	<u>\$ 549,583,117</u>

STATE OF NORTH DAKOTA

Statement of Net Assets Component Units - University System Foundation FASB Basis June 30, 2019

	Major University System Foundation	Nonmajor University System Foundation
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 47,590,336	\$ 13,461,594
Receivable from Primary Institution	4,614,889	105,189
Investments	11,614,494	21,303,497
Accounts Receivable - Net	6,468,139	1,089,515
Unconditional Promises to Give - Net	16,705,679	766,858
Net investment in Direct Financing Leases	1,166,959	-
Inventory	1,102,034	-
Other Assets	1,231,103	72,854
Total Current Assets	90,493,633	36,799,507
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	948,080	-
Investments:		
Investments, Net of Current Portion	505,986,449	35,211,972
Investments, Restricted	5,345,576	-
Investments Held In Trust	29,541,323	3,975,639
Beneficial Interest In Trust	17,089,739	-
Charitable Gift Annuity Investments	6,054,740	-
Charitable Remainder Trust Account Investments	18,589,642	-
Real Estate and Equipment Held for Investment - Net	18,862,316	-
Other Long-Term Investments	42,685,791	1,077,974
Contracts for Deed & Notes Receivable, Net of Current Portion	775,488	-
Long-Term Pledges Receivable	43,391,788	4,858,985
Other Receivables	41,643	-
Receivable from Primary Institution	32,577,967	116,666
Net investment in Direct Financing Leases, Net of Current Portion	12,548,962	-
Other noncurrent assets	2,396,351	438,191
Notes Receivable - Net	6,800,000	-
Capital Assets - Net	138,175,166	15,865,080
Total Noncurrent Assets	881,811,021	61,544,507
Total Assets	972,304,654	98,344,014
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	3,448,816	139,651
Payable to Primary Institution	4,196,437	940,871
Accrued Payroll	1,094,051	2,692
Gift Annuities & Life Income Agreements	2,846,496	41,602
Unearned Revenue	9,996,982	205,000
Deposits Held in Custody for Others	-	513,847
Other Liabilities	761,715	2,334
Current Portion of Long-Term Liabilities	4,325,873	184,009
Total Current Liabilities	26,670,370	2,030,006
Noncurrent Liabilities:		
Deposits	3,493,349	-
Gift Annuities & Life Income Agreements, Net of Current Portion	18,386,578	535,620
Obligations Under Split-Interest Agreement	5,765,744	-
Investments Held on Behalf of Institutions	19,530,490	3,461,792
Other Liabilities	518,548	-
Long-Term Liabilities	53,837,701	6,478,962
Total Noncurrent Liabilities	101,532,410	10,476,374
Total Liabilities	128,202,780	12,506,380
Net Assets		
With Donor Restriction	619,301,132	74,191,322
Without Donor Restriction	224,800,742	11,646,312
Total Net Asset	844,101,874	85,837,634
Total Liabilities and Net Assets	\$ 972,304,654	\$ 98,344,014

STATE OF NORTH DAKOTA

Statement of Revenues, Expenses and Changes in Fund Net Assets Component Units - University System Foundation FASB Basis

For the Fiscal Year Ended June 30, 2019

	<u>Major University System Foundation</u>	<u>Nonmajor University System Foundation</u>
Support and Revenue		
Gifts and Contributions	\$ 73,141,480	\$ 12,054,848
Investment Income	28,669,601	5,749,043
Grant Revenue	4,000,000	57,192
Net Realized and Unrealized Gains (Losses) on Investment Securities	(16,528,866)	512,538
Program and Event Income	51,783,186	9,716,644
Other Income	5,244,530	2,197,698
Total Support and Revenue	<u>146,309,931</u>	<u>30,287,963</u>
EXPENSES		
Program Services	\$ 36,410,374	\$ 6,195,778
Supporting Services	53,428,586	11,573,023
Fund Raising Expense	6,521,620	351,382
Total Expenses	<u>96,360,580</u>	<u>18,120,183</u>
Changes in Net Assets	\$ 49,949,351	\$ 12,167,780
Total Net Assets - Beginning of Year , as Restated	<u>\$ 794,152,523</u>	<u>\$ 73,669,854</u>
Total Net Assets - End of Year	<u>\$ 844,101,874</u>	<u>\$ 85,837,634</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Balance Sheet Governmental Funds June 30, 2019

	Special Revenue			Nonmajor Governmental Funds	Total
	General	Federal	State		
ASSETS					
Cash Deposits at the Bank of ND	\$ 663,747,439	\$ -	\$ 1,843,623,832	\$ 535,467	\$ 2,507,906,738
Cash and Cash Equivalents	259,013,921	-	11,485,703	85,943	270,585,567
Restricted Cash and Cash Equivalents	279,367	-	-	-	279,367
Investments at the Bank of ND	-	3,000,000	348,859,722	663,000	352,522,722
Investments	6,432,592,580	-	6,072,577,514	25,054,157	12,530,224,251
Accounts Receivable - Net	19,482,766	28,127,793	100,206,225	50	147,816,834
Taxes Receivable - Net	465,267,091	-	144,188,613	113,376	609,569,080
Interest Receivable - Net	28,251,970	487	16,445,853	166,742	44,865,052
Intergovernmental Receivable - Net	15,333	206,780,575	15,141,337	-	221,937,245
Due from Other Funds	134,754,527	33,178,374	17,281,524	15	185,214,440
Prepaid Items	3,670,676	1,367,359	2,150,155	-	7,188,190
Inventory	2,955,107	10,964,480	10,704,928	-	24,624,515
Loans and Notes Receivable - Net	12,657	159,491	134,911,755	52,976,356	188,060,259
Total Assets	8,010,043,434	283,578,559	8,717,577,161	79,595,106	17,090,794,260
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 8,010,043,434	\$ 283,578,559	\$ 8,717,577,161	\$ 79,595,106	\$ 17,090,794,260
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	89,555,411	132,401,790	101,661,904	12,754	323,631,859
Accrued Payroll	35,232,695	6,743,753	13,361,044	-	55,337,492
Securities Lending Collateral	20,149,968	-	242,997,902	1,613,262	264,761,132
Interest Payable	119,075	37,193	892,052	-	1,048,320
Intergovernmental Payable	3,810,005	24,794,365	186,063,712	-	214,668,082
Tax Refunds Payable	127,228,508	-	7,599,216	-	134,827,724
Due to Other Funds	29,933,029	87,899,061	73,748,038	153,563	191,733,691
Contract Retainage Payable	427,215	10,574,975	12,380,015	-	23,382,205
Unearned Revenues	-	7,115,543	143,014	-	7,258,557
Total Liabilities	306,455,906	269,566,680	638,846,897	1,779,579	1,216,649,062
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	117,092,106	3,322,254	15,188,839	-	135,603,199
Unpaid Penalty and Interest	-	-	821,125	-	821,125
Total Deferred Inflows of Resources	117,092,106	3,322,254	16,009,964	-	136,424,324
Fund Balances:					
Nonspendable					
Inventory	2,955,107	10,964,480	10,704,928	-	24,624,515
Long - Term Receivables	12,657	-	-	-	12,657
Prepaid Expenditures	3,670,676	1,367,359	2,150,155	-	7,188,190
Permanent Trust Fund	-	-	-	76,551,281	76,551,281
Restricted	279,367	-	6,487,770,608	783,831	6,488,833,806
Committed	348,222,819	-	1,187,484,830	480,415	1,536,188,064
Assigned	-	-	374,609,779	-	374,609,779
Unassigned	7,231,354,796	(1,642,214)	-	-	7,229,712,582
Total Fund Balances	7,586,495,422	10,689,625	8,062,720,300	77,815,527	15,737,720,874
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 8,010,043,434	\$ 283,578,559	\$ 8,717,577,161	\$ 79,595,106	\$ 17,090,794,260

STATE OF NORTH DAKOTA

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2019

Total Fund Balances-Governmental Funds		\$ 15,737,720,874
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$8,727,933,679 and the accumulated depreciation is \$3,585,109,020.		5,142,824,659
Other assets not available in the current period and therefore are not reported in the governmental funds:		
Net Pension Asset		27,458,900
Deferred outflows of resources are not reported in the governmental funds:		
Loss on bond refunding	2,130,000	
Related to OPEB	7,783,323	
Related to pensions	268,166,879	
Total Deferred Outflows	278,080,202	278,080,202
Some of the state's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.		135,552,289
Internal service funds are used to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.		99,423,127
Voluntary termination benefits for employees are accrued in the statement of net position.		(252,229)
Deferred inflows of resources are not reported in the governmental funds:		
Unpaid penalty and interest	821,125	
Related to OPEB	(1,948,438)	
Related to pensions	(58,110,438)	
	(59,237,751)	(59,237,751)
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported as liabilities in the funds. Those liabilities consist of:		
Bonds Payable	(29,950,302)	
Notes Payable	(21,897,374)	
Accrued Interest on Long-Term Liabilities	(327,217)	
Compensated Absences	(43,820,507)	
Capital Leases	(1,100,140)	
Other Postemployment Benefit Obligation, net	(29,612,684)	
Net Pension Liability	(621,722,680)	
Claims and Judgments	(976,015)	
Total Long-Term Liabilities	(749,406,919)	(749,406,919)
Net Position of Governmental Activities		\$ 20,612,163,152

STATE OF NORTH DAKOTA

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2019

	Special Revenue			Nonmajor Governmental Funds	Total
	General	Federal	State		
REVENUES					
Individual and Corporate Income Taxes	\$ 591,881,213	\$ -	\$ 3,021,058	\$ -	\$ 594,902,271
Sales and Use Taxes	1,138,028,146	-	309,011,020	-	1,447,039,166
Oil, Gas, and Coal Taxes	776,111,047	-	1,808,773,920	1,576,908	2,586,461,875
Business and Other Taxes	63,568,228	-	49,923,683	-	113,491,911
Licenses, Permits and Fees	19,042,705	11,941	189,564,629	9,820	208,629,095
Intergovernmental	2,119,118	1,692,379,718	23,572,053	4,300,620	1,722,371,509
Sales and Services	9,890,045	11,169,825	66,877,236	8,460	87,945,566
Royalties and Rents	26,858,926	5,222	401,654,333	-	428,518,481
Fines and Forfeits	5,835,226	-	25,808,726	-	31,643,952
Interest and Investment Income	335,563,131	9,039	231,271,103	1,658,885	568,502,158
Tobacco Settlement	5,235	-	20,747,165	-	20,752,400
Commodity Assessments	-	-	24,055,725	-	24,055,725
Miscellaneous	2,386,263	3,369,272	20,468,301	38,046	26,261,882
Total Revenues	2,971,289,283	1,706,945,017	3,174,748,952	7,592,739	7,860,575,991
EXPENDITURES					
Current:					
General Government	164,583,432	1,834,519	46,374,817	86,009	212,878,777
Education	737,454,807	166,317,662	332,662,026	-	1,236,434,495
Health and Human Services	735,377,421	1,041,196,492	124,639,746	104,278	1,901,317,937
Regulatory	19,563,616	4,626,480	19,827,210	-	44,017,306
Public Safety and Corrections	152,233,412	39,960,685	13,879,523	-	206,073,620
Agriculture and Commerce	21,791,393	22,267,187	53,232,173	-	97,290,753
Natural Resources	16,027,296	26,633,333	197,473,679	-	240,134,308
Transportation	528,583	222,738,307	135,990,048	-	359,256,938
Intergovernmental - Revenue Sharing	4,224,146	-	960,259,692	-	964,483,838
Capital Outlay	28,352,926	149,456,474	163,548,079	-	341,357,479
Debt Service:					
Principal	458,386	336,069	24,569	10,020,000	10,839,024
Interest and Other Charges	491,070	7,901	6,918	1,567,650	2,073,539
Total Expenditures	1,881,086,488	1,675,375,109	2,047,918,480	11,777,937	5,616,158,014
Revenues over (under) Expenditures	1,090,202,795	31,569,908	1,126,830,472	(4,185,198)	2,244,417,977
OTHER FINANCING SOURCES (USES)					
Capital Lease Acquisitions	22,628	157,986	3,644	-	184,258
Sale of Capital Assets	90,878	175,801	874,360	-	1,141,039
Transfers In	217,633,703	1,416,938	59,380,642	7,305,907	285,737,190
Transfers Out	(390,563,836)	(38,821,800)	(145,013,334)	(2,056,507)	(576,455,477)
Total Other Financing Sources (Uses)	(172,816,627)	(37,071,075)	(84,754,688)	5,249,400	(289,392,990)
Net Change in Fund Balances	917,386,168	(5,501,167)	1,042,075,784	1,064,202	1,955,024,987
Fund Balances - Beginning of Year, as restated	6,669,109,254	16,190,792	7,020,644,516	76,751,325	13,782,695,887
Fund Balances - End of Year	\$ 7,586,495,422	\$ 10,689,625	\$ 8,062,720,300	\$ 77,815,527	\$ 15,737,720,874

STATE OF NORTH DAKOTA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2019

Net Change in Fund Balances-Total Governmental Funds \$ 1,955,024,987

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	341,419,925	
Depreciation expense	(130,992,989)	
Excess of capital outlay over depreciation expense		210,426,936

In the statement of activities, only the gain(loss) on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets sold.

(410,695)

Donations of capital assets increase net position in the statement of activities but do not appear in the governmental funds because they are not financial resources.

20,000

Some of the assets acquired this year were financed through capital leases. The amount financed is reported in the governmental funds as a source of financing. However, capital leases are reported as long-term liabilities in the statement of net position.

(184,258)

Based on receipt dates, some revenues are not considered "available" revenues and are unavailable in the governmental funds. Unavailable revenues increased/decreased by this amount this year.

(4,274,800)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of internal service funds is reported with governmental activities

1,720,272

Bonds proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

-

Note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

-

Voluntary termination benefits do not require current financial resources and therefore are not reported as expenditures in the governmental funds.

(57,423)

The pension assets resulting from contributions in excess of annual required contribution are not financial resources and, therefore, are not reported in the funds.

(6,177,042)

Deferred outflows of resources do not provide current financial resources

Amortization of deferred loss on bond refunding	(489,000)	
Related to OPEB	367,864	
Related to pension	(34,253,261)	
Total deferred outflows		(34,374,397)

Deferred pension inflows are not considered current cash expenses and are not reported as an expenditure in the funds

Unpaid penalty and interest	172,661	
Related to OPEB	(117,623)	
Related to pension	(18,538,387)	
Total deferred outflows		(18,483,349)

The net OPEB liability relating to retirement plans

770,605

The net pension liability relating to retirement plans

(14,112,165)

Repayment of long-term debt is reported as an expenditure in governmental funds but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Bond principal retirement	10,478,700	
Note payments	349,665	
Capital lease payments	469,356	
Total long-term debt repayment		11,297,721

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This adjustment combines the net changes of the following:

Accrued Interest	86,183	
Compensated Absences	187,416	
Claims and Judgments	440,099	
Total additional expenditures		713,698

Change in Net Position of Governmental Activities \$ 2,101,900,090

STATE OF NORTH DAKOTA

Statement of Net Position Proprietary Funds June 30, 2019

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Bank of North Dakota	Housing Finance	University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
ASSETS							
Current Assets:							
Cash Deposits at the Bank of ND	\$ 7,430,000	\$ 202,193,296	\$ 2,871,189	\$ 149,752,740	\$ 362,247,225	\$ 32,772,230	
Cash and Cash Equivalents	-	10,177,641	-	204,371,774	214,549,415	401,118	
Investments at the Bank of ND	-	140,589,569	-	1,000,000	141,589,569	341,583	
Investments	-	116,091	2,060,882,106	50,590,202	2,111,588,399	9,337,152	
Accounts Receivable - Net	807,000	23,091,748	26,566,996	73,613,706	124,079,450	385,529	
Interest Receivable - Net	108,000	-	10,666,901	3,219,919	13,994,820	54,952	
Intergovernmental Receivable - Net	530,000	26,643,518	-	906,195	28,079,713	373,846	
Due from Other Funds	6,000	18,650,505	-	1,090,547	19,747,052	8,944,643	
Due from Component Units	-	10,813,618	-	-	10,813,618	-	
Prepaid Items	63,000	-	395,608	4,257,161	4,715,769	4,092,441	
Inventory	-	6,986,515	-	27,369,732	34,356,247	122,653	
Loans and Notes Receivable - Net	-	6,180,651	-	22,685,253	28,865,904	-	
Other Assets	764,000	5,549,973	-	18,685	6,332,658	-	
Restricted Cash at the Bank of ND	15,076,000	-	-	4,848,918	19,924,918	-	
Restricted Cash and Cash Equivalents	216,029,000	-	-	225,000	216,254,000	-	
Restricted Investments at the Bank of ND	-	-	-	1,000,000	1,000,000	-	
Restricted Investments	7,335,000	-	-	-	7,335,000	-	
Restricted Interest Receivable - Net	4,488,000	-	-	-	4,488,000	-	
Restricted Loans Receivable - Net	27,954,000	-	-	162,000	28,116,000	-	
Total Current Assets	280,590,000	450,993,125	2,101,382,800	545,111,832	3,378,077,757	56,826,147	
Noncurrent Assets:							
Restricted Cash at the Bank of ND	-	40,343,773	-	-	40,343,773	-	
Restricted Investments at the Bank of ND	-	7,831,721	-	-	7,831,721	-	
Restricted Investments	42,133,000	6,310,382	-	-	48,443,382	-	
Investments at the Bank of ND	-	100,681,000	-	-	100,681,000	-	
Investments	-	10,941,133	-	-	10,941,133	-	
Due from Component Units	-	24,150,017	-	-	24,150,017	-	
Loans and Notes Receivable - Net	-	21,073,874	-	352,338,833	373,412,707	-	
Restricted Loans Receivable - Net	1,170,418,000	-	-	-	1,170,418,000	-	
Other Noncurrent Assets	5,321,000	390,197	-	5,818,618	11,529,815	-	
Capital Assets:							
Nondepreciable	-	159,702,786	4,152,336	24,743,643	188,598,765	154,838	
Depreciable, Net	13,000	1,306,247,796	13,634,392	112,556,920	1,432,452,108	94,080,986	
Total Noncurrent Assets	1,217,885,000	1,677,672,679	17,786,728	495,458,014	3,408,802,421	94,235,824	
Bank Related Assets:							
Cash and Cash Equivalents	\$ 509,692,000				\$ 509,692,000		
Investments	1,906,345,000				1,906,345,000		
Interest Receivable - Net	56,074,000				56,074,000		
Due from Other Funds	117,359,000				117,359,000		
Loans and Notes Receivable - Net	4,371,774,000				4,371,774,000		
Other Assets	30,305,000				30,305,000		
Capital Assets:							
Nondepreciable	2,449,000				2,449,000		
Depreciable, Net	7,800,000				7,800,000		
Total Bank Related Assets	7,001,798,000				7,001,798,000		
Total Assets	7,001,798,000	1,498,475,000	2,128,665,804	2,119,169,528	1,040,569,846	13,788,678,178	151,061,971
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Loss on Bond Refunding	-	-	3,988,193	-	-	3,988,193	-
Financial Derivative Instrument	-	7,886,000	-	-	-	7,886,000	-
Unrealized Loss on Interest Rate Swap	2,545,000	-	-	-	-	2,545,000	-
Derived from Pensions	6,889,000	1,677,000	66,901,629	12,296,330	9,169,115	96,933,074	15,193,665
Derived from OPEB	158,000	51,000	2,005,931	313,963	334,990	2,863,884	443,649
Total Deferred Outflows of Resources	9,592,000	9,614,000	72,895,753	12,610,293	9,504,105	114,216,151	15,637,314

STATE OF NORTH DAKOTA

**Statement of Net Position
Proprietary Funds
June 30, 2019**

	Business-Type Activities - Enterprise Funds					Total	Governmental Activities
	Bank of North Dakota	Housing Finance	University System	Workforce Safety and Insurance	Other Enterprise Funds		Internal Service Funds
LIABILITIES							
Current Liabilities:							
Accounts Payable		1,490,000	29,162,197	5,282,939	24,004,202	59,939,338	1,403,149
Accrued Payroll		-	40,692,136	-	914,980	41,607,116	2,573,500
Securities Lending Collateral		-	-	6,100,164	78,708	6,178,872	36,879
Interest Payable		16,337,000	2,314,599	-	12,358	18,663,957	2,576
Intergovernmental Payable		94,000	469,475	-	6,295,197	6,858,672	-
Due to Other Funds		17,000	4,224,063	208,849	86,817,361	91,267,273	394,458
Due to Component Units		-	4,043,735	-	-	4,043,735	-
Contract Retainage Payable		-	3,445,240	-	-	3,445,240	-
Other Deposits		-	6,837,543	-	-	6,837,543	-
Amounts Held in Custody for Others		14,941,000	-	-	6,052,981	20,993,981	-
Claims/Judgments Payable		-	-	130,913,280	822,043	131,735,323	1,213,316
Dividends Payable		-	-	113,235,072	-	113,235,072	-
Compensated Absences Payable		237,000	2,710,196	1,399,626	176,807	4,523,629	215,050
Notes Payable		-	1,224,581	-	-	1,224,581	-
Capital Leases Payable		-	3,283,858	-	-	3,283,858	10,078
Bonds Payable		39,830,000	10,617,051	-	120,000	50,567,051	-
Unearned Revenue		343,000	20,584,992	115,278,892	275,559	136,482,443	-
Other Current Liabilities		-	-	-	112,936	112,936	-
Total Current Liabilities		73,289,000	129,609,666	372,418,822	125,683,132	701,000,620	5,849,006
Noncurrent Liabilities:							
Intergovernmental Payable		9,000	4,588,300	-	-	4,597,300	-
Due to Component Units		-	32,704,248	-	-	32,704,248	-
Claims/Judgments Payable		-	-	960,030,720	-	960,030,720	6,912,322
Compensated Absences Payable		107,000	28,176,277	227,846	1,261,378	29,772,501	2,220,248
Notes Payable		-	16,026,980	-	-	16,026,980	-
Capital Leases Payable		-	33,683,962	-	-	33,683,962	8,209
Bonds Payable		1,222,566,000	327,922,572	-	2,576,794	1,553,065,366	-
Financial Derivative Instrument		7,886,000	-	-	-	7,886,000	-
Net Pension Liability		4,000,000	162,113,629	25,710,589	19,536,662	211,360,880	37,255,551
Net OPEB Liability		190,000	7,146,892	1,158,959	841,032	9,336,883	1,647,340
Other Noncurrent Liabilities		4,463,000	244,632	-	18,273,765	22,981,397	-
Total Noncurrent Liabilities		1,239,221,000	612,607,492	987,128,114	42,489,631	2,881,446,237	48,043,670
Bank Related Liabilities:							
Interest Payable		291,008	-	-	-	291,008	-
Due to Other Funds		1,235,992	-	-	-	1,235,992	-
Due to Component Units		61,000	-	-	-	61,000	-
Federal Funds Purchased		271,505,000	-	-	-	271,505,000	-
Deposits Held for Other Funds		3,924,082,422	-	-	-	3,924,082,422	-
Other Deposits		845,736,578	-	-	-	845,736,578	-
Other Liabilities		6,126,000	-	-	-	6,126,000	-
Long Term Liabilities:							
Due within one year		725,485,000	-	-	-	725,485,000	-
Due in more than one year		379,113,000	-	-	-	379,113,000	-
Net Pension Liability		17,152,000	-	-	-	17,152,000	-
Net OPEB Liability		810,000	-	-	-	810,000	-
Total Bank Related Liabilities		6,171,598,000	-	-	-	6,171,598,000	-
Total Liabilities		6,171,598,000	1,312,510,000	742,217,158	1,359,546,936	168,172,763	53,892,676
DEFERRED INFLOWS OF RESOURCES							
Grants Received Prior to Time Requirements		-	140,783	-	-	140,783	-
Increase in Fair Value of Hedging Derivatives		-	-	-	15,750	15,750	-
Unrealized Gain on Interest Rate Swap		12,846,000	-	-	-	12,846,000	-
Derived from Pensions		1,115,000	324,000	16,550,754	1,622,059	21,308,001	3,036,081
Derived from OPEB		61,000	11,000	499,230	79,889	691,441	120,004
Total Deferred Inflows of Resources		14,022,000	335,000	17,190,767	1,701,948	1,752,260	3,156,085
NET POSITION							
Net Investment in Capital Assets		10,249,000	13,000	1,083,192,671	17,786,728	135,499,495	1,246,740,894
Restricted for:							
Capital Projects		-	84,464	-	-	84,464	-
Debt Service		-	183,913,000	6,981,713	-	379,000	191,273,713
Loan Purposes		-	42,860,355	-	-	-	42,860,355
Pledged Assets		470,185,000	-	-	-	-	470,185,000
Unemployment Compensation		-	-	-	224,309,763	224,309,763	-
University System-Nonexpendable		-	18,384,451	-	-	-	18,384,451
University System-Expendable		-	23,875,071	-	-	-	23,875,071
Other		-	484,714	-	1,430,060	1,914,774	-
Unrestricted		345,336,000	11,318,000	266,290,193	752,744,209	518,530,610	1,894,219,012
Total Net Position		\$ 825,770,000	\$ 195,244,000	\$ 1,442,153,632	\$ 770,530,937	\$ 880,148,928	\$ 4,113,847,497
Reconciliation of the Proprietary Funds Statement of Net Position to the Statement of Net Position							
June 30, 2019							
Total Net Position - Enterprise Funds						<u>4,113,847,497</u>	
Amounts reported for business-type activities in the statement of net position are different because:							
Prior year net position restatement and reduction of current year expenses							
based on the allocation of internal service fund's net income							
Net Position of Business-Type Activities						<u>10,281,519</u>	
						<u>4,124,129,016</u>	

STATE OF NORTH DAKOTA

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds For the Fiscal Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Bank of North Dakota	Housing Finance	University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES							
Sales and Services	\$ 7,170,000	\$ 3,174,786	\$ 98,958,588	\$ 246,897,583	\$ 757,057,340	\$ 1,113,258,297	\$ 101,117,013
Auxiliary Sales Pledges for Bonds	-	-	100,912,581	-	-	100,912,581	-
Tuition and Fees	-	-	333,909,568	-	-	333,909,568	-
Grants and Contributions	-	-	154,845,048	-	-	154,845,048	-
Royalties and Rents	-	-	-	1,530,450	174,763	1,705,213	-
Fines and Forfeits	-	-	-	1,359,709	-	1,359,709	-
Interest and Investment Income	244,456,000	46,188,000	-	-	5,991,350	296,635,350	-
Miscellaneous	-	-	1,509,536	-	98,523	1,608,059	288,989
Total Operating Revenues	251,626,000	49,362,786	690,135,321	249,787,742	763,321,976	2,004,233,825	101,406,002
OPERATING EXPENSES							
Cost of Sales and Services	-	-	20,927,199	-	204,331,145	225,258,344	829,488
Salaries and Benefits	18,934,000	4,229,000	760,667,749	28,163,423	25,669,490	837,663,662	37,320,095
Operating	29,223,000	6,450,000	283,819,293	891,342	390,926,167	711,309,802	48,599,368
Claims	-	-	-	147,666,582	86,283,810	233,950,392	2,463,449
Scholarships and Fellowships	-	-	41,698,185	-	-	41,698,185	-
Interest	49,902,000	27,159,000	-	-	31,000	77,092,000	-
Depreciation	813,000	5,000	72,583,004	1,459,046	7,862,962	82,723,012	11,955,444
Miscellaneous	-	-	-	-	40,866	40,866	49,379
Total Operating Expenses	98,872,000	37,843,000	1,179,695,430	178,180,393	715,145,440	2,209,736,263	101,217,223
Operating Income (Loss)	152,754,000	11,519,786	(489,560,109)	71,607,349	48,176,536	(205,502,438)	188,779
NONOPERATING REVENUES (EXPENSES)							
Grants and Contracts	-	14,870,000	43,708,272	-	801,525	59,379,797	-
Gifts	-	-	40,263,025	-	-	40,263,025	-
Interest and Investment Income	-	461,000	11,021,716	137,014,666	7,798,409	156,295,791	751,930
Interest Expense	-	-	(11,404,436)	(4,047,780)	(2,053,048)	(17,505,264)	(18,388)
Dividends Expense	-	-	-	(115,189,458)	-	(115,189,458)	-
Gain (Loss) on Sale of Capital Assets	-	-	4,370,608	-	-	4,370,608	880,859
Tax Revenue	-	-	5,400,945	-	-	5,400,945	-
Grant Expense	-	(14,868,000)	(6,805,972)	-	-	(21,673,972)	-
Other	-	-	(671,572)	-	(272,729)	(944,301)	-
Total Nonoperating Revenues (Expenses)	-	463,000	85,882,586	17,777,428	6,274,157	110,397,171	1,614,401
Income (Loss) Before Contributions and Transfers	152,754,000	11,982,786	(403,677,523)	89,384,777	54,450,693	(95,105,267)	1,803,180
Capital Grants and Contributions	-	-	19,925,817	-	-	19,925,817	110,106
Transfers In	-	168,214	396,130,013	-	27,303,832	423,602,059	-
Transfer Out	(125,153,000)	(38,000)	(3,909,266)	-	(17,483,328)	(146,583,594)	-
Changes in Net Position	27,601,000	12,113,000	8,469,041	89,384,777	64,271,197	201,839,015	1,913,286
Total Net Position - Beginning of Year, as restated	798,169,000	183,131,000	1,433,684,591	681,146,160	815,877,731	3,912,008,482	107,737,238
Total Net Position - End of Year	\$ 825,770,000	\$ 195,244,000	\$ 1,442,153,632	\$ 770,530,937	\$ 880,148,928	\$ 4,113,847,497	\$ 109,650,524

Reconciliation of Statement of Revenues, Expenses and Changes in Fund Net Position of Proprietary Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2019

Net Change in Net Position-Total Enterprise Funds \$ 201,839,015

Amounts reported for business-type activities in the statement of net position are different because:

Expenses were reduced based on the allocation of internal service fund's net income 245,527

Change in Net Position of Business-Type Activities \$ 202,084,542

The Accompanying Notes are an Integral Part of the Financial Statements



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STATE OF NORTH DAKOTA

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds		
	Bank of North Dakota	Housing Finance	University System
Cash Flows from Operating Activities:			
Receipts from Customers and Users	\$ 10,324,000	\$ 188,503,786	\$ 197,871,200
Receipts from Tuition and Fees	-	-	331,698,479
Interest Income on Loans	-	-	-
Receipts from Loan Principal Repayments	-	-	6,022,354
Receipts from Federal and Local Agencies	-	396,000	-
Receipts from Other Funds	-	-	-
Receipts from Grants and Contracts	-	-	166,922,014
Receipts from Others	-	-	1,580,958
Payments to Other Funds	-	(155,000)	-
Payments for Loan Funds	-	-	(1,059,790)
Payments for Scholarships and Fellowships	-	-	(41,217,457)
Payments to Suppliers	(19,724,000)	(381,944,000)	(293,692,496)
Payments to Employees	(15,472,000)	(3,565,000)	(740,553,794)
Claim Payments	-	-	-
Payments to Others	-	(609,000)	-
Other	-	-	-
Net Cash Provided by (Used for) Operating Activities	(24,872,000)	(197,373,214)	(372,428,532)
Cash Flows from Noncapital Financing Activities:			
Proceeds from Bonds	-	389,022,000	-
Proceeds from Sale of Notes and Other Borrowings	6,377,000,000	-	-
Principal Payments - Bonds	-	(89,660,000)	-
Principal Payments - Notes and Other Borrowings	(6,537,133,000)	-	-
Interest Payments - Bonds	-	(23,474,000)	-
Interest Payments - Notes and Other Borrowings	(25,128,000)	-	-
Tax Collections	-	-	5,400,947
Transfers In	-	18,214	19,692,377
Transfers Out	(125,153,000)	112,000	(3,813,267)
Net Decrease in Non-Interest Bearing Deposits	12,332,000	-	-
Net Increase in Interest Bearing Deposits	152,529,000	-	-
Payments of Interest on Deposits	(16,948,000)	-	-
Interest Paid on Federal Funds and Reverse Repurchase Agreements	(4,692,000)	-	-
Net Increase in Federal Funds and Reverse Repurchase Agreements	(28,270,000)	-	-
Collection of Advances Made	3,394,000	-	-
Loan Proceeds from Due To Other Funds	-	37,353,000	191,365,125
Principal Payments on Due To Other Funds	-	(37,353,000)	(191,391,524)
Grants and Gifts Received for Other than Capital Purposes	-	14,870,000	77,897,871
State Appropriations	-	-	366,565,139
Agency Fund Cash Decrease	-	-	(1,062,184)
Grants Given for Other than Capital Purposes	-	(14,868,000)	(6,805,973)
Net Cash Provided by (Used for) Noncapital Financing Activities	(192,069,000)	276,020,214	457,848,511
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(143,000)	(7,000)	(145,055,540)
Proceeds from Sale of Capital Assets	-	-	5,886,832
Proceeds from Sale of Notes and Other Borrowings	-	-	96,844,950
Principal Payments - Bonds	-	-	-
Principal Payments - Notes and Other Borrowings	-	-	(20,538,565)
Interest Payments - Bonds	-	-	-
Interest Payments - Notes and Other Borrowings	-	-	(11,627,313)
Capital Appropriations	-	-	16,233,975
Payment of Bond Issue Costs	-	-	-
Payment on Capital Leases	-	-	-
Interest Payments - Capital Leases	-	-	-
Capital Grants and Gifts Received	-	-	13,639,009
Insurance Proceeds	-	-	844,171
Net Cash Provided by (Used for) Capital and Related Financing Activities	(143,000)	(7,000)	(43,772,481)
Cash Flows from Investing Activities:			
Proceeds from Sale and Maturities of Investment Securities	860,602,000	4,055,000	138,521,062
Purchase of Investment Securities	(1,113,034,000)	(33,108,000)	(144,690,121)
Net Increase In Investments	-	-	-
Interest and Dividends on Investments	42,910,000	353,000	9,550,520
Proceeds from Sale of Other Real Estate	3,859,000	-	-
Net Decrease in Loans	36,204,000	-	-
Disbursements for Loans and Loan Purchases	-	-	-
Receipt of Loan Principal Repayments	-	-	-
Proceeds from Collection of Loans and Notes Receivable	283,647,000	-	-
Loan Income Received	197,991,000	-	-
Net Cash Provided by (Used for) Investing Activities	312,179,000	(28,700,000)	3,381,461

The Accompanying Notes are an Integral Part of the Financial Statements

(Continued on Next Page)

Business-Type Activities - Enterprise Funds			Governmental Activities	
Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds	
\$ 139,384,437	\$ 837,406,413	\$ 1,373,489,836	\$ 4,886,600	
-	-	331,698,479	-	
-	59,178	59,178	-	
-	1,859,981	7,882,335	-	
-	-	396,000	-	
-	-	-	96,391,628	
-	-	166,922,014	-	
64,398,472	505,500	66,484,930	-	
(4,376,386)	(405,663)	(4,937,049)	(3,178,609)	
-	(10,368,931)	(11,428,721)	-	
-	-	(41,217,457)	-	
-	(657,244,488)	(1,352,604,984)	(51,349,397)	
(23,598,115)	(28,644,472)	(811,833,381)	(31,990,767)	
(159,829,638)	(76,989,129)	(236,818,767)	(301,814)	
(4,365,989)	(745,532)	(5,720,521)	-	
-	5,468,931	5,468,931	-	
11,612,781	70,901,788	(512,159,177)	14,457,641	
-	-	389,022,000	-	
-	43,000,000	6,420,000,000	-	
-	-	(89,660,000)	-	
-	(32,655,860)	(6,569,788,860)	-	
-	(30,000)	(23,504,000)	-	
-	(1,742,224)	(26,870,224)	-	
-	-	5,400,947	-	
-	27,007,832	46,718,423	-	
-	(27,804,453)	(156,658,720)	-	
-	-	12,332,000	-	
-	-	152,529,000	-	
-	-	(16,948,000)	-	
-	-	(4,692,000)	-	
-	-	(28,270,000)	-	
-	-	3,394,000	-	
-	-	228,718,125	-	
-	(2,908,021)	(231,652,545)	-	
-	801,525	93,569,396	-	
-	-	366,565,139	-	
-	-	(1,062,184)	-	
-	-	(21,673,973)	-	
-	5,668,799	547,468,524	-	
(3,458,899)	(23,476,053)	(172,140,492)	(16,888,212)	
-	-	5,886,832	4,198,005	
-	-	96,844,950	-	
-	(120,000)	(120,000)	-	
-	-	(20,538,565)	-	
-	(57,200)	(57,200)	-	
-	-	(11,627,313)	-	
-	-	16,233,975	-	
-	(16,500)	(16,500)	-	
-	-	-	(11,328)	
-	-	-	(2,901)	
-	-	13,639,009	-	
-	-	844,171	-	
(3,458,899)	(23,669,753)	(71,051,133)	(12,704,436)	
44,500,000	32,546,588	1,080,224,650	620,742	
(53,509,687)	(23,404,936)	(1,367,746,744)	-	
-	1,519,418	1,519,418	-	
-	6,248,391	59,061,911	324,679	
-	-	3,859,000	-	
-	-	36,204,000	-	
-	(91,716,500)	(91,716,500)	-	
-	11,732,000	11,732,000	-	
-	7,903,277	291,550,277	-	
-	5,202,180	203,193,180	-	
(9,009,687)	(49,969,582)	227,881,192	945,421	

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Cash Flows Proprietary Funds (Continued) For the Fiscal Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds		
	Bank of North Dakota	Housing Finance	University System
Net Change in Cash:			
Net Increase (Decrease) in Cash and Cash Equivalents	95,095,000	49,940,000	45,028,959
Cash and Cash Equivalents at June 30, 2018	414,597,000	188,595,000	207,685,751
Cash and Cash Equivalents at June 30, 2019	<u>\$ 509,692,000</u>	<u>\$ 238,535,000</u>	<u>\$ 252,714,710</u>
Reconciliation:			
Current:			
Cash Deposits at the Bank of North Dakota	-	7,430,000	202,193,296
Cash and Cash Equivalents	509,692,000	-	10,177,641
Restricted Cash Deposits at the Bank of North Dakota	-	15,076,000	-
Restricted Cash and Cash Equivalents	-	216,029,000	-
Noncurrent:			
Restricted Cash Deposits At The Bank of North Dakota	-	-	40,343,773
Cash and Cash Equivalents	<u>\$ 509,692,000</u>	<u>\$ 238,535,000</u>	<u>\$ 252,714,710</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	152,754,000	11,519,786	(489,560,109)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	813,000	5,000	72,583,008
Amortization/Accretion	-	(4,125,000)	-
Reclassification of Interest Revenue/Expense	(198,015,000)	27,106,000	-
(Gain) Loss on Sale of Student Loans	(1,620,000)	-	-
(Gain) Loss on Sale of Real Estate	(705,000)	-	-
Net Increase in Fair Value of Investments	4,942,000	(384,000)	-
Interest Received on Program Loans	-	-	-
Dividend Credit Applied to Receivable	-	-	-
Receipt of Loan Principal Repayments	-	-	-
Provision for Losses	12,000,000	-	-
Other	-	-	2,596,270
Deferred Outflows	-	240,000	8,176,521
Deferred Inflows	-	123,000	3,986,671
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	-	(220,990,000)	(113,314)
(Increase) Decrease in Interest Receivable	-	(815,000)	-
(Increase) Decrease in Due From	3,308,000	3,000	-
(Increase) Decrease in Intergovernmental Receivable	-	(378,000)	-
(Increase) Decrease in Notes Receivable	-	-	17,317,086
(Increase) Decrease in Prepaid Items	-	(34,000)	-
(Increase) Decrease in Inventories	-	-	(87,885)
(Increase) Decrease in Other Assets	(1,494,000)	(2,251,000)	(2,967,941)
Increase (Decrease) in Accounts Payable	-	-	7,202,014
Increase (Decrease) in Interest Payable	-	-	-
Increase (Decrease) in Claims/Judgments Payable	-	-	-
Increase (Decrease) in Intergovernmental Payable	-	(1,000)	-
Increase (Decrease) in Accrued Payroll	-	-	3,488,050
Increase (Decrease) in Compensated Absences Payable	-	(6,000)	(445,692)
Increase (Decrease) in Amounts Held for Others	-	2,804,000	-
Increase (Decrease) in Other Deposits	-	-	443,083
Increase (Decrease) in Due To	(4,000)	3,000	-
Increase (Decrease) in Unavailable Revenue	-	-	124,190
Increase (Decrease) in Net Pension Liability	-	94,000	5,047,817
Increase (Decrease) in Net OPEB Liability	-	-	(218,301)
Increase (Decrease) in Other Liabilities	3,149,000	(10,287,000)	-
Increase (Decrease) in Dividends Payable	-	-	-
Total Adjustments	(177,626,000)	(208,893,000)	117,131,577
Net Cash Provided by (Used for) Operating Activities	<u>\$ (24,872,000)</u>	<u>\$ (197,373,214)</u>	<u>\$ (372,428,532)</u>
Noncash Transactions:			
Net Change in Fair Value of Investments	(4,942,000)	439,000	702,180
Transfers from Net Position to Transfers Payable	128,614,000	-	-
Change in Securities Lending Collateral	-	-	-
Investment Income	-	-	-
Dividends Credited to Premium Billing	-	-	-
Accounts Receivable Premium Reduction	-	-	-
Assets Acquired Through Capital Lease	-	-	10,461,093
Assets Acquired Through Special Assessments	-	-	52,899
Expenses Paid by Capital Lease	-	-	4,444,582
Value Received on Trade of Capital Asset	-	-	-
Gifts of Capital Assets	-	-	167,424
Total Noncash Transactions	<u>\$ 123,672,000</u>	<u>\$ 439,000</u>	<u>\$ 15,828,178</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Business-Type Activities - Enterprise Funds			Governmental Activities
Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
(855,805)	2,931,252	192,139,406	2,698,626
3,726,994	356,267,180	1,170,871,925	30,474,722
<u>\$ 2,871,189</u>	<u>\$ 359,198,432</u>	<u>\$ 1,363,011,331</u>	<u>\$ 33,173,348</u>
2,871,189	149,752,740	362,247,225	32,772,230
-	204,371,774	724,241,415	401,118
-	5,073,918	20,149,918	-
-	-	216,029,000	-
-	-	40,343,773	-
<u>\$ 2,871,189</u>	<u>\$ 359,198,432</u>	<u>\$ 1,363,011,331</u>	<u>\$ 33,173,348</u>
71,607,349	48,176,536	(205,502,438)	188,779
1,459,046	7,862,962	82,723,016	11,955,444
-	-	(4,125,000)	-
-	(4,326,825)	(175,235,825)	-
-	-	(1,620,000)	-
-	-	(705,000)	-
-	-	4,558,000	-
-	(1,449,000)	(1,449,000)	-
(115,189,458)	-	(115,189,458)	-
-	139,000	139,000	-
-	(1,637,212)	10,362,788	-
(249,236)	80,392	2,427,426	-
2,049,607	(1,196,540)	9,269,588	2,791,412
884,518	76,389	5,070,578	1,279,146
1,992,015	24,491,418	(194,619,881)	(125,147)
-	(6,348)	(821,348)	-
-	197,271	3,508,271	(195,177)
-	543,230	165,230	186,270
-	447,517	17,764,603	-
(10,166)	(1,035,176)	(1,079,342)	(461,643)
-	429,101	341,216	(43,028)
-	(254,652)	(6,967,593)	-
(56,491)	(3,134,351)	4,011,172	182,411
-	-	-	(1,035,645)
41,558,000	(1,162,413)	40,395,587	(992,442)
-	(587,814)	(588,814)	-
-	(584,249)	2,903,801	(74,026)
79,788	(68,965)	(440,869)	10,774
-	681,137	3,485,137	-
-	-	443,083	-
(10,500)	(135,227)	(146,727)	(528,458)
693,283	(24,107)	793,366	-
847,905	3,236,079	9,225,801	1,352,704
(30,921)	54,618	(194,604)	(33,733)
-	89,017	(7,048,983)	-
5,988,042	-	5,988,042	-
<u>(59,994,568)</u>	<u>22,725,252</u>	<u>(306,656,739)</u>	<u>14,268,862</u>
<u>\$ 11,612,781</u>	<u>\$ 70,901,788</u>	<u>\$ (512,159,177)</u>	<u>\$ 14,457,641</u>
20,290,869	380,634	16,870,683	204,741
-	-	128,614,000	-
871,080	-	871,080	(61,956)
116,580,928	-	116,580,928	-
109,201,416	-	109,201,416	-
(109,201,416)	-	(109,201,416)	-
-	-	10,461,093	-
-	-	52,899	-
-	-	4,444,582	-
-	16,806	16,806	-
-	-	167,424	-
<u>\$ 137,742,877</u>	<u>\$ 397,440</u>	<u>\$ 278,079,495</u>	<u>\$ 142,785</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Fiduciary Net Position Fiduciary Funds June 30, 2019

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Agency Funds
ASSETS				
Cash Deposits at the Bank of ND	\$ 35,545,632	\$ -	\$ 5,908,823	\$ 30,631,347
Cash and Cash Equivalents	70,823	-	823,050	5,796,824
Receivables:				
Contributions Receivable	40,883,547	-	-	-
Accounts Receivable - Net	-	-	185,538	11,033,893
Taxes Receivable - Net	-	-	-	46,901,827
Interest Receivable - Net	22,399,850	709,148	2,170	124
Due from Other Funds	294	-	25	-
Total Receivables	<u>63,283,691</u>	<u>709,148</u>	<u>187,733</u>	<u>57,935,844</u>
Investments, at Fair Value:				
Investments at the Bank of ND	-	-	21,740	29,887,602
Equities	1,495,354,621	142,080,410	-	-
Equity Pool	1,936,989,934	-	-	-
Fixed Income Pool	1,416,295,685	85,590,715	1,317,953	141,619
Cash and Cash Pool	56,555,925	1,744,282	-	-
Real Estate Pool	1,037,033,167	43,804,676	-	-
Mutual Funds	136,367,609	-	456,003,055	-
Total Investments	<u>6,078,596,941</u>	<u>273,220,083</u>	<u>457,342,748</u>	<u>30,029,221</u>
Invested Securities Lending Collateral	<u>18,737,223</u>	<u>936,877</u>	<u>39,457</u>	<u>-</u>
Capital Assets (Net of Depreciation)	<u>981,301</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>6,197,215,611</u>	<u>274,866,108</u>	<u>464,301,811</u>	<u>\$ 124,393,236</u>
DEFERRED OUTFLOWS OF RESOURCES				
Derived from Pensions	<u>709,618</u>	<u>-</u>	<u>-</u>	
Total deferred outflows of resources	<u>709,618</u>	<u>-</u>	<u>-</u>	
LIABILITIES				
Accounts Payable	5,889,757	110,089	1,346,717	-
Accrued Payroll	160,737	-	-	-
Securities Lending Collateral	18,737,223	936,877	39,457	-
Intergovernmental Payable	-	-	-	75,829,927
Tax Refunds Payable	-	-	-	4,051
Due to Other Funds	27,656	-	-	-
Due to Fiduciary Funds	86	-	-	-
Amounts Held in Custody for Others	14,795	-	-	48,559,258
Compensated Absences Payable	122,228	-	-	-
Total Liabilities	<u>24,952,482</u>	<u>1,046,966</u>	<u>1,386,174</u>	<u>\$ 124,393,236</u>
DEFERRED INFLOWS OF RESOURCES				
Derived from Pensions	<u>104,071</u>	<u>-</u>	<u>-</u>	
Total deferred inflows of resources	<u>104,071</u>	<u>-</u>	<u>-</u>	
NET Position				
Net Position Restricted for:				
Pension Benefits	6,171,845,799	-	-	
Other Employee Benefits	1,022,877	-	-	
External Investment Pool Participants	-	273,819,142	-	
Other Purposes	-	-	462,915,637	
Total Net Position Restricted for Pension Benefits and Other Purposes	<u>\$ 6,172,868,676</u>	<u>\$ 273,819,142</u>	<u>\$ 462,915,637</u>	

STATE OF NORTH DAKOTA

Statement of Changes in Fiduciary Net Position Fiduciary Funds For the Fiscal Year Ended June 30, 2019

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 186,605,926	\$ -	\$ -
Employee	179,354,548	-	-
From Participants	-	-	47,864,276
Transfers from Other Funds	405,963	-	-
Transfers from Other Plans	1,521,518	-	-
Donations	-	-	4,554
Total Contributions	<u>367,887,955</u>	<u>-</u>	<u>47,868,830</u>
Investment Income:			
Net Change in Fair Value of Investments	202,935,625	9,340,012	(30,027,421)
Interest and Dividends	<u>132,458,629</u>	<u>6,143,404</u>	<u>11,781,512</u>
Less Investment Expense	<u>15,219,295</u>	<u>654,932</u>	<u>3,160</u>
Net Investment Income	<u>320,174,959</u>	<u>14,828,484</u>	<u>(18,249,069)</u>
Securities Lending Activity:			
Securities Lending Income	442,229	24,837	1,141
Less Securities Lending Expense	<u>44,927</u>	<u>4,964</u>	<u>-</u>
Net Securities Lending Income	<u>397,302</u>	<u>19,873</u>	<u>1,141</u>
Repurchase Service Credit	9,681,637	-	-
Miscellaneous Income (Expense)	<u>1,257,926</u>	<u>-</u>	<u>2,957</u>
Total Additions	<u>699,399,779</u>	<u>14,848,357</u>	<u>29,623,859</u>
DEDUCTIONS			
Benefits Paid to Participants	423,427,940	-	-
Refunds	17,739,919	-	-
Prefunded Credit Applied	11,497,890	-	-
Transfer to Other Plans	405,963	-	-
Payments in Accordance with Trust Agreements	-	-	40,035,794
Administrative Expenses	<u>6,775,498</u>	<u>-</u>	<u>3,450,294</u>
Total Deductions	<u>459,847,210</u>	<u>-</u>	<u>43,486,088</u>
Redemption of Units at \$1.00 Per Unit	<u>-</u>	<u>(1,915,480)</u>	<u>-</u>
Change in Net Position Held in Trust for:			
Pension Benefits	239,334,759	-	-
Other Employee Benefits	217,810	-	-
External Investment Pool Participants	-	12,932,877	-
Other Purposes	<u>-</u>	<u>-</u>	<u>(13,862,229)</u>
Total Change in Net Position	<u>239,552,569</u>	<u>12,932,877</u>	<u>(13,862,229)</u>
Net Position - Beginning of Year	<u>5,933,316,107</u>	<u>260,886,265</u>	<u>476,777,866</u>
Net Position - End of Year	<u>\$ 6,172,868,676</u>	<u>\$ 273,819,142</u>	<u>\$ 462,915,637</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Combining Statement of Net Position Component Units - Proprietary Funds (Excludes FASB Based Component Units) June 30, 2019

	CHAND	Historical Foundation	Public Finance Authority	ND Development Fund	State Fair Foundation	Total
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 2,504,961	\$ 424,307	\$ -	\$ 12,472,141	\$ 204,300	\$ 15,605,709
Accounts Receivable - Net	1,771	231,024	-	-	-	232,795
Interest Receivable - Net	-	-	-	80,999	-	80,999
Due from Primary Government	-	-	31,000	-	-	31,000
Loans and Notes Receivable - Net	-	-	-	6,838,143	-	6,838,143
Restricted Cash and Cash Equivalents	-	-	80,856,000	-	11,016	80,867,016
Restricted Investments	-	-	102,678,000	-	-	102,678,000
Restricted Interest Receivable - Net	-	-	5,933,000	-	-	5,933,000
Total Current Assets	2,506,732	655,331	189,498,000	19,391,283	215,316	212,266,662
Noncurrent Assets:						
Restricted Investments	-	-	883,261,000	-	-	883,261,000
Investments	-	468,362	-	350,000	-	818,362
Due from Primary Government	-	-	30,000	-	-	30,000
Loans and Notes Receivable - Net	-	-	-	2,909,629	1,110,000	4,019,629
Other Noncurrent Assets	-	161,200	-	-	-	161,200
Capital Assets:						
Nondepreciable	-	-	-	-	1,115,389	1,115,389
Depreciable, Net	-	3,098	-	3,738	-	6,836
Total Noncurrent Assets	-	632,660	883,291,000	3,263,367	2,225,389	889,412,416
Total Assets	2,506,732	1,287,991	1,072,789,000	22,654,650	2,440,705	1,101,679,078
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on bond refunding	-	-	3,802,000	-	-	3,802,000
Derived from Pensions	-	-	113,000	-	-	113,000
Total Deferred Outflows of Resources	-	-	3,915,000	-	-	3,915,000
LIABILITIES						
Current Liabilities:						
Accounts Payable	575,842	8,878	113,000	13,836	13,000	724,556
Accrued Payroll	-	2,587	-	-	-	2,587
Interest Payable	-	-	4,802,000	-	-	4,802,000
Intergovernmental Payable	-	-	3,000	-	-	3,000
Compensated Absences Payable	-	13,594	-	-	-	13,594
Notes Payable	-	-	-	-	4,407	4,407
Bonds Payable	-	-	26,960,000	-	-	26,960,000
Unearned Revenue	2,332	47,477	-	-	-	49,809
Total Current Liabilities	578,174	72,536	31,878,000	13,836	17,407	32,559,953
Noncurrent Liabilities:						
Notes Payable	-	-	-	-	74,340	74,340
Bonds Payable	-	-	522,940,000	-	-	522,940,000
Net Pension Liability	-	-	279,000	-	-	279,000
Other Noncurrent Liabilities	-	136,668	-	-	-	136,668
Total Noncurrent Liabilities	-	136,668	523,219,000	-	74,340	523,430,008
Total Liabilities	578,174	209,204	555,097,000	13,836	91,747	555,989,961
DEFERRED INFLOWS OF RESOURCES						
Derived from Pensions	-	-	21,000	-	-	21,000
Total Deferred Inflows of Resources	-	-	21,000	-	-	21,000
Net Position						
Net Investment in Capital Assets	-	3,098	-	3,738	-	6,836
Restricted for:						
Capital Projects	-	534,286	-	-	-	534,286
Debt Service	-	-	98,810,000	-	-	98,810,000
Loan Purposes	-	-	420,857,000	-	-	420,857,000
Endowment Funds-Nonexpendable	-	246,001	-	-	2,155,492	2,401,493
Unrestricted	1,928,558	295,402	1,919,000	22,637,076	193,466	26,973,502
Total Net Position	\$ 1,928,558	\$ 1,078,787	\$ 521,586,000	\$ 22,640,814	\$ 2,348,958	\$ 549,583,117

STATE OF NORTH DAKOTA

Combining Statement of Activities Component Units - Proprietary Funds (Excludes FASB Based Component Units) For the Fiscal Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue	Change in Net Position	Net Position Beginning of Year	Net Position End of Year
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions				
CHAND	\$ 3,257,033	\$ 2,365,881	\$ 40,875	-	\$ (850,277)	\$ (850,277)	\$ 2,778,835	\$ 1,928,558
Historical Foundation	484,650	154,223	127,985	-	(202,442)	(202,442)	1,281,229	1,078,787
Public Finance Authority	25,639,000	3,265,000	43,609,000	-	21,235,000	21,235,000	500,351,000	521,586,000
ND Development Fund	1,778,003	839,945	51,819	-	(886,239)	(886,239)	23,527,053	22,640,814
State Fair Foundation	45,367	44,538	60,446	6,000	65,617	65,617	2,283,341	2,348,958
Total Component Units	\$ 31,204,053	\$ 6,669,587	\$ 43,890,125	\$ 6,000	\$ 19,361,659	\$ 19,361,659	\$ 530,221,458	\$ 549,583,117

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STATE OF NORTH DAKOTA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The primary authority for the State's accounting and reporting requirements is the Office of Management and Budget. The Office of Management and Budget has adopted the pronouncements of the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the State's accounting policies are as follows:

A. REPORTING ENTITY

For financial reporting purposes, the State of North Dakota has included all funds, organizations, agencies, boards and commissions that make up its legal entity. The State has also included all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the State to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State.

As required by accounting principles generally accepted in the United States of America, these financial statements present the State of North Dakota (the primary government) and its component units. The component units are included in the State's reporting entity because of the significance of their operational or financial relationships with the State.

BLENDED COMPONENT UNITS

These component units are entities that are legally separate from the State, but are so intertwined with the State that they are, in substance, the same as the State. They are reported as part of the State and blended into the appropriate fund types.

Building Authority (Debt Service Fund and Capital Projects Fund) - The Building Authority was created by the Legislature as a separate instrumentality of the State. Its purpose is to promote the general welfare of the citizens of the State by providing financing for use by the State in altering, repairing, maintaining or constructing buildings and making any improvements connected to State buildings. The Industrial Commission, which consists of the governor, the attorney general, and the commissioner of agriculture, is the governing board of the Building Authority. The funds of the Building Authority were audited by other independent auditors for the fiscal year ended June 30, 2019, and their report has been previously issued under a separate cover.

DISCRETELY PRESENTED COMPONENT UNITS

These component units are entities that are legally separate from the State, but are financially accountable to the State. The component units' columns of government-wide financial statements include the financial data of these entities.

MAJOR COMPONENT UNITS

Comprehensive Health Association (Proprietary Fund Type) – The Association was established by the Legislature with participating membership consisting of those insurance companies, licensed or authorized to do business in the State. It provides low cost access to health insurance coverage for residents of the State who are denied adequate health insurance and are considered uninsurable. Under North Dakota Century Code, the Majority Leader of the Senate appoints one member of the Senate and the House of Representatives appoints one member of the House to the eight-member board. The Association was audited by other independent auditors for the calendar year ended December 31, 2018, and their report has been previously issued under a separate cover.

State Historical Society of North Dakota Foundation – The mission of the State Historical Society of North Dakota Foundation is to provide fundraising and membership development activities to support the State Historical Society of North Dakota which preserves and promotes the heritage of North Dakota and its people. The Fund of the State Historical Society of North Dakota Foundation were audited by other independent auditors for the fiscal year ended June 30, 2019, and their report has been previously issued under a separate cover.

STATE OF NORTH DAKOTA

Public Finance Authority (Proprietary Fund Type) – The Finance Authority was created by the Legislature as a separate agency of the State. The purpose of the Finance Authority is to make funds available for borrowing by North Dakota political subdivisions through the issuance of its bonds and the purchase of municipal securities of the political subdivisions. The Finance Authority has been granted all powers required in order to accomplish this purpose and is under the control and management of the Industrial Commission. The Fund was audited by other independent auditors for the calendar year ended December 31, 2018, and their report has been previously issued under a separate cover.

North Dakota Development Fund, Inc. (Proprietary Fund Type) – The Development Fund was established as a statewide nonprofit development corporation with the authority to take equity positions in; to provide loans to; or to use other innovative financing mechanisms to provide capital for new or expanding businesses in North Dakota or relocating businesses to North Dakota. A board of directors consisting of eight members, all of whom are appointed by the governor, manages the corporation. The deputy director of the Department of Commerce (a State agency) is the corporation's chief executive officer. The director of the Department of Commerce (governor-appointed cabinet position) is responsible for developing rules, subject to the approval of the board of directors, necessary to implement the administration of the corporation. The Fund was audited by other independent auditors for the fiscal year ended June 30, 2019, and their report has been previously issued under a separate cover.

North Dakota State Fair Foundation – The mission of the North Dakota State Fair Foundation is to develop lifelong relationships with donors to secure philanthropic gifts that will enhance and support the work of the North Dakota State Fair. The Fund of the North Dakota State Fair Foundation were audited by other independent auditors for the fiscal year ended September 30, 2018, and their report has been previously issued under a separate cover.

Major and Non-major University System Foundations (Proprietary Fund Type) – The foundations are legally separate, tax-exempt organizations providing support and recognition to the respective colleges and universities through a variety of programs and activities. The foundations are normally managed by a board of directors made up primarily of alumni, friends or leading members of the communities. The component unit financial statements are presented under Financial Accounting Standards Board (FASB) standards. As such, certain disclosures are not reflected for the Major University System Foundation in the major component unit disclosures and no disclosures are included for the Non-major University System Foundation. A complete set of financial statements can be obtained at the North Dakota University System office at 600 E. Boulevard Avenue, #10, Bismarck, ND 58505.

Complete financial statements for each of the other individual component units may be obtained at the entity's administrative offices as follows:

Building Authority
600 E. Boulevard Ave., 14th Floor
Bismarck, ND 58505-0840

Public Finance Authority
1200 Memorial Highway
Bismarck ND 58504

Comprehensive Health Associations
4510 13th Ave. South
Fargo, ND 58121

North Dakota Development Fund, Inc.
1600 E. Century Ave., #2
Bismarck, ND 58503

State Historical Society of North Dakota Foundation
P.O. Box 1976
Bismarck, ND 58502-1976

North Dakota State Fair Foundation
P.O. Box 1796
Minot, ND 58702-1796

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position presents the reporting entity's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

STATE OF NORTH DAKOTA

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net position result when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. Net position restricted by enabling legislation are subject to change by a majority vote of the Legislative Assembly.

Unrestricted net position consist of net position that do not meet the definition of the two preceding categories. Unrestricted net position often are designated, to indicate that management does not consider them to be available for general operations. Unrestricted net position often have constraints on resources which are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

FUND FINANCIAL STATEMENTS

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being combined into a single column.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

MESUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund (agency funds are excluded as they have no measurement focus) financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

The State follows the pronouncements of the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard-setting body for establishing accounting principles generally accepted in the United States of America for governmental entities.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual; generally when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period.

The State considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal year end. Other revenues are considered to be available if received within one year after the fiscal year end. Major revenues that are determined to be susceptible to accrual include interest, federal grants-in-aid, and taxpayer-assessed taxes such as income, sales, corporate, excise, motor fuel taxes and unemployment compensation contributions. Revenues earned under the terms of reimbursement agreements with other governments or private sources are recorded at the time the related expenditures are made if other eligibility requirements have been met. Sales and use taxes are accrued based upon filings received and an estimate of filings due by June 30. Net income taxes from individuals and corporations are accrued based on current income earned by the taxpayer before June 30. Quarterly filings, withholding statements, and other historical data are used to estimate income. The revenue is accrued net of an allowance for uncollectible taxes. Unearned revenue is recorded for receivables that are measurable but not available at year-end.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences, and claims and judgments, are recorded only when payment is due and payable.

STATE OF NORTH DAKOTA

FINANCIAL STATEMENT PRESENTATION

The State reports the following major governmental funds:

The General Fund is the principal operating fund of the State.

The Federal Fund accounts for all the financial resources from the federal government.

The State Special Revenue Fund accounts for activities from state sources, which are restricted legally or administratively for the particular costs of an agency or program.

The State reports the following major enterprise funds:

The Bank of North Dakota Fund finances economic development throughout the state, participates in loans with North Dakota financial institutions, and holds interest-bearing deposit accounts for state and political subdivisions of North Dakota.

The Housing Finance Agency Fund is authorized to issue bonds to make loans to mortgage lenders for qualified residential mortgage loans and to make mortgage and construction loans for multi-family housing within the State of North Dakota.

The University System Fund accounts for all financial transactions of the colleges and universities that compose the University System of North Dakota.

The Workforce Safety & Insurance Fund is financed entirely by premiums assessed to the employers of North Dakota and provides no-fault medical and disability insurance to all North Dakota employees.

Additionally, the State reports the following fund types:

GOVERNMENTAL FUND TYPES

General Fund accounts for all governmental financial resources, except for those required to be accounted for in other funds.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Permanent Funds report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry, such as the common schools within the state.

PROPRIETARY FUND TYPES

Enterprise Funds account for those business-like State activities that provide goods/services to the public, financed primarily through user charges. They are also used to account for operations where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability and other purposes. The State's loan programs, Mill and Elevator, and Fair are reported in this type.

Internal Service Funds account for the financing of goods and/or services provided by one department or agency to another department or agency of a government, or to other governments, on a cost-reimbursement basis. These goods and services include motor pool services; printing, reproduction and mailing services; information technology; and risk management services. In the government-wide statements, internal service funds are included with governmental activities.

STATE OF NORTH DAKOTA

FIDUCIARY FUND TYPES

Pension and Other Employee Benefits Trust Funds account for resources that are required to be held in trust for the members and beneficiaries of the State's defined benefit pension plans, defined contribution plan, deferred compensation plan, flexcomp plan, and other post-employment benefit plans.

Investment Trust Funds account for the transactions, assets, liabilities, and fund equity of the external pool participants (City of Bismarck, City of Grand Forks, City of Grand Forks Park District, ND Association of Counties, City of Fargo Fargodome, North Dakota State Board of Medicine, Petroleum Tank Release Compensation Fund, Lewis and Clark Interpretive Center Endowment Fund and Retirement and Investment Office Investments). The State Investment Board (SIB) provides administrative services for the external pool participants. SIB issues a publicly available financial report that may be obtained by writing to the Retirement and Investment Office, 3442 East Century Avenue, Bismarck, North Dakota 58503. Investment Trust Funds are accounted for in essentially the same manner as Proprietary Funds.

Private Purpose Trust Funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. Examples include student donations, the State's college savings plan, and a remediation trust.

Agency Funds account for assets held by the State as an agent for other governmental units, or other organizations, and do not involve measurement of results of operations. Examples of funds in this category include state agency funds for bonding, tax collection, child support disbursement, and funds held for others.

D. GENERAL BUDGETARY POLICIES AND PROCEDURES

The State operates through a biennial appropriation that represents departmental appropriations recommended by the governor and presented to the Legislative Assembly at the beginning of each legislative session. The Legislative Assembly enacts the budgets of the various state departments through passage of specific appropriation bills. The governor has line item veto powers over all appropriations subject to legislative override.

Once passed and signed, the appropriation bill becomes the departments' financial plan for the next two years. Changes to the appropriation are limited to Emergency Commission authorization, initiative, allotment, or referendum action. The Emergency Commission can authorize receipt of federal or other moneys not appropriated by the Assembly if the Assembly did not indicate intent to reject the money. The Emergency Commission may authorize pass-through federal funds from one state agency to another. The Emergency Commission may authorize the transfer of expenditure authority between appropriated line items. The Legislature has also passed appropriation laws that authorize directors of certain state agencies to transfer appropriation authority among the various divisions of their specific agency, subject to the Budget Section of the North Dakota Legislative Council's approval. Unexpended appropriations lapse at the end of each biennium, except certain capital expenditures covered under the North Dakota Century Code (NDCC) section 54-44.1-11 and the University System's unexpended general fund appropriation authority.

The State's biennial budget is prepared primarily on a cash basis. The State does not use encumbrance accounting. The legal level of budgetary control is at the agency, appropriation, funding source and expenditure line item level, with administrative controls established at lower levels of detail in certain instances. The State does not formally budget revenues, and it does not budget by fund. The State appropriation is defined through the use of specific expenditure line items. Capital appropriations are generally made at the agency and project level.

North Dakota's Appropriation Act does not present budgets by GAAP fund. Instead, it authorizes General Fund appropriation authority by agency and Other Budgeted Income appropriation authority by agency. Other budgeted income includes all budgeted resources, other than the General Fund, and includes some governmental, proprietary, and fiduciary fund activities.

During the 2017-2019 biennium, there were general, federal and other funds supplemental appropriations totaling \$790,712,092.

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for reporting purposes includes cash and short-term, highly liquid investments that are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. This includes investments with original maturity of three months or less. Also cash, as reported, may be under the control of the State Treasurer or by other administrative bodies as determined by law. Cash and cash equivalents are presented on the fund balance sheets as "Cash Deposits at the Bank of North Dakota" and "Cash and Cash Equivalents" to present the unique nature of the relationship between the Bank of North Dakota, an enterprise fund, and other state agencies.

STATE OF NORTH DAKOTA

Cash Deposits at the Bank of North Dakota – State agency cash balances, as required by law, are pooled by the State Treasurer and deposited in the Bank of North Dakota, an enterprise fund. These cash balances, in addition to other agency cash deposited at the Bank of North Dakota, are included on the fund balance sheets as "Cash Deposits at the Bank of North Dakota". For purposes of the Government-wide Statement of Net Position, these amounts have been reclassified to internal balances.

Cash and Cash Equivalents – All cash and cash equivalents, (other than cash deposits at the Bank of North Dakota), as permitted by the North Dakota Century Code, are included on the Government-wide Statement of Net Position as "Cash and Cash Equivalents".

The State had no cash overdrafts from pooled cash and investments at June 30, 2019.

All interest revenue is allocated to the General Fund unless state law (as outlined in the North Dakota Century Code) requires allocations of interest to other funds.

F. INVESTMENTS

Investments are reported at fair value. Quoted market prices, when available, have been used to value investments. The fair value for securities that have no quoted market price represent estimated fair value. International securities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at June 30. In general, corporate debt securities have been valued at quoted market prices or, if not available, values are based on yields currently available on comparable securities of issuers with similar credit ratings. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments. The fair value of real estate investment securities, including timberland, is based on appraisals plus fiscal year-to-date capital transactions. Publicly traded alternative investments are valued based on quoted market prices. When not readily available, alternative investment securities are valued using current estimates of fair value from the investment manager. Such valuations consider variables such as financial performance of the issuer, comparison of comparable companies' earnings multiples, cash flow analysis, recent sales prices of investments, withdrawal restrictions, and other pertinent information. Because of the inherent uncertainty of the valuation for these other alternative investments, the estimated fair value may differ from the values that would have been used had a ready market existed.

The net change in fair value of investments consists of the realized gains or losses and the unrealized increase or decrease in fair value of investments during the year. Realized gains and losses on sales of investments are computed based on the difference between the sales price and the original cost of the investment sold.

Unrealized gains and losses are computed based on changes in the fair value of investments between years. Security transactions are currently accounted for on a trade date basis. Interest income is recorded when earned. Dividend income is recorded on the ex-dividend date.

Purchases of other state funds' debt issues by the Bank of North Dakota have been recorded as normal business transactions if they are the result of arms-length transactions.

Investments are presented on the fund balance sheets as "Investments at the Bank of North Dakota" and "Investments" to present the unique nature of the relationship between the Bank of North Dakota, an enterprise fund, and other state agencies.

Investments at the Bank of North Dakota – State agency investments, primarily certificates of deposits of the Bank of North Dakota, are included on the fund balance sheets as "Investments at the Bank of North Dakota." For purposes of the Government-wide Statement of Net Position, these amounts have been reclassified to internal balances.

Investments – State agency investments invested at financial institutions other than the Bank of North Dakota are included on the Government-wide Statement of Net Position as "Investments." Differences on the Fund Balance Sheets between the assets, "Cash at the Bank of North Dakota" and "Investments at the Bank of North Dakota," and the liability, "Deposits Held for Other Funds," is attributable to timing differences resulting from the Bank of North Dakota having a different fiscal year end than many of the other state agencies.

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G. SECURITIES LENDING

GASB Statement No. 28 "Accounting and Financial Reporting for Securities Lending Transactions," establishes accounting and financial reporting standards for securities lending transactions. The standard requires governmental entities to report securities lent as assets in their statements of net position. Cash received as collateral and investments made with that cash must also be reported as both an asset and a liability. The statement also requires the costs of the securities lending transactions to be reported as expenses separately from income received. In addition, the statement requires disclosures about the transactions and collateral related to them.

The Agent lends securities of the type on loan at June 30, 2019, for collateral in the form of cash, U.S. government securities and irrevocable letters of credit. U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus accrued interest. Non-U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus accrued interest.

Non-cash collateral cannot be pledged or sold unless the borrower defaults. All securities can be terminated on demand by either the lender or the borrower, although the average term of the loans State's loans was approximately 71 days as of June 30, 2019. Cash open collateral is invested in a short term investment pool, which had an interest sensitivity of 3 days as of this statement date. This pool is valued based on amortized cost. There were no violations of legal or contractual provisions, no borrower or lending agent default losses known to the securities lending agent. There are no dividends or coupon payments owing on the securities lent. Securities lending earnings are credited to participating clients on approximately the fifteenth day of the following month.

Indemnification deals with the situation in which a client's securities are not returned due to the insolvency of a borrower and the Agent has failed to live up to its contractual responsibilities relating to the lending of those securities. The Agent's responsibilities include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending.

For securities loaned at fiscal year end, the State has no credit risk exposure to borrowers because the amounts the State owes the borrowers exceeds the amounts the borrowers owe the State.

H. INTERFUND ACTIVITY AND BALANCES

INTERFUND ACTIVITY

As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this rule are: 1) activities between funds reported as governmental activities and funds reported as business-type activities and 2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

In the fund financial statements, transfers represent flows of assets (such as goods or cash) without equivalent flows of assets in return or a requirement for repayment. Residual transfer amounts exist in the Government-wide Statement of Activities due to different fiscal year ends of various agencies included in business-type activities.

INTERFUND BALANCES

Interfund receivables and payables have been eliminated from the Statement of Net Position, except for the residual amounts due between governmental and business-type activities.

I. INVENTORIES AND PREPAID ITEMS

Inventories of Governmental Funds are valued at cost and are recognized principally using the average cost method. Generally, the cost of Governmental Funds' inventories is recorded as an expenditure when consumed rather than when purchased.

Inventories of Proprietary Funds consist primarily of grain inventories from the North Dakota Mill and Elevator Association. Grain inventories are valued at the June 30 Minneapolis grain market values less freight costs to Minneapolis. Flour, feed and resale inventories are valued at ingredient cost plus manufacturing costs incurred in their production. Proprietary Funds expense the cost of consumable supplies when used.

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Generally, inventories of University System Funds are valued at the lower of cost or fair market value. Cost is generally determined on the first in/first out, or moving weighted average method. Inventories consist of food, books, and other merchandise held for resale in auxiliaries and unrestricted physical plant supplies.

Prepaid items reflect payments for costs applicable to future accounting periods. The cost of governmental prepaid items are recorded as expenditures when purchased.

Other government fund inventories and prepaid items are reflected as a reservation of fund balance on the balance sheet.

J. BOND PREMIUMS / DISCOUNTS

In the governmental funds, bond discounts and premiums are treated as period costs in the year of issue. Bond discounts and premiums are shown as an "other financing source (use)" in the statement of revenues, expenses and changes in fund balance.

In the proprietary funds, bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest method. The unamortized discount is shown on the statement of net position as a reduction of the bonds payable, and the amortization is included in the statement of revenues, expenses and changes in fund balance as interest expense.

K. CAPITAL ASSETS

Capital assets, which include land, buildings, equipment, intangibles (software, easements and other), construction in progress and infrastructure assets, are valued at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value on the date of donation. Where necessary, estimates of original cost are derived by factoring price levels from the current period to the time of acquisition. Library books are not capitalized as capital assets except for the University System.

All other capital assets with an original cost of \$5,000 or more per unit and an estimated useful life in excess of one year are capitalized and reported in the applicable government or business-type activities columns in the government-wide financial statements. Exceptions include: infrastructure reported by the Department of Transportation, the threshold is \$100,000 and intangible assets such as easements, water rights, patents and trademarks, the threshold is \$25,000. Capital asset costs include the purchase price or construction cost, plus the costs necessary to place the asset in its intended location and condition for use. In governmental activities, interest costs on self-constructed assets are not capitalized. In business-type activities, interest costs (if material) on self-constructed assets are also included in the cost. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. Normal maintenance and repair costs that do not materially add to the value or extend the life of the asset are not capitalized.

Collections of works of art and historical treasures are not capitalized if the following three criteria are met: (1) Held for public exhibition, education, or research in furtherance of public service, rather than financial gain; (2) Protected, kept unencumbered, cared for, and preserved; (3) Subject to organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections. The State's non-capitalized collections include the historical artifacts at the various state museums and historical sites, and monuments and other art throughout the capital grounds. Assets that do not meet all three criteria, or that were capitalized as of June 30, 1999, are capitalized and included in the government-wide financial statements.

Infrastructure consists of major statewide public systems and items attached thereto such as freeways, freeway lighting systems, freeway drainage systems, freeway signs, bridges, bridge lighting systems, and sewer systems, including those infrastructure assets acquired prior to June 30, 1980. Infrastructure is reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Department of Transportation uses the first-in first-out method to remove the capitalized cost of a replaced road along with corresponding accumulated depreciation.

Capital assets in Governmental Funds are recorded as expenditures in the funds used to acquire or construct them in the governmental fund financial statements. Capital assets, along with accumulated depreciation and depreciation expense, which includes amortization of intangible assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

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Land and construction in progress are not depreciated. With the exception of infrastructure reported by the Department of Transportation (which uses the composite method), other capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Infrastructure	10-50
Furniture, Automobiles, and Equipment	3-20
Intangibles	3-99

L. DEFERRED OUTFLOWS OF RESOURCES

Deferred outflow of resources represents a consumption of net position by the government that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources are reported in the applicable governmental or business-type activities columns, or in the component units column on the government-wide Statement of Net Position.

M. LEASE COMMITMENTS

The State leases land, office facilities, office and computer equipment, and other assets. Leases are classified according to GASB 62. Many of these leases have fiscal funding clauses; however, these clauses have no effect on classifying these leases for accounting purposes. Leases which represent acquisitions are classified as capital leases, and the related assets and liabilities are recorded in the financial statements at the inception of the lease. Other leases are classified as operating leases with the lease payments recorded as expenditures or expenses during the life of the lease.

N. FEDERAL FUNDS PURCHASED

Federal Funds Purchased represent federal funds borrowed by the Bank of North Dakota from member banks generally on an overnight basis at the federal funds rate.

O. CLAIMS/JUDGMENTS PAYABLE

Claims/Judgments Payable is primarily Workers Compensation Claims Incurred But Not Yet Reported (IBNR) by the claimants as well as claims related to various litigation matters.

P. COMPENSATED ABSENCES

ANNUAL LEAVE

State employees accrue vested annual leave at a variable rate based on years of service. Teachers employed by the State do not receive annual leave. In general, accrued annual leave cannot exceed 30 days at each year end, as set by the agency. The amount of annual leave earned ranges between one and two days per month, and is fixed by the employing unit per section 54-06-14 of the NDCC.

The governmental fund financial statements recognize annual leave when the liability is incurred and payable from available expendable resources. This normally occurs only if an employee has unused reimbursable leave still outstanding at the time of their termination. The government-wide financial statements present the cost of accumulated annual leave as a liability. Proprietary and Fiduciary Funds recognize the expense and accrued liability when the annual leave is earned.

SICK LEAVE

The North Dakota Century Code, section 54-06-14, states employees accrue sick leave at the rate of one to a maximum of one and one-half working days per month of employment without limitation on the amount that can be accumulated. Employees vest at ten years of creditable service, at which time the State is liable for ten percent of the employee's accumulated unused sick leave. The governmental fund financial statements recognize sick leave as it is incurred. The government-wide financial statements present the estimated cost of sick leave as a liability after an employee has been employed by the State for five consecutive years.

Q. DEPOSITS

The following two liability line items are presented in the Government-wide Statement of Net Position and/or fund financial statements:

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Deposits Held For Other Funds. "Deposits Held for Other Funds" are those deposits held by the Bank of North Dakota for other funds included in the reporting entity and shown on the fund financial statements. For purposes of the Government-wide Statement of Net Position, these amounts have been reclassified to internal balances.

Other Deposits. "Other Deposits" are those deposits held by the Bank of North Dakota for non-reporting entity third parties. It also includes deposits held for students of the University System.

Differences on the fund balance sheets between the liability "Deposits Held for Other Funds" and the assets "Cash Deposits and Investments at the Bank of North Dakota" are attributable to timing differences resulting from the Bank of North Dakota having a different accounting year end than many other state agencies.

R. NET PENSION LIABILITY

For purposes of measuring the net pension liability and deferred outflows/inflows related to pension, and pension expense, information about the fiduciary net position of the North Dakota Public Employee Retirement System (PERS), North Dakota Highway Patrolmen's Retirement System (NHPRS), Retirement Plan for the Employees of Job Service North Dakota (JSND) and North Dakota Teachers' Fund for Retirement (TFFR) and additions to / deductions from PERS, NDHPRS, JSND and TFFR's fiduciary net position have been determined on the same basis as they are reported for PERS, NDHPRS, JSND and TFFR. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The primary government's proportionate share of pension amounts were further reallocated to the proprietary funds (business-type activities) based on the amount of employer contributions paid by each proprietary fund. Pension investments are reported at fair value.

S. NET OTHER POST EMPLOYMENT BENEFITS LIABILITY

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Job Service North Dakota engaged an actuary to determine the net OPEB liability, deferred outflows of resources and deferred inflow of resources related to OPEB and OPEB expense for its Met Life Insurance Benefit plan.

T. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported in the applicable governmental or business-type activities columns or in the component units column on the government-wide Statement of Net Position. Deferred inflows of resources of governmental funds, proprietary fund, and discrete component units are reported in detail in their respective fund statements.

U. NET POSITION/FUND BALANCE

The difference between fund assets and liabilities is "Net Position" on the government-wide, proprietary, and fiduciary fund statements, and "Fund Balance" on governmental fund statements.

CLASSIFICATIONS

Fund balance classifications for governmental funds are reported in two general classifications, nonspendable and spendable. Nonspendable represents the portion of fund balance that is not in spendable form such as inventories and prepaids. Spendable fund balance is further categorized as restricted, committed, assigned, and unassigned.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by the State constitution and external parties, such as the federal government, or through enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, the state's legislature, through legislation, that is not considered as enabling legislation, passed into law.

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Assigned fund balance classifications are used when the amounts are to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. The assignment of fund balance is generally initiated by the executive branch and later appropriated by the Legislature for a specific purpose. In governmental funds other than the general fund, assigned fund balance also represents the remaining amount that is not restricted or committed.

Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification would only be used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The State generally segregates restricted, committed, and assigned resources by individual funds within the governmental funds. When resources meeting more than one of these classifications are comingled within an individual fund, the assumed order of spending is restricted first, committed second, assigned third, and finally, unassigned.

BUDGET STABILIZATION FUND

North Dakota Century Code (NDCC) section 54-27.2-02 requires any amount in the state general fund in excess of sixty-five million dollars at the end of any biennium to be deposited in the Budget Stabilization Fund. Any interest or earnings of the fund must be deposited in the fund per NDCC section 54-27.2-01. However, any amounts provided by law for deposit in the fund and any interest or earning of the fund which would bring the balance in the fund to an amount greater than nine and half percent of the current biennial state general fund budget, as finally approved by the most recently adjourned special or regular session of the legislative assembly, may not be deposited or retained in the fund but must be deposited instead in the state general fund.

NDCC section 54-27.2-03 states that if general fund revenue projections for the biennium will be at least two and one-half percent less than estimated by the most recently adjourned special or regular session of the legislative assembly, and if the governor orders a transfer, which must be reported to the budget section of the legislative management, the state treasurer shall transfer the appropriate funds from the budget stabilization fund to the state general fund to offset the decrease in general fund revenues. The amount transferred upon order of the governor may not exceed the difference between an amount two and on-half percent below the general fund revenue projections for the biennium. The Budget Stabilization Fund, fund balance at June 30, 2019 was \$118,647,704.

V. REVENUES AND EXPENDITURES/EXPENSES

In the Government-wide Statement of Activities, revenues and expenses are segregated by activity (governmental or business-type), then further by function for governmental activities (e.g., general government, education, health and human services, etc.). Additionally, revenues are classified between program and general revenues. Program revenues include 1) charges to customers or applicants for goods or services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as program revenue. General revenues include all taxes and money from tobacco settlements. Certain indirect costs are included in the program expenses reported for individual functions.

In the government-wide financial statements, revenues are reported by source and are further classified as either "general purpose" or "restricted". General purpose revenues are available to fund any activity accounted for in the fund. Restricted revenues are, either by State law or by outside restriction (e.g., federal grants), available only for specified purposes. When both general purpose and restricted funds are available for use, it is the State's policy to use restricted resources first. In the governmental fund financial statements, expenditures are reported by character: "Current," "Intergovernmental-revenue Sharing," "Capital Outlay," or "Debt Service." Current expenditures are sub-classified by function and are for items such as salaries, grants, supplies, and services.

Capital outlay includes expenditures for real property or infrastructure (e.g., highways). Intergovernmental-revenue sharing accounts for the distribution of certain tax revenues that are shared with local units based upon constitutional and statutory requirements. Debt service includes both interest and principal outlays related to bonds and payments on capitalized leases.

Revenues and expenses of proprietary funds are classified as operating or nonoperating and are sub classified by object (e.g., salaries, depreciation, and purchases for resale). Operating revenues consist of sales of goods and services, quasi-external operating transactions with other funds, grant revenues for specific activities that are considered to be operating activities of the grantor, receipts from other agencies for reimbursement of operating transactions, and other miscellaneous revenue that should be classified as operating. Grants that would qualify as an operating activity are those that do not subsidize an existing program, rather they finance a program the agency would otherwise not undertake. For certain loan and investment programs, revenue that would normally be classified as non-operating should be classified

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as operating. Examples of this would include interest and investment income. All other revenues that do not meet the above criteria should be classified as non-operating.

W. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - RESTATEMENTS

The changes to beginning net position are summarized in the following table (expressed in thousands):

	Government-wide Gov't Activities	Business-type Activities	Internal Service Funds
June 30, 2018, net position, as previously reported	\$ 18,516,218	\$ 3,917,941	\$ 103,786
Prior period adjustments:			
Correction of Errors	(5,955)	-	3,951
Change in Accounting Method:			
Housing Finance	-	4,103	-
June 30, 2018, net position, as restated	<u>\$ 18,510,263</u>	<u>\$ 3,922,044</u>	<u>\$ 107,737</u>

A. CORRECTION OF ERRORS

The beginning net position of the Government-wide governmental activities were restated due to an understatement of expenses of \$3.431 million and an overstatement of construction in progress of \$2.524 million in the prior year. The Internal Service funds were restated for an overstatement of expenses of \$3.951 million in the prior year.

B. CHANGE IN ACCOUNTING METHOD

In previous years, Housing Finance accounted for bond premiums and discounts under the straight-line method. In 2019, Housing Finance changed its method of accounting for bond premiums and discounts to the effective interest rate method. As a result of the differences in methods, a prior period adjustment of \$4.103 million was recorded to the Business-type activities to decrease premiums on bond funds and increase net position as of July 1, 2018.

NOTE 3 - DETAILED NOTES ON ACCOUNT BALANCES

A. DEPOSITS

CUSTODIAL CREDIT RISK

The State minimizes custodial credit risk by restrictions set forth in state statute. Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, the State would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties.

State law generally requires that all State funds be deposited in the Bank of North Dakota. NDCC 21-04-01 provides that public funds belonging to or in the custody of the State shall be deposited in the Bank of North Dakota. Also, NDCC 6-09-07 states, "all state funds . . . must be deposited in the Bank of North Dakota" or must be deposited in accordance with constitutional and statutory provisions. The State does not have a formal policy that addresses custodial credit risk for deposits.

At June 30, 2019, the bank balance of the primary government's deposits was \$510,777,595. Of the bank amount, \$195,278,000 was uncollateralized and uninsured.

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There were significant concentrations of uninsured and uncollateralized deposits in the Bank of North Dakota and University System at June 30, 2019. Their uninsured and uncollateralized deposits totaled \$195.3 million and \$23 thousand, and their bank deposits totaled \$196.1 million and \$11.4 million, respectively.

At June 30, 2019, the bank balance of the major component units' deposits was \$96,472,725. Of the bank amount, \$93,328,141 was uncollateralized and uninsured.

The internal receivable amount in the governmental activities column in the Statement of Net Position includes Cash and Investments at the Bank of North Dakota for governmental activities. The internal payable amount in the business-type activities column includes deposits the Bank has for governmental activities. Because the Bank has a different fiscal year end, these internal balances do not equal.

B. INVESTMENTS

The investment policies of the State of North Dakota are governed by NDCC 6-09-07, 15-10-12, and 21-04-02, indicating that all public funds must be deposited in the Bank of North Dakota unless there are other constitutional or statutory provisions. If there are no statutory provisions and the funds are invested outside the Bank of North Dakota, the state agency must have the permission of the North Dakota Industrial Commission.

Investments are generally managed by the State Investment Board, the North Dakota Department of Trust Lands, the Bank of North Dakota, and the North Dakota State Treasurer's Office. Management responsibilities and investment instruments as authorized by statute are as follows:

1. State Investment Board (SIB) – NDCC 21-10 designates the SIB with investment responsibilities for the Public Employees' Retirement System, Bonding Fund, Teachers' Fund for Retirement, Fire and Tornado Fund, Workforce Safety & Insurance Fund, and other specific funds. The Century Code states the SIB shall apply the prudent investor rule in investing funds under its supervision. The retirement funds belonging to the teachers' fund for retirement and the public employees' retirement system must be invested exclusively for the benefit of their members and in accordance with the respective funds' investment goals and objectives.

The State Investment Board's investment policy allows investment managers to use derivative securities to hedge or replicate underlying exposures but not for speculation. All derivatives are considered investment derivative investments. The SIB had four types of derivative securities at June 30, 2019: futures, options, swaps and currency forwards.

2. North Dakota Department of Trust Lands – The Century Code states that the Department of Trust Lands shall apply the prudent investor rule in investing its funds. The investment policies of the Board allow the use of derivative securities to hedge or replicate underlying exposures but not for speculation. All derivatives are considered investment derivative investments.
3. The Bank of North Dakota – NDCC 6-09 authorizes the Bank of North Dakota. The Bank is owned and operated by the State of North Dakota under the supervision of the North Dakota Industrial Commission. The Bank may have investments in anything that any bank lawfully may do, except what is restricted by NDCC 6-09.
4. The North Dakota State Treasurer's Office – The North Dakota Constitution and various sections of the Century Code authorize the State Treasurer to invest all State funds deposited with the State Treasury. However, the State Treasurer must invest the public funds with the Bank of North Dakota unless there is statutory authority to do otherwise. Generally, the State Treasurer pools deposits and invests in money market accounts and Bank of North Dakota certificates of deposit.
5. University System – NDCC 15-55-05 and 15-55-06 govern the investment of proceeds of revenue bonds and revenues pledged to bondholders. Such proceeds must be invested in the Bank of North Dakota, in a separate fund in the State Treasury or in a duly authorized depository for the state funds that is a member of the federal deposit insurance corporation. The University System may invest such funds in direct obligation of, or in obligations where the United States of America guarantees the principal and interest, or obligations of the State of North Dakota or any municipality as defined in NDCC Section 21-03-01.

Agency investments, of the primary government, under management of the State Investment Board are included below with the Pension and Investment Trust funds.

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INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rates. The State does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates. However, North Dakota Housing Finance's respective bond resolutions permit only investments that will not adversely affect the rating quality of the outstanding bonds. Also, the maturity date or the date on which such investment obligations may be redeemed shall coincide as nearly as practicable with the date or dates on which moneys in the funds or accounts for which the investments were made will be required. The Bank of North Dakota's investment policy provides for a duration range of one to four years, which will serve to decrease interest rate risk.

At June 30, 2019, the following tables show the debt securities of the primary government and major component units by investment type and maturity (expressed in thousands).

Primary Government (includes Pension and Investment Trust Funds)

Investment Type	Total Fair Value	Less Than 1 Year	1 - 6 Years	6 - 10 Years	More Than 10 Years
Asset Backed Securities	\$ 446,612	\$ 347	\$ 71,850	\$ 200,301	\$ 174,114
Collateralized Bonds	2,716	-	-	250	2,466
Commercial Mortgage-Backed	1,593,442	898	1,330,199	3,321	259,024
Commercial Paper	1,596	1,596	-	-	-
Corporate Bonds	2,125,640	50,551	1,295,853	461,676	317,560
Corporate Convertible Bonds	21,761	721	12,187	2,443	6,410
Government Agencies	1,113,361	2,764	904,890	20,234	185,473
Government Bonds	1,179,573	151,185	621,219	198,690	208,479
Government Issued CMB	101,527	16	6,696	34,673	60,142
Government Mortgage-Backed	792,718	12	7,010	21,930	763,766
Repurchase Agreements	(20,003)	(20,003)	-	-	-
Index-Linked Government Bonds	621,740	12,957	156,146	299,495	153,142
Municipal/Provincial Bonds	69,316	600	46,630	5,942	16,144
Non-Government-Backed CMOs	113,409	29	6,677	9,251	97,452
Short Term Bills and Notes	41,996	41,996	-	-	-
Short Term Investments Funds	443,676	443,676	-	-	-
Pooled Investments	1,440,048	6,003	744,939	469,107	219,999
Total Debt Securities	<u>\$ 10,089,128</u>	<u>\$ 693,348</u>	<u>\$ 5,204,296</u>	<u>\$ 1,727,313</u>	<u>\$ 2,464,171</u>

Major Component Units

Investment Type	Total Fair Value	Less Than 1 Year	1 - 6 Years	6 - 10 Years	More Than 10 Years
Commercial Paper	\$ 16,294	\$ 16,294	\$ -	\$ -	\$ -
Corporate Notes	24,829	16,284	8,545	-	-
Government Agencies	10,604	3,759	6,845	-	-
Government Bonds	35,662	15,107	20,555	-	-
Short Term Bills and Notes	11,092	11,092	-	-	-
Total Debt Securities	<u>\$ 98,481</u>	<u>\$ 62,536</u>	<u>\$ 35,945</u>	<u>\$ -</u>	<u>\$ -</u>

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The fair values of inflation indexed bonds are reflected in the tables above, based on their stated maturity dates. The principal balances of these bonds are adjusted every six months based on the inflation index for that period.

Some investments are more sensitive to interest rate changes than others. Variable and floating rate collateralized mortgage obligations (CMO's), asset-backed securities (ABS), interest-only and principal-only securities are examples of investments whose fair values may be highly sensitive to interest rate changes.

Interest-only (IO) and principal-only (PO) strips are transactions which involve the separation of the interest and principal components of a security. They are highly sensitive to prepayments by mortgagors, which may result from a decline in interest rates. The State held IOs valued at \$18.8 million and POs valued at \$0.0 million. The State has no policy regarding IO or PO strips.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The State does not have an investment policy that specifically addresses concentrations of credit risk in a single issuer, however the Bank of North Dakota has established asset allocation ranges for investments as a percentage of their total portfolio.

The Bank of North Dakota had the following concentrations at June 30, 2019 (expressed in thousands):

	<u>Amount</u>	<u>Percent</u>
Federal Agency		
Federal Home Loan Bank	\$ 353,171	19.1%
Small Business Administration	269,264	14.5%
Farm Credit	267,650	14.4%
Freddie Mac	165,635	8.9%
Fannie Mae	79,707	4.3%
Mortgage-backed		
Fannie Mae	344,003	18.6%
Freddie Mac	313,416	16.9%
Others less than 5%	60,960	3.3%
	<u>\$ 1,853,806</u>	<u>100.0%</u>

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The State maintains a highly diversified portfolio of debt securities encompassing a wide range of credit ratings. Although the State has no overall policy regarding credit risk, each debt securities manager is given a specific set of guidelines to invest within based on the mandate for which it was hired. The guidelines specify in which range of credit the manager may invest. These ranges include investment grade and below investment grade categories. The Bank of North Dakota's investment policy provides minimum credit quality ratings for its investments and asset allocation ranges for investments as a percentage of the total portfolio.

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As of June 30, 2019, the following tables present the debt securities of the primary government and major component units and their respective ratings (expressed in thousands).

Primary Government (includes Pension and Investment Trust Funds) S&P Credit Rating*

	Total Fair Value	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Not Rated
Asset Backed Securities Collateralized Bonds	\$446,613	\$279,687	\$41,178	\$17,393	\$9,776	\$4,941	\$2,391	\$7,297	\$1,876	\$-	\$1,319	\$80,755
Commercial Mortgage-Backed Commercial Paper	2,716	2,716	-	-	-	-	-	-	-	-	-	-
Corporate Bonds	1,450,171	1,392,549	7,294	1,824	4,246	5,529	2,848	306	-	387	257	34,931
Corporate Convertible Bonds	1,596	-	-	1,596	-	-	-	-	-	-	-	-
Government Agencies	2,125,695	14,493	159,098	743,927	917,139	186,146	86,172	9,884	233	-	878	7,725
Government Bonds	21,761	-	-	547	1,349	7,289	1,275	3,452	-	-	-	7,849
Government Mortgage Backed	856,543	681,575	153,143	6,939	14,265	-	-	621	-	-	-	-
Government Issued CMB Index Linked Government Bonds	619,601	4,969	480,492	5,775	62,881	15,590	36,281	-	-	-	-	13,613
Municipal/Provincial Bonds	501,405	-	496,988	200	2,798	-	703	-	-	-	-	716
Non-Government Backed CMOs	45,306	-	45,306	-	-	-	-	-	-	-	-	-
Repurchase Agreements	582,630	-	582,630	-	-	-	-	-	-	-	-	-
Short-Term Investment Funds	68,327	10,177	30,815	14,233	4,036	2,271	2,887	-	-	-	-	3,908
Pooled Investments	113,410	27,925	12,069	11,629	3,249	1,567	2,128	3,747	1,395	-	207	49,494
Total Credit Risk Debt Securities	(20,003)	-	(20,003)	-	-	-	-	-	-	-	-	-
US Gov't & Agencies**	162,200	29	3,622	38,374	-	-	-	-	-	-	-	120,175
Mutual Funds	1,790,942	308,955	308,294	619,775	109,788	42,433	34,479	-	-	-	-	367,218
Total Debt Securities	8,768,913	\$2,723,075	\$2,300,926	\$1,462,212	\$1,129,527	\$265,766	\$169,164	\$25,307	\$3,504	\$387	\$2,661	\$686,384
Mutual Funds	1,266,484											
Total Debt Securities	53,850											
Total Debt Securities	\$10,089,247											

STATE OF NORTH DAKOTA

Major Component Units

	Total Fair Value	AAA	AA	A	BBB
Commercial Paper	\$ 16,294	\$ -	\$ -	\$ 16,294	\$ -
Short Term Bills & Notes	11,092	-	-	11,092	-
Government Agencies	10,604	-	10,604	-	-
Corporate Notes	24,829	-	3,054	18,425	3,350
Total Credit Risk Debt Securities	\$ 62,819	\$ -	\$ 13,658	\$ 45,811	\$ 3,350
US Gov't & Agencies	35,662				
Total Debt Securities	\$ 98,481				

*Ratings are determined in the following order: 1) S&P rating, 2) Moody's rating, 3) Fitch rating, 4) Manager-determined rating (internal rating) and 5) if no ratings are available using steps 1-4, then shown as not rated.

**US government agency securities explicitly guaranteed by the US government are categorized here. Credit ratings of US government agency securities that are only implicitly guaranteed by the US government are categorized accordingly in the main body of this table. Implicitly guaranteed agency securities included in the *Asset Backed, Commercial Mortgage Backed, Gov't Issued Commercial & Gov't Mortgage Backed, Gov't Agencies, Gov't Bonds, Index Linked Gov't Bonds and Short Term Bills and Notes* categories are issued by FNMA, FHLB, FHLMC, FAMC and TVA.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Although the State Investment Board does not have a formal investment policy governing foreign currency risk, the board does manage its exposure to fair value loss by requiring their international securities investment managers to maintain diversified portfolios to limit foreign currency and security risk. The Department of Trust Lands treats currency exposure in two different ways, depending on the type of investment. For the Board's international equity portfolio, the currency exposure is not hedged, as currency exposure is one of the items that adds diversity to the overall portfolio. For foreign bonds, the Board fully hedges the currency exposure, as the purpose of this portfolio is to generate more consistent returns.

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At June 30, 2019, foreign currency risk exposure on investments managed by the Department of Trust Lands and State Investment Board were as follows (expressed in thousands).

Primary Government (includes Pension and Investment Trust Funds)

Currency	Short-Term	Debt	Equity	Real Estate	Total
Argentine peso	\$ 82	\$ 1,011	\$ -	\$ -	\$ 1,093
Australian dollar	20,277	(843)	126,934	-	146,368
Brazilian real	214	8,641	20,718	-	29,573
British pound sterling	7,752	17,256	341,167	-	366,175
Canadian dollar	3,374	81	120,160	-	123,615
Chilean peso	53	11,352	1,221	-	12,626
Chinese yuan renminbi	(3)	-	20,306	-	20,303
Columbian peso	195	8,677	443	-	9,315
Czech koruna	-	3,485	1,154	-	4,639
Danish krone	108	-	49,607	-	49,715
Egyptian pound	-	-	59	-	59
Euro	(12,041)	23,143	662,270	5,815	679,187
Hong Kong dollar	792	-	179,766	-	180,558
Hungarian forint	172	520	4,217	-	4,909
Indian rupee	-	-	18,332	-	18,332
Indonesian rupiah	56	8,131	6,124	-	14,311
Israeli shekel	-	-	3,125	-	3,125
Japanese yen	16,211	-	403,087	-	419,298
Kenyan shiling	-	-	1,283	-	1,283
Malaysian ringgit	210	11,720	2,925	-	14,855
Mexican peso	37	23,006	6,852	-	29,895
New Israeli shekel	118	-	2,219	-	2,337
New Taiwan dollar	25	-	4,570	-	4,595
New Zealand dollar	(40)	7,022	1,960	-	8,942
Norwegian krone	621	17,144	18,640	-	36,405
Peruvian nuevo sol	-	-	138	-	138
Philippine peso	-	-	1,261	-	1,261
Polish zloty	(50)	9,715	4,076	-	13,741
Russian ruble	-	2,288	1,674	-	3,962
Singapore dollar	351	-	15,257	-	15,608
South African rand	323	457	19,327	-	20,107
South Korean won	177	6,934	33,448	-	40,559
Swedish krona	1,268	14,696	74,848	-	90,812
Swiss franc	960	-	168,230	-	169,190
Taiwan dollar	-	-	22,284	-	22,284
Thai baht	312	-	11,270	-	11,582
Turkish lira	89	-	2,327	-	2,416
UAE dirham	-	-	296	-	296
International commingled funds (various currencies)	-	-	995,814	28,930	1,024,744
Total international investment securities	\$ 41,643	\$ 174,436	\$ 3,347,389	\$ 34,745	\$ 3,598,213

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Derivative Securities – Derivatives are financial arrangements between two parties whose payments are based on, or “derived” from, the performance of some agreed upon benchmark. The investment policies of the States’ clients allow the use of derivative securities to hedge or replicate underlying exposures but not for speculation. All derivatives are considered investment derivative instruments. The fair value of all derivative securities is reported in the Statement of Net Position. At June 30, 2019, the State had four types of derivative securities: futures, options, swaps and currency forwards.

Futures – Futures represent commitments to purchase (asset) or sell (liability) securities at a future date and at a specific price. Futures contracts are traded on organized exchanges (exchange traded) thereby minimizing the States’ counterparty risk. The net change in the futures contracts’ value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included in net change in fair value of investments in the Statement of Changes in Fiduciary Net Position and totaled \$17.0 million for the year ended June 30, 2019. At June 30, 2019, the State investment portfolio had the notional futures shown below (expressed in thousands).

<u>Futures</u>	<u>Notional Value</u>
Cash and cash equivalent derivative futures	
Long	\$ 188,152
Short	(657,304)
Equity derivative futures	
Long	808,005
Short	-
Fixed income derivative futures	
Long	352,611
Short	(141,400)
Total futures	<u>\$ 550,064</u>

Options – Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. Options are traded on organized exchanges (exchange traded) thereby minimizing the States’ counterparty credit risk. The option’s price is usually a small percentage of the underlying asset’s value. As a seller of a financial option, the State, through its investment manager, receives a premium at the beginning of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a buyer of a financial option, the State, through its investment manager, pays a premium at the beginning of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. Gains and losses on options are determined based on fair values and recorded with the net change in fair value of investments in the Statement of Changes in Fiduciary Net Position and totaled \$3.3 million. At June 30, 2019, the State had the following option balances (expressed in thousands):

<u>Options</u>	<u>Fair Value</u>
Cash & Other Options	
Call	\$ (10)
Put	1
Fixed Income Options	
Call	(38)
Put	(241)
Total options	<u>\$ (288)</u>

Swaps – A swap is a derivative in which counterparties exchange certain benefits of one party’s financial instrument for those of the other party’s financial instrument. Specifically, the two counterparties agree to exchange one stream of cash flows for another stream. The State, through its investment managers, has entered into various swap agreements in an attempt to manage its exposure to interest rate, inflation, credit, currency risk and total return.

Gains and losses on swaps are determined based on fair values and are recorded with the net change in fair value of investments in the Statement of Changes in Fiduciary Net Position and totaled \$(18.6) million for the year ended June 30, 2019. The maximum loss that would be recognized at June 30, 2019, if all counterparties failed to perform as contracted is \$3.0 million. Swap fair values are determined by a third party pricing source. At June 30, 2019, the States’ investment portfolio had the swap fair value balances as shown below (expressed in thousands).

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Credit Default Swaps

<u>Counterparty/Moody's Rating</u>	<u>Notional Amount</u>	<u>Expiration Date</u>	<u>Fair Value</u>
Bank of America/Aa2 (2 contracts)	\$ (430)	2021 - 2025	\$ (32)
Citibank/A1 (34 contracts)	(2,535)	2019 - 2024	(172)
Credit Suisse First Boston/A1 (8 contracts)	(43,200)	2022 - 2024	931
Deutsche Bank/A3 (2 contracts)	2,000	2059	(16)
Goldman Sachs/A3 (4 contracts)	(1,900)	2020 - 2024	(28)
HSBC Bank/Aa3 (2 contracts)	(1,550)	2019	2
JP Morgan Chase/Aa2 (2 contracts)	(400)	2019 - 2024	1
Morgan Stanley/A3 (2 contracts)	(245)	2024	2
Total credit default swaps	<u>\$ (48,260)</u>		<u>\$ 688</u>

Interest Rate Swaps

<u>Counterparty/Moody's Rating</u>	<u>Notional Amount</u>	<u>Expiration Date Range</u>	<u>Fair Value</u>
Citigroup Global Markets/A1 (24 contracts)	\$ 84,455	2020 - 2049	\$ (3,427)
Credit Suisse First Boston/A1 (39 contracts)	128,462	2019 - 2049	12
JP Morgan Chase/Aa2 (119 contracts)	447,530	2020 - 2048	(14,715)
Total Interest Rate Swaps	<u>\$ 660,447</u>		<u>\$ (18,130)</u>

Total Return Swaps

<u>Counterparty/Moody's Rating</u>	<u>Notional Amount</u>	<u>Expiration Date</u>	<u>Fair Value</u>
Credit Suisse International/A1 (2 contracts)	\$ 4,800	2041	\$ (23)
Total Return Swaps	<u>\$ 4,800</u>		<u>\$ (23)</u>

Currency Forwards – Currency forwards represent forward exchange contracts that are entered into in order to manage the exposure to changes in currency exchange rates on the currency denominated portfolio holdings. A forward exchange contract is a commitment to purchase (positive) or sell (negative) a currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in the net change in fair value of investments in the Statement of Changes in Fiduciary Net Position and totaled \$91 thousand. At June 30, 2019, the States' investment portfolio included the currency forwards balances shown below (expressed in thousands).

<u>Currency</u>	<u>Cost</u>	<u>Purchases</u>	<u>Sales</u>	<u>Fair Value</u>
Argentine peso	\$ 15	\$ 15	\$ -	\$ 15
Australian dollar	(1,472)	-	(1,472)	(1,484)
Brazilian real	(18)	-	(18)	(30)
British pound sterling	(8,241)	15,387	(23,628)	(8,279)
Canadian dollar	(8,460)	9,960	(18,420)	(8,491)
Columbian peso	186	186	-	195
Euro	(61,622)	37,046	(98,668)	(62,411)
Great Britain pound sterling	475	475	-	475
Japanese yen	(17,609)	13,100	(30,709)	(18,046)
Mexican peso	6	2,818	(2,812)	38
South African rand	(13)	1,608	(1,621)	-
United States dollar	96,753	177,348	(80,595)	96,753
Total forwards subject to currency risk				<u>\$ (1,265)</u>

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Derivative Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the value of an interest rate-based derivative investment. The State does not have a formal investment policy regarding such derivative investments. At June 30, 2019, the tables below show the States' derivative investments subject to interest rate risk (expressed in thousands).

	Total Notional Value	3 Months or Less	3 to 6 Months	6 to 12 Months	1-5 Years	Greater Than 5 Years
Futures- interest rate contracts	\$ (257,941)	\$ 162,528	\$ (525,813)	\$ 105,344	\$ -	\$ -
Total	\$ (257,941)	\$ 162,528	\$ (525,813)	\$ 105,344	\$ -	\$ -

	Total Fair Value	3 Months or Less	3 to 6 Months	6 to 12 Months	1-5 Years	Greater Than 5 Years
Options on futures	\$ (279)	\$ (279)	\$ -	\$ -	\$ -	\$ -
Swaps - interest rate contracts	(18,130)	-	5	293	(536)	(17,892)
Swaps - credit contracts	688	(1)	2	5	776	(94)
Total	\$ (17,721)	\$ (280)	\$ 7	\$ 298	\$ 240	\$ (17,986)

Mill and Elevator Derivative Financial Instruments – The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2019, and the changes in fair value of such derivative instruments for the year then ended as reported in the State's financial statements are \$15,750, classified as derivative instrument (one contract equals 5,000 bushels) and \$15,750, classified as deferred inflow of resources – accumulated increase in fair value of hedging derivatives. The fair value of the grain futures contracts was determined on the Minneapolis Grain Exchange. The margin requirement is \$0.60 per bushel, unless the market price changes the limit for two consecutive days, then the margin requirement is \$0.90 per bushel. The Mill has entered into futures contracts for spring wheat to lock in a price for a future delivery or settlement period. These contracts are entered into to protect the Mill against price fluctuation of the commodity. The price protection is needed to cover any long or short positions compared to flour sales. The table below shows the cost and market values of these spring wheat futures as of June 30, 2019.

Month	Number of Contracts	Average Cost	Fair Value	Average Cost	Market Value
Sept 2019	-5	\$ 5.5288	\$ 5.5425	\$ (142,062)	\$ (138,562)
Dec 2019	286	5.7122	5.6750	8,186,301	8,115,250
Mar 2020	133	5.7949	5.8100	3,850,638	3,863,650
May 2020	73	5.6847	5.8875	2,076,900	2,148,938
July 2020	10	6.0000	5.9650	300,000	298,250
				\$ 14,271,777	\$ 14,287,526

The Mill is exposed to credit risk on hedging derivative instruments that are in asset positions. All grain futures trades are completed using two different national brokerage firms on the Minneapolis Grain Exchange. ADM Investor Services is rate A by the Standard & Poor's Rating Service. RJ O'Brien is a privately held business and is not rated by the Standard & Poor's Rating Service.

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The Mill is exposed to rollover risk on grain futures trades whenever the hedge ratio (defined in aggregate of the size across all futures months relative to the underlying net cash position) does not equal 1.0. At June 30, 2019, the table below shows the hedge ratio by futures month going forward:

<u>Period</u>	<u>Hedge Ratio</u>
Sept 2019	1.0
Dec 2019	1.0
Mar 2020	1.0
May 2020	1.1
July 2020	1.0
Net Position	1.0

C. SECURITIES LENDING

The following represents the balances relating to the securities lending transactions at June 30, 2019 (expressed in thousands).

Primary Government (includes Pension and Investment Trust Funds)

<u>Securities Lent</u>	<u>Underlying Securities</u>	<u>Non-Cash Collateral Value</u>	<u>Cash Collateral Investment Value</u>
Lent for cash collateral:			
US agency securities	\$ 13,215	\$ -	\$ 13,513
US government securities	139,981	440,015	142,683
US corporate fixed income securities	69,821	174	71,305
US equities	54,224	4,847	55,105
Global government fixed income securities	1,565	-	1,667
Global agency securities	4,267	47	4,482
Global government securities	100	-	107
Global equities	1,934	-	2,025
Lent for non-cash collateral:			
US agency securities	200	202	-
US government securities	449,143	17,968	-
US corporate fixed income securities	65,151	65,750	-
US equities	215,850	213,840	-
Global agency securities	44	-	-
Global equities	17,900	18,960	-
Total	\$ 1,033,395	\$ 761,803	\$ 290,887

D. ENDOWMENT FUNDS

UNIVERSITY SYSTEMS

The endowment funds reported herein are institutional funds under the terms of the gift instrument and are not wholly expendable by the institution. NDCC Section 59-21, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) applies to the investment of endowments governed by a gift instrument. NDUS SBHE policy 810 stipulates endowment funds shall be invested according to the intent of the donor provided such intent is consistent with applicable laws. Absent terms expressing donor intent in a gift instrument, NDUS institution officers initially shall deposit the funds in institution accounts at the Bank of North Dakota. Thereafter, the funds may be invested according to NDCC 59-21. Subject to the intent of the donor, NDUS institution officers are delegated authority to manage and invest these institutional funds as provided by UPMIFA. NDCC Section 59-21-02.5a(7) applies to standard of conduct in the administration of powers to make and retain investments. It states that in managing and investing an institutional fund,

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the needs of the institution and the fund to make distributions and to preserve capital must be considered. Given the flexibility in NDCC 59-21-02, institutions have differing policies with respect to spending investment income and net appreciation on endowment funds. For UND, distributions for spending endowments each year will be calculated once annually with the quarter ended December 31 unitized market value and is based on the set spending rate, currently four percent, applied to the average market value for the preceding twelve quarter average. All endowment in existence at December 31 for one year will receive a distribution spending allocation. The available amount will be forecast to UND for planning purposes by February 1, and these distributions will be available for spending in the upcoming fiscal year. NDSU determines the spending of endowment earnings based on an annual evaluation. WSC give departments authority to spend all investment income earned on the endowment funds. Net appreciation on investments are available for expenditure and consist of the following at June 30, 2019:

North Dakota State University	\$ 233,027	<u>Reflected in net position as:</u>
University of North Dakota	937,935	Expendable scholarships & fellowships
Williston State College	2,731	Non-expendable scholarships & fellowships
Total NDUS	<u>\$ 1,173,693</u>	Non-expendable scholarships & fellowships

Endowment funds reported herein do not include the Federal Land Grant Fund held by the State Department of Trust Lands. The annual proceeds from assets held by the Commissioner of the State Department of Trust Lands and are deposited into each college/university's operating fund at the State Treasury and are used for current operating purposes. Bismarck State College, Lake Region State College and Williston State College do not participate in the proceeds allocated by the State Land Department. Total assets held by the State Land Department and proceeds for the fiscal year ended June 30, 2019 are approximately \$185.2 million and \$6.1 million respectively.

NORTH DAKOTA STATE FAIR FOUNDATION

The North Dakota State Fair Association Foundation had the following activity in their endowment as of September 30, 2018.

Beginning endowment	\$ 2,149,492
Endowment contributions	<u>6,000</u>
Ending endowment	<u>\$ 2,155,492</u>

E. RECEIVABLES

Receivables at June 30, 2019, consist of the following (expressed in thousands):

	General	Federal	State	Other Governmental Funds	Bank of North Dakota	Housing Finance
Receivables:						
Accounts	\$ 29,814	\$ 47,981	\$ 144,909	\$ -	\$ -	\$ 807
Less Allowance	(10,331)	(19,853)	(44,703)	-	-	-
Taxes	591,338	-	146,756	113	-	-
Less Allowance	(126,071)	-	(2,567)	-	-	-
Interest	28,252	-	24,162	167	56,074	4,596
Less Allowance	-	-	(7,716)	-	-	-
Intergovernmental	15	206,781	15,141	-	-	530
Less Allowance	-	-	-	-	-	-
Current Loans and Notes	-	-	13,972	52,976	698,557	27,954
Less Allowance	-	-	(594)	-	-	-
Noncurrent Loans and Notes	13	159	121,534	-	3,765,967	1,170,418
Less Allowance	-	-	-	-	(92,750)	-
Net Receivables	<u>\$ 513,030</u>	<u>\$ 235,068</u>	<u>\$ 410,894</u>	<u>\$ 53,256</u>	<u>\$ 4,427,848</u>	<u>\$ 1,204,305</u>

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	University System	Workforce Safety & Insurance	Other Enterprise Funds	Internal Service Funds	Major Component Units	Total
Receivables:						
Accounts	\$ 29,960	\$ 34,567	\$ 98,380	\$ 386	\$ 239	\$ 387,043
Less Allowance	(6,868)	(8,000)	(24,766)	-	(6)	(114,527)
Taxes	-	-	-	-	-	738,207
Less Allowance	-	-	-	-	-	(128,638)
Interest	-	10,667	3,220	55	6,014	133,207
Less Allowance	-	-	-	-	-	(7,716)
Intergovernmental	26,643	-	906	374	-	250,390
Less Allowance	-	-	-	-	-	-
Current Loans and Notes	6,999	-	22,847	-	6,838	830,143
Less Allowance	(818)	-	-	-	-	(1,412)
Noncurrent Loans and Notes	24,884	-	359,945	-	13,356	5,456,276
Less Allowance	(3,810)	-	(7,606)	-	(9,336)	(113,502)
Net Receivables	\$ 76,990	\$ 37,234	\$ 452,926	\$ 815	\$ 17,105	\$ 7,429,471

F. REVERSE REPURCHASE AGREEMENTS

State statutes permit the State to enter into reverse repurchase agreements, that is, the sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The fair value of the securities underlying reverse repurchase agreements normally exceeds the cash received, providing the dealers a margin against a decline in fair value of the securities. All sales of investments under these agreements are for fixed terms. In investing the proceeds of these agreements, State policy is for the term to maturity of the investment to be the same as the term of the agreement. Such matching existed at year end. These agreements are secured by Fed book-entry securities held in the State's name. At June 30, 2019, the State had no reverse repurchase agreements outstanding and did not participate in reverse repurchase agreements during the fiscal year.

G. INTERFUND ACCOUNTS AND TRANSFERS

DUE FROM OTHER FUNDS/DUE TO OTHER FUNDS

Interfund balances at June 30, 2019, consist of the following (expressed in thousands):

Due To General Fund From:	
Federal Fund	\$ 73,490
State Fund	28,357
Bank of North Dakota	821
Nonmajor Enterprise Funds	31,336
All Others	751
Total Due To General Fund	<u>\$ 134,755</u>

Included in the Nonmajor Enterprise Funds amount is a loan to the Rebuilder's Loan Program for \$15,153,282. This is not expected to be repaid within one year.

Due To Federal Fund From:		Due To State Fund From:	
General Fund	\$ 7,032	General Fund	\$ 5,140
State Fund	26,129	Federal Fund	11,184
All Others	17	Internal Service Funds	191
Total Due To Federal Fund	<u>\$ 33,178</u>	Nonmajor Enterprise Funds	531
		All Others	236
		Total Due To State Fund	<u>\$ 17,282</u>

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Due To Internal Service Funds From:		Due To Bank of North Dakota From:	
General Fund	\$ 3,992	State Fund	\$ 52,081
State Fund	2,541	Nonmajor Enterprise Funds	62,969
University System	1,186	University System	2,229
All Others	1,226	All Others	80
	<u>\$ 8,945</u>	Total Due To Bank of North Dakota	<u>\$ 117,359</u>

Included in the Nonmajor Enterprise Funds amount is a loan to the Rebuilder's Loan Program for \$10,288,000, of which \$8,410,000 is not expected to be repaid within one year.

Due To University System From:	
General Fund	\$ 12,192
Federal Fund	2,493
State Fund	3,122
Nonmajor Enterprise Funds	756
All Others	88
Total Due To University System	<u>\$ 18,651</u>
Due To All Other Funds From:	
All Other	<u>\$ 1,095</u>

Included in this category are all other enterprise funds and fiduciary funds.

These balances are a result of a time lag between the dates that (1) services are provided and goods received or reimbursable expenditures occur, (2) the payments are made, (3) the transactions are entered into the accounting system, and (4) because of transactions occurring between funds with a fiscal year other than June 30, 2019.

A reconciliation of Due From's and Due To's is presented below (expressed in thousands):

Due From's	\$ 331,265
General Fund/Bank of ND	634
Bank of ND/ Mill and Elevator	(7,812)
Bank of ND/Rebuilder's Loan	(952)
Bank of ND/University System	(756)
Bank of ND/Guaranteed Student Loan	(171)
Governmental Agencies/Bank of ND	(37,606)
Bank of ND/Enterprise Funds	57
Total Differences	<u>(46,606)</u>
Due To's	<u>\$ 284,659</u>

The previous table represents timing differences between agencies as a result of different fiscal year ends. Those agencies with a different fiscal year end include: Bank of North Dakota and the following Nonmajor Enterprise Funds: Guaranteed Student Loan, Beginning Farmer Revolving Loan and Community Water Facility Loan, all of which have a December year end and State Fair, which has a September year end.

STATE OF NORTH DAKOTA

INTERFUND TRANSFERS

A summary of interfund transfers for the fiscal year ended June 30, 2019, follows (expressed in thousands):

	General	Special Revenue Federal	Special Revenue State	Non-major Governmental	Housing Finance	University System	Non-major Enterprise	Total
Transfers Out								
General	\$ -	\$ 1,399	\$ 3,719	\$ 2,172	\$ -	\$ 383,016	\$ 258	\$ 390,564
Special Revenue - Federal	253	-	38,288	281	-	-	-	38,822
Special Revenue - State	130,260	18	-	1,253	168	13,114	200	145,013
Non-major Governmental	953	-	1,104	-	-	-	-	2,057
Bank of North Dakota	70,000	-	12,403	-	-	-	42,750	125,153
Housing Finance	-	-	38	-	-	-	-	38
University System	-	-	214	3,599	-	-	96	3,909
Non-major Enterprise	16,168	-	1,315	-	-	-	-	17,483
Total	\$ 217,634	\$ 1,417	\$ 57,081	\$ 7,305	\$ 168	\$ 396,130	\$ 43,304	\$ 723,039

(Transfers In do not agree to the statements due to the timing differences noted below.)

Transfers are used for the following purposes:

- Move general fund appropriation amounts to certain agencies.
- Move revenues from the fund that statute requires to collect them to the fund authorized to spend them.
- Move certain excess revenues collected in other funds to the general fund.
- Move receipts restricted for debt service from the funds collected to the debt service funds as payments become due, and move capital project funds paying the construction costs.

For the year ended June 30, 2019, legislatively-mandated transfers were made to the general fund of \$8,600,000 from the State Lottery, \$7,568,325 from Mill and Elevator, \$4,824,460 from the Insurance Regulatory Trust Fund, \$124,000,000 from the Tax Relief fund, \$124,000,000 from Strategic Investment and Improvement Fund, \$70,000,000 from the Bank of North Dakota, \$455,263,216 from the Legacy Fund and \$1,249,063 from the multi-state tax audit fund.

A reconciliation of Transfers In and Transfers Out is presented below (expressed in thousands):

	\$ (709,339)
Differences:	
Special Rev - Ag PACE / Bank of North Dakota	1,500
Special Rev - PACE / Bank of North Dakota	(700)
PACE / Beginning Farmer Revolving Loan	1,500
Infrastructure Revolving Loan Fund / Bank of North Dakota	<u>(16,000)</u>
Total Differences	<u>(13,700)</u>
Transfers Out	<u>\$ (723,039)</u>

The above timing differences of \$13,700,000 result from transactions between agencies that have different fiscal year ends. Those agencies with a different fiscal year end include: Bank of North Dakota, and Nonmajor Enterprise Fund Beginning Farmer Revolving Loan fund, both of which have a December year end. This difference is also the total net transfers on the Government-wide Statement of Activities.

STATE OF NORTH DAKOTA

H. CAPITAL ASSETS

The following is a summary of capital assets during the fiscal year (expressed in thousands):

Primary Government

Description	Balance July 1, 2018*	Increases	Decreases	Balance June 30, 2019
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 159,143	\$ 2,217	\$ (310)	\$ 161,050
Construction in Progress	2,127,056	283,716	(757,371)	1,653,401
Total Capital Assets Not Being Depreciated	2,286,199	285,933	(757,681)	1,814,451
Capital Assets Being Depreciated:				
Buildings and Improvements	703,603	27,214	(384)	730,433
Equipment	325,079	34,726	(21,985)	337,820
Intangibles				
Software	253,801	114,933	(123)	368,611
Other	38,133	1,100	-	39,233
Infrastructure	4,980,686	652,354	(7,295)	5,625,745
Total Capital Assets Being Depreciated	6,301,302	830,327	(29,787)	7,101,842
Less Accumulated Depreciation for:				
Buildings and Improvements	(301,103)	(17,905)	283	(318,725)
Equipment	(166,594)	(21,477)	18,281	(169,790)
Intangibles				
Software	(105,232)	(18,949)	119	(124,062)
Other	(28,108)	(1,441)	-	(29,549)
Infrastructure	(2,961,164)	(83,185)	7,243	(3,037,106)
Total Accumulated Depreciation	(3,562,201)	(142,957)	25,926	(3,679,232)
Total Capital Assets Being Depreciated, Net	2,739,101	687,370	(3,861)	3,422,610
Governmental Activities Capital Assets, Net	\$ 5,025,300	\$ 973,303	\$ (761,542)	\$ 5,237,061

* Beginning capital asset balances were adjusted for certain reclassifications and prior period adjustment.

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<u>Description</u>	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Business-Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 24,099	\$ -	\$ -	\$ 24,099
Construction in Progress	58,112	131,190	(22,353)	166,949
Total Capital Assets Not Being Depreciated	<u>82,211</u>	<u>131,190</u>	<u>(22,353)</u>	<u>191,048</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	1,779,784	40,387	(2,633)	1,817,538
Equipment	531,930	27,930	(17,629)	542,231
Intangibles				
Software	28,875	127	(79)	28,923
Other	21,870	2,219	(51)	24,038
Infrastructure	<u>228,788</u>	<u>8,849</u>	<u>-</u>	<u>237,637</u>
Total Capital Assets Being Depreciated	<u>2,591,247</u>	<u>79,512</u>	<u>(20,392)</u>	<u>2,650,367</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(637,590)	(42,966)	2,178	(678,378)
Equipment	(355,678)	(30,175)	15,749	(370,104)
Intangibles				
Software	(25,832)	(1,290)	181	(26,941)
Other	(13,450)	(2,201)	54	(15,597)
Infrastructure	<u>(112,896)</u>	<u>(6,199)</u>	<u>-</u>	<u>(119,095)</u>
Total Accumulated Depreciation	<u>(1,145,446)</u>	<u>(82,831)</u>	<u>18,162</u>	<u>(1,210,115)</u>
Total Capital Assets Being Depreciated, Net	<u>1,445,801</u>	<u>(3,319)</u>	<u>(2,230)</u>	<u>1,440,252</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,528,012</u>	<u>\$ 127,871</u>	<u>\$ (24,583)</u>	<u>\$ 1,631,300</u>

Major Component Units

<u>Description</u>	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Capital Assets Not Being Depreciated				
Land	\$ 7,352	\$ -	\$ -	\$ 7,352
Construction in Progress	-	4,928	-	4,928
Total Capital Assets Not Being Depreciated	<u>7,352</u>	<u>4,928</u>	<u>-</u>	<u>12,280</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	177,952	3,957	(12,678)	169,231
Equipment	47,548	6,551	(1,533)	52,566
Intangibles	78	-	-	78
Infrastructure	<u>1,209</u>	<u>-</u>	<u>-</u>	<u>1,209</u>
Total Capital Assets Being Depreciated	<u>226,787</u>	<u>10,508</u>	<u>(14,211)</u>	<u>223,084</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(71,810)	(5,207)	5,088	(71,929)
Equipment	(21,233)	(3,691)	1,486	(23,438)
Intangibles	(78)	-	-	(78)
Infrastructure	<u>(574)</u>	<u>(48)</u>	<u>-</u>	<u>(622)</u>
Total Accumulated Depreciation	<u>(93,695)</u>	<u>(8,946)</u>	<u>6,574</u>	<u>(96,067)</u>
Total Capital Assets Being Depreciated, Net	<u>133,092</u>	<u>1,562</u>	<u>(7,637)</u>	<u>127,017</u>
Major Component Unit Capital Assets, Net	<u>\$ 140,444</u>	<u>\$ 6,490</u>	<u>\$ (7,637)</u>	<u>\$ 139,297</u>

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Depreciation expense was charged to functions/programs of the primary government as follows (expressed in thousands):

Governmental Activities:	
General Government	\$ 9,562
Education	690
Health and Human Services	16,452
Regulatory	640
Public Safety and Corrections	13,545
Agriculture and Commerce	135
Natural Resources	16,993
Transportation	<u>84,940</u>
Total Governmental Activities Depreciation Expense	<u>\$ 142,957</u>

Construction In Progress is composed of the following (expressed in thousands):

Project Description:

<u>Governmental Activities</u>	<u>Amount Authorized</u>	<u>Amount Expended Through June 30, 2019</u>	<u>Balance Authorized</u>
Attorney General	\$ 1,822	\$ 697	\$ 1,125
Office of Management and Budget	400	63	337
Secretary of State	2,197	1,350	847
Department of Health	979	498	481
Department of Human Services	4,189	2,292	1,897
Industrial Commission	5,650	247	5,403
Financial Institutions	436	395	41
Adjutant General	47,920	18,381	29,539
Game and Fish	931	38	893
Department of Transportation	1,872,362	1,627,409	244,953
Parks & Recreation	4,088	2,013	2,075
ND School for the Deaf	133	18	115
Total Governmental Activities	<u>\$ 1,941,107</u>	<u>\$ 1,653,401</u>	<u>\$ 287,706</u>

<u>Business-Type Activities</u>	<u>Amount Authorized</u>	<u>Amount Expended Through June 30, 2019</u>	<u>Balance Authorized</u>
Mill and Elevator	\$ 28,775	\$ 23,671	\$ 5,104
University System*	327,535	145,358	182,177
Workforce Safety and Insurance	<u>29,534</u>	<u>9,678</u>	<u>19,856</u>
Total Business-Type Activities	<u>\$ 385,844</u>	<u>\$ 178,707</u>	<u>\$ 207,137</u>

*Interest expense related to capital asset debt was approximately \$15.4 million in fiscal year 2019, of which approximately \$4.0 million was capitalized and included in construction in progress.

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I. OPERATING LEASES

PAYMENTS ON OPERATING LEASES

The State is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore, the resulting expenditures are recognized as incurred. Lease expenditures for the year ended June 30, 2019, amounted to \$20.9 million for governmental activities and \$17.1 million for business-type activities.

Future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2019, for all fund types are as follows (expressed in thousands):

Year Ending June 30	Governmental Activities	Business-type Activities
2020	\$ 11,496	\$ 11,633
2021	8,907	9,410
2022	4,709	5,985
2023	4,065	3,880
2024	2,773	1,561
2025-2029	4,876	1,503
2030-2034	749	473
2035-2039	-	47
Total Minimum Lease Payments	<u>\$ 37,575</u>	<u>\$ 34,492</u>

J. CAPITAL LEASES

The State is obligated under certain leases accounted for as capital leases. In the government-wide and proprietary fund statements, capital assets and a corresponding liability are recorded at the inception of the lease. The liability is reduced by payments of principal, with a portion of the payment allocated to interest expense. For capital leases in governmental funds, other financing sources and expenditures are recorded at lease inception. Lease payments are recorded as debt service expenditures.

The schedule below lists the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2019 (expressed in thousands):

Year Ending June 30	Governmental Activities	Business- type Activities	Major Component Units
2020	\$ 527	\$ 7,123	\$ 128
2021	457	6,577	128
2022	136	6,279	128
2023	70	5,948	127
2024	16	5,544	127
2025-2029	-	16,422	638
2030-2034	-	12,111	574
2035-2039	-	5,143	-
2040-2044	-	3,239	-
2045-2049	-	2,594	-
2050-2054	-	825	-
Total Minimum Lease Payments	1,206	71,805	1,850
Less: Amount Representing Interest	(87)	(17,445)	(533)
Present Value of Future Minimum Lease Payments	<u>\$ 1,119</u>	<u>\$ 54,360</u>	<u>\$ 1,317</u>

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The historical costs of assets acquired under capital leases, and included as capital assets on the government-wide Statement of Net Position at June 30, 2019, is as follows (expressed in thousands):

	Governmental Activities	Business- Type Activities	Major Component Units
Infrastructure	\$ -	\$ 60	\$ -
Buildings	-	52,430	1,979
Intangibles	-	156	-
Equipment	2,381	16,204	-
Less: Accumulated Depreciation	(1,755)	(18,247)	(1,027)
Total	<u>\$ 626</u>	<u>\$ 50,603</u>	<u>\$ 952</u>

K. DEFERRED OUTFLOWS OF RESOURCES

FINANCIAL DERIVATIVE INSTRUMENT

The State enters into interest rate swap agreements to modify interest rates on certain liabilities. The fair values of both hedging derivatives and investment derivatives (if any) are presented on the Statement of Net Position, either as a derivative liability (negative fair value) or as a derivative asset (positive fair value). The change in the total fair value of derivatives that are determined to be effective hedges is recorded as a deferred inflow or outflow of resources on the Statement of Net Position. If a derivative were determined to be an ineffective hedge, it would be classified as an investment derivative, and the change in the total fair value would be presented as part of investment earnings.

DEFERRED LOSS ON BOND REFUNDING

A deferred charge on refunded debts results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

L. LONG-TERM DEBT

Debt authorized is generally limited by the state constitution. The Constitution of North Dakota provides that the State may issue or guarantee the payment of bonds, provided that all bonds in excess of \$2 million are: (1) secured by first mortgage upon property and no further indebtedness may be incurred by the State unless evidenced by a bond issue; (2) authorized by law; (3) for a certain purpose; (4) provisioned to pay the interest semiannually; and (5) the principal is paid within 30 years. Additionally, the law authorizing the bond issue must specifically appropriate the provisions to the payment of the principal and interest of the bond.

1. REVENUE BONDS

Bonds payable at June 30, 2019, consisted of bonds issued by the State and are accounted for by the respective state agencies in the government-wide financial statements that issued the bonds.

Current state statutes empower certain state agencies to issue bonds as part of their activities. This debt is not backed by the full faith and credit of the State of North Dakota. The principal and interest on such bonds shall be payable only from the applicable agency's program income.

Primary Government

Building Authority

The 2010 Series A and B, the 2012 Series A and the 2017 Series A bonds have interest payable semiannually on June 1 and December 1 of each year. The 2010 Series A bonds are subject to optional redemption in whole or in part. The 2010 Series B, the 2012 Series A and the 2017 Series A bonds are not subject to optional and/or extraordinary optional redemption prior to maturity upon the occurrence of certain events. The bonds are independently secured by the funds, certain mortgaged property, and all rights, titles, and interests of the Building Authority as lessor, including all basic rent payments, investment earnings on the funds and any other income derived by the Building Authority with respect to the lease. Total net revenue pledges for fiscal year 2019 were \$6.3 million. For fiscal year 2019, principal and interest paid by the Authority on the bonds was \$6.3 million. The total principal and interest remaining to be paid as of June 30, 2019, is \$30.8 million payable through December 2030.

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The 2010 bond agreements require the establishment and maintenance of reserve funds to be used for debt service payments if amounts in the bond funds are insufficient to make payments. Funds are also required for any positive arbitration due to the Federal government.

Department of Transportation

The North Dakota Department of Transportation (NDDOT) is authorized pursuant to NDCC 24-02-40.1, to issue grant and revenue anticipation bonds for the purpose of financing certain qualified federal aid transportation projects. The Series 2005 Bonds are limited obligations of NDDOT, payable solely from the Trust Estate, consisting primarily of federal transportation funds and pledged state highway funds. The Series 2005 Bonds will not be deemed or construed as creating an indebtedness of the State within the meaning of the State Constitution or laws of the State concerning or limiting the creation of indebtedness of the State. The total principal and interest remaining to be paid on the bonds is \$5.3 million payable through June 2020. For the current year principal and interest paid and total net pledged revenues before interest expense were \$5.3 million and \$5.3 million, respectively. The funds pledged for the NDDOT 2005 bond issue consist of state funds in the State Highway Fund from the following sources: Highway Tax Distribution Fund, fee and permit revenues, interest revenue and miscellaneous sales of scrap materials and obsolete equipment. The pledged funds do not include any funding deposited into the State Highway Fund from the State General Fund. The proportion of the specific revenue stream pledged was 98.5% in 2019.

Interest on the Series 2005 Bonds is payable on June 1 and December 1, of each year. Bonds maturing on or after June 1, 2016, are subject to redemption prior to maturity at the option of NDDOT, at a redemption price equal to 100% of the principal amount plus accrued interest.

Student Loan Trust

Interest is payable semiannually on June 1 and December 1 of each year. The 2004 Series A Bonds are variable rate bonds. The rate of interest is determined based on one-month LIBOR plus 0.7% . The maximum rate of interest is 12% per annum. Details of the terms and provisions of the variable rate bonds are outlined in Section 2.1 of the Fourth Supplemental Resolution to the State of North Dakota Student Loan Revenue Bonds First General Bond Resolution. Section 2.2 of the Fourth Supplemental Resolution to the State of North Dakota Student Loan Revenue Bonds First General Bond Resolution has deemed these to be Federally Taxable Bonds. The Series 2004 Bonds are subject to redemption prior to maturity at the option of the Commission from any source of funds, in whole or in part, on any date at a redemption price equal to 100% of the principal amount plus accrued interest to date of redemption.

The total principal and interest remaining to be paid on the outstanding bond is \$1 million payable through June 2029. For fiscal year 2019, revenue pledged and total principal and interest paid by Student Loan Trust were \$46,000 and \$30,000, respectively

Housing Finance

Housing Finance Bonds were issued to provide financing to purchase mortgage loans to finance multifamily housing projects. The bonds are the direct obligation of the Housing Finance Agency and are secured by the mortgage loans purchased under the applicable resolutions; the revenues, prepayments, insurance and foreclosure proceeds received related to the mortgage loans; and certain funds and accounts established pursuant to the applicable bond resolution.

Revenues Pledged – The agency has homeownership bonds outstanding in the amount of \$1.25 billion maturing at various times from July 1, 2019 through January 1, 2050. The bonds have been issued to provide financing to purchase mortgage loans. Annual principal and interest payments on the bonds are expected to require 98 percent of net revenues. Principal and interest paid for the current year and total customer net revenues were \$104.1 million and \$23.5 million, respectively. Bond principal was reduced through customer revenues and the refunding of older bonds with proceeds from new bond issues.

Pursuant to the Series Resolutions adopted to date and under the 1994 and 2009 General Resolutions, the revenues generated by the Program Loans (but not the Program Loans themselves) are pledged to secure the Bonds. The Agency is permitted by terms of the General Resolutions to issue Bonds and pledge Revenues pursuant to the Series Resolution which exceed the amount required to meet the obligations of that Series of Bonds. In such event, it is likely that any such Series of bonds would produce excess Revenues which could be available to redeem the related Series of bonds or any other Series of Bonds prior to the state maturities thereof.

The Agency also had multifamily revenue bonds in the amount of \$9.25 million that mature on August 1, 2020. The bonds have been issued to pay a portion of the cost of acquiring, rehabilitation and equipping a 186 unit multifamily residential rental property located in Fargo, North Dakota. The bonds will be payable solely from the revenues and other

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money assigned to secure that payment, which include payments required by the loan agreement. Such payment shall cover the entire principal and interest payment for the bond.

University System

Revenue bonds are limited obligations of the University System. The principal and interest on the bonds are payable generally from the net income of specific auxiliary activities, designated student fees, interest subsidies and debt service reserve funds. These revenues are generally pledged to the payment of bonds in accordance with the specific terms of the specific indenture. Net pledged revenues for fiscal year 2019 were \$19.4 million. Principal and interest paid for the current fiscal year were \$19.4 million, with total remaining principal and interest of \$357.88 million payable through fiscal year 2044.

State Fair Association

Capital Financing Program Bonds Series 2015 – Interest is payable semi-annually on June 1 and December 1 of each year. The bonds maturing on June 1, 2029 are not subject to optional redemption prior to maturity except under extraordinary circumstances. The bonds are secured by the Association's net revenues and by the lodging tax proceeds from the City of Minot, North Dakota.

Major Component Units

Public Finance Authority

The bonds of the Public Finance Authority were issued to provide financing to purchase municipal securities in order to provide local political subdivisions with funds to finance local projects. The bonds are direct obligations of the Public Finance Authority and are secured by municipal securities purchased under the applicable resolutions, interest earnings and certain accounts established pursuant to the applicable bond resolutions. Net pledged revenues for fiscal year 2019 were \$24.7 million. Principal and interest paid for the current fiscal year were \$44.4 million, with total remaining principal and interest of \$734.0 million payable through June 2045.

Revenue Bonds outstanding (expressed in thousands):

Primary Government

	Maturities	Interest Rates	Balance 6/30/19
Governmental-Type Activities:			
Building Authority	2020-2031	1.50-6.25	\$ 24,858
Department of Transportation	2020	3.00-5.00	5,092
Business-Type Activities:			
Student Loan Trust	6/1/2029	3.10	1,000 ¹⁾
Housing Finance:			
Homeownership	2020-2050	0.20-5.25	1,253,146 ¹⁾
Multifamily Revenue	2021	2.125	9,250
University System:			
BSC—Bismarck	2020-2033	2.00-4.00	7,768
MaSU—Mayville	2020-2030	1.25-6.63	3,426
MiSU—Minot	2020-2041	2.00-6.60	11,581
NDSCS—Wahpeton	2020-2037	3.76	7,335
NDSU—Fargo	2020-2047	1.50-5.00	132,725 ²⁾
UND—Grand Forks	2020-2044	0.75-4.25	84,512
VCSU—Valley City	2020-2040	2.80-7.05	5,185
Williston State College	2020-2041	6.81	7,660
State Fair Association	2020-2029	3.00	1,697
Total Revenue Bonds Payable— Primary Government			<u>\$ 1,555,235</u>

¹⁾ Entire amount of bonds payable are not associated with capital assets of the State.

²⁾ At June 30, 2019, NDSU had pledged \$14.7 million of assets as collateral for bonds payable issued at the Research I and Research II buildings.

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Major Component Units

	Maturities	Interest Rates	Balance 6/30/19
Public Finance Authority	2020-2045	0.24-8.25	\$ 549,900
University System Foundation	2020-2040	0.75-5.25	46,230
Total Revenue Bonds Payable— Major Component Units			<u>\$ 596,130</u>

Debt service requirements to maturity on revenue bond issues for the fiscal years ending June 30 are summarized below (expressed in thousands):

Primary Government

Governmental Activities			Business-type Activities		
	Principal	Interest		Principal	Interest
2020	\$ 9,460	\$ 1,133	2020	\$ 46,768	\$45,728
2021	4,620	678	2021	65,636	47,744
2022	4,550	475	2022	55,387	46,103
2023	3,180	298	2023	55,900	44,661
2024	2,870	148	2024	55,359	43,143
2025-2029	1,899	255	2025-2029	266,900	192,383
2030-2034	1,433	24	2030-2034	266,345	150,435
2035-2039	-		2035-2039	258,873	105,879
2040-2044	-		2040-2044	234,198	62,278
2045-2049	-		2045-2049	189,571	20,119
2050-2054	-		2050-2054	8,070	195
Bond Premium	1,938	(1,938)	Bond Premium	22,278	(22,278)
Total	<u>\$ 29,950</u>	<u>\$ 1,073</u>		<u>\$1,525,285</u>	<u>\$ 736,390</u>

Major Component Units

	Principal	Interest
2020	\$ 28,020	\$24,007
2021	28,842	23,564
2022	29,648	22,323
2023	31,645	21,010
2024	29,549	19,686
2025-2029	144,517	75,168
2030-2034	150,958	43,501
2035-2039	84,094	14,130
2040-2044	12,304	2,451
2045-2049	4,358	219
Bond Premium	52,195	(52,195)
Total	<u>\$596,130</u>	<u>\$193,864</u>

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2. NOTES PAYABLE

The following is a schedule of notes payable outstanding at June 30, 2019 (expressed in thousands):

Primary Government

	Maturities	Interest Rates	Balance 6/30/19
<u>Governmental Activities:</u>			
Office of Management and Budget	2020-2022	2.43-2.65	\$ 12,246
Department of Human Services	2020	3.44-5.55	9,651
<u>Proprietary Activities:</u>			
Bank of North Dakota	2020-2029	1.61-5.56	1,103,375 ¹⁾
University System	2020-2035	1.75-5.15	<u>17,412</u>
Total Revenue Bonds Payable— Primary Government			<u>\$ 1,142,684</u>

Major Component Units

	Maturities	Interest Rates	Balance 6/30/19
University System Foundation	2020-2036	2.43-4.35	\$ 9,995
State Fair Foundation	2020-2022	4.22	<u>79</u>
Total Revenue Bonds Payable— Major Component Units			<u>\$ 10,074</u>

¹⁾ These notes payable represent FHLB long-term advances. The advances must be secured by minimum qualifying collateral maintenance levels. Residential, student, agriculture and commercial loans with carrying values of \$1.47 billion are currently being used as security to meet these minimum levels.

Short Term Borrowings:

The Bank of North Dakota issued short-term debt to fund loans on a short-term basis.

The ND Housing Finance Agency maintains a collateral pledge agreement with the FHLB covering secured advances whereby the Agency has agreed to retain residential real estate loans and marketable securities, free of all other pledges, liens and encumbrances. The pledged loans and securities are discounted by FHLB when determining their borrowing capacity. The aggregate borrowing capacity of eligible collateral was approximately \$85,066 as of June 30, 2019. In addition, borrowings are collateralized by \$30,673 of loans receivable and \$136 of cash and investments. The Agency borrowed and paid back \$37.3 million during the year ended June 30, 2019.

Debt service requirements to maturity for notes payable for the fiscal years ending June 30 are summarized below (expressed in thousands):

Primary Government

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 10,363	\$ 589	\$ 725,584	\$ 14,142
2021	730	279	28,899	12,052
2022	748	261	102,206	10,517
2023	766	243	62,489	7,318
2024	786	224	116,942	5,217
2025-2029	4,229	817	77,940	5,179
2030-2034	4,275	268	6,560	180
2035-2039	-	-	167	3
Total	<u>\$ 21,897</u>	<u>\$ 2,681</u>	<u>\$ 1,120,787</u>	<u>\$ 54,608</u>

STATE OF NORTH DAKOTA

Major Component Units

	Principal	Interest
2020	\$ 4	\$ 447
2021	822	516
2022	178	496
2023	624	473
2024	8,096	238
2025-2029	20	15
2030-2034	117	60
2035-2039	145	31
2040-2044	68	3
Total	\$ 10,074	\$ 2,279

3. CERTIFICATES OF PARTICIPATION

Primary Government

University System

On September 1, 2018, the University of North Dakota (UND) entered into a lease-purchase agreement with Johnson Controls PI Project Site Operations, LLC (Johnson Controls) to construct and operate a new steam plant and make other energy conservation improvements. To fund the project, UND issued Series 2018A and 2018B Certificates of Participation through Trust Agreement with the Bank of North Dakota, as the Trustee. The certificates have interest rates ranging from 3.55 to 5.0 percent and are subject to annual appropriations by the North Dakota Legislature as part of the general operating appropriations.

The Series 2018A certificates were issued at a par value of \$76.6 million, with a net premium of \$3.8 million. Beginning in fiscal year 2019, UND will make semi-annual interest-only payments through fiscal year 2040. The semi-annual interest-only payments in fiscal years 2019 and 2020 are for capitalized interest paid with bond proceeds. The first principal payment will be due in fiscal year 2041. The certificates mature in fiscal year 2057.

The Series 2018B certificates were issued at a par value of \$16.5 million, with no premium or original issue discount. Beginning in fiscal year 2019, UND will make semi-annual interest-only payments through fiscal year 2023. The semi-annual interest-only payments in fiscal years 2019 and 2020 are for capitalized interest paid with bond proceeds. The first principal payment will be due in 2024. The certificates mature in fiscal year 2041.

The following is a schedule of certificates of participation outstanding at June 30, 2019 (expressed in thousands):

Primary Government

	Maturities	Interest Rates	Balance 6/30/19
<u>Proprietary Activities:</u>			
University System	2024-2057	3.55 – 5.00	\$ 96,843

Debt service requirements to maturity on the certificates of participation for the fiscal years ending June 30 are summarized below (expressed in thousands):

Primary Government

Business-type Activities					
	Principal	Interest		Principal	Interest
2020	\$ -	\$ 4,240	2030-2034	\$ 2,663	\$ 20,654
2021	-	4,240	2035-2039	9,051	19,625
2022	-	4,240	2040-2044	11,796	17,135
2023	-	4,240	2049-2049	18,367	13,971
2024	105	4,240	2050-2054	31,780	8,638
2025-2029	1,811	21,069	2055-2059	21,270	1,877
			Total	\$ 96,843	\$ 124,169

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Changes in General Long-Term Liabilities

Changes in Long-Term Liabilities for the year ended June 30, 2019, are summarized as follows (expressed in thousands):

Primary Government

	Beginning Balance Restated	Additions	Reductions*	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Notes Payable	\$ 22,247	\$ -	\$ (350)	\$ 21,897	\$ 10,364
Bonds Payable	40,429	-	(10,479)	29,950	9,460
Capital Leases Payable	1,415	184	(480)	1,119	479
Compensated Absences	46,433	34,224	(34,401)	46,256	4,133
Claims/Judgments Payable	10,534	3,284	(4,716)	9,102	2,056
Net Pension Liability (Note 6)	643,513	15,466	-	658,979	-
Net OPEB Liability (Note 7)	32,064	-	(804)	31,260	-
Total Long-Term Liabilities	\$ 796,635	\$ 53,158	\$ (51,230)	\$ 798,563	\$ 26,492
Business-Type Activities*:					
Notes Payable	\$ 1,289,686	\$ 6,414,380	\$ (6,583,279)	\$ 1,120,787	\$ 725,584
Bonds Payable	1,242,368	389,023	(106,106)	1,525,285	52,332
Certificates of Participation	-	96,843	-	96,843	-
Capital Leases Payable	40,058	22,390	(8,089)	54,359	4,806
Intergovernmental Payable	5,494	230	(445)	5,279	682
Compensated Absences	35,912	4,229	(4,622)	35,519	5,705
Dividends Payable	107,247	113,235	(107,247)	113,235	113,235
Claims/Judgments Payable	1,051,370	98,417	(58,021)	1,091,766	131,735
Net Pension Liability (Note 6)	219,348	9,165	-	228,513	-
Net OPEB Liability (Note 7)	10,303	-	(156)	10,147	-
Total Long-Term Liabilities	\$ 4,001,786	\$ 7,147,912	\$ (6,867,965)	\$ 4,281,733	\$ 1,034,079

Major Component Units*

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Notes Payable	\$ 19,175	\$ 1,612	\$ (10,713)	\$ 10,074	\$ 822
Bonds Payable	473,779	155,398	(33,047)	596,130	30,372
Capital Leases Payable	1,379	-	(62)	1,317	65
Intergovernmental Payable	565	103	(44)	624	34
Compensated Absences	21	-	(7)	14	14
Net Pension Liability (Note 6)	266	13	-	279	-
Total Long-Term Liabilities	\$ 495,185	\$ 157,126	\$ (43,873)	\$ 608,438	\$ 31,307

* Bonds payable reductions include amortization of premium and discount. Payments of long term debt (notes payable, bonds payable and capital leases payable) for governmental activities includes payments on capital leases payable for internal service funds of \$11,324 and amortization of bond premiums of \$459.

**Included above are amounts classified as Due to Component Units in the Statement of Net Position for the University System as follows, expressed in the thousands.

	Business-Type Activities		Major Component Units	
	Total	Current	Total	Current
Notes Payable	\$ 160	\$ 56	\$ 9,995	\$ 817
Bonds Payable	18,495	1,765	46,230	3,412
Capital Leases Payable	17,392	1,522	1,317	64
Intergovernmental Payable	-	-	621	32
Total	\$ 36,047	\$ 3,343	\$ 58,163	\$ 4,325

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Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, internal service funds included in the above amounts consist of \$18,287 of capital leases payable, \$2,435,298 of compensated absences and \$8,125,638 of claims and judgments. Other governmental activities compensated absences generally have been liquidated by the General Fund (66.4%), the Highway Fund (15.5%), the Federal Fund (7.5%), and other various funds. Other governmental activities claims and judgments have all been liquidated by the Petroleum Release Compensation Fund.

M. ARBITRAGE REBATE PAYABLE

Arbitrage as it applies to government financing refers to the ability of state governments to obtain funds at a tax-exempt rate of interest and to then invest those funds in investments which earn a higher yield, resulting in a profit to the issuer.

The arbitrage rebate rules require that any earnings from the investment of the tax-exempt bond proceeds which exceed the yield on the bonds be remitted to the federal government.

The State has an arbitrage rebate payable to the federal government of approximately \$93,000 at June 30, 2019. These amounts are reported in the Government-wide and Proprietary Fund Type financial statements as an intergovernmental payable.

N. DEFERRED INFLOWS OF RESOURCES

GRANTS RECEIVED PRIOR TO TIME REQUIREMENTS

This amount represents unavailable revenue. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available

INCREASE IN FAIR VALUE OF HEDGING DERIVATIVES

This amount represents the changes in fair value of futures.

O. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements are used to record fair value adjustments to certain assets, deferred outflows of resources, liabilities and deferred inflows of resources to determine fair value disclosures.

FAIR VALUE HIERARCHY

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

- Level 1: Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2: Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3: Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as practical expedient are not classified in the fair value hierarchy.

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DETERMINATION OF FAIR VALUE

In accordance with GASB Statement No. 72, fair values are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the State's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy.

The following is a description of the methodologies used for instruments measured at fair value.

Securities classified in Level 1 are valued using quoted prices in active markets for those securities. Securities classified in Level 2 and Level 3 are valued using methodologies such as various bid evaluations, market averages and other matrix pricing techniques as well as values derived from associated traded securities or last trade data. In instances where inputs used to measure fair value fall into different levels, the fair value is categorized based on the lowest level input that is significant to the valuation.

Investments valued at the net asset value (NAV) per share (or its equivalent) have been classified separately in the table below and include investments considered to be *alternative investments* as defined by the AICPA. The definition includes investments for which a readily determinable fair value does not exist (that is, investments not listed on national exchanges or over-the-counter markets, or for which quoted market prices are not available from sources such as financial publications, the exchanges, or NASDAQ). These types of investments can be held within any of the asset classes used by the State based on underlying portfolio holdings and analysis of risk and return relationships. These investments can be structured in different ways, including limited partnerships, limited liability companies, common trusts and mutual funds. Some are closed-ended with a specific life and capital commitment while others are open-ended with opportunity for ad hoc contributions or withdrawals and termination upon proper notice.

Commingled/Mutual Funds – These types of funds are generally open-ended funds and may be utilized in equities or fixed income asset classes. They are funds made up of underlying securities that have readily available fair values (publicly traded stocks or bonds). The State owns units of these funds rather than the individual securities. Contributions or withdrawals from these funds can be made as needed, generally with daily or monthly liquidity, with a notice period of one to fifteen days. Because they are liquid funds, there are no unfunded commitments for these types of investments.

Private Credit – These investments include loans to private companies, privately placed debt of public companies, or loans backed by real assets. Loan repayment can be derived from either cash flows from an operating company or cash flows generated by a physical or esoteric asset. Private debt is typically secured and has various protections/covenants in place. The debt is customized to the borrower's requirement, thus rendering it illiquid. The State includes these strategies within its global fixed income allocation through limited partnership-type structures. Private credit issuers may be investment grade but are typically below-investment grade and similar in some respect to the syndicated bank loan and high yield markets. The State employs two senior private debt funds, commonly referred to as direct lenders, which are structured as custom managed accounts that are not eligible for redemptions during remaining investment lives of 2 to 3 years, and the unfunded commitments totaled \$146.2 million as of June 30, 2019.

Private Equity - Private Equity investments are typically private interests in corporations across different areas of the capital structure and in different stages of the corporations' development via limited partnership vehicles. Private Equity investments are illiquid and long term in nature (10-12 years), typically held until maturity. Private Equity portfolios generally have a "J-Curve Effect" whereby there are low to negative returns in the initial years due to the payment of investment management fees and initial funding of investments made by the General Partner during a period when investments are typically carried at cost and returns have not been realized. To diversify the program, Private Equity investments are made across business cycles, vintage years, and different strategies. The State has a dedicated sub-asset class for private equity investments within its global equity allocation in the pension pool. The State does not have the option to request redemptions from its private equity funds. The General Partner distributes earnings and proceeds from the sale of the underlying investments as transactions occur. The State has \$339.9 million in unfunded private equity commitments as of June 30, 2019.

Venture Capital – These include investments in companies in a range of stages of development from start-up/seed stage, early stage, and later/expansion stage. Investments are typically made in years one through six and returns typically occur in years four through ten.

Buyouts – These include investments in funds that seek out and purchase underperforming or undervalued companies in order to improve them and sell them or take them public many years later. These funds are also often involved in management buyouts, which are buyouts conducted by the management of the company being purchased, and they often play key roles in leveraged buyouts, which are buyouts that are funded with borrowed money.

STATE OF NORTH DAKOTA

Distressed Debt – These include investments in the debt instruments of companies which may be publicly traded or privately held that are financially distressed and are either in bankruptcy or likely candidates for bankruptcy. Typical holdings are senior and subordinated debt instruments, mortgages and bank loans. The State includes these types of investments in its private equity asset class. As of June 30, 2019, unfunded commitments in one of its two distressed debt funds totaled \$76.9 million. The fund is not eligible for redemptions. The other fund is eligible for redemptions with quarterly liquidity and 60 days notice, and has no unfunded commitment.

Mezzanine Debt – This strategy is a hybrid of debt and equity financing. It is basically debt capital that gives the lender the rights to convert to an ownership or equity interest in the company if the loan is not paid back in time and in full. It is generally subordinated to senior debt. The State utilizes this strategy, through a limited partnership structure, in its global fixed income allocation. The two funds in this category are not eligible for redemptions, have remaining lives of 2-5 years, and unfunded commitments of \$8.5 million as of June 30, 2019.

Equity Long/Short – This strategy is a combination of long and short positions, primarily in publicly traded equities. The State utilizes this strategy, through a limited partnership structure, with its global equity allocations. This is an open-ended fund with monthly liquidity with a notice period of 15 days. There was no unfunded commitment as of June 30, 2019.

Real Assets – These investments are intended to provide allocations to tangible assets that are expected to be inflation protected and provide performance above the inflation rate as indicated by the CPI. Investments are generally structured as limited partnerships or limited liability companies. Investments in Real Estate Assets include Real Estate, Timberland and Infrastructure, as discussed below.

Real Estate – includes investments in private vehicles through limited partnerships or commingled vehicles that have an ownership interest in direct real estate properties. The investment strategies may include “value added” strategies, which derive their return from both income and appreciation, “opportunistic”, which derive their return primarily through appreciation, and “alternative” which invest in less traditional types of property. Both domestic and international real estate funds are utilized. The State has a dedicated sub-asset class for these types of investments within global real assets. There are currently 10 different real estate funds in the portfolio. Three of those funds are open-ended vehicles that accept redemption requests quarterly with a 30-90 day notification period. The remaining seven funds are closed-ended limited partnerships that are not eligible for redemptions. Those seven funds have a combined unfunded commitment of \$114.4 million as of June 30, 2019.

Timberland – includes investments in limited liability companies that have an ownership interest in properties where the value of the property is derived mainly from income-producing timber but also from the “higher and better use” value of the underlying land. The State includes these assets within its global real asset allocations. There are three funds in the portfolio and they have no unfunded commitments. The funds are not eligible for redemption other than distributions of income and/or proceeds as determined by the investment manager. The funds have remaining lives of 2-7 years.

Infrastructure – includes investments in limited partnerships that have an ownership interest in transportation assets such as toll roads, tunnels and bridges; and regulated assets such as electricity transmission, gas and oil distribution and wastewater collection. Other possible investments would include communication assets and social infrastructure. The State includes these assets within its global real assets allocations. The infrastructure investments in the portfolio as of June 30, 2019, include both open and closed-ended funds. The open-ended funds have no unfunded commitments and are eligible for redemptions quarterly with 90 days notice. There may be a 3-12 month queue for receiving redemptions. The closed-ended funds have unfunded commitments of \$243.9 million at June 30, 2019 and are not eligible for redemptions.

Interest Rate Swap Agreements – Fair values for interest rate swap agreements are based upon the settlement value adjusted by estimated nonperformance risk.

Derivative Instruments – Fair values of the grain future contracts are determined on the Minneapolis Grain Exchange.

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Fair Value

The following table shows the fair value leveling of the State's assets and liabilities at June 30 (expressed in thousands).

Primary Government

INVESTMENTS MEASURED AT FAIR VALUE	Fair Value 6/30/19	Level 1	Level 2	Level 3
Short term securities:				
Commercial paper	\$ 1,596	\$ -	\$ 1,596	\$ -
Short term bills and notes	475,691	143,721	331,970	-
Total short term securities	477,287	143,721	333,566	-
Fixed income investments:				
Asset backed securities	424,218	-	416,713	7,505
Bank loans	4,372	-	4,372	-
Collateralized bonds	2,716	-	2,716	-
Collateralized mortgage obligations	41,484	-	41,484	-
Commercial mortgage-backed	286,647	-	284,331	2,316
Corporate bonds	2,121,267	-	2,117,557	3,710
Corporate convertible bonds	21,761	-	20,995	766
Funds - Fixed Income ETF	214,881	214,881	-	-
Government Agencies	1,302,793	1,189,140	113,653	-
Government Bonds	988,727	196	988,531	-
Government MBS	1,547,300	-	1,547,300	-
Government - issued Commercial Mortgage-Backed	101,527	-	101,527	-
Index Linked Government Bonds	584,015	-	584,015	-
Municipal / Provincial Bonds	36,474	-	36,474	-
Non- Government Backed C.M.O.s	63,752	-	57,495	6,257
Other Fixed Income	1,034	31	1,003	-
Collateralized Debt	17,035	-	17,035	-
Total fixed income investments	7,760,003	1,404,248	6,335,201	20,554
Equity Investments:				
Common stock	4,869,128	4,869,062	2	64
Convertible equity	4,897	2,081	2,816	-
Funds - Equities ETF	409,492	409,492	-	-
Preferred stock	20,979	20,979	-	-
Rights / Warrants	776	776	-	-
Stapled securities	4,520	4,520	-	-
Total equity investments	5,309,792	5,306,910	2,818	64
Other Investments:				
Currency	20,439	20,439	-	-
FX Contracts	1	1	-	-
Global Tactical Asset Allocation MF	826,883	826,883	-	-
Master Limited Partnership	94,989	94,989	-	-
REITs	8,268	8,268	-	-
Real Estate	10,194	-	-	10,194
Swaps	12,846	-	12,846	-
Total other investments	973,620	950,580	12,846	10,194
Derivative Investments:				
Exchange cleared swaps	(17,168)	-	(17,168)	-
Options	(288)	(279)	(9)	-
Swaps	10,134	-	10,134	-
Grain future contracts	16	16	-	-
Total derivative investments	(7,306)	(263)	(7,043)	-
Total investments measured at fair value	\$ 14,513,396	\$ 7,805,196	\$ 6,677,388	\$ 30,812

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INVESTMENTS MEASURED AT THE NET ASSET VALUE (NAV)	Fair Value 6/30/19	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Commingled Funds - Debt	\$ 1,393,182	\$ -	Daily, monthly	1 - 15 days
Commingled Funds - Equities	2,493,252	-	Daily, monthly	1 - 15 days
Commingled Funds - Fixed Income	274,430	-	Daily	< 5 days
Distressed Debt	235,686	76,921	Quarterly, not eligible	60 days
Long / short	223,575	-	Monthly	15 days
Mezzanine Debt	496	8,499	Not eligible	Not eligible
Private Credit	290,157	146,200	Not eligible	Not eligible
Private Equity	229,364	339,869	Not eligible	Not eligible
Real Assets	2,514,758	358,278	Quarterly, not eligible	30 - 90 days
Private Debt Fund	61,356	91,500		
Total investments measured at the NAV	7,716,256	\$ 1,021,267		
Total investments	\$ 22,229,652			

Major Component Units

INVESTMENTS MEASURED AT FAIR VALUE	Fair Value 6/30/19	Level 1	Level 2	Level 3
Short term securities				
Certificates of deposit	\$ 11,092	\$ -	\$ 11,092	\$ -
Short term bills and notes	41,123	-	41,123	-
Total short term securities	52,215	-	52,215	-
Fixed income investments:				
Gov't Agencies	46,266	46,266	-	-
Other Fixed Income	94	94	-	-
Total fixed income investments	46,360	46,360	-	-
Equity Investments:				
Stock	22	22	-	-
Other equities	330	330	-	-
Total equity investments	352	352	-	-
Other Investments:				
Mineral acres	22	-	-	22
Total other Investments	22	-	-	22
Total investments	\$ 98,949	\$ 46,712	\$ 52,215	\$ 22

NOTE 4 - NET POSITION

The government-wide Governmental Activities Statement of Net Position reports \$6,639,785,616 of restricted net position, of which \$1,032,862,011 is restricted by enabling legislation.

NOTE 5 - FUND BALANCE

The following table on the next page presents further display the fund balances by major purpose.

Included in the General Fund, unassigned fund balance is \$6,238,912,872 for the North Dakota Legacy Fund. The Legacy Fund was established with thirty percent of total revenue derived from taxes on oil and gas production or extraction. The principal and earnings of the Legacy Fund may not be spent until after June 30, 2017, and an expenditure of principal after that date requires a vote of at least two-thirds of the members elected of each house of the legislative assembly. No more than fifteen percent of the principal of the Legacy Fund can be expended during a biennium.

STATE OF NORTH DAKOTA

Governmental Fund Balance By Purpose

(Expressed in Thousands)

	Special Revenue			Nonmajor Governmental	Total
	General	Federal	State		
Fund Balances:					
Nonspendable					
Inventory	\$ 2,955	\$ 10,965	\$ 10,705	\$ -	\$ 24,625
Long - Term Receivables	12	-	-	-	12
Prepaid Expenditures	3,671	1,367	2,150	-	7,188
Permanent Trust fund for Veteran's Postwar	-	-	-	6,337	6,337
Permanent Trust fund for Coal Development	-	-	-	70,214	70,214
Total Nonspendable	6,638	12,332	12,855	76,551	108,376
Restricted for:					
Distribution to Common Schools	-	-	4,919,178	-	4,919,178
State Education Aid	-	-	430,679	-	430,679
Lignite Research	-	-	30,294	-	30,294
Water Projects and Energy Conservation	-	-	419,654	-	419,654
Well Plugging and Site Reclamation	-	-	22,132	-	22,132
Agriculture and Commerce	-	-	62,749	-	62,749
Natural Resources	-	-	30,259	-	30,259
Highway Projects	-	-	513,571	-	513,571
Transportation	-	-	25,611	-	25,611
Petroleum Tank Release Compensation	-	-	6,069	-	6,069
Debt Services	-	-	-	784	784
Capital Improvement Projects	279	-	-	-	279
Other	-	-	27,575	-	27,575
Total Restricted	279	-	6,487,771	784	6,488,834
Committed to:					
Strategic Investments & Improvements	-	-	905,001	-	905,001
Oil & Gas Impact Grants	-	-	29,187	-	29,187
Partnership in Assisting Community Expansion	-	-	58,438	-	58,438
Human Services & Health Operations	-	-	27,474	-	27,474
Outdoor Heritage Grants	-	-	30,552	-	30,552
Water Development & Management Projects	-	-	48,149	-	48,149
Oil & Gas Research	-	-	11,848	-	11,848
Judicial & Legal	-	-	12,974	-	12,974
Public Safety & Corrections	20,295	-	2,486	-	22,781
Agriculture & Commerce	6,025	-	5,630	-	11,655
State Rail & Special Roads	-	-	15,069	-	15,069
Insurance Regulatory Operations	-	-	6,393	-	6,393
Park & Recreation Operations	-	-	6,786	-	6,786
Tax Relief	182,300	-	-	-	182,300
Stabilization	118,646	-	-	-	118,646
Theodore Roosevelt Presidential Library & Museum	15,051	-	-	-	15,051
Veteran's Postwar	-	-	-	398	398
Other	5,906	-	27,497	83	33,486
Total Committed	348,223	-	1,187,484	481	1,536,188
Assigned to:					
Education	-	-	3,374	-	3,374
Human Services & Health Operations	-	-	119,250	-	119,250
Judicial & Legal	-	-	11,048	-	11,048
Correction & Rehabilitation Operations	-	-	5,935	-	5,935
Strategic Investments & Improvements	-	-	229,325	-	229,325
Agriculture & Commerce	-	-	2,345	-	2,345
Other	-	-	3,333	-	3,333
Total Assigned	-	-	374,610	-	374,610
Unassigned	7,231,355	(1,642)	-	-	7,229,713
Total Fund Balances	\$ 7,586,495	\$ 10,690	\$ 8,062,720	\$ 77,816	\$ 15,737,721

STATE OF NORTH DAKOTA

NOTE 6 - RETIREMENT SYSTEMS

A. DESCRIPTION OF PLANS

The State of North Dakota administers four major retirement systems: North Dakota Public Employees' Retirement System, North Dakota Highway Patrolmen's Retirement System, Retirement Plan for the Employees of Job Service North Dakota and the Teachers' Fund for Retirement. The State also administers the North Dakota Defined Contribution Retirement Plan, which was established January 1, 2000. Certain state employees may also participate in a privately administered retirement system: Teachers' Insurance Annuity Association. The following is a brief description of each plan. More detailed information can be found in the plan agreements and the related legislation.

NORTH DAKOTA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

The North Dakota Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan covering substantially all employees of the State of North Dakota, its agencies, and various participating political subdivisions (Main System). It also covers Supreme and District Court judges, the National Guard Security Officers and Firefighters, peace officers and correctional officers employed by political subdivisions and as of August 1, 2017, firefighters employed by participating political subdivisions. Effective August 1, 2015, current and newly eligible members of the National Guard System were transferred to the Law Enforcement System. It is not subject to the provisions of the Employee Retirement Security Act of 1974. PERS issues a publicly available financial report that may be obtained by writing to North Dakota Public Employees Retirement System, 400 East Broadway, Suite 505, Bismarck, North Dakota 58501.

At June 30, 2019, the number of participating political subdivisions in PERS was:

Cities	94
Counties	50
School Districts	125
Other	<u>85</u>
Total Participating Local Political Subdivisions	<u>354</u>

Administration

The North Dakota Retirement Board was created by the State Legislature and is the governing authority of PERS. Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code.

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

The costs of administering the plan are financed through the contributions and investment earnings of each plan.

Benefits

Pension benefits are set by statute. The System has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equals or exceeds 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The annual pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the annual pension benefit is equal to 1.75% of their average monthly salary, using the three highest periods of twelve consecutive months employed during the last one hundred eighty months of employment. The Plan permits early retirement at ages 55-64 with five or more years of service.

Supreme and district court judges are entitled to unreduced monthly pension benefits beginning at the normal retirement age (65) or Rule of 85. The monthly pension benefit for Supreme and district court judges is equal to a percentage of average monthly salary using the highest 36 consecutive months out of the last 180 months of service. The percentage is

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equal to 3.5% of final average monthly salary multiplied by the first 10 years of service, plus 2.80% of the average monthly salary times the second 10 years of service, plus 1.25% of average monthly salary times years of service in excess of 20 years. The judicial retirement formula is only applied to eligible judicial service. Non-judicial service benefits are calculated using the 2.00% multiplier. The plan permits early retirement at ages 55-64, with five or more years of service.

The monthly pension benefit for National Guard at normal retirement age (55). Effective August 1, 2015, the National Guard System will become part of the Law Enforcement System. Members of the Law Enforcement are entitled to unreduced monthly pension benefits at normal retirement age (55) or the rule of 85. The monthly pension benefit for the National Guard/Law Enforcement is equal to 2.00 percent of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 50-55 with three or more years of service for members.

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

Death and Disability Benefits

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

For judges only who have earned five years of credited service, the death benefit is changed to the greater of (i) lump sum payment of accumulated contributions, and (ii) 100% of the member's accrued benefit (not reduced on account of age), payable for the spouse's lifetime.

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

For Judges only, the disability benefit formula is changed to 70% of final average salary minus social security and workers compensation benefits.

Refunds of Member Contributions

Upon termination, if a member is not vested (is not 65 or does not have three years of service for the Main System and National Guard/Law Enforcement, or five years of service for the Supreme and district court judges, credited for PERS), they will receive the accumulated member contributions plus interest. If an employee has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated employee contribution and is subsequently re-employed, they have the option of repurchasing their prior service.

Contributions

Contribution rates are set by state statute and are a percentage of salaries and wages.

Members that made a qualifying election under Senate Bill 2015 to move from the Defined Contribution Plan back to the Defined Benefit Plan have a 2% increase on employee contributions. The 2019 Legislative Assembly passed legislation that ended the RHIC plan for new hires after January 1, 2020 and redirected the 1.14% RHIC employer contribution to the retirement account for both the PERS plan as well as the defined contribution plan.

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Member contributions are set by state statute and are a percentage of salaries and wages. During the 1983-1985 biennium, the State implemented the employer pickup provision of the IRS code, whereby a portion or all of the required member contributions are made by the employer. The State is paying 4% of the full member contribution. Some of the political subdivisions are paying all or part of the member contributions. Employer contributions are set by statute except the contribution rates for the National Guard/Law Enforcement Plans which are set by the Board. Contribution rates are established as a percent of covered compensation as follows:

	<u>Member Contributions</u>	<u>Employer Contributions</u>
PERS*		
Members first enrolled prior to 1/1/20	7.00%	7.12%
Members first enrolled after to 1/1/20	7.00%	8.26%
Members returning to the Defined Benefit Plan as a result of Senate Bill 2015	9.00%	7.12%
Judges Retirement System	8.00%	17.52%
Law Enforcement with previous service		
State – BCI Plan	6.00%	9.81%
State – National Guard	5.50%	9.81%
Political subdivisions	5.50%	9.81%
Law Enforcement without previous service	5.50%	7.93%

*Members making the election to move from the Defined Contribution Plan back to the Defined Benefit Plan as a result of Senate Bill 2015 pay a 9.00% employee contribution.

The member's account balance includes employee contributions, interest, and the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. Members of the Supreme and District Court Judges are not eligible to vest in the employer contributions if contributing to the deferred compensation plan.

The minimum monthly member contribution is \$25, and the maximum may not exceed certain parameters based upon years of service.

NORTH DAKOTA HIGHWAY PATROLMEN'S RETIREMENT SYSTEM (NDHPRS)

The North Dakota Highway Patrolmen's Retirement System is a single-employer defined benefit pension plan covering substantially all sworn officers of the Highway Patrol of the State of North Dakota. It is not subject to the provisions of the Employee Retirement Income Security Act of 1974. NDHPRS issues a publicly available financial report that may be obtained by writing to North Dakota Public Employees Retirement System, 400 East Broadway, Suite 505, Bismarck, North Dakota 58501.

Administration

The North Dakota Retirement Board was created by the State Legislature and is the governing authority of NDHPRS. See PERS Administration note for composition of the Retirement Board. Benefit and contribution provisions are administered in accordance with chapter 39-03 of the North Dakota Century Code.

The costs of administering the plan are financed through the contributions and investment earnings of the plan.

Benefits

Pension benefits are set by statute. The System has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members are entitled to unreduced pension benefits upon attainment of age 55 and 10 years of eligible employment or when the sum of age and years of credited service equals or exceeds 80. The annual pension benefit is equal to a percentage of average monthly salary using the highest 36 months out of the last 180 months of service. The percentage is equal to the sum of the first 25 years of service multiplied by 3.60% and 1.75% multiplied by years of service in excess of 25, if any. The plan permits early retirement at ages 50-54, with ten or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form

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of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than 10 years of credited service, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than 10 years of credited service, the surviving spouse, if any, will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50 percent of the member's accrued normal retirement benefit. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to any designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days service receive monthly disability benefits that are up to 70 percent of their final average salary, reduced by workers compensation with a minimum benefit of \$100. To qualify under this section, the member must meet the criteria established by the Retirement Board for being totally disabled and apply for benefits within one year of termination.

Refunds of Member Contributions

Upon termination, if a member is not vested (is not 60 or does not have ten years of service credited for NDHPRS), they will receive the accumulated member contributions plus interest. If an employee has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated employee contribution and is subsequently re-employed, they have the option of repurchasing their prior service.

Contributions

Contribution rates for NDHPRS are set by state statute and are a percentage of covered compensation. The State is paying 4.0% of the member contribution. The member contribution rate is 13.3% and the employer rate is 19.7%.

RETIREMENT PLAN FOR THE EMPLOYEES OF JOB SERVICE NORTH DAKOTA (JSND)

The retirement plan for employees of Job Service North Dakota is a single-employer defined benefit public employee retirement plan administered by PERS. The plan is established under NDCC 52-11-01 with benefit provisions established through the plan document, as amended by the Board. This plan document, as amended, is authorized by the Plan Administrator, who is the Executive Director of the agency. JSND issues a publicly available financial report that may be obtained by writing to Job Service North Dakota, PO Box 5507, Bismarck, North Dakota 58506-5507.

Participation in the plan is limited to employees participating in the plan as of September 30, 1980.

Administration

On August 1, 2003, the administrative authority and the net position of the Retirement Plan for Employees of Job Service North Dakota were transferred from the agency to the Public Employees Retirement System Board. This action was based on the passage of House Bill 1064 by the Fifty-eighth Legislative Assembly of North Dakota. The Retirement Plan for Employees of Job Service has an Actuarial Valuation Report produced annually. Requests to obtain or review this report should be addressed to the Executive Director, NDPERS, 400 East Broadway, Suite 505, Bismarck, North Dakota 58501.

The costs of administering the plan are financed through the contributions and investment earnings of the plan.

Benefits

Benefits are established through the plan document, as amended by the Board. The System provides a post-retirement cost-of living adjustment each year based on the Consumer Price Index. Employees are entitled to annual pension benefits beginning at normal retirement age (65). Employees may elect optional retirement eligibility at age 62 with 5 years of credited service, at age 60 with 20 years of credited service, or at age 55 with 30 years of credited service. Pension benefits are calculated based on the final average earnings (basic monthly earnings averaged over the highest three consecutive years of basic earnings) of the employee multiplied by the sum of:

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1.5% times years of credited service up to 5 plus;

- 1.75% times years of credited service between 6 and 10 plus;
- 2.0% times years of credited service in excess of 10.

Death and Disability Benefits

The plan provides retirement, disability and death benefits. If death of a participant occurs prior to their annuity starting date, the surviving spouse who has been married at least two years prior to the participant's death or, if married less than two years is a parent of a child of this marriage, then the spouse shall receive monthly benefits. The amount is the greater of the benefit had the participant retired on the day before they died and elected the Contingent Annuitant Option with 55% of their retirement benefit continued to their spouse or 55% of the smaller of 40% of the deceased participant's average monthly earnings or the deceased participant's normal retirement benefit obtained by increasing their credited service by the period of time between their date of death, and the date they would have attained age 60. Upon remarriage of the surviving spouse before age 60, the death benefit will cease.

If a participant becomes totally disabled, they will be eligible for a monthly disability benefit which shall be equal to the greater of 40% of the participant's average annual earnings or the accrued benefit determined as of their date of disability.

Refunds of Member Contributions

Upon termination, if a member of the JSND System terminates employment before retirement payments begin, participation in the retirement plan will cease. No further additions to retirement income will accrue on the member's behalf, and the member may be paid under one of the following options.

- * The member may be paid an amount of retirement income with payments starting at Normal, Optional, or Early Retirement Date. The amount of that income will be equal to the amount provided under the formula according to the member's years of credited service and earnings.
- * The member may receive a cash withdrawal benefit equal to the total of the member's contributions and employer contributions made on their behalf, plus 4 percent interest compounded annually. The member may elect this option at any time after withdrawal and before Normal, Optional, or Early Retirement Date, but such benefit shall be in place of all other benefits under the retirement benefits section.

Contributions

Employees' contributions are established at 7% of total compensation. The funding policy of the plan provides for employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. Effective July 1, 1999, the "scheduled contribution" will be zero as long as the plan's actuarial value of assets exceeds the actuarial present value of projected benefits. The "scheduled contribution" and amortization will be determined when the plan is not in surplus and will be based on a funding policy adopted by the Employer.

TEACHERS' FUND FOR RETIREMENT (TFFR)

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

Teachers' Fund for Retirement issues a publicly available financial report that may be obtained by writing to the Retirement and Investment Office, 3442 East Century Avenue, P.O. Box 7100, Bismarck, North Dakota 58507-7100.

At June 30, 2019, the number of participating employer units in TFFR was:

<u>Type</u>	<u>Number</u>
Public School Districts	175
County Superintendents	6
Special Education Units	19
Vocational Education Units	4
Other	9
Total	<u>213</u>

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Administration

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

Benefits

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

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

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

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

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

Tier 2 – A Tier 2 member is entitled to receive unreduced benefits when five or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and has reached age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

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

Death and Disability Benefits

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

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

Contributions

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

A vested member who terminates covered employment may elect a refund of contributions paid plus 6% or defer payment until eligible for pension benefits. A nonvested member who terminates covered employment must claim a refund of contributions paid before 70½. Refunded members forfeit all service credits under TFFR. These service credits may be repurchased upon return to covered employment under certain circumstance defined by state statute.

EMPLOYEE MEMBERSHIP DATA

The following table summarizes employee membership information by plan at the actuarial valuation date:

	PERS	NDHPRS	JSND	TFFR
Retirees and beneficiaries currently receiving benefits:	12,300	136	189	8,918
Terminated Employees:				
Vested	6,755	31	1	1,657
Nonvested	6,512	11	-	1,035
Active Employees:				
Vested	17,119	71	7	7,936
Nonvested	6,635	73	-	3,239
Total plan membership	<u>49,321</u>	<u>322</u>	<u>197</u>	<u>22,785</u>
Date of annual valuation	July 1, 2019	July 1, 2019	July 1, 2019	July 1, 2019

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

BASIS OF ACCOUNTING

The public employee retirement systems described above are considered part of the State of North Dakota's reporting entity and are included in the State's financial statements as pension trust funds. The financial statements of these systems are prepared using the accrual basis of accounting. Employee contributions are recognized as revenues in the period in which they are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

INVESTMENT POLICY

The System's Board is responsible for establishing the investment policy for the fund assets, which includes setting investment goals and specifying the percentage of assets to be invested in various types of investments for PERS, NDHPRS and JSND. The investment goals are viewed over the long term. The Board recognizes the plans' performance objectives, benefit projections, and capital market expectations when determining the asset allocation. The SIB is responsible for managing the System's investments in accordance with the investment policy.

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

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quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk, including the resulting established impact of funded status and contribution rates.

The following was the asset allocation policy as of June 30, 2019:

	Target Allocation			
	PERS and NDHPRS	JSND	TFFR	RHIC*
Domestic equities	30.0%	6.0%	0.0%	39.0%
International equities	21.0%	14.0%	0.0%	21.0%
Private equity	7.0%	6.0%	0.0%	0.0%
Domestic fixed income	23.0%	74.0%	0.0%	40.0%
International fixed income	0.0%	0.0%	0.0%	0.0%
Global real assets	19.0%	0.0%	18.0%	0.0%
Global equity	0.0%	0.0%	58.0%	0.0%
Global fixed income	0.0%	0.0%	23.0%	0.0%
Cash equivalents	0.0%	0.0%	1.0%	0.0%
Total	100.00%	100.00%	100.00%	100.00%

*See note 7 for further details of the RHIC OPEB Plan.

INVESTMENT RATE OF RETURN

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows for June 30, 2019:

PERS	5.69%
NDHPRS	5.39%
JSND	7.00%
TFFR	5.46%
RHIC*	6.75%

*See note 7 for further details of the RHIC OPEB Plan.

METHOD USED TO VALUE INVESTMENTS

Investments are recorded at fair value determined by reference to published market data for publicly traded securities and through the use of independent valuation services and appraisals for other investments. The net increase in fair value of investments consists of the realized gains or losses and the unrealized increase or decrease in fair value of investments during the year. Realized gains and losses on sales of investments are computed based on the difference between the sales price and the original cost of the investment sold. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current fiscal year were included as a change in the fair value of investments reported in the prior year(s) and the current year. Unrealized gains and losses are computed based on changes in the fair value of investments between years. Security transactions are accounted for on a trade date basis. Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date.

REALIZED GAINS AND LOSSES

Realized gains and losses on sales of investments are components of net change in fair value of investments and are computed as described in note 1. For the year ended June 30, 2019, the following are the net realized gains (losses):

PERS	\$78,102,906
NDHPRS	2,079,637
JSND	2,901,971
TFFR	66,548,800
Retiree Health Insurance Credit (RHIC)	7,871,283
Defined Contribution Plan	230,794
Deferred Compensation Plan	6,454,352

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C. FUNDING STATUS AND PROGRESS

NET PENSION LIABILITY OF THE PLANS

The components of the net pension liability of the Plans at June 30, 2019 were as follows (expressed in thousands):

	<u>PERS</u>	<u>NDHPRS</u>	<u>JSND</u>	<u>TFFR</u>
Total pension liability	\$ 4,269,340	\$ 106,315	\$ 66,197	\$ 3,993,424
Plan fiduciary net position	<u>(3,096,731)</u>	<u>(81,415)</u>	<u>(97,203)</u>	<u>(2,616,171)</u>
Net pension liability (asset)	<u>\$ 1,172,609</u>	<u>\$ 24,900</u>	<u>\$ (31,006)</u>	<u>\$ 1,377,253</u>
Plan fiduciary net position as a percentage of the total pension liability	72.53%	76.58%	146.84%	65.50%

ACTUARIAL ASSUMPTIONS

PERS

The total pension liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions:

Actuarial Cost Method: Entry Age Normal

Asset Valuation Method: Plan Fiduciary Net Position (Market value of assets, no assets smoothing)

Inflation: 2.50%

Salary Increase: 4.00% to 20.00% including inflation

Retirement Age: Age-based table of rates that specify to the type of eligible condition

Investment Rate of Return: 7.75%

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

Other Notes: The calculation of Final Average Salary was changed for members who terminate after December 31, 2019.

The interest rate on member contributions will decrease from 7.25% to 7.00% effective January 1, 2020.

The benefit accrual rate for members first enrolled on or after January 1, 2020 in the Main and Public Safety Systems is 1.75% (compared to 2.00% for members enrolled before January 1, 2020).

The investment return assumption was updated from 7.75% to 7.50% beginning with the actuarial valuation as of July 1, 2019. The economic assumptions (excluding salary increases) were updated beginning with the actuarial valuation as of July 1, 2017 based on a review performed by GRS. All other actuarial assumptions were adopted by the Board based on an experience study covering the period July 1, 2009 through June 30, 2014.

The employer rates to the System are the statutory/Board approved contribution rates of 7.12% of payroll for the Main System (8.26% for members enrolled on or after January 1, 2020), 17.52% for the Judges System, 9.81% for the Public Safety with prior Main System, and 7.93% for the Public Safety without prior Main System service System.

HPRS

The total pension liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions:

Actuarial Cost Method: Entry Age Normal

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Asset Valuation Method: Plan Fiduciary Net Position (Market value of assets, no assets smoothing)

Inflation: 2.50%

Salary Increase: Service-based table for members with less than five years of service and age-based table for members with more than five years of service

Retirement Age: Age-based table of rates that specify to the type of eligible condition

Investment Rate of Return: 7.75%

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

Other Notes: There were no benefit changes during the year.

The economic assumptions (excluding salary increases) were updated beginning with the actuarial valuation as of July 1, 2017 based on a review performed by GRS. The investment return assumption was decreased from 7.75% to 7.50% beginning with the actuarial valuation as of July 1, 2019. All other actuarial assumptions were adopted by the Board based on experience study covering the period July 1, 2009 through June 30, 2014.

The employer rate to the System is the statutory contribution rate of 19.70% payroll.

JSND

The total pension liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions:

Actuarial Cost Method: Entry Age Normal

Asset Valuation Method: Plan Fiduciary Net Position (Market value of assets, no assets smoothing)

Inflation: 2.50%

Salary Increase: 3.50%

Retirement Age: Age-based table of rates that specify to the type of eligible condition

Investment Rate of Return: 4.75%

Cost of Living Adjustment: 2.50%

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

Other Notes: There were no benefit changes during the year.

The economic assumptions (excluding salary increases) were updated beginning with the actuarial valuation as of July 1, 2017 based on a review performed by GRS. The investment return assumption was decreased from 5.70% to 4.75% beginning with the actuarial valuation as of July 1, 2018. All other actuarial assumptions were adopted by the Board based on experience study covering the period July 1, 2009 through June 30, 2014.

The System has assets in excess of the present value of future benefits. Therefore, no employer contributions are being made.

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TFFR

The total pension liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions:

Actuarial Cost Method: Entry Age Normal

Asset Valuation Method: 5 year smoothed market

Inflation: 2.75%

Salary Increase (Payroll Growth): 4.25% - 14.50%; varying by service, including inflation and productivity.

Retirement Age: In the 2015 valuation, rates of retirement were changed to better reflect anticipated future experience. In the 2010 valuation, expected retirement ages of plan members were adjusted to more closely reflect actual experience.

Investment Rate of Return: 7.75%, net of investments expense.

Cost of Living Adjustment: None

Mortality Rates: In the 2015 valuation, assumed life expectancies were adjusted as a result of adopting the RP-2014 mortality tables with generational improvement. In prior years, those assumptions were based on percentages of GRS post termination non-disabled tables and RP-2000 disabled-life tables.

INVESTMENT RATE OF RETURN

The long-term expected rate of return on investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates to return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the pension plan's target asset allocation as of July 1, 2019 is summarized in the following tables:

<u>PERS and NDHPRS Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>JSND Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>TFFR Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	6.25%	Domestic equities	4.75%	Global equity	6.90%
International equity	6.95%	Core fixed income	1.91%	Global fixed income	2.10%
Private equity	10.15%	Limited duration fixed income	1.13%	Global real assets	5.40%
Domestic fixed income	2.11%	Global equity	5.31%	Cash equivalents	0.00%
International fixed income	0.00%	Diversified short-term fixed income	1.66%		
Global real assets	5.41%	Short-term corporate fixed income	0.49%		
Cash equivalents	0.00%	US high yield	3.49%		
		Emerging market debt	4.68%		

DISCOUNT RATE

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, the use of a municipal bond rate is required.

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The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.13%; and the resulting Single Discount Rate is 7.50%.

For HPRS, the discount rate used to measure the total pension liability was 7.50% as of June 30, 2019.

For JSND, the discount rate was 4.75% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates equal to those based on the July 1, 2019 Actuarial Valuation Reports. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions (for JSND it is assumed no future contribution will be made), the pension plans' fiduciary net position were projected to be available to make all projected future benefit payments for current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

For TFFR, the discount rate was 7.75% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates equal to those based on the July 1, 2019 Actuarial Valuation Reports. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions TFFR's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of July 1, 2019. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

SENSITIVITY OF NET PENSION LIABILITY

The following presents the net pension liability of the Plans as of June 30, 2019, calculated using the discount rate of 7.50% for PERS, 7.50% for NDHPRS, 4.75% for JSND and 7.75% for TFFR, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate

Net Pension Liability (Asset) As of June 30, 2019	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
PERS	\$ 1,697,748,658	\$ 1,172,608,884	\$ 731,651,266
Net Pension Liability (Asset) As of June 30, 2019	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
NDHPRS	\$ 38,662,943	\$ 24,899,511	\$ 13,491,914
Net Pension Liability (Asset) As of June 30, 2019	1% Decrease (3.75%)	Current Discount Rate (4.75%)	1% Increase (5.75%)
JSND	\$ (24,292,823)	\$ (31,006,306)	\$ (36,982,989)
Net Pension Liability (Asset) As of June 30, 2019	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
TFFR	\$ 1,859,994,289	\$ 1,377,253,104	\$ 976,082,834

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D. SINGLE EMPLOYER PENSION PLANS

Below are the changes in net pension liability for the State's (primary government) single-employer plans:

	Single-employer Plans Changes in Net Pension Liability Increases (Decreases) For the Year June 30, 2019*	
	<u>JSND</u>	<u>NDHPRS</u>
Total pension liability (asset)		
Service cost	\$ 80,344	\$ 2,738,268
Interest	3,500,344	7,203,350
Change of benefit terms	-	-
Difference between expected and actual experience	(310,124)	(621,359)
Changes of assumptions	5,811,755	-
Benefit payments, including refund of employee contributions	(4,582,577)	(4,981,377)
Net change in total pension liability (asset)	<u>4,499,742</u>	<u>4,338,882</u>
Total pension liability (asset) - beginning	<u>63,629,469</u>	<u>94,047,078</u>
Total pension liability (asset) - ending (a)	<u>\$ 68,129,211</u>	<u>\$ 98,385,960</u>
Plan fiduciary net position		
Contributions - employer	\$ -	\$ 2,152,970
Contributions - employee	32,987	1,453,533
Contributions - service credit repurchase	-	281,573
Contributions - other	-	-
Net investment income	2,918,585	6,716,338
Benefit payments, including refund of employee contributions	(4,582,577)	(4,981,377)
Administrative expense	(46,295)	(30,353)
Net change in plan fiduciary net position	<u>(1,677,300)</u>	<u>5,592,684</u>
Plan fiduciary net position - beginning	<u>97,265,411</u>	<u>73,336,316</u>
Plan fiduciary net position - ending (b)	<u>\$ 95,588,111</u>	<u>\$ 78,929,000</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (27,458,900)</u>	<u>\$ 19,456,960</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	140.30%	80.22%
Covered employee payroll	\$ 416,652	\$ 10,737,297
Plan net pension liability (asset) as a percentage of covered employee payroll	-6590.37%	181.21%

*The 2019 information presented has a measurement date of June 30, 2018.

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JOB SERVICE NORTH DAKOTA (JSND)

Net Pension Asset

At June 30, 2019, the State recorded a net pension asset of \$27,458,900 for all of the Job Service North Dakota pension plan. The net pension asset was measured as of June 30, 2018 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date.

Deferred Inflows and Outflows of Resources

For the year ended June 30, 2019 the State recognized pension expense of \$4,706,520. At June 30, 2019 the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Discrete Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	4,385,421	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	-
Employer contributions subsequent to the measurement date	-	-	-	-
Total	\$ 4,385,421	\$ -	\$ -	\$ -

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

Year ended June 30:

	Primary Government	Component Units
2020	\$ 1,993,919	\$ -
2021	1,120,271	-
2022	771,955	-
2023	499,276	-
Total	\$ 4,385,421	\$ -

Sensitivity of the State's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension asset calculated using the discount rate of 4.75 percent, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.75 percent) or 1-percentage-point higher (5.75 percent) than the current rate:

	1% Decrease (3.75%)	Current Discount Rate (4.75%)	1% Increase (5.75%)
State's proportionate share of the net pension asset	\$ (20,228,759)	\$ (27,458,900)	\$ (33,588,893)

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NORTH DAKOTA HIGHWAY PATROLMEN'S RETIREMENT SYSTEM (NDHPRS)

Net Pension Liability

At June 30, 2019, the State recorded a net pension liability of \$19,456,960 for all of the North Dakota Highway Patrolmen's Retirement System pension plan. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

Deferred Inflows and Outflows of Resources

For the year ended June 30, 2019 the State recognized pension expense of \$3,195,876. At June 30, 2019 the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Discrete Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 482,350	\$ (588,441)	\$ -	\$ -
Changes of assumptions	3,215,897	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	(256,395)	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	-
Employer contributions subsequent to the measurement date	2,091,097	-	-	-
Total	<u>\$ 5,789,344</u>	<u>\$ (844,836)</u>	<u>\$ -</u>	<u>\$ -</u>

\$2,091,097 reported as deferred outflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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

Year ended June 30:

	Primary Government	Component Units
2020	\$ 1,539,866	\$ -
2021	992,841	-
2022	17,556	-
2023	359,233	-
2024	(34,678)	-
Thereafter	(21,407)	-
Total	<u>\$ 2,853,411</u>	<u>\$ -</u>

Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
State's proportionate share of the net pension liability	\$ 32,041,790	\$ 19,456,960	\$ 8,997,526

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E. COST SHARING EMPLOYER PENSION PLANS

NORTH DAKOTA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Proportionate Share of Net Pension Liability

The North Dakota Public Employees' Retirement System (PERS) provides retirement benefits to employees of the primary government and its discrete component units as well as to other political subdivision subdivisions (Main System). It also covers Supreme and district court judges, the National Guard Security Officers and Firefighters, and as of August 1, 2003, peace officers and correctional officers employed by political subdivisions. Effective August 1, 2017, current and newly eligible members of the National Guard System were transferred to the Law Enforcement System.

At June 30, 2019, the State recorded a net pension liability of \$859,160,104 for all of the PERS system. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on the State's share of covered payroll in the PERS pension plan relative to the covered payroll of all participating employers. At June 30, 2018 the State's proportion was 50.3787 percent, which is an decrease of 1.5011 percent from the prior year.

The State's discrete component unit, North Dakota Public Finance Authority, also participates in. At June 30, 2019, the discrete component units recorded a net pension liability of \$279,000 for all of the PERS system. The net pension liability was measured as of June 30, 2018 and the total pension liability and asset used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discrete component units' proportion of the net pension liability was based on their share of covered payroll in the PERS pension plan relative to the covered payroll of all participating employers. At June 30, 2018 the discrete component unit's proportion was 0.01655 percent, which is an increase of 0.0003 percent from the prior year.

Deferred Inflows and Outflows of Resources

For the year ended June 30, 2019 the State recognized pension expense of \$136,402,760 and the component unit recognized pension expense of \$44,000. At June 30, 2019 the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Discrete Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,602,369	\$ (32,189,349)	\$ 1,000	\$ (10,000)
Changes of assumptions	316,975,734	(12,634,626)	101,000	(4,000)
Net difference between projected and actual earnings on pension plan investments	-	(4,461,712)	-	(1,000)
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,550,810	(31,532,267)	1,000	(6,000)
Employer contributions subsequent to the measurement date	39,165,627	-	10,000	-
Total	<u>\$ 368,294,540</u>	<u>\$ (80,817,954)</u>	<u>\$ 113,000</u>	<u>\$ (21,000)</u>

\$39,165,627 and \$10,000 reported as deferred outflows of resources related to pensions resulting from State and component unit contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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

Year ended June 30:

	Primary Government	Component Units
2020	\$ 82,916,014	\$ 27,000
2021	71,473,057	23,000
2022	58,230,810	19,000
2023	33,405,549	12,000
2024	2,285,529	1,000
Total	<u>\$ 248,310,959</u>	<u>\$ 82,000</u>

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Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 6.32 percent, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.32 percent) or 1-percentage-point higher (7.32 percent) than the current rate:

	1% Decrease (5.32%)	Current Discount Rate (6.32%)	1% Increase (7.32%)
State's proportionate share of the net pension liability	\$ 1,174,961,646	\$ 859,160,104	\$ 595,594,274
Component's proportionate share of the net pension liability	380,000	279,000	196,000

NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

Proportionate Share of Net Pension Liability

The North Dakota Teachers' Fund for Retirement (TFFR) provides retirement benefits to North Dakota public teachers and certain other teachers who meet various requirements. At June 30, 2019, the State recorded a net pension liability of \$8,874,047 for all of the TFFR. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on the State's share of covered payroll in the TFFR pension plan relative to the covered payroll of all participating employers. At June 30, 2018 the State's proportion was 0.66579 percent, which is an increase of 0.01285 percent from the prior year.

Deferred Inflows and Outflows of Resources

For the year ended June 30, 2019 the State recognized pension expense of \$860,981. At June 30, 2019 the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Discrete Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,084	\$ (241,349)	\$ -	\$ -
Changes of assumptions	488,856	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	(30,681)	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	769,172	(519,700)	-	-
Employer contributions subsequent to the measurement date	542,201	-	-	-
Total	<u>\$ 1,824,313</u>	<u>\$ (791,730)</u>	<u>\$ -</u>	<u>\$ -</u>

\$542,201 reported as deferred outflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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

Year ended June 30:

	Primary Government	Component Units
2020	\$ 367,023	\$ -
2021	242,971	-
2022	25,346	-
2023	(104,696)	-
2024	(36,924)	-
Thereafter	(3,338)	-
Total	<u>\$ 490,382</u>	<u>\$ -</u>

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Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
State's proportionate share of the net pension liability	\$ 11,982,530	\$ 8,874,047	\$ 6,288,754

F. PENSION SUMMARY

The following is a summary of the pension related items for all plans of the State as of and for the year ended June 30, 2019.

Pension Plan	Net Pension Asset	Deferred Outflows of Resources of Pension	Net Pension Liability	Deferred Inflows of Resources Pension	Pension Expense
Job Service North Dakota	\$ 27,458,900	\$ 4,385,421	\$ -	\$ -	\$ 4,706,520
ND Highway Patrolmen's Retirement System	-	5,789,344	19,456,960	844,836	3,195,876
ND Public Employees' Retirement System	-	368,294,540	859,160,104	80,817,954	136,402,760
ND Teachers' Fund for Retirement	-	1,824,313	8,874,047	791,730	860,981
Total	<u>\$ 27,458,900</u>	<u>\$ 380,293,618</u>	<u>\$ 887,491,111</u>	<u>\$ 82,454,520</u>	<u>\$ 145,166,137</u>

G. DEFINED CONTRIBUTION PLAN

The North Dakota Defined Contribution Retirement Plan was established on January 1, 2000, and is administered in accordance with chapter 54-52.6 of the North Dakota Century Code. The Defined Contribution Plan was available to state employees who are in positions not classified by the Human Resource Management Services division of the State of North Dakota. Employees under the judicial branch or the Board of Higher Education and State Institutional under jurisdiction of the Board of Higher Education are not eligible to participate in the plan. The 2013 Legislative Assembly passed legislation to expand eligibility to the plan to include all new state employees hired on or after October 1, 2013 through July 31, 2017. The Defined Contribution Plan had 99 participants as of June 30, 2019.

The administrative costs of the Defined Contribution Plan are funded by forfeitures of non-vested employee contributions and administrative fees charged to individual participant accounts.

Benefits

Benefits are set by statute. Members are entitled to their vested account balance. A participating member is immediately 100% vested in the employee's contributions. A participating member vests in the employer contributions made on the member's behalf as follows:

Upon completion of two years of service	50%
Upon completion of three years of service	75%
Upon completion of four years of service	100%

Members may elect to receive their account balance in a lump sum, lump sum direct rollover, or periodic distribution.

Death and Disability Benefits

Death and disability benefits are set by statute. Upon the death of a participating member or former participating member, the vested account balance of that deceased participant is available to the participant's designated beneficiary(ies). A member who becomes totally and permanently disabled while employed by the State is eligible to receive a distribution of the vested account balance. To qualify under this section, the member must meet the criteria established by the System for being totally disabled.

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Contributions

Contributions are set by state statute and are a percentage of covered compensation. The State is paying 4% of the member contribution. The member contribution rate is 7.00% and the employer rate is 7.12% for members first enrolled prior to January 1, 2020. For members first enrolled after January 1, 2020 the member contribution rate is 7.00% and the employer rate is 8.26%. Pension expense totaled \$504,381 for the year ended June 30, 2019.

The Board, or vendors contracted by the Board, has exclusive authority to invest and manage the assets of the Defined Contribution Retirement Plan. State statute allows each participating employee to direct the investment of the individual's employer and employee contributions and earnings to one or more investment options within the available categories of investment as established by the Board.

H. TEACHERS' INSURANCE ANNUITY ASSOCIATION

The Teachers' Insurance and Annuity Association (TIAA-CREF), a privately-administered defined contribution retirement plan, provides individual retirement fund contracts for eligible employees as defined by the Board of Higher Education in its approved TIAA-CREF retirement resolution. Further information can be obtained by writing to TIAA-CREF, Denver Regional Office, 1700 Broadway, Suite 770, Denver, Colorado 80290 or by calling 800-842-2009.

All benefits vest immediately to the participant. The plan requires employee and employer contributions be based on a classification system and years of service based on the schedule shown below.

Employment Class	Years Of Service	By The Participant	By The Institution	Total
I and III	0 thru 10	4.50%	12.50%	17.00%
	over 10	5.00%	13.00%	18.00%
II	0 thru 2	3.50%	7.50%	11.00%
	3 thru 10	4.50%	12.50%	17.00%
	over 10	5.00%	13.00%	18.00%
IV	Closed to new participants	4.00%	12.00%	16.00%
President/Chancellor (additional employer contribution)	less than 3	0.00%	0.00%	0.00%
	3 to less than 6	0.00%	4.00%	4.00%
	6 and over	0.00%	8.00%	8.00%

Plan contributions are made on a tax-deferred basis in accordance with section 414(h)(2) of the Internal Revenue Code. All contributions are applied as premiums to retirement annuity contracts owned by the participant. The State has no further liability once annual contributions are made. The State contributed \$42.3 million to TIAA-CREF during the fiscal year ending June 30, 2019.

NOTE 7 - POST-RETIREMENT

A. *IMPLICIT SUBSIDY UNFUNDED PLAN*

The Implicit Subsidy Unfunded Plan provides health insurance coverage to eligible retirees who are not eligible for Medicare. The premiums for this coverage are set under North Dakota Century Code 54-52.1-02 as a percent of the active member single and family plan rates and are paid by the retiree. The premiums for this coverage are not age-rated. Currently, the premiums for this group do not cover the costs of the coverage; therefore, the costs of this group are being subsidized through the active group rates. This subsidy is not funded in advance and there is no guarantee that the subsidy for the 2017-19 biennium will continue in the future.

A retiree must be receiving a retirement allowance from PERS, ND TFFR or TIAA-CREF to be eligible for the retiree health care coverage. Effective July 1, 2015, eligibility for this coverage is limited to employees who retired prior to July 2015 and/or former Legislators.

OPEB Liability

The total net OPEB liability of the plan as of June 30, 2019, determined using a June 30, 2018 measurement date is \$3,604,136.

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Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions:

Mortality Rates: RP-2014 using mortality scale MP-2017.

Withdrawal Rates: Rates of withdrawal from active service before retirement other than death, rates of disability and expected retirement ages developed on the basis of an investigation of actual plan experience.

Interest Rate: 6.56% per annum, net of investment expense

Inflation: 3% per annum

Expenses: Prior year expense, adjusted for inflation

B. RETIREE HEALTH INSURANCE CREDIT – PLAN INFORMATION

The Retiree Health Insurance Credit Fund, a cost-sharing multiple-employer other post-employment plan, is administered by the North Dakota Retirement Board (the Board) to provide members that were first enrolled in the plan prior to January 1, 2020 and are receiving retirement benefits from the Public Employees Retirement System, the Highway Patrolmen's Retirement System and judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit will also be available to apply towards monthly premiums under the state dental, vision and long term care plan and any other health insurance. Effective August 1, 2019, the credit is expanded to also include any dental, vision, and long term care plan. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Regular employees hired under the Retirement Plan for Employees of Job Service North Dakota prior to October 1, 1980 are eligible to participate in the Retiree Health Insurance Credit Fund, a cost-sharing multiple-employer plan, as administered by the Public Employees Retirement Board. The retired employee is provided a credit toward their monthly health insurance premium under a qualifying plan based upon their years of credited service. In accordance with NDCC 54-52.1-03.2, Job Service North Dakota reimburses the Retiree Health Insurance Credit Fund monthly for credit received by members of the retirement plan established by Job Service North Dakota.

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

Employee membership is as follows:

Retirees receiving benefit	12,471
Active participants	<u>23,997</u>
Total Membership	<u><u>36,468</u></u>

OPEB Contributions

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

OPEB Benefits

Retiree health insurance credit benefits and death and disability benefits are set by state statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the Public Employees Retirement System, the Highway Patrolmen's Retirement System, or the Defined Contribution Retirement Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the

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spouse of a deceased annuitant receiving the surviving spouse benefit of if the member selected a joint and survivor option are eligible to receive credit toward their monthly health insurance premium under the state health plan.

The benefits are equal to \$5.00 for each of the employee's , or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health benefit is also available for early retirement with reduced benefits.

Net OPEB Liability of the Plan

The components of the net OPEB liability of the plan at June 30, 2019 is as follows (expressed in thousands):

	<u>RHIC</u>
Total OPEB liability	\$ 217,831
Plan fiduciary net position	<u>(137,512)</u>
Net OPEB liability (asset)	<u>\$ 80,319</u>
RHIC fiduciary net position as a percentage of the total OPEB liability	63.13%

Actuarial Assumptions

Actuarial Cost Method: Entry Age Normal

Asset Valuation Method: Plan Fiduciary Net Position (Market value of assets, no asset smoothing)

RHIC Inflation: 2.50%

Salary Increase: Not applicable

Investment Rate of Return: 7.25%, net of investments expense, including inflation.

Mortality Rates: Mortality rates for active members, inactive members and healthy retirees were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Retiree Mortality Table set back one year for males (not setback for females), multiplied by 125%.

Other Notes: Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no benefit changes during the year.

The economic assumptions (excluding salary increases) and the asset smoothing method were updated beginning with the actuarial valuation as of July 1, 2017 based on a review performed by GRS. The investment return assumption was decreased from 7.50% to 7.25% beginning with the actuarial valuation as of July 1, 2019. All other actuarial valuations were adopted by the Board based on an experience study covering the period July 1, 2009 through June 30, 2014.

The employer rate to the System is the statutory contribution rate of 1.14% of payroll.

Investment Rate of Return

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of RHIC investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2019 is summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Domestic Equities	6.00%
Small Cap Domestic Equities	7.30%
International equities	6.95%
Core-Plus Fixed Income	2.07%

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Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2019 HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of Net OPEB Liability

The following presents the net OPEB liability of the Plans as of June 30, 2019, calculated using the single discount rate of 7.25%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Net OPEB Liability (Asset) As of June 30, 2019	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
RHIC	\$ 102,516,136	\$ 80,318,738	\$ 61,317,668

The benefit provided by the North Dakota Retiree Health Insurance Credit Fund is a fixed dollar subsidy and is not affected by healthcare cost trend. Therefore, a healthcare trend rate was not performed.

C. RETIREE HEALTH INSURANCE CREDIT – STATE'S SHARE

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

Proportionate Share of Net OPEB Liability

At June 30, 2019, the State reported a liability of \$39,954,215 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The State's proportion of the net OPEB liability was based on the State's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2018, the State's proportion was 50.731122 percent, which is a decrease of 0.814717 percent from the prior year.

Deferred Inflows and Outflows of Resources

For the year ended June 30, 2019 the State recognized OPEB expense of \$4,823,458. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Discrete Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,194,625	\$ (826,631)	\$ -	\$ -
Changes of assumptions	3,281,357	(13,235)	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(848,561)	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	248,071	(1,071,456)	-	-
Employer contributions subsequent to the measurement date	6,362,621	-	-	-
Total	\$ 11,086,674	\$ (2,759,883)	\$ -	\$ -

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\$6,362,621 reported as deferred outflows of resources related to OPEB resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020.

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

Year ended June 30:

	Primary Government	Component Units
2020	\$ 138,742	\$ -
2021	138,742	-
2022	138,742	-
2023	241,891	-
2024	600,348	-
Thereafter	705,705	-
Total	<u>\$ 1,964,170</u>	<u>\$ -</u>

Sensitivity of the State's Proportionate Share of the OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plans as of June 30, 2019, calculated using the discount rate of 7.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
State's proportionate share of the net OPEB liability	\$ 50,163,026	\$ 39,954,215	\$ 31,204,243

D. JOB SERVICE NORTH DAKOTA – MET LIFE INSURANCE BENEFIT

MET LIFE INSURANCE BENEFIT

Job Service North Dakota engaged an actuary to determine the Agency's liability for post-employment benefits other than pensions as of July 1, 2019. The actuary determined the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense the Agency has to record as of June 30, 2019. Requests to obtain or review the actuary report should be addressed to the Finance Manager – P.O. Box 5507 Bismarck, North Dakota, 58506-5507.

Plan Description

Job Service North Dakota employees who had a Met Life Insurance policy in effect on December 1, 1999, when the Met Life Insurance benefit plan, a single-employer plan, was discontinued for new employees, receive the following benefits: Job Service North Dakota pays 33% of the monthly Basic Met Life Insurance premium of current employees with a Met Life Insurance policy and upon retirement the employees Basic Met Life Insurance premiums are covered 100% by Job Service North Dakota. The Basic Life Insurance Benefits are equal to the employees' annual salary rounded up to the nearest thousand plus two thousand up to a maximum of \$45,000 and are decreased at a rate of 2% per month at age 65 until the benefit is 25% of the original amount but no less than \$10,000. The actuary report of the Met Life Insurance Benefit is the only financial report produced for this benefit and is available as indicated above. Job Service North Dakota has authority to change the funding and benefit policy of this plan.

Membership of the Other Post Retirement Benefit plan consisted of the following at July 1, 2018, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	169
Terminated employees entitled to benefits but not yet receiving them	0
Current vested employees	<u>14</u>
Total	<u>183</u>

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

The Employer reported a liability of \$1,452,692 at June 30, 2019 for its net OPEB liability. The net OPEB liability was measured as of July 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2019, the Employer recognized OPEB expense of \$45,710. The Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,182	-
Total	<u>\$ 4,182</u>	<u>\$ -</u>

Actuarial Assumptions

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

	<u>July 1, 2019</u>
Inflation	none
Salary increases	5%
Discount rate	2.98% per annum

Mortality rates were based on the RP-2014 Total Dataset Mortality Table adjusted to based year 2006, projected with Scale MP-2017.

Sensitivity of the State's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plans as of June 30, 2019, calculated using the discount rate of 2.98%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.98 percent) or 1-percentage-point higher (3.98 percent) than the current rate:

Net OPEB Liability As of June 30, 2019	1% Decrease (1.98%)	Current Discount Rate (2.98%)	1% Increase (3.98%)
Met Life	\$ 1,633,126	\$ 1,452,692	\$ 1,302,885

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Schedule of Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/18	\$ 1,490,632	\$ -	\$ 1,490,632
Changes for the Year:			
Service cost	3,672	-	3,672
Interest	42,038	-	42,038
Benefit changes	-	-	-
Experience losses (gains)	-	-	-
Changes of assumptions	-	-	-
Contributions - Employer		83,650	(83,650)
Benefits paid	(83,650)	(83,650)	-
Administrative expenses	-	-	-
Net changes	<u>(37,940)</u>	<u>-</u>	<u>(37,940)</u>
Balances at 6/30/19	<u>\$ 1,452,692</u>	<u>\$ -</u>	<u>\$ 1,452,692</u>

The plan provisions used in the measurement of the net OPEB liability are the same as those used in the Actuarial Valuation as of July 1, 2018.

E. OPEB SUMMARY

The following is a summary of the OPEB related items for all plans of the State as of and for the year ended June 30, 2019.

OPEB Plan	Deferred Outflows of Resources - OPEB	Net OPEB Liability	Deferred Inflows of Resources - OPEB	OPEB Expense
ND Public Employees' Retirement System	\$ 11,086,674	\$ 39,954,215	\$ 2,759,883	\$ 4,823,458
JSND Met Life Insurance Benefit	4,182	1,452,692	-	45,710
Total	<u>\$ 11,090,856</u>	<u>\$ 41,406,907</u>	<u>\$ 2,759,883</u>	<u>\$ 4,869,168</u>

NOTE 8 - DEFERRED COMPENSATION PLAN

The ND Public Employees Retirement System was given authority by Chapter 54-52.2 to administer an employee deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan allows employees of the State of North Dakota or any of its political subdivisions, institutions, departments, or agencies to participate, providing that the employee has signed a participation agreement, which permits them to defer a portion of their current salary until future years. Each participant may defer the lesser of \$19,000 or 100% of gross annual compensation for calendar year 2019. Participation in the plan is optional. The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency.

All compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights, are held in trust for the exclusive use of the employee or their beneficiary.

The minimum monthly member contribution to the deferred compensation plan is \$25 and the maximum vesting in the employer contributions ranges from 1% to 4% of the monthly salary, or \$25, depending the employees months of service.

The related assets of the plan, held in trust, are reported at fair value as follows (expressed in thousands):

Plan Participation By:			
State of North Dakota	\$ 108,758	86%	
Other Jurisdictions	17,635	14%	
Total Value	<u>\$ 126,393</u>	<u>100%</u>	

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The deferred compensation plan had 12,934 participants as of June 30, 2019.

NOTE 9 - PERS UNIFORM GROUP INSURANCE PROGRAM

The PERS Uniform Group Insurance Program, an enterprise fund, contracts with Sanford Health Plan to provide health care insurance to the employees of the State of North Dakota, or any of its political subdivision, institutions, departments or agencies. The contract for the 2017-2019 biennium provides for an accounting of premiums paid and claims incurred during the biennium. The final gain or loss is determined two years after the end of the biennium, which for the 2017-2019 biennium will occur in 2021. In the event of a loss, the system does not have any risk.

The System again entered into a similar contract with Sanford Health Plan for the 2019-2021 biennium. The contract for the 2019-2021 biennium provides for an accounting of premiums paid and claims incurred during the biennium. The final gain or loss is determined two years after the end of the biennium, which for the 2019-2021 biennium will occur in 2023. In the event of a loss, the system does not have any risk. No other insurance contracts have a gain sharing provision.

NOTE 10 - SEGMENT INFORMATION

North Dakota Housing Finance Agency maintains two separate funds which account for general agency operations and provide loans to finance construction of rental residential housing and single-family ownership. The two funds are accounted for in a single fund, but investors in home ownership bonds rely solely on the revenue generated by the mortgage loans and assets acquired for repayment. Segment information for the year ended June 30, 2019, was as follows (expressed in thousands):

	Home-Ownership Bond Funds
Condensed Statement of Net Position	
Current assets – other	\$ 262,372
Noncurrent assets – other	1,207,583
Total Assets	1,469,955
Deferred outflow of resources	7,886
Current liabilities – other	72,717
Noncurrent liabilities – other	1,221,211
Total Liabilities	1,293,928
Net position – restricted	183,913
Total Net Position	\$ 183,913
Condensed Statement of Revenues, Expenses and Change in Fund Net Position	
Operating revenues	\$ 46,167
Operating expenses	(36,115)
Operating income	10,052
Change in net position	10,052
Total net position, beginning of year, restated	173,892
Equity transfer out	(31)
Total net position, end of year	\$ 183,913
Condensed Statement of Cash Flows	
Net cash used by operating activities	\$ (201,611)
Net cash used for noncapital financing activities	267,010
Net cash from investing activities	(22,204)
Net change in cash and cash equivalents	43,195
Cash and cash equivalents, beginning of year	170,531
Cash and cash equivalents, end of year	\$ 213,726

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NOTE 11 - MAJOR COMPONENT UNIT TRANSACTIONS

BISMARCK STATE COLLEGE AND BISMARCK STATE COLLEGE FOUNDATION

On January 25, 2007, BSC and BSC Foundation entered into a 15-year lease agreement to facilitate the construction of a Mechanical Maintenance building. Under the agreement, BSC is responsible for payment of all rent, maintenance, and repair of the facility, maintenance of all insurance required under the lease, and restrictions of use of the facility as set forth in the lease. The amount of the rent is tied to the \$1.4 million debt service retirement. Upon payment of all the bonds, BSC will have the option to purchase the premises for \$100. On August 15, 2013, an addendum was made to the lease agreement to facilitate an addition to the facility.

On October 19, 2007, BSC and BSC Foundation entered into a 25-year lease agreement to facilitate the construction of the National Energy Center of Excellence building. Under the agreement, BSC is responsible for payment of all rent, maintenance, and repair of the facility, maintenance of all insurance required under the lease, and restrictions of use of the facility as set forth in the lease. The amount of the rent is tied to the \$5.0 million debt service retirement. Upon payment of all the bonds, BSC will have the option to purchase the premises for \$100.

BSC Foundation's financial statements include these transactions as a receivable from BSC and a long-term liability. BSC's financial statements include the capitalized asset and a long-term liability due to BSC Foundation.

	<u>BSC</u>	<u>BSC Foundation</u>
NECE Building	\$ 9,548,989	\$ 10,846,116
Accumulated Depreciation	<u>(2,920,019)</u>	<u>(2,920,019)</u>
Net Value of NECE Building	<u>\$ 6,628,970</u>	<u>\$ 7,926,097</u>

On September 26, 2014, BSC and Student Housing, LLC (a wholly owned subsidiary of BSC Foundation) entered into a 30-year Ground Lease to facilitate the construction and development of a student apartment housing complex on approximately 4.67 acres of land owned by BSC. Under the agreement, BSC would enter into a separate operating and lease agreement with LLC for the constructed student housing apartment complex for use as a College student housing facility. There are no separate rent payments to be paid by LLC during the term of the Ground Lease agreement in exchange for use of the land.

On October 14, 2014, BSC and Student Housing, LLC (a wholly owned subsidiary of BSC Foundation) entered into a Memorandum of Understanding (MOU) which sets forth the essential terms of an Apartment Master Lease agreement to be entered into between LLC and BSC, under which LLC will lease to BSC space in the student housing complex to be constructed by LLC on BSC property according to the terms and conditions of the Ground Lease. The 5-year renewable Apartment Master Lease Agreement will address quarterly rent payments by BSC and responsibilities for maintenance, repairs and insurance of the facilities and improvements during the term of the lease.

On August 13, 2015, BSC and Student Housing, LLC entered into a 5-year lease agreement to operate student housing services in the two newly constructed housing units (Ritchie Hall and Gate City Bank Hall). Under the agreement, BSC is responsible for payment of all rent, maintenance, and daily repair/maintenance of the facility, and restrictions of use of the facility as set forth in the lease. Student Housing, LLC is responsible for major repairs/maintenance and property and liability insurance on the facilities. The lease is classified as an operating lease on BSC financial statements and Student Housing, LLC financial statements includes the capitalized asset.

In fiscal year 2019, BSC purchased a building located in Bismarck, North Dakota from the BSC foundation for \$8.2 million. The building will house the BSC nursing school.

As of July 1, 2018, the BSC Foundation gained control of the Bismarck State College National Alumni Association. The BSC Alumni Association financial statements are included in the consolidated financial statements of the Major University System Foundation component units. The change in reporting entity has been applied retroactively to the July 1, 2018 beginning net assets.

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DICKINSON STATE UNIVERSITY AND DICKINSON STATE UNIVERSITY FOUNDATION

Arbitration - The Dickinson State University Foundation (DSUF) has ownership interest and/or management responsibilities in various real estate projects by way of its membership in Dickinson Investments, LLC (Dickinson Investments) and other entities. DSUF is involved in a dispute with another member of Dickinson Investments, Granville Brinkman and other Brinkman entities (Respondent). An arbitration claim was filed on December 26, 2013. On September 30, 2014, the arbitrator awarded the Respondent a buy-out of their equity interest in the amount of \$1.260 million. The Respondent was also awarded repayment of a note, prejudgment interest and attorneys' fees and costs. DSUF and Dickinson Investments are jointly and severally liable for the buyout amount.

On October 28, 2014, the arbitrator issued a final arbitration award and ordered:

- a) prejudgment interest at 6% would commence December 26, 2013,
- b) the amount of attorney fees and costs to be repaid was \$233,420,
- c) the note prepayment amount was \$133,600
- d) the parties shared responsibility for arbitration fees and expenses totaling \$67,620.

The final award exceeds \$1.7 million. Although DSUF has an equity interest of about 6 percent in Dickinson Investments, the arbitrator has ruled that it is jointly and severally liable for the entire award, except the \$133,600 loan for which Dickinson Investments is responsible.

Receivership - At the request of the NDUS Chancellor, on November 21, 2014, the North Dakota Attorney General petitioned the state district court for the appointment of a receiver. On December 3, 2014, the court appointed a receiver for DSUF. The court order included the following directives:

- The receiver shall take immediate possession, custody, and control of all assets owned or held by DSUF;
- The DSUF board of directors shall be temporarily suspended and have no authority to act on behalf of DSUF;
- The receiver shall gather, protect and oversee DSUF's corporate and charitable assets;
- The receiver shall report to the court; and
- The receiver shall have all the authority necessary to continue the day-to-day activities of the DSUF.

The receiver filed interim reports on a regular basis through September 2016. In the seventh interim report, dated August 31, 2015, the receiver recommended that DSUF be dissolved. This recommendation was based on an inability to negotiate a mutually acceptable settlement of the outstanding Brinkman judgment against DSUF. The report indicates that dissolution should foremost prioritize DSUF obligations to honor restrictions placed on DSUF assets by donors, then address claims made by creditors, employees, and other interested parties. However, DSUF accounting reports indicated that the foundation had total net restricted assets in an amount less than total permanently and temporarily restricted donations.

The Office of Attorney General requested the commencement of dissolution for DSUF. On August 30, 2017, Stark County District Court Judge William Herauf issued an Order that, in part, approved a settlement reached between the Attorney General and the DSUF's major creditors. The Order also resolved all claims against the DSUF, allowing for the distribution of assets and final closure of the issues surrounding the DSUF.

On June 20, 2017, a settlement agreement was signed by the SBHE, DSU and five financial institutions whereby an amount of \$3.1 million will be paid to the financial institutions to repay the outstanding debt related to the Biesiot Activities Center. The 2017 North Dakota Legislative Assembly provided an appropriation to Dickinson State University for the settlement amount. The settlement was paid in July 2017 consistent with the terms of the settlement agreement.

DSUF's Restated Articles of Incorporation state that upon dissolution, remaining assets shall be distributed to the SBHE for the exclusive use and benefit of the Dickinson State University or its direct successors in interest. The receiver recommended that all remaining net assets of DSUF be directed to be turned over to a new 501(c)(3) tax-exempt Foundation in keeping with DSUF's Restated Articles of Incorporation.

There is a cash reserve account remaining in excess of \$300,000 pending the outcomes of resolving claims from the U.S. Internal Revenue Service relating to Charitable Remainder Trusts. All tax returns have been filed by the court appointed Receiver. The U.S. Internal Revenue Service has approved one of the returns and the remainder of the returns are pending review. Once all returns are approved, any remaining cash will be distributed to the DSU Heritage Foundation and a final Receiver's report will be filed to obtain Court approval of the final distribution and closing the receivership dissolution action.

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Financial Audit

In fiscal year 2013, The DSUF's independent auditors issued a qualified opinion on the DSUF financial statements because they were unable to form an opinion regarding the proper amount and classification of unrestricted and temporarily restricted net assets. In fiscal year 2014, the DSUF's independent auditors were unable to issue an audit opinion on the DSUF financial statements as a result of the aforementioned arbitration and the overall condition of the DSUF financial records. An audit has not performed since fiscal year 2014.

Additionally, it has been reported that DSUF may have used endowment funds as collateral to obtain financing and to meet monthly operating expenses of the foundation and one of its real estate projects.

NORTH DAKOTA STATE UNIVERSITY AND NDSU RESEARCH AND TECHNOLOGY PARK, INC.

On December 30, 1999, North Dakota State University (NDSU), through the State of North Dakota and North Dakota State Board of Higher Education, entered into a ground lease, whereby the NDSU Research and Technology Park (RTP), Inc. (component unit) leases 40 acres of land for \$1 per year for the next seventy-five years.

On July 1, 2002, NDSU and the RTP entered into an agreement for cooperation and assistance between entities. The agreement is an annual agreement, which automatically extends for one-year periods unless cancelled by either party to the agreement.

During fiscal year 2017, NDSU and the RTP entered into renewed agreements, whereby NDSU leases the Research Buildings #1 and #2 through June 30, 2032. During fiscal year 2019, total annual rent of \$312,000 was paid by NDSU for these two buildings, in addition to the \$1.8 million of principal and interest paid by NDSU directly to the bond trustee. NDSU reimbursed the RTP \$30,556 for property insurance on the two buildings and directly pays the utility costs under these agreements. The annual rent will be re-adjusted by mutual agreement every two years. These agreements are subject to funding and legislative appropriations.

NDSU FOUNDATION

Fargodome Lease and Improvements

In fiscal year 2006, the Foundation financed the construction and equipping of office space, locker rooms, meetings rooms, and related facilities in the Fargodome for use by NDSU through the sale of revenue bonds issued by Cass County. The Foundation has leased the space in the Fargodome from the City of Fargo and subleased the space, furniture, fixtures and equipment to NDSU. Under the agreement, NDSU will pay rent to the NDSUFAA for use of the premises. The amount of the rent is tied to the \$3.5 million debt service retirement plus the Fargodome annual space rent and all costs incurred by the Foundation incident to the lease, less any contributions received by the Foundation for the project. Under this agreement in fiscal year 2019, the Foundation paid the debt service and other fees on behalf of NDSU in the amount of \$331,606.

The facility is included in long-term investments and the debt is included in long-term liabilities on the financial reports of the Foundation. NDSU has also recorded a capital asset and a capital lease payable, reflected as "Due to Component Units" by NDSU, of \$443,947 as of June 30, 2019. Since the foundation is a discretely presented component unit of the University System and the component unit and the University System are reporting the same assets and debt for the Fargodome improvements, a reclassification entry was made to ending balances in the component unit consolidating financial statements to show the appropriate due from primary institution.

Renaissance Hall

The former Northern School Supply building was donated to the Foundation by NDSU alum in December of 2001. During fiscal year 2003 and 2004, the Foundation renovated the building with the intent to lease the facility to NDSU beginning fall 2004. The Foundation transferred nearly the entire ownership of the building to 650 NP Avenue, LLC and Kilbourne Design Group, LLC, for a five-year period in order to achieve tax credits that would ultimately reduce the cost of the building to NDSU. During the five-year tax credit period, NDSU leased the building from the two LLCs, with the lease payments composed of interest and fees. With the five-year tax credit period ending December 31, 2010 (as extended), and the ownership was transferred back to the Foundation, permanent financing was put in place on December 17, 2010, with the issuance of \$5.65 million of 20-year University Facilities Lease Revenue Bonds, Series 2010 (Renaissance Hall Project). The financing structure involving the five-year temporary ownership transfer resulted in achieving tax credits of \$4.9 million which directly lowered the leasing cost to NDSU.

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Under this refinanced debt issuance and lease agreement, as approved by the SBHE on December 16, 2010, the property is leased to NDSU for rent equal to the semi-annual principal and interest on the bonds, plus all costs incurred by the Foundation incident to ownership of the property. Ownership of the property will transfer to NDSU when the bonds are repaid in full. NDSU paid the Foundation \$412,000 in fiscal year 2019 for debt service under this agreement. As of June 30, 2019 the outstanding balance on the bonds, reflected as "Due to Component Units" by NDSU, is \$3.8 million.

Barry Hall Business Building and Klai Hall Architecture Building

Effective November 28, 2007, NDSU and the Foundation entered into lease agreements for two buildings in downtown Fargo, formerly known as the "Pioneer Mutual Building" and "Lincoln Mutual building". The Foundation financed the construction of the Barry Hall business building and Klai Hall architecture building projects through the sale of \$18.52 million of 20-year University Facilities Revenue Bonds issue by the City of Fargo, North Dakota. The City has loaned the bond proceeds to the Foundation for payments equal to the sum of the semi-annual interest payments and installments of varying principal amounts on the variable rate bonds and the semi-annual principal and interest payments on the fixed-rate bonds. The principal payments on the variable rate bonds will be funded from payments on donor pledges restricted for the project. Under the terms of the loan, the Foundation is responsible for the real estate taxes, insurance, repairs and maintenance, and other costs incident to ownership of the property. The property is included with property in the financial statements and the bonds have been recorded as a direct obligation of the Foundation. Ownership of the property will transfer to NDSU when the bonds are repaid in full. The bonds are guaranteed by the Foundation. This property is leased to NDSU for rental equal to the sum of the semi-annual interest only payments on the variable term bonds plus the semi-annual principal and interest payments on the fixed-rate bonds for the term of the bonds, plus all the costs incurred by the Foundation incident to ownership of the property.

In May 2012, the Foundation refinanced the original bonds issued in November 2007. As a result, new leases were executed. Under the terms of the new leases, NDSU pays and recognizes a liability for entire amount of the previously issued bonds. During fiscal year 2019, NDSU paid \$774,000 to the bond trustee on-behalf of the Foundation under the new leases for debt service on Barry Hall & Klai Hall. NDSU has an option to acquire the property upon full payment of the bonds. As of June 30, 2019, the outstanding balance on the bonds, reflected as "Due to Component Units" by NDSU, is \$8.65 million.

Other Transactions

The Foundation provides meeting space rental and database support service to NDSU for an annually negotiated fee. NDSU paid the foundation \$679,000 for the fiscal year ending December 31, 2018.

In addition to the debt service payments on the Fargodome, Renaissance, Barry and Klai Halls, NDSU reimburses the Foundation for other operating expenses related to those buildings, such as property insurance, flood insurance, boiler inspection fees, real estate taxes and bond administrative fees. Those costs totaled \$104,000 during the fiscal year ending December 31, 2018.

The Foundation's fiscal year end is December 31, NDSU year end is June 30. Timing differences in amounts may occur between entity financial statements, due to different year end dates.

UNIVERSITY OF NORTH DAKOTA AND UND AEROSPACE FOUNDATION

The UND Aerospace Foundation (UND AF) recorded expenses reimbursed to UND for salaries, building rent, aircraft rental, and goods and services under an operating agreement aggregating \$13.9 million in fiscal year 2019. This operating agreement has no specific term and is intended to memorialize various operating agreements, rate structures, duties, and obligations each party has to the other. Expenses reimbursed to UND represent actual costs incurred and are included in training expenses in the consolidated statements of activities.

The UND AF recorded revenue for service and hangar, CRJ, 360-degree tower, and aircraft rental to UND of \$3.9 million in fiscal year 2019, which is included in program and event revenue in the Statement of Revenue, Expenses and Changes in Fund Net Assets for Component Units (FASB Basis) – University System Foundation.

As of June 30, 2019, the UND AF had recorded accounts payable to UND of \$2.3 million for reimbursable costs and services. As of June 30, 2019, the UND AF had recorded accounts receivable from UND of approximately \$813,000, which are included in accounts receivable in the statement of net assets for component units (FASB Basis) – University System Foundation.

The UND AF entered into a sublease with UND to lease the aircraft storage hangar/ground support equipment facility. The lease term is for 20 years, commencing on July 7, 2003, until July 6, 2023. For the first fifteen years of the sublease,

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UND will pay the Foundation's monthly minimum payment of \$12,672, beginning on October 1, 2003, subject to actual cost adjustments. At the end of the 15 years of the sublease, rent will be adjusted based upon the interest rate adjustments of the debt incurred by the Foundation in the construction of the hangar. Under this noncancelable sublease with UND, UND AF will receive future minimum rentals of \$1.9 million over the next five years.

UNIVERSITY OF NORTH DAKOTA AND RE ARENA, INC.

RE Arena Inc. and UND, enter into an annual operating agreement from July 1, 2017 to June 30, 2020. The operating agreement sets forth the facility usage, fees and services, ticket administration and revenue allocation, sponsorship sales administration and revenue allocation, and net income disposition. In accordance with this agreement: (i) RE Arena Inc. collects all ticket revenue from ticketed UND athletic events (hockey, football, men's and women's basketball, and volleyball), RE Arena, Inc. retains 52 percent of such ticket revenue and remits 48 percent to the UND, and (ii) RE Arena Inc. collects all sponsorship sales revenue from the UND athletic events at the arena, RE Arena, Inc. retains 64 percent of such sponsorship revenue, net of direct costs, and remits 36 percent to the UND net of direct costs. In addition, UND and RE Arena, Inc. jointly utilize the UND and RE Arena Inc. marketing staff to market and promote the UND athletic events.

RE Arena, Inc. may contract with UND for materials and personnel in service, utility and other areas and will reimburse UND based on separate agreements. Revenue and expense arrangements for all other UND events held at the arena will be negotiated on an event-by-event basis.

In fiscal year 2019, gross tickets sales were \$4.9 million of which RE Arena, Inc. recognized revenue of \$2.5 million with a net due to UND \$2.4 million. Gross ticket sales for the next athletic season year are recorded in deferred revenue at gross by RE Arena, Inc. for a total of \$2.9 million.

RE Arena, Inc. recognized net sponsorship (advertising) revenue of approximately \$746,000 and the net due UND in sponsorship (advertising) income of approximately \$419,000. In addition, RE Arena, Inc. allocated approximately \$670,000 of net income to UND Athletic Department for the year ended May 31, 2019. RE Arena, Inc. expensed \$1.0 million to UND for utilities, maintenance staff, phone service and other expenses.

At the end of the fiscal year RE Arena, Inc. owes UND \$713,000 for the annual operating agreement and monthly services.

Amounts are reported on the accrual basis of accounting, which may or may not be the same as that used by UND. RE Arena Inc.'s fiscal year end is May 31st, UND's fiscal year end is June 30th. Amounts may differ between entity financial statement because of timing differences due to different year ends.

UNIVERSITY OF NORTH DAKOTA AND UNIVERSITY OF NORTH DAKOTA FOUNDATION

UND is leasing space in the Gorecki Alumni Center in the amount of \$75,000 per year. Additional rental payments consisting of UND's share of the operating and maintenance costs for space used in the Gorecki Alumni Center are calculated annually.

During the year ended June 30, 2019, UND provided approximately \$1.5 million of institutional support for event and database support, annual giving campaign and shared positions. The UND Alumni Association and Foundation (Foundation) manages UND's endowment investments and charged them \$387,600 in investment management fees during the year ended June 30, 2019. These fees and support are reported as operations, fees and miscellaneous revenue on the Statement of Revenue, Expenses and Changes in Fund Net Assets for Component Units (FASB Basis) – University System Foundation.

The Foundation has other receivables with UND related to the construction of the EERC and Minot Center for Family Practice for \$3.8 million and \$2.0 million, respectively. The Foundation has accounts payable due to UND related to miscellaneous services and payments of approximately \$463,000.

The Foundation is leasing 45,000 square feet of land for the Gorecki Alumni Center from UND. Starting in 2016, the rate is \$0.10 per square foot, per year. The cost in fiscal year 2019 was \$4,500.

On July 24, 2002, the Foundation issued \$8.6 million of tax exempt lease revenue bonds to finance the construction of an office building and the renovation of an existing building for the Energy and Environmental Research Center (EERC) of UND. The Foundation recorded a receivable from UND of \$8.6 million under the direct-financing lease arrangement. On October 18, 2012, the Foundation issued refunding lease revenue bonds in the amount of \$6.4 million to refund its outstanding Lease Revenue Bonds, Series 2002. The Foundation also amended the related lease agreement with UND. Interest accrues on the bonds at rates from 0.75 percent to 4.20 percent depending upon maturity. Annual and principal

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are due through fiscal year 2027 and as of June 30, 2019 was \$3.8 million. The bonds are secured by a lease with UND. The terms for the repayment are the same as the payment terms of the related bonds. During fiscal year ended June 30, 2019, the Foundation recorded payment of principal and interest of \$405,000 and \$157,000, respectively. The interest is included in operations, fees and miscellaneous income on the statement of activities.

On October 24, 2003, the Foundation issued \$4.4 million of tax-exempt lease revenue bonds to finance the purchase of land and the construction of a facility for the Minot Center for Family Practice in Minot, North Dakota. The center is a department of the School of Medicine & Health Sciences at UND. The Foundation recorded a receivable from UND of \$4.4 million due under the direct-financing lease agreement. In June 2008, the \$3.7 million remaining balance of the 2003 bonds were financed with Lease Revenue Refunding Bonds, series 2008. In April 2018, the \$2.2 million remaining balance of the 2008 bonds was refinanced with Lease Revenue Bonds, Series 2018. The interest rate is fixed at 3.5% until 2028. Payments of \$133,333 are required semi-annually through 2028. The bonds are secured by a lease with UND. Annual principal and semiannual interest payments as of June 30, 2019 was \$2.0 million.

NOTE 12 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

BANK OF NORTH DAKOTA

The State, through the Bank of North Dakota, is a party to credit related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, financial standby letters of credit and guarantees related to loan programs. Those instruments involve varying degrees of credit, elements of credit risk and interest rate risk in excess of the amount recognized in the statement of net position. The contract amounts of those instruments reflect the extent of involvement the State has in particular classes of off-balance-sheet financial instruments.

The State's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and financial standby letters of credit is represented by the contractual amount of those instruments. The State uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

	Contract Amount (in thousands)
Commitments to extend credit	\$ 861,421
Financial standby letters of credit	412,614
Guarantees provided	9,490

Commitments to extend credit are agreements to lend as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained by the State upon extension of credit is based on management's credit evaluation of the customer. Collateral held may include accounts receivable, inventory, property, plant and equipment, and income-producing commercial properties.

Financial standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank has segmented this category into three components: (1) letters of credit, (2) confirming letters of credit, and (3) letters of credit pledged for public deposits to North Dakota financial institutions.

Letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party which require this type of facility. The maturities for these letters range from three months to ten years, and the likelihood of funding any of these letters of credit is considered to be remote. The Bank holds collateral supporting those commitments. The Bank also has letters of credit with the North Dakota Public Finance Authority with maturities ranging from seventeen months to twenty nine years. If the letters issued to Public Finance Authority were ever drawn upon, Public Finance Authority is legally obligated to reimburse the Bank from funds legally available, or from any appropriation made available to the Legislative Assembly after certification by the Industrial Commission. The likelihood of funding any of these letters of credit is also considered to be remote. Outstanding issued letters of credit as of December 31, 2018 were \$106,834,000.

Confirming letters of credit are issued to North Dakota financial institutions to support letters of credit they have issued but are still in need of backing from an institution with a long-term, high quality bond rating. In the event these letters were to be drawn upon, based on the terms of the agreement, the Bank would immediately withdraw funds from the

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institution's correspondent bank account held at the Bank to cover the amount drawn. These agreements generally have terms of 12 months or less. The likelihood of funding any of these confirming letters of credit is also considered to be remote. Outstanding issued confirming letters of credit as of December 31, 2018 were \$3,525,000.

Letters of credit pledged for public deposit to North Dakota financial institutions are issued to support public borrowing arrangements. These letters are fully collateralized by a pool of loans pledged to the Bank. These agreement generally have terms of 12 months or less. Financial standby letters for public deposits by North Dakota banks totaled \$302,255,000 at December 31, 2018. The likelihood of funding any of these letters of credit is also considered to be remote. These letters of credit are authorized form of collateral for public deposits per North Dakota Century Code 21-04-09.

The Bank has not recorded a contingent liability related to off-balance sheet activity as of December 31, 2018.

INFRASTRUCTURE REVOLVNG LOAN PROGRAM

In the normal course of business, the Loan Fund makes various commitments that are not reflected in the financial statements. These commitments include commitments to extend credit of \$38,955,000 at June 30, 2019.

NORTH DAKOTA HOUSING FINANCE AGENCY

In the normal course of business, the Agency makes various commitments that are not reflected in the financial statements. These include commitments to extend credit and the debt reduction required when related loan acquisition funds are not drawn down within prescribed time frames set by the specific bond resolution.

Commitments to extend credit are agreements to fund loans as long as there is no violation of any condition established in the contracts. Commitments require the payment of a reservation fee and generally have a fixed expiration date. Commitments to extend credit total \$524,000 at June 30, 2019.

The bond resolutions require that the funds in the loan acquisition accounts be expended within 42 months of the related bond delivery date. Any remaining funds must be used for debt reduction. The loan acquisition funds totaled \$53,474,000 at June 30, 2019.

PUBLIC FINANCE AUTHORITY

In the normal course of business, the Finance Authority (a component unit) makes various commitments that are not reflected in the financial statements. These commitments include commitments to extend credit of \$269,344,000 at December 31, 2018.

NOTE 13 - INTEREST RATE SWAP

BANK OF NORTH DAKOTA

The Bank has an outstanding interest rate swap agreement with a notional amount totaling \$350 million to convert variable rate federal funds into fixed-rate instruments over the term of the contract.

On June 5, 2014 ("June 2014 Swap") the Bank entered into a swap agreement which matures on June 1, 2029, and the swap's notional amount is \$50,000,000. Under the terms of the swap, the Bank pays the counterparty a fixed payment of 2.861% and receives a variable payment based on the USD-FEDERAL FUNDS-H.15 interest rate.

On April 14, 2015 ("April 2015 Swap") the Bank entered into a swap agreement which matures on May 1, 2030, and the swap's notional amount is \$50,000,000. Under the terms of the swap, the Bank pays the counterparty a fixed payment of 1.920% and receives a variable payment based on the USD-FEDERAL FUNDS-H.15 interest rate.

On August 11, 2016 ("August 2016 Swap") the Bank entered into a swap agreement which matures on September 1, 2031, and the swap's notional amount is \$50,000,000. Under the terms of the swap, the Bank pays the counterparty a fixed payment of 1.483% and receives a variable payment based on the USD-1 MONTH LIBOR-BBA interest rate.

On April 5, 2017 ("April 2017 Swap") the Bank entered into a swap agreement which matures on May 1, 2032, and the swap's notional amount is \$50,000,000. Under the terms of the swap, the Bank pays the counterparty a fixed payment of 2.390% and receives a variable payment based on the USD-1 MONTH LIBOR-BBA interest rate.

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On June 15, 2017 (“June 2017 Swap”) the Bank entered into a swap agreement which matures on July 1, 2032, and the swap’s notional amount is \$50,000,000. Under the terms of the swap, the Bank pays the counterparty a fixed payment of 1.985% and receives a variable payment based on the USD-FEDERAL FUNDS-H.15 interest rate.

On March 27, 2018 (“March 2018 Swap”) the Bank entered into a swap agreement which matures on April 1, 2033, and the swap’s notional amount is \$50,000,000. Under the terms of the swap, the Bank pays the counterparty a fixed payment of 2.468% and receives a variable payment based on the USD-FEDERAL FUNDS-H.15 interest rate.

On June 28, 2018 (“June 2018 Swap”) the Bank entered into a swap agreement which matures on July 1, 2033, and the swap’s notional amount is \$50,000,000. Under the terms of the swap, the Bank pays the counterparty a fixed payment of 2.515% and receives a variable payment based on the USD-FEDERAL FUNDS-H.15 interest rate.

At December 31, 2018, the June 2014, March 2018 and June 2018 swaps has a negative fair values of \$2,180,000, \$45,000 and \$320,000, respectively, because interest rates have declined since the swap was executed. The April 2015, August 2016, April 2017 and June 2017 swaps has a positive fair values of \$2,492,000, \$6,240,000, \$1,404,000 and \$2,710,000, respectively, because interest rates have increased since the swap was executed.

At December 31, 2018, the Bank was not exposed to material credit risk because each counterparty is required to fully collateralize the fair value of the swaps within \$250,000 of daily mark-to-market valuations by depositing funds with the other counterparty.

Amongst all swap counterparties for the transactions noted above, the Bank holds a net \$12,150,000 in cash pledged under collateral arrangements related to the interest rate swaps at December 31, 2018, to satisfy the collateral requirements. The Bank is exposed to interest rate risk on its swap agreements.

The Bank is exposed to interest rate risk on its swap agreements. On its pay-fixed, receive variable interest rate swaps, the Bank’s net payment increases as the USD-FEDERAL FUNDS-H.15 and USD-1 MONTH LIBOR-BBA interest rates decrease.

Either the Bank or its counterparties may terminate the interest rate swap if the other party fails to perform under the terms of the contract. Termination could result in the Bank being required to make a payment of the fair value of the swap to counterparty.

The following table summarizes the derivative financial instrument utilized at December 31, 2018:

	Notional Amount	Fair Value		Changes in Fair Value	
		Classification	Amount	Classification	Amount
June 2014 Swap	\$ 50,000,000	Other liabilities	\$ (2,180,000)	Deferred outflow	\$ 1,921,000
April 2015 Swap	50,000,000	Other assets	2,492,000	Deferred inflow	1,598,000
August 2016 Swap	50,000,000	Other assets	6,240,000	Deferred inflow	1,018,000
April 2017 Swap	50,000,000	Other assets	1,404,000	Deferred inflow	1,530,000
June 2017 Swap	50,000,000	Other assets	2,710,000	Deferred inflow	1,930,000
March 2018 Swap	50,000,000	Other liabilities	(45,000)	Deferred outflow	(45,000)
June 2018 Swap	50,000,000	Other liabilities	(320,000)	Deferred outflow	(320,000)

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Using rates as of December 31, 2018, the interest expense of the variable rate federal funds, variable rate 1 month LIBOR and the net swap payments are as follows. As rates vary, the federal fund and 1 month LIBOR interest expense and the net swap payments will vary.

Year Ended December 31:	Pay Fixed	Receive Variable		Interest Rate Swap, net
	Contract Interest	Federal Fund Interest	1-Month LIBOR Interest	
2019	\$ 7,811,000	\$ 6,000,000	\$ 2,520,000	\$ (709,000)
2020	7,811,000	6,000,000	2,520,000	(709,000)
2021	7,811,000	6,000,000	2,520,000	(709,000)
2022	7,811,000	6,000,000	2,520,000	(709,000)
2023	7,811,000	6,000,000	2,520,000	(709,000)
2024-2028	39,065,000	30,000,000	12,600,000	(3,535,000)
2029-2033	22,219,000	16,800,000	7,560,000	(2,141,000)
	<u>\$ 100,339,000</u>	<u>\$ 76,800,000</u>	<u>\$ 32,760,000</u>	<u>\$ (9,221,000)</u>

NORTH DAKOTA HOUSING FINANCE AGENCY

As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance, the Agency entered into several cash flow hedges or swaps in connection with various variable-rate housing bond series. The Agency cash flow hedges are pay-fixed. All Agency cash flow hedges are pay-fixed. The intention of these swaps was to effectively change the Agency's interest rate on the bonds to a fixed rate. The Agency also has cash flow hedges that were entered into in connection with variable-rate housing bond series that no longer have bonds outstanding as those bonds have been called. The cash flow hedges that are not connected to a specific bond series hedge the risk related to the Agency's other variable-rate housing bonds that are unhedged.

The bonds and the related swap agreements have a stated issuance and maturity date. Some of the swaps have optional termination dates. Under the swaps, the Agency pays the counterparty a fixed payment and receives a variable payment computed as a percent of the London Interbank Offered Rate (LIBOR) plus a fixed percentage on the swap notional amount. On the other hand, the bond's variable-rate coupons are determined by the remarketing agent. If for any reason the remarketing agent fails to act, the rate shall be the lesser of (i) the TBMA Index plus 0.25% or (ii) the Maximum Rate as defined within the applicable series resolution.

As of June 30, 2019, the Agency no swaps with a positive fair value. Of the swaps with negative fair value, the Agency is not exposed to credit risk. However, the swap exposes the Agency to basis risk should the relationship between LIBOR and TBMA converge, changing the synthetic rate on bonds. The swap counterparty has guaranteed all payments and is rated AAa/AA+/AAA by Moody's Investor Services, Standard & Poor's, and Fitch, respectively. To mitigate potential credit risk, the counterparty has entered into Credit Support Agreements with Bank of New York Mellon, the Royal Bank of Canada and Wells Fargo as a credit enhancement.

The Agency has entered into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements netting provisions permit each party to net the transactions' fair values so that a single sum will be owed by, or owed to, the other party. At June 30, 2019, the Agency owed the swap providers a fixed rate on the notional amount of the swaps of \$2,566,000 and the swap providers owed the Agency a variable rate on the notional amounts of \$1,657,000 making the net payment that the Agency owed the swap providers \$909,000.

Due to the difference in the variable rate indices, the swaps had a net negative fair value of \$7,886,000 as of June 30, 2019. Accordingly, the financial derivative instrument is reported as a liability and the accumulated changes in fair value of the swaps are reported as a deferred outflow at June 30, 2019. The coupon on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. All valuations are as of the valuation date indicated. Mid-Market or indicative unwind valuations may be derived from broker quotations or from proprietary models that take into consideration estimates about relevant present and future market conditions as well as the size and liquidity of the position and any related actual or potential hedging transactions. Valuations based on other models or different assumptions may yield different results.

The swap exposes the Agency to basis risk should the relationship between LIBOR and the actual variable rates converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference

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between the intended synthetic rate and the synthetic rate as of June 30, 2019. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized.

The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination event." That is, the swap may be terminated if counterparty's credit quality rating falls below "A3" as issued by Moody's Investors Service or "A-" as issued by Fitch Ratings or Standard & Poor's. The swap may be terminated at any time by the Agency or the counterparty with 30 days written notice up to limits specified in the swap agreement. If the swap or swaps were terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of terminations the swap has a negative fair value, the Agency would be liable to the counterparty for payment equal to the swap's fair value, but in the event the fair value is positive, the counterparty would be liable to the Agency.

The Agency is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the Agency will be re-exposed to the risks being hedged by the hedging derivative instrument. The Agency also is exposed to rollover risk on the swaps that mature and the Agency does not call the related variable rate debt.

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The terms of the interest rate swaps at June 30, 2019 are as follows:

1.	Bond Series	2008 B	2014 B	2015 C	2015 E
2.	Issuance Date	3/26/2008	6/24/2014	6/25/2015	5/1/2016
3.	Maturity Date	7/1/2038	7/1/2044	1/1/2046	7/1/2036
4.	Notional Amount	\$5,000	\$27,055,000	\$17,700,000	\$25,000,000
5.	Variable-rate Bonds	\$5,000	\$27,055,000	\$17,700,000	\$25,000,000
6.	Fixed Rate	4.725%	2.890%	2.486%	2.257%
7.	LIBOR Percentage	100.00%	65.80%	66.20%	66.40%
8.	Additional Percentage	0.00%	0.17%	0.10%	0.22%
9.	Bonds Variable-rate	2.36000%	1.97000%	2.63000%	N/A
10.	Fair Value	\$(127,000)	\$(839,000)	\$(465,000)	\$(590,000)
11.	Percentage of LIBOR	2.39800%	1.74788%	1.68748%	1.81227%
12.	Synthetic Rate	4.68700%	3.11212%	3.42852%	0.44473%
13.	Actual Synthetic Rate	4.92102%	2.77968%	3.17451%	2.39800%
14.	Change in Fair Value	\$(128,000)	\$348,000	\$(635,000)	\$(946,000)
15.	Optional Termination Date	1/1/2020	N/A	7/1/2020	7/1/2020
1.	Bond Series	2015 F	2017 C	2017 H	2018 C
2.	Issuance Date	12/8/2015	5/10/2017	12/21/2017	6/14/2018
3.	Maturity Date	1/1/2047	7/1/2047	7/1/2039	1/1/2049
4.	Notional Amount	\$21,000	\$20,545,000	\$28,250,000	\$9,355,000
5.	Variable-rate Bonds	\$21,000	\$20,545,000	\$28,250,000	\$9,355,000
6.	Fixed Rate	2.320%	2.783%	2.266%	3.515%
7.	LIBOR Percentage	100.00%	100.00%	66.40%	100.00%
8.	Additional Percentage	0.00%	0.00%	0.09%	0.00%
9.	Bonds Variable-rate	2.38000%	2.37408%	1.92000%	2.38000%
10.	Fair Value	\$(183,000)	\$(1,138,000)	\$(1,188,000)	\$(1,121,000)
11.	Percentage of LIBOR	2.39800%	2.39800%	1.68227%	2.39800%
12.	Synthetic Rate	2.30200%	2.75858%	2.50373%	3.49700%
13.	Actual Synthetic Rate	2.28243%	2.69555%	2.22250%	3.40774%
14.	Change in Fair Value	\$1,199,000	\$1,684,000	\$1,367,000	\$839,000
15.	Optional Termination Date	1/1/2025	7/1/2027	7/1/2023	7/1/2027
1.	Bond Series	2019 B	2019 E		
2.	Issuance Date	2/13/2019	6/25/2019		
3.	Maturity Date	1/1/2043	1/1/2050		
4.	Notional Amount	\$25,000	\$12,000		
5.	Variable-rate Bonds	\$25,000	\$12,000		
6.	Fixed Rate	2.693%	3.171%		
7.	LIBOR Percentage	70.00%	100.00%		
8.	Additional Percentage	0.00%	0.00%		
9.	Bonds Variable-rate	2.30000%	2.30000%		
10.	Fair Value	\$(1,417,000)	\$(818,000)		
11.	Percentage of LIBOR	1.67860%	2.39800%		
12.	Synthetic Rate	3.31390%	3.07300%		
13.	Actual Synthetic Rate	3.08702%	3.43035%		
14.	Change in Fair Value	\$(1,417,000)	\$(818,000)		
15.	Optional Termination Date	1/1/2024	7/1/2028		

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Using rates as of June 30, 2019, debt service requirements of the variable-rate debt and net swap payments are as follows. Interest calculations were based on rates as of June 30, 2019. As rates vary, variable-rate bond interest payments and net swap payments will vary. (Expressed in thousands.)

Fiscal Year Ending June 30	Variable-Rate Bond		Interest Rate Swap, Net	Total
	Principal	Interest		
2020	\$ 2,545	\$ 3,694	\$ 1,810	\$ 8,049
2021	2,335	3,637	1,799	7,771
2022	2,130	3,585	1,789	7,504
2023	1,945	3,538	1,780	7,263
2024	1,775	3,495	1,773	7,043
2025-2029	22,865	16,445	8,387	47,697
2030-2034	34,765	14,392	6,586	55,743
2035-2039	61,750	10,067	3,991	75,808
2040-2044	47,005	4,013	1,518	52,536
2045-2049	12,900	665	219	13,784
2050-2054	1,710	14	5	1,729
	<u>\$ 191,725</u>	<u>\$ 63,545</u>	<u>\$ 29,657</u>	<u>\$ 284,927</u>

NOTE 14 - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

Most of the State's business is with customers within the state. Concentrations of credit are present in the construction and operation of community water facilities, loans to medical facilities for health care construction, loans to students for post-secondary education, loans to owners of homes damaged in the 2011 floods in Barnes, Benson, Burleigh, McHenry, Morton, Ramsey, Renville, Richland and Ward counties, loans to political subdivisions in the state for infrastructure, single-family and multifamily mortgage loans, and the agricultural industry. Due to the pervasive nature of agriculture in the economy of the state, all loans, regardless of type, are impacted by agriculture.

NOTE 15 - RISK MANAGEMENT

Several funds accumulate assets to cover risks that the State may incur. Specifically, the State assumes a portion or substantially all risks associated with the following:

THE STATE FIRE AND TORNADO FUND

The State Fire and Tornado Fund, an Enterprise Fund, is financed by premiums charged to the participating funds of the State. All monies collected must be paid into the fund for use only for the purpose outlined in NDCC 26.1-22.02.

All losses occasioned by the hazards provided for in the North Dakota Century Code must be paid out of the fund, with the fund being reimbursed by a third-party insurance carrier for all losses in excess of \$1,000,000 per occurrence. The limit of liability of such reinsurance contract is no less than \$1,000,000 during each twelve month period.

STATE BONDING FUND

The State Bonding Fund, an Enterprise Fund, is financed by premiums charged to each State agency for the bonding of public employees and public officials.

FLEET SERVICES

Fleet Services, an Internal Service Fund, represents the State's fleet of automobiles and is administered by the Department of Transportation. The State is self-insured for substantially all automobile insurance (e.g., comprehensive, collision), with the exception of liability, which is provided by the State's Risk Management Fund (RMF). State agencies are charged premiums to cover Fleet Service's RMF assessment and to pay for those losses that are not covered by RMF. These premium charges are factored into the fees agencies are charged when renting the cars.

WORKFORCE SAFETY & INSURANCE

Workforce Safety & Insurance (WSI), an Enterprise Fund, is a State insurance fund and a "no fault" insurance system, covering the State's employers and employees. WSI is financed by premiums assessed to employers. The rate of such premiums is periodically adjusted to assure the solvency of WSI. The premiums are available primarily for the payment of

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claims to employees injured in the course of employment. During fiscal year 2019, a total of \$147,666,582 in claims was recognized. The liability of \$1,090,944,000 is the present value of the unpaid claim liability discounted at 5% as determined by the actuarial.

RISK MANAGEMENT FUND

Due to the loss of sovereign immunity, the 1995 Legislature established the Risk Management Fund (RMF) to pay money damages for tort claims for which the State is liable. The statutory liability of the State is limited to a total of \$250,000 per person and \$1,000,000 per occurrence. The State purchases commercial insurance for claims in excess of coverage provided by the Fund and continues to transfer liabilities for medical malpractice and aviation to private insurance carriers. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

Revenues to the RMF are generated from contributions required from state agencies, boards and commissions, and the University System. The need for and amount of funding is determined using a projected cost allocation approach. The premise of this plan is that the agencies with greater expected loss costs should contribute more to the funding of the RMF than those agencies with lesser costs. The underlying logic is that contributions should roughly equal loss costs plus the expenses of administering the program over the long term.

The RMF liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Unpaid claim liabilities are based on an actuarial study of the outstanding loss reserve need for the fund and a forecast of ultimate loss and loss expense. These liabilities were determined on an undiscounted expected level of ultimate loss. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrines, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities will be re-evaluated periodically to take in consideration settled claims, the frequency of claims, and other economic and social factors.

The following table presents the changes in claims liabilities balance for the fiscal years ending June 30, 2018 and 2019:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims and Changes In Estimates</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2018	\$ 4,076,985	\$ 923,270	\$ (743,861)	\$ 4,256,394
2019	4,256,394	(175,718)	(313,674)	3,767,002

The Risk Management Workers Compensation Program (WCP) was established to consolidate all state entities under one workers compensation account, allowing for transitional duty between entities. The statutory liability of the fund is limited to \$100,000 per claim with Workforce Safety & Insurance, providing excess insurance for claims that exceed the \$100,000 cap. WCP pays separately for this coverage. Since the inception of WCP on July 1, 2001, forty claims exceeded coverage by \$10,687,695.

Revenues to WCP are generated from contributions required from state agencies, boards, commissions, and the University System. The amount contributed from each agency is actuarially determined by Workforce Safety & Insurance and based upon the number of employees, the type of work done, and claims history of each entity. Each entity also pays a deductible of \$250 per claim.

The WCP liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrine, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities will be re-evaluated periodically to take into consideration settled claims, the frequency of claims, and other economic and social factors. An actual study was performed for Workforce Safety & Insurance. The liability estimates are based on that study.

The following table presents the changes in claims liabilities balance for the fiscal years ending June 30, 2018 and 2019:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2018	\$ 5,358,784	\$ 2,945,274	\$ (3,422,372)	\$ 4,861,686
2019	4,861,686	2,639,167	(3,142,217)	4,358,636

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NOTE 16 - PUBLIC ENTITY RISK POOLS

A. **GENERAL**

FIRE AND TORNADO AND BONDING FUND

The Fire and Tornado Fund provides property insurance to state agencies, political subdivisions, the International Peace Garden and the Winter Show. The Fire and Tornado Fund has issued 1,161 policies to participating entities for a total building and content coverage of \$15.2 billion. The Bonding Fund is used to provide fidelity bonding of public employees and officials. The Fund has issued 1,892 policies to participating entities. The total coverage for the Bonding Fund is \$674.9 million. If the assets of these funds were exhausted, fund participants would not be responsible for the funds' liabilities.

The Fire and Tornado and Bonding Fund are accounted for on the accrual basis. The Fire and Tornado Fund establishes claim liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims incurred but not reported. The Bonding Fund establishes claim liabilities based on actual judgments obtained against the fund but not paid prior to fiscal year end. Liabilities for incurred but not reported losses have not been established based on prior year activity. Neither fund incurred any acquisition costs, which should have been capitalized, nor were any liabilities recognized that were discounted. Investment income was not considered in determining the existence of premium deficiencies.

The Fire and Tornado Fund uses reinsurance agreements to reduce its on covered losses in excess of \$1.0 million. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Fund as direct insurer of the risks that are reinsured. The Fire and Tornado Fund does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. There were no pending losses at June 30, 2019 that would reduce the fund's liability.

WORKFORCE SAFETY & INSURANCE

Workforce Safety & Insurance (WSI), an Enterprise Fund, is a state insurance fund and a "no fault" insurance system covering the State's employers and employees. At June 30, 2019, coverage extended to the following employers:

<u>Annual Premium</u>	
\$250 - \$5,000	19,350
\$5,001 - \$50,000	4,312
\$50,001 - \$100,000	424
Over \$100,000	<u>381</u>
Total Employers	<u>24,467</u>

WSI is financed by premiums assessed to the employers doing business in North Dakota. The premiums are available primarily for the payment of claims to employees injured in the course of employment.

The operations of WSI are accounted for on the accrual basis. Liability for incurred loss and loss adjustment expense (LAE) is estimated by WSI's actuary. The estimate is developed by WSI's actuary, taking into consideration past experience of WSI in paying claims, and general conditions of the environment in which WSI operates. The liability is based on the estimated ultimate costs to settle both reported and incurred but not report (IBNR) losses and LAE, and includes the effects of inflation and other societal and economic factors. The actuarial computations also include a 4.5% discount to report this liability at its present value. A 5% discount rate has been used in prior years; however, in 2019, the rate was reduced to 4.5% discount. The result of the discount rate decrease, increased liabilities by \$44.3 million.

Management believes the estimated liability for losses and loss adjustment expense is sufficient to cover the ultimate net cost of incurred losses, but such loss reserves are necessarily based on estimates and the ultimate liability may be greater or less than the amounts estimated. As adjustments to this estimated liability become necessary, such adjustments are reflected in current operations.

For the year ended June 30, 2019, the consulting actuaries presented an estimate in the form of a range to emphasize the uncertainty for a "long-tailed" liability insurer such as workers' compensation. These ranges are as follows (expressed in thousands):

	<u>Low</u>	<u>Central Value</u>	<u>High</u>
Full value basis, undiscounted	\$ 1,602,041	\$ 1,726,416	\$ 1,821,531
Present value basis, discounted at 4.5%	1,013,686	1,090,944	1,151,057

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WSI has adjusted the estimated liability for unpaid loss and loss adjustment expense to the actuary's 4.5 percent discounted expected value of \$1,090,944,000 at June 30, 2019.

While management has recorded amounts that fall within the ranges of estimated liabilities as computed under actuarial assumptions, the high level of uncertainty indicates that actual losses and expenses could be materially higher than the recorded estimated liability.

WSI has entered into a contract with an intermediary for reinsurance coverage for catastrophic coverage. Historically, WSI has had up to four coverage levels, with varying retention limits of \$3 million, \$5 million, \$10 million and \$20 million. Terms, limits and pricing are re-evaluated annually. WSI's current 2019 calendar year has two coverage levels, with retention limits of \$10 million and \$20 million. For the year ended June 30, 2019 WSI recorded ceded losses of \$1,037,258 and ceded premiums of (\$184,860).

For accident years December 1, 1999 to December 1, 2002, Munich Re provided treaty excess of loss reinsurance to WSI. In fiscal year 2019, Munich Re and WSI agreed to commute the remaining liabilities under these treaties. As a result of this commutation, cash increased by \$50.5 million and approximately \$40 million of ceded liabilities were assumed by WSI.

B. RECONCILIATION OF CLAIMS LIABILITIES

The following is a reconciliation of total claims liabilities, including an analysis of changes in aggregate liabilities for claims and claim adjustment expenses for the current fiscal year and the prior year (expressed in thousands):

	Fire And Tornado		Bonding		Workforce Safety & Ins	
	2019	2018	2019	2018	2019	2018
Unpaid claims and claims adjustment expenses at the beginning of the year	\$ 1,879	\$ 1,138	\$ 106	\$ 66	\$ 1,049,386	\$ 1,085,768
Incurred claims and claims adjustment expenses:						
Provision for current fiscal year	2,953	2,352	39	87	186,815	193,275
Change in provision for prior fiscal year	(610)	(117)	-	-	(89,573)	(77,547)
Payments and claims and adjustment expenses attributable to:						
Current fiscal year insured events	(3,217)	(832)	59	19	(42,252)	(42,068)
Prior fiscal years' insured events	(327)	(662)	(106)	(66)	(103,685)	(118,153)
Total Payments	(3,544)	(1,494)	(47)	(47)	(145,937)	(160,221)
Change in provision for discount	-	-	-	-	90,253	8,111
Total unpaid claims and claims adjustment expenses at the end of the year	\$ 678	\$ 1,879	\$ 98	\$ 106	\$ 1,090,944	\$ 1,049,386

NOTE 17 - BANK OF NORTH DAKOTA

GASB Statement No. 34 requires assets and liabilities of enterprise funds be presented in a classified format to distinguish between current and long-term assets and liabilities. The Bank of North Dakota is the only government-owned bank in the United States. Banks do not present a classified statement of net position because current assets are not matched with current liabilities. Presentation of a classified statement of net position would give the false impression that there is a liquidity problem at the bank. Presentation of a classified statement of net position for the Bank of North Dakota would be misleading to the extent that the financial statements may be materially misstated. Therefore, the statement of net position of the Bank of North Dakota presents assets and liabilities in order of their relative liquidity, rather than in a classified format.

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NOTE 18 - COMMITMENTS AND CONTINGENCIES

A. *LONG-TERM COMMITMENTS*

INDUSTRIAL COMMISSION

The Industrial Commission has entered into various contracts with third parties for the following programs. As of June 30, 2019, the total outstanding balance on these contracts was:

Lignite Research Program	\$ 20,567,049
Lignite Vision 21 Program	1,367,678
Oil and Gas Research Program	5,753,306
Renewable Energy Program	2,774,012
Outdoor Heritage Fund Program	24,450,922

In addition to the contracts above, the Commission has authorized projects totaling \$9,945,360 for which there is no signed contract.

MILL AND ELEVATOR

As of June 30, 2019, the Mill had commitments to purchase 4,645,817 bushels of spring wheat and 601,675 bushels of durum.

SCHOOL CONSTRUCTION ASSISTANCE REVOLVING LOAN FUND

As of June 30, 2019, the Fund had five outstanding commitments totaling \$38,910,000 to extend credit.

HOUSING INCENTIVE FUND

The Fund makes various commitments relating to construction projects to meet unmet housing needs across North Dakota. The Fund had \$583,147 of signed commitments for construction projects as of June 30, 2019. The Fund had an \$3,910,047 of HIF funds awarded for construction projects as of June 30, 2019. The total paid on these commitments as of June 30, 2019 was \$3,326,900.

DEPARTMENT OF HUMAN SERVICES

As of June 30, 2019, the Department of Human Services had significant commitments for the purchase of various types of services totaling \$444,725,081.

NORTH DAKOTA LOTTERY

The Lottery contracts with a third party to provide an online gaming system and related services through June 30, 2022. Total payment for these services during the year ended June 30, 2019 were \$3.8 million based on 10.473% of ticket sales. The Lottery's future obligation through June 30, 2022 is based on 10.473% of ticket sales, there is no minimum fee or retainer fee.

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION

At June 30, 2019, the North Dakota Department of Transportation (Special Revenue Fund) had non-construction contract commitments of approximately \$90.6 million. Construction commitments at June 30, 2019, totaled approximately \$372.2 million, of which \$231.7 million represents federal programs which are cost reimbursable. These commitments will be funded with future appropriations as work is performed.

NORTH DAKOTA DEVELOPMENT FUND

The board of directors has approved equity investments, loans, grants, and guaranty of collections at June 30, 2019, for which funds have not been disbursed or written agreements entered into in the amount of \$5,203,735.

NORTH DAKOTA SOYBEAN COUNCIL

As of June 30, 2019, the North Dakota Soybean Council had significant commitments of approximately \$3.3 million. This amount mainly consists of grants for the research and development of soybeans.

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STATE WATER COMMISSION

As of June 30, 2019, the State Water Commission had long-term commitments of \$309,719,281 for various water projects.

UNIVERSITY SYSTEMS

Contracts for the construction of various projects on behalf of the University System have been let as follows (expressed in thousands):

	<u>Original Issue</u>	<u>Paid To Date</u>	<u>Amount To Be Paid</u>
LRSC	\$ 68	\$ 68	\$ -
MaSU	82	-	82
MiSU	9,012	7,943	1,069
NDSCS	13,139	13,130	9
NDSU	61,946	56,203	5,743
UND	112,993	43,594	69,399
VCSU	1,390	891	499
WSC	8,432	321	8,111
Total	<u>\$ 207,062</u>	<u>122,150</u>	<u>\$ 84,912</u>

OTHER CONSTRUCTION COMMITMENTS

That State has entered into construction commitments. As of June 30, 2019, the following commitment exists on other construction contracts, in thousands:

Office of Management and Budget	\$ 15
Secretary of State	643
School for the Deaf	115
State Health Department	65
Department of Human Services	1,897
Industrial Commission	5,403
Financial Institutions	20
Adjutant General	29,539
Game and Fish	893
Parks and Recreation	20
Department of Transportation	244,945

B. LITIGATION

The estimated loss in all of the litigation against the State in which a loss to the State that is reasonably possible to result in an unfavorable outcome is estimated to be \$5 million.

C. QUESTIONED COSTS

The State receives federal financial assistance which is subject to review and audit by the Office of the State Auditor and the federal government. This assistance is generally conditioned upon compliance with certain laws and regulations. Disallowed and questioned costs relating to federal assistance could become a liability to the State. The State estimates that the ultimate disallowances pertaining to federal assistance, if any, will be immaterial to its overall financial condition. The single audit of the State of North Dakota for the two-year period ending June 30, 2018, was completed and issued in March of 2019. As a result of this audit, approximately \$1.9 million of identifiable questioned costs were noted. Also, there were several findings which had potentially significant, unknown, questioned costs. The State is cooperating with the federal government to resolve the findings and is optimistic these findings will not have a material impact on the State.

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NOTE 19 – TOBACCO SETTLEMENT

In November 1998, the North Dakota Attorney General joined forty-five other states and five territories in a settlement agreement against the nation's largest tobacco manufacturer. The settlement money is intended to compensate the State for costs it has incurred in providing health and other services to its citizens that were necessitated by the use of tobacco products. The Master Settlement Agreement includes base payments to states totaling \$220.6 billion for the next 25 years, and continues in perpetuity. The State has received total payments of \$495.93 million as of June 30, 2019. The State recognized revenue of \$20.75 million of tobacco settlement revenue during the year ended June 30, 2019. The amount of the annual payment is subject to a number of modifications, including adjustments for inflation and usage volumes. Some of the adjustments may result in increases in the payments (inflation, for example), or other adjustments will likely cause decreases in the payments (e.g., volume adjustments). The net effect of these adjustments on future payments is unclear.

NOTE 20 – TERMINATION BENEFITS

PRIMARY GOVERNMENT (EXCLUDING UNIVERSITY SYSTEMS)

On June 29, 2018, the State offered a Voluntary Separation Incentive Program (VSIP) to state agencies as a tool to assist them when planning for the 2019-21 biennium budget. Agencies independently determined whether or not it is beneficial to offer the program to their employees. This was determined based on each agency's budget planning process and specific business objectives. Under the VSIP, employees were given two options. The first option was to receive lump sum equal to three (3) month's salary and payment equivalent to three (3) months of health insurance at the actual cost of the current health insurance benefit as of VSIP program start date. Participating part-time employees will receive a pro-rated amount based on their current average monthly rate of pay over the last three months. The second option was to remain on payroll for three (3) months after separation date and receive salary and currently enrolled benefits as if still actively working during this time. Participating part-time employees will receive a pro-rated amount based on their current average monthly rate of pay over the last three months. The separation agreement of program participants must be no later than April 30, 2019. In total, 218 employees from 18 state agencies elected to participate in the VSIP for a total cost of \$4.6 million in fiscal year 2019. The terms for these agreements range a payment one to three months. The State recorded a liability at June 30, 2019 of \$252,000 for future payments.

UNIVERSITY SYSTEMS

Termination benefits are benefits provided to employees who are involuntarily or voluntarily terminated, as a result of budget reductions. Termination benefits agreements may include contract buyouts, retirement incentives, severance lump-sum payouts and continuing healthcare coverage for a designated period of time or a combination of these benefits. The agreement terms vary by institution. The outstanding liability is measured at the discounted present value and projected increases in health insurance rates.

The University Systems entered into voluntary termination agreements with 109 employees for a cost of \$4.2 million in fiscal year 2019. The terms for these agreements range from one month to eighteen months. The University Systems recorded a liability at June 30, 2019 of \$2.1 million for future payments.

During the same time-period, The University Systems entered into involuntary separation agreements with 10 employees for a cost of \$146,000. The payments of benefits were for a one-month time period and there is no future liability for these arrangements at June 30, 2019.

In fiscal year 2019, NDUS incurred \$718,000 in expenses related to voluntary termination agreements entered into in prior fiscal years for 26 employees. The terms for these agreements range from three month to thirty-eight months. At June 30, 2019, the liability for future payments was \$456,000.

NOTE 21 - SUBSEQUENT EVENTS

BANK OF NORTH DAKOTA

In May and October 2019 the Bank entered into interest rate swaps with Goldman Sachs, which resulted in a total fixed rate funding commitment of \$100 million for 15 years. These transactions were completed to hedge fixed rate loan exposure, primarily in mortgage and DEAL loans. The Bank also has seven other interest rate swaps for the same purpose with a notional amount of \$50 million each with Goldman Sachs (3), Wells Fargo (3) and SunTrust Bank (1). As of October 31, 2019, the market value position of all interest rate swap transactions was a net loss of \$35.3 million.

The 2015 Legislature authorized a transfer of up to \$100 million from the Bank to fund an Infrastructure Loan Fund for North Dakota cities and counties. They also transferred an additional \$50 million from the Strategic Investment and

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Improvement Fund to this same revolving loan fund. So far, the Bank has committed to \$186 million of infrastructure loans. The legislation mandated that the money from the Strategic Investment and Improvement Fund be used to fund the initial \$50 million of commitments and the drawdown of up to \$100 million from the Bank to fund activity over the initial \$50 million. As of October 31, 2019, the Bank has transferred \$48 million of its capital to fund its portion of the Infrastructure Loan Fund. In the 2019 Legislature, legislation passed to add up to \$40 million of additional contribution from the Strategic Investment and Improvement Fund should oil tax collections exceed \$755 million. Oil tax collections exceeded \$780 million, which resulted in an additional contribution of \$25 million to the Infrastructure Loan Fund. That \$25 million will be spent prior to drawing the remaining \$52 million from the Bank's retained earnings.

The 2019 Legislature allowed the Reinsurance Association to establish a credit line at the Bank in the amount of \$25 million to provide reimbursements to member insurers. As of October 31, 2019, the Reinsurance Association has not applied for this line of credit.

NORTH DAKOTA HOUSING FINANCE AGENCY

The Agency issued Series 2019F Homeownership Revenue Bonds totaling \$80 million. The bonds have an interest rate ranging from 1.15% to 3.75% and mature between July 1, 2020 and January 1, 2050.

UNIVERSITY SYSTEMS

On August 21, 2019, WSC issued tax exempt certificates of participation series 2019 totaling \$7.3 million. The proceeds will fund an infrastructure and energy improvement project, including renovations to existing heating, ventilation, controls and deferred maintenance improvements to buildings located on WSC's campus. WSC entered into a lease-purchase agreement on August 1, 2019, with Johnson Controls, Inc. (JCI). JCI will construct the project and provide operations and maintenance assistance through August 1, 2048. The certificates of participation were rated BBB by Standard and Poor's.

On October 1, 2019, the University of North Dakota issued \$71.5 million, Series 2019A Housing and Auxiliary Facilities Revenue Bonds. The proceeds will be used to demolish the current student union building and to construct a new student union building. The bond payments commence on April 1, 2020 and mature on April 1, 2050. The security for the bonds is pledged revenues from net housing and auxiliary facilities system and pledged fees. The bonds were issued with a Moody's Investor Services rating of Aa3 with a stable outlook.

PUBLIC FINANCE AUTHORITY

Subsequent to year end, the Agency issued \$2.515 million of bonds payable for its capital financing program. The bonds have an interest rate ranging from 1.75% to 4.0% and mature between 2020 and 2024.

REBUILDERS LOAN PROGRAM

As of October 31, 2019, the outstanding loans total \$25.5 million to 1,184 borrowers. The 2019 legislature allowed an additional \$3.75 million in rebuilders loans for severe flooding in northwestern North Dakota. As a result, an additional 5 loans totaling \$375,000 have been applied for under this program.

NOTE 22 - NEW PRONOUNCEMENTS

The State implemented the following new pronouncement for fiscal year 2019:

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). This Statement establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for AROs. It also establishes disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant

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termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement is effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

The State will implement the following new pronouncements for fiscal years ending after 2019:

GASB Statement No. 84, *Fiduciary Activities*, provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 90, *Majority Equity Interests*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement provides guidance for reporting when a government has majority equity interest in legally separate organizations. An equity interest is explicit and measurable if the government has a present or future claim to the net resources of the entity and the method for measuring the government's share of the entity's net resources is determinable. If government's holding of that equity interest meets the definition of an investment, as defined by GASB No. 72, the equity interest should be reported as an investment and measured using the equity method and not as a component unit of the government. If a government's holding of a majority interest in a legally separate organization does not meet the definition of an investment, the holding of the majority equity interest results in the government being financially accountable for the organization and therefore, the government should report the legally separate organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

Management has not yet determined the effect these Statements will have on the State's financial statements.

Required Supplementary Information

STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule General Fund For the Biennium Ended June 30, 2019

	Approved Budget 2017-2019 Biennium	Appropriation Adjustments 2017-2019 Biennium	Adjusted Budget 2017-2019 Biennium	Actual Biennium To Date Thru 6-30-19	Difference Uncollected/ Unspent Thru 6-30-19
Budgetary Fund Balance, July 1	\$ 30,890,381	\$ -	\$ 30,890,381	\$ 217,617,800	\$ 186,727,419
Resources (Inflows):					
Sales and Use Tax	1,701,747,285	70,528,921	1,772,276,206	1,786,479,717	14,203,511
Income Tax	800,816,415	146,904,486	947,720,901	1,018,161,523	70,440,622
Financial Institutions Tax	-	-	-	-	-
Oil And Gas Production Tax	163,000,000	49,147,128	212,147,128	215,022,128	2,875,000
Oil Extraction Tax	237,000,000	(49,147,128)	187,852,872	187,852,872	(0)
Insurance Premium Tax	129,637,121	(19,311,224)	110,325,897	115,544,049	5,218,152
Cigarette, Cigar and Tobacco Tax	53,247,000	(1,394,452)	51,852,548	52,381,863	529,315
Wholesale Liquor Tax	18,083,000	(131,425)	17,951,575	17,768,453	(183,122)
Coal Conversion Tax	39,564,000	3,655,227	43,219,227	44,572,709	1,353,482
Gaming Tax	7,301,480	(73,159)	7,228,321	9,156,498	1,928,177
Lottery	15,000,000	(400,000)	14,600,000	15,900,000	1,300,000
Department Fees and Collections	81,983,864	2,899,574	84,883,438	81,466,893	(3,416,545)
Mineral Leasing Fees	30,500,000	8,372,687	38,872,687	42,197,590	3,324,903
Motor Vehicle Excise Tax	220,003,000	19,977,388	239,980,388	239,039,038	(941,350)
Interest on Public Funds	8,000,000	-	9,471,168	11,319,365	1,848,197
Gas Tax Administration	2,016,120	-	2,016,120	2,016,120	-
Transfers In	821,916,604	101,489,848	923,406,452	1,074,569,845	151,163,393
Total Revenue Inflows	4,329,815,889	333,989,039	4,663,804,928	4,913,448,662	249,643,734
Amounts Available for Appropriation	4,360,706,270	333,989,039	4,694,695,309	5,131,066,462	436,371,153
Charges to Appropriations (Outflows):					
General Government:					
Governor's Office	4,007,758	15,000,000	19,007,758	18,618,908	388,850
Secretary of State	5,520,282	2,200,620	7,720,902	6,503,661	1,217,241
Secretary of State Public Printing	288,450	-	288,450	258,942	29,508
Office of Management and Budget	31,220,260	3,754,817	34,975,077	30,912,455	4,062,622
Information Technology	20,532,334	-	20,532,334	20,508,160	24,174
State Auditor	9,498,608	16,000	9,514,608	9,260,450	254,158
State Treasurer	1,747,399	20,000	1,767,399	1,657,326	110,073
Attorney General	44,795,840	1,620,065	46,415,905	45,604,153	811,752
Tax Department	51,264,499	2,191,623	53,456,122	51,772,543	1,683,579
Legislative Assembly	14,159,170	1,308,157	15,467,327	14,048,930	1,418,397
Legislative Council	11,891,138	4,601,140	16,492,278	10,110,101	6,382,177
Supreme Court	102,257,770	-	102,257,770	99,313,437	2,944,333
Legal Counsel for Indigents	17,983,876	-	17,983,876	16,712,744	1,271,132
Education:					
Public Instruction	1,435,601,984	700,711	1,436,302,695	1,423,630,252	12,672,443
Land Department	-	1,325,500	1,325,500	1,325,425	75
State Library	5,618,301	-	5,618,301	5,607,869	10,432
School for the Deaf	7,488,526	209,115	7,697,641	7,487,736	209,905
School for the Blind	4,394,146	-	4,394,146	4,394,026	120
Vocational Education	29,556,283	-	29,556,283	29,145,924	410,359
Health & Human Services:					
Dept. of Health	43,474,460	90,000	43,564,460	41,868,220	1,696,240
Veteran's Home	5,951,439	234,679	6,186,118	5,990,029	196,089
Indian Affairs Commission	1,112,111	-	1,112,111	1,080,134	31,977
Veteran's Affairs	1,155,162	-	1,155,162	1,093,826	61,336
Dept. of Human Services-Management	57,120,407	28,964,777	86,085,184	80,270,665	5,814,519
Dept. of Human Services-Program and Policy	1,058,183,935	(28,594,352)	1,029,589,583	1,018,798,922	10,790,661
Dept. of Human Services-Centers	113,316,558	2,123,236	115,439,794	113,622,209	1,817,585
Dept. of Human Services-Institutions	84,610,450	9,167,940	93,778,390	89,177,552	4,600,838
Dept. of Human Services-County Social Service	26,000,000	-	26,000,000	19,312,317	6,687,683
Protection and Advocacy	2,958,999	-	2,958,999	2,958,983	16
Job Service	545,793	-	545,793	437,493	108,300
Regulatory:					
Industrial Commission	25,408,987	2,628,086	28,037,073	26,618,928	1,418,145
Labor Commission	2,303,986	-	2,303,986	1,892,463	411,523
Public Service Commission	6,630,762	-	6,630,762	6,179,154	451,608
Securities Commissioner	2,184,714	-	2,184,714	2,023,634	161,080
Public Safety and Corrections:					
Highway Patrol	42,527,428	-	42,527,428	41,019,557	1,507,871
Corrections & Rehab	214,336,704	-	214,336,704	208,430,637	5,906,067
Adjutant General	25,886,422	2,965,369	28,851,791	27,640,437	1,211,354
Agriculture & Commerce:					
Department of Commerce	31,342,680	31,678,450	63,021,130	30,952,990	32,068,140
Department of Agriculture	9,109,101	3,900	9,113,001	9,103,944	9,057
State Fair	515,665	-	515,665	515,665	-
Racing Commission	379,621	-	379,621	379,620	1
Natural Resources:					
Historical Society	16,673,644	1,113,136	17,786,780	17,137,752	649,028
Council on the Arts	1,564,876	-	1,564,876	1,561,846	3,030
Parks and Recreation	14,654,276	5,358,616	20,012,892	17,049,176	2,963,716
Transportation:					
Aeronautics Commission	900,000	-	900,000	900,000	-
Department of Transportation	-	38,016,031	38,016,031	23,569,851	14,446,180
Transfers Out	723,587,837	78,741,128	802,328,965	743,371,125	58,957,840
Total Charges to Appropriations	4,310,262,641	205,438,744	4,515,701,385	4,329,830,171	185,871,214
Ending Budgetary Fund Balance	\$ 50,443,629	\$ 128,550,295	\$ 178,993,924	\$ 801,236,291	\$ 622,242,367

STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule Budget to GAAP Reconciliation General Fund For the Biennium Ended June 30, 2019

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and for the General Fund Expenditures

Sources/Inflows of resources

Actual Amounts (budgetary basis) "total revenue inflows" from the budgetary comparison schedule	4,913,448,662
Backing out 2018 activity	(2,348,637,808)
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	(439,454,229)
Funds considered General funds for GAAP but not for Budget	1,061,092,980
Certain due from other funds are recorded under GAAP, but not Budget	2,826,630
Reimbursement activity between state agencies is eliminated only for GAAP	(398,277)
Proceeds are recorded for new capital leases on GAAP, but not for Budget	22,628
Repayment received on loan receivable are revenue for Budget to GAAP	135,906
Total revenues, capital lease acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 3,189,036,492</u>

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	4,329,830,171
Backing out Expenditures from FY2018	(2,166,017,840)
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	576,389
Funds considered General funds for GAAP but not for Budget	103,110,583
New capital leases are recorded as expenditures for GAAP, but not for Budget	22,628
Certain due to other funds are recorded under GAAP, but not for Budget	4,128,392
Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 2,271,650,323</u>

STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule Federal Fund For the Biennium Ended June 30, 2019

	Approved Budget 2017-2019 Biennium	Appropriation Adjustments 2017-2019 Biennium	Adjusted Budget 2017-2019 Biennium	Actual Biennium To Date Thru 6-30-19	Difference Uncollected/ Unspent Thru 6-30-19
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):					
Other Budgeted Income	3,733,229,262	74,010,488	3,807,239,750	3,282,287,101	(524,952,649)
Total Revenue Inflows	3,733,229,262	74,010,488	3,807,239,750	3,282,287,101	(524,952,649)
Amounts Available for Appropriation	3,733,229,262	74,010,488	3,807,239,750	3,282,287,101	524,952,649
Charges to Appropriations (Outflows):					
General Government:					
Secretary of State	402,655	53,000	455,655	455,344	311
Information Technology	2,875,000	-	2,875,000	284,428	2,590,572
State Auditor	1,463,285	-	1,463,285	1,147,134	316,151
Attorney General	16,953,660	(5,676,808)	11,276,852	6,936,884	4,339,968
Tax Department	125,000	-	125,000	22,341	102,659
Supreme Court	1,339,138	-	1,339,138	1,081,431	257,707
Education:					
Public Instruction	288,306,970	18,000,000	306,306,970	291,375,175	14,931,795
State Library	2,155,708	124,500	2,280,208	1,976,693	303,515
School for the Deaf	351,993	-	351,993	187,006	164,987
Vocational Education	9,461,692	478,156	9,939,848	9,332,107	607,741
Health & Human Services:					
Dept. of Health	119,132,089	174,000	119,306,089	104,947,332	14,358,757
Veteran's Affairs	2,091,571	-	2,091,571	1,024,864	1,066,707
Dept. of Human Services-Management	125,979,264	65,210,501	191,189,765	127,907,600	63,282,165
Dept. of Human Services-Program and Policy	2,003,389,340	(17,984,235)	1,985,405,105	1,803,974,927	181,430,178
Dept. of Human Services-Centers	68,285,042	(415,288)	67,869,754	55,597,316	12,272,438
Dept. of Human Services-Institutions	30,666,923	6,189,820	36,856,743	33,760,701	3,096,042
Protection and Advocacy	3,488,601	-	3,488,601	3,046,792	441,809
Job Service	53,851,918	645,000	54,496,918	41,809,219	12,687,699
Regulatory:					
Insurance Department	619,326	-	619,326	537,072	82,254
Industrial Commission	238,004	-	238,004	223,625	14,379
Labor Commission	439,916	-	439,916	439,870	46
Public Service Commission	10,731,348	-	10,731,348	8,123,369	2,607,979
Public Safety and Corrections:					
Highway Patrol	6,421,209	-	6,421,209	6,418,217	2,992
Corrections & Rehab	10,539,317	-	10,539,317	9,426,932	1,112,385
Adjutant General	163,109,179	7,211,842	170,321,021	79,889,966	90,431,055
Agriculture & Commerce:					
Department of Commerce	48,207,071	-	48,207,071	42,177,583	6,029,488
Department of Agriculture	12,089,336	-	12,089,336	7,900,807	4,188,529
Natural Resources:					
Historical Society	3,155,795	-	3,155,795	1,661,915	1,493,880
Council on the Arts	1,675,407	-	1,675,407	1,441,747	233,660
Game and Fish	38,222,467	-	38,222,467	34,357,377	3,865,090
Parks and Recreation	5,477,782	-	5,477,782	2,525,992	2,951,790
Water Commission	27,473,887	-	27,473,887	17,449,957	10,023,930
Transportation:					
Aeronautics Commission	1,025,000	-	1,025,000	842,403	182,597
Department of Transportation	673,484,369	-	673,484,369	584,002,975	89,481,394
Total Charges to Appropriations	3,733,229,262	74,010,488	3,807,239,750	3,282,287,101	524,952,649.00
Ending Budgetary Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -

STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule Budget to GAAP Reconciliation Federal Fund For the Biennium ended June 30, 2019

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and for the Federal Fund Expenditures

Sources/Inflows of resources

Actual Amounts (budgetary basis) "total revenue inflows" from the budgetary comparison schedule	3,282,287,101
Backing out 2018 activity	(1,614,312,923)
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	40,721,564
Total revenues, capital lease acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 1,708,695,742</u>

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	3,282,287,101
Backing out Expenditures from FY2018	(1,614,312,923)
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	45,234,389
New Loans issued are expenditures for Budget but not for GAAP	(13,956,048)
GAAP, but not Budget expenditures are reduced by year end inventory balances	17,444,559
Intrafund activity eliminated for GAAP	(12,994,884)
Certain due to other funds are recorded under GAAP, but not for Budget	10,494,715
Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 1,714,196,909</u>

STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule State Fund For the Biennium Ended June 30, 2019

	Approved Budget 2017-2019 Biennium	Appropriation Adjustments 2017-2019 Biennium	Adjusted Budget 2017-2019 Biennium	Actual Biennium To Date Thru 6-30-19	Difference Uncollected/ Unspent Thru 6-30-19
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):					
Other Budgeted Income	3,061,198,974	511,262,860	3,572,461,834	2,555,572,232	(1,016,889,602)
Total Revenue Inflows	3,061,198,974	511,262,860	3,572,461,834	2,555,572,232	(1,016,889,602)
Amounts Available for Appropriation	3,061,198,974	511,262,860	3,572,461,834	2,555,572,232	(1,016,889,602)
Charges to Appropriations (Outflows):					
General Government:					
Governor's Office	-	265,918.00	265,918.00	203,128.00	62,790.00
Secretary of State	2,835,500.00	970,673.00	3,806,173.00	1,750,021.00	2,056,152.00
Office of Management & Budget	11,234,087.00	3,448,629.00	14,682,716.00	9,777,337.00	4,905,379.00
Information Technology	221,691,988.00	-	221,691,988.00	136,894,190.00	84,797,798.00
State Auditor	1,948,202.00	-	1,948,202.00	1,615,347.00	332,855.00
State Treasurer	-	8,100,000.00	8,100,000.00	7,965,000.00	135,000.00
Attorney General	31,260,660.00	7,750,944.00	39,011,604.00	30,212,202.00	8,799,402.00
Administrative Hearings	2,918,634.00	-	2,918,634.00	2,566,703.00	351,931.00
Legislative Council	70,000.00	-	70,000.00	49,232.00	20,768.00
Supreme Court	1,982,701.00	-	1,982,701.00	586,627.00	1,396,074.00
Legal Counsel for Indigents	2,946,747.00	(76,759.00)	2,869,988.00	1,989,420.00	880,568.00
Education:					
Public Instruction	609,240,095.00	-	609,240,095.00	607,515,326.00	1,724,769.00
Land Department	238,481,273.00	61,552,792.00	300,034,065.00	69,060,346.00	230,973,719.00
State Library	91,852.00	-	91,852.00	91,783.00	69.00
School for the Deaf	2,846,451.00	23,495.00	2,869,946.00	1,669,050.00	1,200,896.00
School for the Blind	1,214,747.00	-	1,214,747.00	866,839.00	347,908.00
Vocational Education	2,631,974.00	-	2,631,974.00	2,050,107.00	581,867.00
Health & Human Services:					
Dept. of Health	38,887,869.00	(378,723.00)	38,509,146.00	32,941,090.00	5,568,056.00
Veteran's Home	18,740,593.00	278,281.00	19,018,874.00	17,191,292.00	1,827,582.00
Veteran's Affairs	-	80,000.00	80,000.00	-	80,000.00
Dept. of Human Services-Management	3,500,294.00	12,088,236.00	15,588,530.00	11,138,485.00	4,450,045.00
Dept. of Human Services-Program and Policy	167,768,179.00	(16,677,838.00)	151,090,341.00	115,103,327.00	35,987,014.00
Dept. of Human Services-Centers	14,447,889.00	(6,267.00)	14,441,622.00	14,253,090.00	188,532.00
Dept. of Human Services-Institutions	25,143,851.00	(65,854.00)	25,077,997.00	25,077,995.00	2.00
Dept. of Human Services-County Social Service	134,700,000.00	-	134,700,000.00	134,699,998.00	2.00
Job Service	1,047,238.00	-	1,047,238.00	497,347.00	549,891.00
Regulatory:					
Insurance Department	25,174,104.00	-	25,174,104.00	24,176,602.00	997,502.00
Industrial Commission	22,055,202.00	(1,261.00)	22,053,941.00	19,547,959.00	2,505,982.00
Public Service Commission	1,689,668.00	-	1,689,668.00	599,682.00	1,089,986.00
Finanacial Institutions	8,409,912.00	-	8,409,912.00	8,052,433.00	357,479.00
Securities Commission	170,000.00	-	170,000.00	78,289.00	91,711.00
Public Safety and Corrections:					
Highway Patrol	11,918,069.00	(1,575,108.00)	10,342,961.00	8,427,456.00	1,915,505.00
Corrections & Rehab	28,724,843.00	-	28,724,843.00	23,077,966.00	5,646,877.00
Adjutant General	35,359,301.00	4,258,574.00	39,617,875.00	22,827,488.00	16,790,387.00
Agriculture & Commerce:					
Department of Commerce	20,678,587.00	2,047,060.00	22,725,647.00	11,777,280.00	10,948,367.00
Department of Agriculture	10,118,340.00	1,500,000.00	11,618,340.00	8,667,524.00	2,950,816.00
Racing Commission	162,557.00	-	162,557.00	116,832.00	45,725.00
Natural Resources:					
Historical Society	1,000,000.00	1,757,943.00	2,757,943.00	2,086,919.00	671,024.00
Council of Arts	111,515.00	-	111,515.00	50,025.00	61,490.00
Game and Fish	45,753,755.00	2,384,550.00	48,138,305.00	38,182,161.00	9,956,144.00
Parks and Recreation	13,561,798.00	(47,237.00)	13,514,561.00	10,847,976.00	2,666,585.00
Water Commission	694,699,588.00	96,295,369.00	790,994,957.00	414,743,806.00	376,251,151.00
Transportation:					
Aeronautics Commission	8,960,412.00	2,500,000.00	11,460,412.00	8,640,851.00	2,819,561.00
Department of Transportation	597,020,499.00	324,789,443.00	921,809,942.00	727,905,701.00	193,904,241.00
Total Charges to Appropriations	3,061,198,974.00	511,262,860.00	3,572,461,834.00	2,555,572,232.00	1,016,889,602.00
Ending Budgetary Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -

STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule Budget to GAAP Reconciliation State Fund For the Biennium ended June 30, 2019

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and for the State Fund Expenditures

Sources/Inflows of resources

Actual Amounts (budgetary basis) "total revenue inflows" from the budgetary comparison schedule	2,555,572,232
Backing out 2018 activity	(1,262,622,176)
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	1,942,057,542
Total revenues, capital lease acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 3,235,007,598</u>

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	2,555,572,232
Backing out Expenditures from FY2018	(1,262,622,176)
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	1,453,088,464
New Loans issued are expenditures for Budget but not for GAAP	(6,012,616)
GAAP, but not Budget expenditures are reduced by year end inventory balances	(1,240,407)
Intrafund activity eliminated for GAAP	(546,166,097)
Certain due to other funds are recorded under GAAP, but not for Budget	312,414
Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 2,192,931,814</u>

STATE OF NORTH DAKOTA

Note To Required Supplemental Information - Budgetary Reporting For the Biennium Ended June 30, 2019

The Budgetary Comparison Schedules present comparisons of the original and revised legally adopted budgets with actual data on a budgetary basis for major funds. The only major fund with a legally adopted budget is the General Fund. All other funds are budgeted together as "Other Budgeted Funds." A budgetary schedule has been done for these other funds because they include budgeted amounts for the Federal Fund and State Funds, which are major special revenue funds. These amounts are reported on the schedules entitled "Federal Funds" and "State Funds".

North Dakota's Appropriation Acts include a dual legal level of budgetary control - one at the General Fund versus Other Budget Income level for each agency and one at the line item level for each agency. Line items are not separate between General Fund and Other Budgeted Income so that control is not presented in our budgetary comparison schedule for major funds. The legal level of control for all agencies is reported in a publication titled "State of North Dakota 2017-2019 Biennium Budget and Actual Detail (Budgetary Basis) For the Fiscal Year Ended June 30, 2019." This budget information is available through the Office of Management and Budget, 600 East Boulevard Ave Dept. 110, Bismarck, ND 58505. For the 2017-2019 biennium there were general, federal, and special fund supplemental appropriations of \$790,712,092.

The Budgetary Comparison Schedule reports expenditures on a budgetary basis. The accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present the financial statements in accordance with GAAP. Reconciliations of the three for the Fiscal Year ended June 30, 2018, for the General Fund, Federal Fund, and State Fund is on the previous pages.

STATE OF NORTH DAKOTA

Required Supplementary Information Schedule of State's Share of Net Pension Liability North Dakota Public Employee Retirement System Last 10 Fiscal Years* (Dollars in thousands)

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Plan fiduciary net position	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	50.378759%	\$859,160	\$569,979	\$1,496,340	150.74%	63.53%
2018	51.879909%	833,182	588,960	1,415,199	141.47%	62.65%
2017	53.421343%	520,338	566,915	1,290,070	91.78%	71.10%
2016	54.824190%	365,845	494,732	1,300,271	73.95%	77.70%
2015	55.154588%	348,760	477,406	1,258,398	73.05%	78.17%

*Complete data for this schedule is not available prior to 2015. Amounts presented for each fiscal year have a measurement date of the previous fiscal year end.

Required Supplementary Information Schedule of State's Contributions North Dakota Public Employee Retirement System Last 10 Fiscal Years* (Dollars in thousands)

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2019	\$40,036	\$(40,022)	\$ 14	\$569,875	7.02%
2018	39,824	(39,815)	9	569,979	6.99%
2017	41,089	(41,034)	55	588,960	6.98%
2016	39,895	(40,330)	(435)	566,915	7.11%
2015	37,076	(37,571)	(495)	494,732	7.59%

*Complete data for this schedule is not available prior to 2015.

STATE OF NORTH DAKOTA

Required Supplementary Information
Schedule of State's Share of Net Pension Liability
North Dakota Highway Patrolmen's Retirement System
Last 10 Fiscal Years*
(Dollars in thousands)

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Plan fiduciary net position	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	100.00%	\$19,457	\$10,929	\$78,929	181.21%	80.22%
2018	100.00%	20,711	10,934	73,336	189.42%	77.98%
2017	100.00%	22,111	10,527	65,811	210.04%	74.85%
2016	100.00%	13,436	10,146	66,676	132.43%	83.23%
2015	100.00%	9,766	9,348	65,667	104.47%	87.05%

*Complete data for this schedule is not available prior to 2015. Amounts presented for each fiscal year have a measurement date of the previous fiscal year end.

Required Supplementary Information
Schedule of State's Contributions
North Dakota Highway Patrolmen's Retirement System
Last 10 Fiscal Years*
(Dollars in thousands)

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2019	\$2,091	\$(2,091)	\$ -	\$10,608	19.71%
2018	2,153	(2,153)	-	10,929	19.70%
2017	2,154	(2,154)	-	10,934	19.70%
2016	2,127	(2,127)	-	10,527	20.21%
2015	2,002	(2,002)	-	10,146	19.73%

*Complete data for this schedule is not available prior to 2015.

STATE OF NORTH DAKOTA

Required Supplementary Information
Schedule of State's Share of Net Pension Liability
Retirement Plan for the Employees of Job Service North Dakota
Last 10 Fiscal Years*
(Dollars in thousands)

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Plan fiduciary net position	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	100.00%	\$(27,459)	\$471	\$95,588	(6,590.37)%	140.30%
2018	100.00%	(33,636)	563	97,265	(5,974.42)%	152.86%
2017	100.00%	(35,329)	565	96,534	(6,252.92)%	157.72%
2016	100.00%	(32,893)	674	96,283	(4,880.27)%	151.89%
2015	100.00%	(32,650)	753	97,697	(4,335.99)%	150.20%

*Complete data for this schedule is not available prior to 2015. Amounts presented for each fiscal year have a measurement date of the previous fiscal year end.

Required Supplementary Information
Schedule of State's Contributions
Retirement Plan for the Employees of Job Service North Dakota
Last 10 Fiscal Years*
(Dollars in thousands)

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2019	\$ -	\$ -	\$ -	\$ 417	0.00%
2018	-	-	-	471	0.00%
2017	-	-	-	563	0.00%
2016	-	-	-	565	0.00%
2015	-	-	-	674	0.00%

*Complete data for this schedule is not available prior to 2015.

STATE OF NORTH DAKOTA

Required Supplementary Information Schedule of State's Share of Net Pension Liability North Dakota Teachers' Fund for Retirement Last 10 Fiscal Years* (Dollars in thousands)

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Plan fiduciary net position	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.665791%	\$8,874	\$4,397	\$16,849	201.82%	65.50%
2018	0.652945%	8,968	4,294	15,413	208.85%	63.20%
2017	0.666339%	9,762	4,329	14,155	225.50%	59.20%
2016	0.678409%	8,873	4,173	14,531	212.63%	62.10%
2015	0.616525%	6,460	3,576	12,891	180.65%	66.60%

*Complete data for this schedule is not available prior to 2015. Amounts presented for each fiscal year have a measurement date of the previous fiscal year end.

Required Supplementary Information Schedule of State's Contributions North Dakota Teachers' Fund for Retirement Last 10 Fiscal Years* (Dollars in thousands)

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2019	\$542	\$(542)	\$-	\$4,252	12.75%
2018	561	(561)	-	4,397	12.75%
2017	547	(547)	-	4,294	12.75%
2016	528	(528)	-	4,329	12.75%
2015	532	(532)	-	4,173	12.75%

*Complete data for this schedule is not available prior to 2015.

STATE OF NORTH DAKOTA

Required Supplementary Information
Schedule of State's Share of OPEB Liability
Retiree Health Insurance Credit
Last 10 Fiscal Years*
(Dollars in thousands)

	Employer's proportion of the net OPEB (asset)	Employer's proportionate share of the net OPEB liability (asset)	Employer's covered payroll	Plan fiduciary net position	Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2019	0.507311%	\$39,954	\$563,479	\$64,888	7.09%	61.89%
2018	0.515458%	40,877	574,972	60,615	7.11%	59.78%

*Complete data for this schedule is not available prior to 2018. Amounts presented for each fiscal year have a measurement date of the previous fiscal year end.

Required Supplementary Information
Schedule of State's Contributions
Retiree Health Insurance Credit
Last 10 Fiscal Years*
(Dollars in thousands)

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2019	\$6,425	\$(6,413)	\$12	\$561,580	1.14%
2018	6,434	(6,424)	10	563,479	1.14%

*Complete data for this schedule is not available prior to 2018.

STATE OF NORTH DAKOTA

Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios North Dakota Public Employee Retirement System Last 10 Fiscal Years* (Dollars in thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability (asset)				
Service cost	\$ 172,184	\$ 164,018	\$ 113,148	\$ 126,444
Interest	294,701	279,835	269,771	243,285
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	(210,896)	(65,346)	(3,612)	15,915
Changes of assumptions	(464,473)	125,225	741,492	108,139
Benefit payments, including refund of employee contributions	<u>(197,758)</u>	<u>(182,522)</u>	<u>(162,992)</u>	<u>(149,664)</u>
Net change in total pension liability (asset)	<u>(406,242)</u>	<u>321,210</u>	<u>957,807</u>	<u>344,119</u>
Total pension liability (asset) - beginning	<u>4,675,582</u>	<u>4,354,372</u>	<u>3,396,565</u>	<u>3,052,446</u>
Total pension liability (asset) - ending (a)	<u>\$ 4,269,340</u>	<u>\$ 4,675,582</u>	<u>\$ 4,354,372</u>	<u>\$ 3,396,565</u>
Plan fiduciary net position				
Contributions - employer	\$ 81,588	\$ 80,727	\$ 78,934	\$ 77,080
Contributions - employee	78,213	77,486	76,007	74,219
Contributions - service credit repurchase	7,220	19,985	11,805	9,179
Contributions - other	-	-	-	-
Net investment income	159,824	249,165	311,761	11,334
Transfers from other plans	(5)	(24)	32	23,575
Benefit payments, including refund of employee contributions	(197,758)	(182,522)	(162,992)	(149,664)
Administrative expense	<u>(2,531)</u>	<u>(2,473)</u>	<u>(2,607)</u>	<u>(2,538)</u>
Net change in plan fiduciary net position	<u>126,551</u>	<u>242,344</u>	<u>312,940</u>	<u>43,185</u>
Plan fiduciary net position - beginning	<u>2,970,180</u>	<u>2,727,836</u>	<u>2,414,896</u>	<u>2,371,711</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,096,731</u>	<u>\$ 2,970,180</u>	<u>\$ 2,727,836</u>	<u>\$ 2,414,896</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 1,172,609</u>	<u>\$ 1,705,402</u>	<u>\$ 1,626,536</u>	<u>\$ 981,669</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	72.53%	63.53%	62.65%	71.10%
Covered employee payroll	\$ 1,098,416	\$ 1,075,958	\$ 1,063,372	\$ 1,048,548
Plan net pension liability (asset) as a percentage of covered employee payroll	106.75%	158.50%	152.96%	93.62%

Notes to Schedule:

*Complete data for this schedule is not available prior to 2014.

Benefit Changes: There were no changes made in the plan provisions since the prior valuation.

Changes of Assumptions: There were no changes made in the actuarial assumptions since the July 1, 2017 valuation.

STATE OF NORTH DAKOTA

	<u>2015</u>		<u>2014</u>
\$	104,158	\$	94,611
	236,420		218,719
	2		-
	4,396		25,783
	(76,152)		-
	<u>(134,930)</u>		<u>(119,886)</u>
	133,894		219,227
	<u>2,918,552</u>		<u>2,699,325</u>
\$	<u><u>3,052,446</u></u>	\$	<u><u>2,918,552</u></u>

\$	70,842	\$	61,661
	68,392		59,394
	6,652		8,325
	-		-
	81,537		316,630
	-		-
	<u>(134,930)</u>		<u>(119,886)</u>
	<u>(2,365)</u>		<u>(2,211)</u>
	90,128		323,913
	<u>2,281,583</u>		<u>1,957,670</u>
\$	<u><u>2,371,711</u></u>	\$	<u><u>2,281,583</u></u>
\$	<u><u>680,735</u></u>	\$	<u><u>636,969</u></u>

	77.70%		78.18%
\$	973,536	\$	888,452
	69.92%		71.69%

STATE OF NORTH DAKOTA

Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios North Dakota Highway Patrolmen's Retirement System Last 10 Fiscal Years* (Dollars in thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability (asset)				
Service cost	\$ 2,818	\$ 2,738	\$ 2,701	\$ 2,226
Interest	7,527	7,203	6,951	6,311
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	(68)	(621)	22	40
Changes of assumptions	3,043	-	1,257	3,946
Benefit payments, including refund of employee contributions	(5,391)	(4,981)	(4,806)	(4,713)
Net change in total pension liability (asset)	<u>7,929</u>	<u>4,339</u>	<u>6,125</u>	<u>7,810</u>
Total pension liability (asset) - beginning	<u>98,386</u>	<u>94,047</u>	<u>87,922</u>	<u>80,112</u>
Total pension liability (asset) - ending (a)	<u>\$ 106,315</u>	<u>\$ 98,386</u>	<u>\$ 94,047</u>	<u>\$ 87,922</u>
Plan fiduciary net position				
Contributions - employer	\$ 2,091	\$ 2,153	\$ 2,156	\$ 2,127
Contributions - employee	1,412	1,453	1,456	1,436
Contributions - service credit repurchase	168	282	249	-
Contributions - other	-	-	-	-
Net investment income	4,251	6,716	8,500	317
Benefit payments, including refund of employee contributions	(5,391)	(4,981)	(4,806)	(4,713)
Administrative expense	(44)	(30)	(30)	(32)
Net change in plan fiduciary net position	<u>2,487</u>	<u>5,593</u>	<u>7,525</u>	<u>(865)</u>
Plan fiduciary net position - beginning	<u>78,929</u>	<u>73,336</u>	<u>65,811</u>	<u>66,676</u>
Plan fiduciary net position - ending (b)	<u>\$ 81,416</u>	<u>\$ 78,929</u>	<u>\$ 73,336</u>	<u>\$ 65,811</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 24,899</u>	<u>\$ 19,457</u>	<u>\$ 20,711</u>	<u>\$ 22,111</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	76.58%	80.22%	77.98%	74.85%
Covered employee payroll	\$ 10,354	\$ 10,737	\$ 10,629	\$ 10,527
Plan net pension liability (asset) as a percentage of covered employee payroll	240.48%	181.21%	194.84%	210.04%

Notes to Schedule:

*Complete data for this schedule is not available prior to 2014.

Benefit Changes: There were no changes made in the plan provisions since the prior valuation.

Changes of Assumptions: There were no changes made in the actuarial assumptions since the July 1, 2017 valuation.

STATE OF NORTH DAKOTA

	<u>2015</u>		<u>2014</u>
\$	2,038	\$	1,894
	6,008		5,750
	-		-
	984		(300)
	395		-
	<u>(4,746)</u>		<u>(3,784)</u>
	4,679		3,560
	<u>75,433</u>		<u>71,873</u>
\$	<u><u>80,112</u></u>	\$	<u><u>75,433</u></u>

\$	2,002	\$	1,865
	1,352		1,243
	97		87
	-		-
	2,335		9,240
	<u>(4,746)</u>		<u>(3,784)</u>
	<u>(31)</u>		<u>(28)</u>
	1,009		8,623
	<u>65,667</u>		<u>57,044</u>
\$	<u><u>66,676</u></u>	\$	<u><u>65,667</u></u>

\$	<u><u>13,436</u></u>	\$	<u><u>9,766</u></u>
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	83.23%		87.05%
\$	6	\$	9,348
	132.44%		104.47%

STATE OF NORTH DAKOTA

Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios Retirement Plan for the Employees of Job Service North Dakota Last 10 Fiscal Years* (Dollars in thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability (asset)				
Service cost	\$ 70	\$ 80	\$ 56	\$ 71
Interest	3,130	3,501	4,130	4,281
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	(505)	(310)	(1,648)	(2,007)
Changes of assumptions	-	5,812	4,421	70
Benefit payments, including refund of employee contributions	(4,627)	(4,583)	(4,534)	(4,601)
Net change in total pension liability (asset)	<u>(1,932)</u>	<u>4,500</u>	<u>2,425</u>	<u>(2,186)</u>
Total pension liability (asset) - beginning	<u>68,129</u>	<u>63,629</u>	<u>61,204</u>	<u>63,390</u>
Total pension liability (asset) - ending (a)	<u>\$ 66,197</u>	<u>\$ 68,129</u>	<u>\$ 63,629</u>	<u>\$ 61,204</u>
Plan fiduciary net position				
Contributions - employer	\$ -	\$ -	\$ -	\$ -
Contributions - employee	29	33	39	44
Contributions - service credit repurchase	-	-	-	-
Contributions - other	-	-	-	-
Net investment income	6,230	2,919	5,239	4,840
Benefit payments, including refund of employee contributions	(4,627)	(4,583)	(4,534)	(4,601)
Administrative expense	(17)	(46)	(13)	(32)
Net change in plan fiduciary net position	<u>1,615</u>	<u>(1,677)</u>	<u>731</u>	<u>251</u>
Plan fiduciary net position - beginning	<u>95,588</u>	<u>97,265</u>	<u>96,534</u>	<u>96,283</u>
Plan fiduciary net position - ending (b)	<u>\$ 97,203</u>	<u>\$ 95,588</u>	<u>\$ 97,265</u>	<u>\$ 96,534</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (31,006)</u>	<u>\$ (27,459)</u>	<u>\$ (33,636)</u>	<u>\$ (35,330)</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	146.84%	140.30%	152.86%	157.72%
Covered employee payroll	\$ 417	\$ 417	\$ 499	\$ 567
Plan net pension liability (asset) as a percentage of covered employee payroll	-7443.56%	-6590.37%	-6746.56%	-6256.45%

Notes to Schedule:

*Complete data for this schedule is not available prior to 2014.

Benefit Changes: There were no changes made in the plan provisions since the prior valuation.

Changes of Assumptions: The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2018 actuarial valuation:

- The investment return assumption was lowered from 5.7 to 4.75 percent.

All other actuarial assumptions used in the July 1, 2018 are the same as the last actuarial valuation as of July 1, 2017.

STATE OF NORTH DAKOTA

<u>2015</u>	<u>2014</u>
\$ 128	\$ 88
5,026	5,107
-	-
(1,806)	(1,607)
(310)	-
<u>(4,694)</u>	<u>(4,595)</u>
(1,656)	(1,007)
65,046	66,053
<u>\$ 63,390</u>	<u>\$ 65,046</u>

\$ -	\$ -
50	56
-	-
-	-
3,260	11,888
(4,694)	(4,595)
<u>(30)</u>	<u>(31)</u>
(1,414)	7,318
97,697	90,379
<u>\$ 96,283</u>	<u>\$ 97,697</u>
<u>\$ (32,893)</u>	<u>\$ (32,651)</u>

151.89%	150.20%
\$ 791	\$ 843
-4160.24%	-3874.93%

STATE OF NORTH DAKOTA

Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios North Dakota Teachers' Fund for Retirement Last 10 Fiscal Years* (Dollars in thousands)

	2019	2018	2017	2016
Total pension liability (asset)				
Service cost	\$ 77,756	\$ 78,041	\$ 75,476	\$ 68,239
Interest	296,876	287,375	276,412	265,440
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	(23,495)	(27,939)	(10,749)	(8,093)
Changes of assumptions	-	-	-	-
Benefit payments, including refund of employee contributions	(221,228)	(207,979)	(196,516)	(185,969)
Net change in total pension liability (asset)	<u>129,909</u>	<u>129,498</u>	<u>144,623</u>	<u>139,617</u>
Total pension liability (asset) - beginning	<u>3,863,515</u>	<u>3,734,017</u>	<u>3,589,394</u>	<u>3,449,777</u>
Total pension liability (asset) - ending (a)	<u><u>\$ 3,993,424</u></u>	<u><u>\$ 3,863,515</u></u>	<u><u>\$ 3,734,017</u></u>	<u><u>\$ 3,589,394</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 89,445	\$ 86,676	\$ 86,059	\$ 82,840
Contributions - employee	82,429	79,878	79,309	76,343
Contributions - service credit repurchase	1,917	2,181	2,553	2,768
Contributions - other	159	194	236	45
Net investment income	135,043	211,345	266,688	8,239
Benefit payments, including refund of employee contributions	(221,228)	(207,979)	(196,516)	(185,969)
Administrative expense	(2,251)	(2,129)	(2,173)	(1,852)
Net change in plan fiduciary net position	<u>85,514</u>	<u>170,166</u>	<u>236,156</u>	<u>(17,586)</u>
Plan fiduciary net position - beginning	<u>2,530,657</u>	<u>2,360,491</u>	<u>2,124,335</u>	<u>2,141,921</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 2,616,171</u></u>	<u><u>\$ 2,530,657</u></u>	<u><u>\$ 2,360,491</u></u>	<u><u>\$ 2,124,335</u></u>
Net pension liability (asset) - ending (a) - (b)	<u><u>\$ 1,377,253</u></u>	<u><u>\$ 1,332,858</u></u>	<u><u>\$ 1,373,526</u></u>	<u><u>\$ 1,465,059</u></u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	65.50%	65.50%	63.20%	59.20%
Covered employee payroll	\$ 701,528	\$ 679,809	\$ 674,971	\$ 649,725
Plan net pension liability (asset) as a percentage of covered employee payroll	196.10%	196.10%	203.50%	225.50%

Notes to Schedule:

*Complete data for this schedule is not available prior to 2014.

**Restated in 2015 due to GASB 68 implementation.

Changes of Assumptions: In 2015, amounts reported as changes of assumptions resulted primarily from a decrease in the investment return assumption from 8% to 7.75% and an updated mortality improvement scale.

STATE OF NORTH DAKOTA

<u>2015</u>	<u>2014</u>
\$ 60,618	\$ 56,752
249,064	237,821
-	-
2,209	9,347
171,325	-
<u>(172,239)</u>	<u>(162,259)</u>
310,977	141,661
<u>3,138,800</u>	<u>2,997,139</u>
<u>\$ 3,449,777</u>	<u>\$ 3,138,800</u>
\$ 78,422	\$ 62,355
72,268	56,555
1,601	2,034
172	48
73,205	294,246
<u>(172,239)</u>	<u>(162,259)</u>
<u>(1,923)</u>	<u>(1,586)</u>
51,506	251,393
<u>2,090,415</u>	<u>1,839,584</u>
<u>\$ 2,141,921</u>	<u>\$ 2,090,977</u>
<u>\$ 1,307,856</u>	<u>\$ 1,047,823</u>
62.10%	66.60%
\$ 615,105	\$ 580,053
212.60%	180.60%

STATE OF NORTH DAKOTA

Required Supplementary Information Schedule of Changes in Net Other Post Employment Benefit Liability and Related Ratios Retiree Health Insurance Credit Fund Last 10 Fiscal Years* (Dollars in thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability (asset)			
Service cost	\$ 3,828	\$ 3,767	\$ 3,430
Interest	15,217	14,485	14,327
Change of benefit terms	-	-	-
Difference between expected and actual experience	(1,374)	2,732	(2,231)
Changes of assumptions	5,002	-	8,861
Benefit payments, including refund of employee contributions	(11,505)	(11,016)	(10,014)
Net change in total OPEB liability (asset)	<u>11,168</u>	<u>9,968</u>	<u>14,373</u>
Total OPEB liability (asset) - beginning	<u>206,663</u>	<u>196,695</u>	<u>182,322</u>
Total OPEB liability (asset) - ending (a)	<u>\$ 217,831</u>	<u>\$ 206,663</u>	<u>\$ 196,695</u>
Plan fiduciary net position			
Contributions - employer	\$ 12,977	\$ 12,834	\$ 12,576
Contributions - employee	16	16	16
Contributions - service credit repurchase	377	747	464
Contributions - other	-	-	-
Net investment income	8,178	8,211	12,074
Benefit payments, including refund of employee contributions	(11,505)	(11,016)	(10,014)
Administrative expense	(437)	(480)	(443)
Net change in plan fiduciary net position	<u>9,606</u>	<u>10,312</u>	<u>14,673</u>
Plan fiduciary net position - beginning	<u>127,906</u>	<u>117,594</u>	<u>102,921</u>
Plan fiduciary net position - ending (b)	<u>\$ 137,512</u>	<u>\$ 127,906</u>	<u>\$ 117,594</u>
Net OPEB liability (asset) - ending (a) - (b)	<u>\$ 80,319</u>	<u>\$ 78,757</u>	<u>\$ 79,101</u>
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	63.13%	61.89%	59.78%
Covered employee payroll	\$ 1,115,858	\$ 1,094,217	\$ 1,081,841
Plan net OPEB liability (asset) as a percentage of covered employee payroll	7.20%	7.20%	7.31%

Notes to Schedule:

*Complete data for this schedule is not available prior to 2017.

Benefit Changes: There were no changes made in the plan provisions since the prior valuation.

Changes of Assumptions: There were no changes made in the actuarial assumptions since the July 1, 2017 valuation

STATE OF NORTH DAKOTA

Required Supplementary Information Schedule of Changes in Net Other Post Employment Benefit Liability and Related Ratios Met Life Insurance Plan Last 10 Fiscal Years* (Dollars in thousands)

	<u>2019</u>	<u>2018</u>
Total OPEB liability (asset)		
Service cost	\$ 4	\$ 4
Interest	42	43
Change of benefit terms	-	-
Difference between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments, including refund of employee contributions	(84)	(80)
Net change in total OPEB liability (asset)	<u>(38)</u>	<u>(33)</u>
Total OPEB liability (asset) - beginning	1,491	1,524
Total OPEB liability (asset) - ending (a)	<u>\$ 1,453</u>	<u>\$ 1,491</u>
Plan fiduciary net position		
Contributions - employer	\$ 84	\$ 80
Contributions - employee	-	-
Contributions - service credit repurchase	-	-
Contributions - other	-	-
Net investment income	-	-
Benefit payments, including refund of employee contributions	(84)	(80)
Administrative expense	-	-
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability (asset) - ending (a) - (b)	<u>\$ 1,453</u>	<u>\$ 1,491</u>
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	0.00%	0.00%
Covered employee payroll	n/a	n/a
Plan net OPEB liability (asset) as a percentage of covered employee payroll	n/a	n/a

*Complete data for this schedule is not available prior to 2018.

STATE OF NORTH DAKOTA

Required Supplementary Information Schedule of Employer Contributions Last 10 Fiscal Years* (Dollars in thousands)

ND Public Employees Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contribution	\$127,129	\$125,714	\$116,564	\$124,336	\$107,514	\$107,864	\$97,985	\$91,458	\$82,910	\$54,158
Contribution in relation to the actuarially determined contribution	<u>81,588</u>	<u>80,727</u>	<u>78,934</u>	<u>77,081</u>	<u>70,843</u>	<u>61,661</u>	<u>48,847</u>	<u>38,006</u>	<u>32,278</u>	<u>30,253</u>
Contribution deficiency (excess)	<u>\$45,541</u>	<u>\$44,987</u>	<u>\$37,630</u>	<u>\$47,255</u>	<u>\$36,671</u>	<u>\$46,203</u>	<u>\$49,138</u>	<u>\$53,452</u>	<u>\$50,632</u>	<u>\$23,905</u>
Covered payroll	1,098,416	1,075,958	1,063,372	1,048,548	973,536	888,452	800,878	804,169	769,710	697,737
Contributions as a percentage of covered payroll	7.43%	7.50%	7.42%	7.35%	7.28%	6.94%	6.10%	4.73%	4.19%	4.34%

Highway Patrolmen's Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contribution	\$2,936	\$2,949	\$3,060	\$2,307	\$2,201	\$2,348	\$2,191	\$2,171	\$1,744	\$1,313
Contribution in relation to the actuarially determined contribution	<u>2,091</u>	<u>2,153</u>	<u>2,156</u>	<u>2,127</u>	<u>2,002</u>	<u>1,865</u>	<u>1,586</u>	<u>1,423</u>	<u>1,286</u>	<u>1,197</u>
Contribution deficiency (excess)	<u>\$845</u>	<u>\$796</u>	<u>\$904</u>	<u>\$180</u>	<u>\$199</u>	<u>\$483</u>	<u>\$605</u>	<u>\$748</u>	<u>\$458</u>	<u>\$116</u>
Covered payroll	10,354	10,737	10,629	10,527	10,146	9,348	8,167	8,002	7,738	7,009
Contributions as a percentage of covered payroll	20.20%	20.05%	20.28%	20.21%	19.73%	19.95%	19.42%	17.78%	16.62%	17.08%

STATE OF NORTH DAKOTA

Required Supplementary Information Schedule of Employer Contributions Last 10 Fiscal Years* (Dollars in thousands)

Job Service North Dakota

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contribution	—	—	—	—	—	—	—	—	—	—
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	417	417	499	565	791	843	1,011	1,163	1,266	1,487
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

ND Teachers' Fund for Retirement

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contribution	\$90,778	\$88,307	\$89,231	\$84,724	\$71,168	\$59,513	\$52,396	\$69,374	\$65,113	\$52,053
Contribution in relation to the actuarially determined contribution	<u>89.445</u>	<u>86.676</u>	<u>86.059</u>	<u>82.840</u>	<u>78.422</u>	<u>62.355</u>	<u>59.301</u>	<u>46.126</u>	<u>44.545</u>	<u>39.837</u>
Contribution deficiency (excess)	<u>\$1,333</u>	<u>\$1,631</u>	<u>\$3,172</u>	<u>\$1,884</u>	<u>\$(7,254)</u>	<u>\$(2,842)</u>	<u>\$(6,905)</u>	<u>\$23,248</u>	<u>\$20,568</u>	<u>\$12,216</u>
Covered payroll	701,528	679,809	674,971	649,725	615,105	580,053	551,656	527,156	509,091	482,868
Contributions as a percentage of covered payroll	12.75%	12.75%	12.75%	12.75%	12.75%	10.75%	10.75%	10.75%	8.75%	8.75%

STATE OF NORTH DAKOTA

Required Supplementary Information Schedule of Employer Contributions Last 10 Fiscal Years* (Dollars in thousands)

Retiree Health Insurance Credit Plan

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contribution	\$12,707	\$12,252	11,696	7,544	6,439	7,014	7,411	7,263	7,053	7,199
Contribution in relation to the actuarially determined contribution	<u>12,977</u>	<u>12,835</u>	<u>12,575</u>	<u>12,350</u>	<u>11,479</u>	<u>10,710</u>	<u>9,960</u>	<u>9,388</u>	8,930	8,393
Contribution deficiency (excess)	<u>\$(270)</u>	<u>\$(583)</u>	<u>\$(879)</u>	<u>\$(4,806)</u>	<u>\$(5,040)</u>	<u>\$(3,696)</u>	<u>\$(2,549)</u>	<u>\$(2,125)</u>	<u>\$(1,877)</u>	<u>\$(1,194)</u>
Covered payroll	1,115,858	1,094,217	1,081,841	1,142,375	1,052,657	1,001,204	914,368	824,855	828,978	793,634
Contributions as a percentage of covered payroll	1.16%	1.17%	1.16%	1.08%	1.09%	1.07%	1.09%	1.14%	1.08%	1.06%

STATE OF NORTH DAKOTA

Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2019

PERS

Benefit Changes The interest rate earned on member contributions will decrease from 7.25 percent to 7.00 percent effective January 1, 2020 (based on the adopted decrease in the investment return assumption). New Main System and Public Safety members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

Changes of Assumptions The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 actuarial valuation:

- The investment return assumption was lowered from 7.75 to 7.5 percent for the July 1, 2019 valuation

All other actuarial assumptions used in the July 1, 2019 are the same as the last actuarial valuation as of July 1, 2018.

HPRS

Benefit Changes There were no changes made in the plan provisions since the prior valuation.

Changes of Assumptions The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 actuarial valuation:

- The investment return assumption was lowered from 7.75 to 7.5 percent for the July 1, 2019 valuation

All other actuarial assumptions used in the July 1, 2019 are the same as the last actuarial valuation as of July 1, 2018.

JSND

Benefit Changes There were no changes made in the plan provisions since the prior valuation.

Changes of Assumptions There were no changes made in in the actuarial assumptions since the July 1, 2019 valuation.

RHIC

Benefit Changes Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC

Changes of Assumptions The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 actuarial valuation:

- The investment return assumption was lowered from 7.5 to 7.25 percent for the July 1, 2019 valuation

All other actuarial assumptions used in the July 1, 2019 are the same as the last actuarial valuation as of July 1, 2018.

STATE OF NORTH DAKOTA

Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2019

Schedule of Employer Contributions

PERS

Valuation Date	July 1, 2019
Actuarial Cost Method	Entry Age Normal Method
Amortization Method	Level Percentage of Payroll, Open Period Assumed annual payroll growth of 3.75% (3.25% for Judges)
Remaining Amortization Period	20 Years
Asset Valuation Method	5-Year smoothed marked
Inflation	2.50%
Salary Increases	4.00% to 20.00% including inflation
Investment Rate of Return	7.75%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	For June 30, 2019 and June 30, 2018, mortality rates for active members, inactive members and healthy retirees were based on the RP-2000 Combined Healthy Mortality Table, set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table, set back one year for males (no setback for females) multiplied by 125%.
Other Notes	<p>Main System and Public Safety members hired on and after January 1, 2020 are to have a 1.75% benefit multiplier.</p> <p>The economic assumptions (excluding salary increases) and the asset smoothing method were updated beginning with the actuarial valuation as of July 1, 2017 based on a review performed by GRS. All other actuarial assumptions were adopted by the Board based on an experience study covering the period July 1, 2009, through June 30, 2014.</p> <p>The employer rates to the System are the statutory/Board approved contribution rates of 7.12% of payroll for the Main System, 17.52% for the Judges System, 9.81% for Public Safety with prior Main service System, and 7.93% for the Public Safety without prior Main System service System.</p>

HPRS

Valuation Date	July 1, 2019
Actuarial Cost Method	Entry Age Normal Method
Amortization Method	Level Percentage of Payroll, Open Period Assumed annual payroll growth of 3.75%
Remaining Amortization Period	20 Years
Asset Valuation Method	5-Year smoothed marked
Inflation	2.50%

STATE OF NORTH DAKOTA

Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2019

Salary Increases	Service-based table for members with less than five years of service and age-based table for members with more than five years of service.
Investment Rate of Return	7.75%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	For June 30, 2019, mortality rates for active members, inactive members and healthy retirees were based on the RP-2000 Combined Healthy Mortality Table, set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table, set back one year for males (no setback for females) multiplied by 125%.
Other Notes	<p>There were no benefit changes during the year.</p> <p>The economic assumptions (excluding salary increases) and the asset smoothing method were updated beginning with the actuarial valuation as of July 1, 2017 based on a review performed by GRS. All other actuarial assumptions were adopted by the Board based on an experience study covering the period July 1, 2009, through June 30, 2014.</p> <p>The employer rate to the System is the statutory contribution rate of 19.70% of payroll.</p>

JSND

Valuation Date	July 1, 2019
Actuarial Cost Method	Frozen Initial Liability (Aggregate since no initial Liability remains)
Amortization Method	Not Applicable
Asset Valuation Method	5-Year smoothed marked
Inflation	2.50%
COLA	2.50%
Salary Increases	3.50%
Investment Rate of Return	4.75%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	For June 30, 2019, mortality rates for active members, inactive members and healthy retirees were based on the RP-2000 Combined Healthy Mortality Table, set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table, set back one year for males (no setback for females) multiplied by 125%.
Other Notes	<p>There were no benefit changes during the year.</p> <p>The economic assumptions (excluding salary increases) were updated beginning with the actuarial valuation as of July 1, 2017 based on a review performed by GRS. The Board approved lowering the investment return assumption from 5.70% to 4.75% beginning with the July 1, 2018, actuarial valuation. All other actuarial assumptions were adopted by the Board based on an experience study covering the period July 1, 2009 through June 30, 2014</p> <p>The System has assets in excess of the present value of future benefits. Therefore, no employer contributions are being made</p>

STATE OF NORTH DAKOTA

Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2019

TFFR:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization Period	24 years
Asset valuation method	5-year smoothed market
Inflation	2.75%; decreased from 3% prior to July 1, 2015.
Salary increases	4.25% - 14.5%, including inflation and productivity; 4.5% - 14.75% prior to July 1, 2015.
Investment rate of return	7.75%, net of investment expenses, including inflation. Rate was decreased from 8% beginning July 1, 2015.
Retirement age	In the 2015 valuation, rates of retirement were changed to better reflect anticipated future experience. In the 2010 valuation, expected retirement ages of plan members were adjusted to more closely reflect actual experience.
Mortality	In the 2015 valuation, assumed life expectancies were adjusted as a result of adopting the RP-2014 mortality tables with generational improvement. In prior years, those assumptions were based on percentages of GRS post termination non-disabled tables and RP-2000 disabled-life tables.

RHIC

Valuation Date	July 1, 2019
Actuarial Cost Method	Entry Age Normal Method
Amortization Method	Level Percentage of Payroll, 40-year closed Period (beginning July 1, 1990) for fiscal year 2019 contribution. Assumed annual payroll growth of 3.75%
Remaining Amortization Period	12 years remaining as of July 1, 2018
Asset Valuation Method	5-Year smoothed marked
Inflation	2.50%
Salary Increases	Not Applicable
Investment Rate of Return	7.50%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	For June 30, 2019 and June 30, 2018, mortality rates for active members, inactive members and healthy retirees were based on the RP-2000 Combined Healthy Mortality Table, set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table, set back one year for males (no setback for females) multiplied by 125%.
Other Notes	There were no benefit changes during the year. The economic assumptions (excluding salary increases) and the asset smoothing method were updated beginning with the actuarial valuation as of July 1, 2017 based on a review

STATE OF NORTH DAKOTA

Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2019

performed by GRS. All other actuarial assumptions were adopted by the Board based on an experience study covering the period July 1, 2009, through June 30, 2014.

The employer rate to the System is the statutory contribution rate of 1.14% of payroll.

Schedule of Investment Returns

	Public Employees Retirement System	Highway Patrolmen's Retirement System	Job Service North Dakota	Teachers' Fund for Retirement	Retiree Health Insurance Credit Fund
2019	5.69%	5.39%	7.00%	5.46%	6.75%
2018	9.21%	9.16%	3.32%	9.15%	7.01%
2017	13.01%	12.93%	5.85%	12.81%	11.75%
2016	0.49%	0.48%	5.14%	0.39%	0.83%
2015	3.61%	3.66%	3.41%	3.56%	0.00%
2014	16.29%	16.20%	13.46%	16.35%	0.00%
2013	13.52%	13.38%	12.07%	13.60%	0.00%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Met Life Insurance Plan:

Actuarial cost method Entry age normal actuarial cost method was used in the valuation.

Changes of assumptions The following changes were made to the actuarial assumptions and methods effecting July 1, 2018

- The benefits valued were changed from retiree medical and life benefits to life benefits only.
- The discount rate is 2.98 percent based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2018, compared to the prior Statement No. 45 discount rate of 4.5%.
- The funding method was changed from Projected Unit Credit to Entry Age Normal.
- Mortality was updated from table RP-2-14 adjusted to 2006 and projected using scale MP-2015 to table RP-2014 adjusted to 2006 and projected using scale MP-2017.



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Combining Financial Statements

STATE OF NORTH DAKOTA

Nonmajor Governmental Funds

Permanent Fund

A permanent fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used to for the benefit of the government or its citizens.

956-Coal Development Permanent Fund

The Coal Development Fund reports resources that are constitutionally committed for distribution to other state funds and for making loans to energy impacted entities and school districts.

410-Veterans' Postwar Trust Fund

The Veterans' Postwar Trust Fund reports resources that are constitutionally committed to be utilized for programs which must be of benefit and service to veterans, who are defined by legislative enactment, or their dependents.

Debt Service Funds

A debt service fund is used to account for accumulation for resources for, and the payment of, principal and interest on long-term debt.

BUILDING AUTHORITY

919 - Building Authority Debt Service Fund

Account for accumulation of resources for, and the payment of, principal and interest on bonds issued by the North Dakota Building Authority.

DEPARTMENT OF TRANSPORTATION

949 - Department of Transportation Debt Service Fund

Account for accumulation of resources for, and the payment of, principal and interest on bonds issued by the Department of Transportation.

STATE OF NORTH DAKOTA

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2019

	Perm Trust Fund			Debt Service Funds			Total Nonmajor Governmental Funds
	Coal Development Trust Fund	Veteran's Postwar Trust Fund	Total	Building Authority	Dept. of Trans.	Total	
ASSETS							
Cash Deposits at the Bank of ND	\$ 279,990	\$ 134,646	\$ 414,636	\$ 35,000	\$ 85,831	\$ 120,831	\$ 535,467
Cash and Cash Equivalents	-	85,943	85,943	-	-	-	85,943
Investments at the Bank of ND	-	-	-	663,000	-	663,000	663,000
Investments	18,540,107	6,514,050	25,054,157	-	-	-	25,054,157
Accounts Receivable - Net	-	50	50	-	-	-	50
Taxes Receivable - Net	113,376	-	113,376	-	-	-	113,376
Interest Receivable - Net	154,655	12,087	166,742	-	-	-	166,742
Due from Other Funds	-	15	15	-	-	-	15
Loans and Notes Receivable - Net	52,976,356	-	52,976,356	-	-	-	52,976,356
Total Assets	72,064,484	6,746,791	78,811,275	698,000	85,831	783,831	79,595,106
DEFERRED OUTFLOWS OF RESOURCES							
Total Deferred Outflows of Resources	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 72,064,484	\$ 6,746,791	\$ 78,811,275	\$ 698,000	\$ 85,831	\$ 783,831	\$ 79,595,106
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	1,633	11,121	12,754	-	-	-	12,754
Securities Lending Collateral	1,613,262	-	1,613,262	-	-	-	1,613,262
Due to Other Funds	153,238	325	153,563	-	-	-	153,563
Total Liabilities	1,768,133	11,446	1,779,579	-	-	-	1,779,579
DEFERRED INFLOWS OF RESOURCES							
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
Fund Balances:							
Nonspendable	70,213,873	6,337,408	76,551,281	-	-	-	76,551,281
Restricted	-	-	-	698,000	85,831	783,831	783,831
Committed	82,478	397,937	480,415	-	-	-	480,415
Total Fund Balances	70,296,351	6,735,345	77,031,696	698,000	85,831	783,831	77,815,527
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 72,064,484	\$ 6,746,791	\$ 78,811,275	\$ 698,000	\$ 85,831	\$ 783,831	\$ 79,595,106

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2019

				Debt Service Funds			Total Nonmajor Governmental Funds
	Coal Development Trust Fund	Veteran's Post War Trust Fund	Total	Building Authority	Dept. of Trans.	Total	
REVENUES							
Oil, Gas, and Coal Taxes	\$ 1,576,908	\$ -	\$ 1,576,908	\$ -	\$ -	\$ -	\$ 1,576,908
Licenses, Permits and Fees	-	9,820	9,820	-	-	-	9,820
Intergovernmental	-	-	-	-	4,300,620	4,300,620	4,300,620
Sales and Services	-	8,460	8,460	-	-	-	8,460
Interest and Investment Income	1,224,477	430,274	1,654,751	3,000	1,134	4,134	1,658,885
Miscellaneous	-	38,046	38,046	-	-	-	38,046
Total Revenues	2,801,385	486,600	3,287,985	3,000	4,301,754	4,304,754	7,592,739
EXPENDITURES							
Current:							
General Government	39,819	46,190	86,009	-	-	-	86,009
Health and Human Services	-	104,278	104,278	-	-	-	104,278
Debt Service:							
Principal	-	-	-	5,200,000	4,820,000	10,020,000	10,020,000
Interest and Other Charges	-	-	-	1,072,000	495,650	1,567,650	1,567,650
Total Expenditures	39,819	150,468	190,287	6,272,000	5,315,650	11,587,650	11,777,937
Revenues over (under) Expenditures	2,761,566	336,132	3,097,698	(6,269,000)	(1,013,896)	(7,282,896)	(4,185,198)
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	6,291,000	1,014,907	7,305,907	7,305,907
Transfers Out	(2,056,507)	-	(2,056,507)	-	-	-	(2,056,507)
Total Other Financing Sources (Uses)	(2,056,507)	-	(2,056,507)	6,291,000	1,014,907	7,305,907	5,249,400
Net Change in Fund Balances	705,059	336,132	1,041,191	22,000	1,011	23,011	1,064,202
Fund Balances - Beginning of Year	69,591,292	6,399,213	75,990,505	676,000	84,820	760,820	76,751,325
Fund Balances - End of Year	\$ 70,296,351	\$ 6,735,345	\$ 77,031,696	\$ 698,000	\$ 85,831	\$ 783,831	\$ 77,815,527



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STATE OF NORTH DAKOTA

Nonmajor Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the State is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the State has decided that periodic determination of net income is appropriate for accountability purposes.

BANK OF NORTH DAKOTA

907 – School Construction Assistance Revolving Loan Fund

Fund used to provide low-interest school construction loans.

934 – Infrastructure Revolving Loan Fund

Fund used to provide loans to political subdivisions for essential infrastructure projects.

954 - Addiction Counselor Internship Loan Program

Fund used to provide loans to qualified individuals participating in a paid or unpaid internship at a licensed substance abuse treatment facility in North Dakota in order to obtain licensure as an addiction counselor.

984 – Medical Facility Infrastructure Loan Program

Fund used to make loans to medical facilities to conduct construction that improves the health care infrastructure in the state or improves access to existing nonprofit health care providers in the state.

985 – Rebuilders Loan Program

Fund used to make loans to North Dakota 2011 flood-damaged homeowners to provide financial assistance needed to repair their home.

BEGINNING FARMER REVOLVING LOAN

973 - Beginning Farmer Revolving Loan Fund

Fund used to make loans to North Dakota beginning farmers for the purchase of agricultural real estate.

BONDING

210 (924) - State Bonding Fund

Fund used to maintain the bonding of public employees and officials of the state, county, city or other unit of local government.

COMMUNITY WATER FACILITY LOAN

974 - Community Water Facility Loan Fund

Accounts for supplementary financing in conjunction with federal moneys available to improve adequate water supplies.

FIRE AND TORNADO

211 (923) - State Fire and Tornado Fund

Accounts for state agencies and political subdivisions to insure against loss to the public buildings, fixtures and permanent contents therein, through fire, lightning, windstorm, etc.

GUARANTEED STUDENT LOAN

969 - North Dakota Guaranteed Student Loan

Accounts for the revenues and expenses associated with the administration, development and operation of the guaranteed loan program.

HIT PLANNING LOAN FUND

987 – HIT Planning Loan Fund

Fund to provide low-interest loans to health care entities to improve health information technology infrastructure.

INFORMATION TECHNOLOGY DEPARTMENT

408 (903) - Edutech Fund

Fund used for professional development sessions and presentations by the Information and Technology Department.

476 (908) – SW Interoperable Radio Network Fund

Fund used for a radio broadcasting system for the state that enables seamless interoperable communications from local, state, and federal levels.

MILL AND ELEVATOR

970 – Mill and Elevator

Accounts for revenues and expenditures associated with the operation of the Mill and Elevator.

PERS UNIFORM GROUP INSURANCE

980 - Public Employees Retirement System Group Insurance

Accounts for the administrative revenues and expenses associated with this insurance purchasing pool.

ROUGH RIDER INDUSTRIES

926 - Roughrider Industries

Accounts for the revenues and expenses associated with the operation, manufacture and sale of products made by the prison inmates.

STATE FAIR

601 (977) - State Fair

Accounts for revenues and expenditures associated with the operation of the State Fair.

STATE LOTTERY FUND

966 (292) - State Lottery Fund

Accounts for operations of the North Dakota lottery.

STUDENT LOAN

975 - North Dakota Student Loan Trust

Accounts for loans to students in post secondary education. The trust acquires eligible loans guaranteed or insured by the United States government or the North Dakota Guaranteed Student Loan Program.

UNEMPLOYMENT COMPENSATION FUND

967 - Job Service-Expendable Trust Fund

Accounts for State unemployment taxes collected from employers for the purpose of paying unemployment benefits.

STATE OF NORTH DAKOTA

**Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2019**

	Addiction Counselor Internship Loan	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Edutech	Fire and Tornado	Guaranteed Student Loan	HIT Planning Loan Fund	Infrastructure Revolving Loan Fund
ASSETS									
Current Assets:									
Cash Deposits at the Bank of ND	\$ 79,910	\$ 5,548,000	\$ 136,008	\$ 14,005,000	\$ 1,038,844	\$ 243,813	\$ 42,124,746	\$ -	\$ 5,573,000
Cash and Cash Equivalents	-	-	1,621,474	-	-	2,270,428	-	-	-
Investments at the Bank of ND	-	-	-	-	-	-	-	-	-
Investments	-	-	1,968,177	-	-	20,414,695	-	-	-
Accounts Receivable - Net	-	-	134,891	-	55,980	16,359	-	-	-
Interest Receivable - Net	1,081	-	28,111	275,000	-	146,703	-	3,399	761,000
Intergovernmental Receivable - Net	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	12,000	-	773,515	-	-
Prepaid Items	-	2,449,000	-	-	-	304,945	-	-	-
Inventory	-	-	-	-	-	-	-	-	-
Loans and Notes Receivable - Net	9,978	-	-	744,000	-	-	-	1,205,166	4,449,000
Other Assets	-	-	-	-	-	-	-	-	-
Restricted Cash at the Bank of ND	-	-	-	-	-	-	131,595	4,717,323	-
Restricted Cash and Cash Equivalents	-	-	-	-	-	-	-	-	-
Restricted Investments at the Bank of ND	-	-	-	-	-	-	-	-	-
Restricted Loans Receivable - Net	-	-	-	-	-	-	-	-	-
Total Current Assets	90,969	7,997,000	3,888,661	15,024,000	1,106,824	23,396,943	43,029,856	5,925,888	10,783,000
Noncurrent Assets:									
Loans and Notes Receivable - Net	100,482	-	-	20,314,000	-	-	-	3,386,324	80,111,000
Other Noncurrent Assets	-	3,912,000	-	-	-	-	-	-	-
Capital Assets:									
Nondepreciable	-	-	-	-	-	-	-	-	-
Depreciable, Net	-	-	-	-	33,428	-	-	-	-
Total Noncurrent Assets	100,482	3,912,000	-	20,314,000	33,428	-	-	3,386,324	80,111,000
Total Assets	191,451	11,909,000	3,888,661	35,338,000	1,140,252	23,396,943	43,029,856	9,312,212	90,894,000
DEFERRED OUTFLOWS OF RESOURCES									
Derived from Pensions	-	-	11,566	-	-	274,243	-	-	-
Derived from OPEB	-	-	359	-	-	9,517	-	-	-
Total Deferred Outflows of Resources	-	-	11,925	-	-	283,760	-	-	-
LIABILITIES									
Current Liabilities:									
Accounts Payable	-	-	131	-	2,106	57,879	-	6,251	-
Accrued Payroll	-	-	4,643	-	-	61,887	-	-	-
Securities Lending Collateral	-	-	8,340	-	-	70,368	-	-	-
Interest Payable	-	-	1,195	-	-	8,163	-	-	-
Intergovernmental Payable	-	-	-	-	-	7,062	4,487,595	-	-
Due to Other Funds	-	-	17	27,000	1,252	-	728,338	-	97,000
Amounts Held in Custody for Others	-	-	-	-	-	-	-	-	-
Claims/Judgments Payable	-	-	144,209	-	-	677,834	-	-	-
Compensated Absences Payable	-	-	18	-	-	1,115	-	-	-
Bonds Payable	-	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-	112,936	-	-	-
Total Current Liabilities	-	-	158,553	27,000	3,358	997,244	5,215,933	6,251	97,000
Noncurrent Liabilities:									
Compensated Absences Payable	-	-	341	-	-	21,191	-	-	-
Bonds Payable	-	-	-	-	-	-	-	-	-
Net Pension Liability	-	-	25,521	-	-	609,339	-	-	-
Net Pension OPEB	-	-	312	-	-	8,166	-	-	-
Other Noncurrent Liabilities	-	-	-	-	-	-	18,273,765	-	-
Total Noncurrent Liabilities	-	-	26,174	-	-	638,696	18,273,765	-	-
Total Liabilities	-	-	184,727	27,000	3,358	1,635,940	23,489,698	6,251	97,000
DEFERRED INFLOWS OF RESOURCES									
Increase in Fair Value of Hedging Derivatives	-	-	-	-	-	-	-	-	-
Derived from Pensions	-	-	1,519	-	-	35,861	-	-	-
Derived from OPEB	-	-	48	-	-	1,351	-	-	-
Total Deferred Inflows of Resources	-	-	1,567	-	-	37,212	-	-	-
Net Position									
Net Investment in Capital Assets	-	-	-	-	-	-	-	-	-
Restricted for:									
Debt Service	-	-	-	-	-	-	-	-	-
Unemployment Compensation	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Unrestricted	191,451	11,909,000	3,714,292	35,311,000	1,136,894	22,007,551	19,540,158	9,305,961	90,797,000
Total Net Position	\$ 191,451	\$ 11,909,000	\$ 3,714,292	\$ 35,311,000	\$ 1,136,894	\$ 22,007,551	\$ 19,540,158	\$ 9,305,961	\$ 90,797,000

Interoperable Radio Network Fund	Medical Facility Infrastructure Loan Fund	Mill and Elevator	PERS Uniform Group Insurance	Rebuilders Loan Program	Roughrider Industries	School Construction Assistance Loan Fund	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
\$ 8,854,907	\$ 5,343,000	\$ 1,754,988	\$ 3,602,289	\$ 742,345	\$ 10,581,007	\$ 34,467,000	\$ 5,754,186	\$ 9,870,335	\$ -	\$ 33,362	\$ 149,752,740
-	-	-	2,867,344	-	500	-	-	390,040	-	197,221,988	204,371,774
-	-	-	-	-	-	-	1,000,000	-	-	-	1,000,000
-	-	-	28,207,330	-	-	-	-	-	-	-	50,590,202
336,629	-	39,350,917	248,238	-	578,938	-	139,725	361,439	-	32,390,590	73,613,706
-	25,000	-	-	24,653	-	791,000	-	-	-	1,163,972	3,219,919
-	-	-	-	-	-	-	-	-	-	906,195	906,195
45,511	-	-	-	-	249,521	-	-	-	10,000	-	1,090,547
-	-	1,419,783	-	-	18,868	-	52,480	12,085	-	-	4,257,161
-	-	25,394,997	-	-	1,974,735	-	-	-	-	-	27,369,732
-	1,812,000	-	-	1,874,109	-	12,591,000	-	-	-	-	22,685,253
-	-	15,750	-	-	2,935	-	-	-	-	-	18,685
-	-	-	-	-	-	-	-	-	-	-	4,848,918
-	-	-	-	-	-	-	-	-	225,000	-	225,000
-	-	-	-	-	-	-	-	-	1,000,000	-	1,000,000
-	-	-	-	-	-	-	-	-	162,000	-	162,000
9,237,047	7,180,000	67,936,435	34,925,201	2,641,107	13,406,504	47,849,000	6,946,391	10,633,899	1,397,000	231,716,107	545,111,832
-	42,781,000	-	-	22,056,027	-	182,774,000	-	-	816,000	-	352,338,833
-	-	476,558	-	-	-	-	-	1,430,060	-	-	5,818,618
-	-	24,122,965	-	-	-	-	620,678	-	-	-	24,743,643
70,846	-	85,721,571	393,539	-	1,585,764	-	24,743,405	8,367	-	-	112,556,920
70,846	42,781,000	110,321,094	393,539	22,056,027	1,585,764	182,774,000	25,364,083	1,438,427	816,000	-	495,458,014
9,307,893	49,961,000	178,257,529	35,318,740	24,697,134	14,992,268	230,623,000	32,310,474	12,072,326	2,213,000	231,716,107	1,040,569,846
-	-	6,724,416	-	-	873,233	-	847,530	438,127	-	-	9,169,115
-	-	266,283	-	-	25,996	-	19,496	13,339	-	-	334,990
-	-	6,990,699	-	-	899,229	-	867,026	451,466	-	-	9,504,105
-	-	16,930,064	102,427	7,262	267,142	-	45,022	1,026,694	-	5,559,224	24,004,202
-	-	537,584	84,825	-	145,625	-	-	80,416	-	-	914,980
-	-	-	-	-	-	-	-	-	-	-	78,708
-	-	-	-	-	-	-	-	-	3,000	-	12,358
-	-	-	-	-	-	-	-	-	-	1,800,540	6,295,197
14,934	57,000	52,443,576	9,779	24,488,884	16,504	247,000	-	8,618,497	21,000	46,580	86,817,361
-	-	-	6,052,981	-	-	-	-	-	-	-	6,052,981
-	-	-	-	-	-	-	-	-	-	-	822,043
-	-	100,465	5,209	-	-	-	70,000	-	-	-	176,807
-	-	-	-	-	-	-	120,000	-	-	-	120,000
-	-	-	-	-	9,375	-	-	266,184	-	-	275,559
-	-	-	-	-	-	-	-	-	-	-	112,936
14,934	57,000	70,011,689	6,255,221	24,496,146	438,646	247,000	235,022	9,991,791	24,000	7,406,344	125,683,132
-	-	1,091,292	53,053	-	-	-	34,532	60,969	-	-	1,261,378
-	-	-	-	-	-	-	1,576,794	-	1,000,000	-	2,576,794
-	-	14,040,992	-	-	2,142,082	-	1,670,191	1,048,537	-	-	19,536,662
-	-	615,199	-	-	93,854	-	77,560	45,941	-	-	841,032
-	-	-	-	-	-	-	-	-	-	-	18,273,765
-	-	15,747,483	53,053	-	2,235,936	-	3,359,077	1,155,447	1,000,000	-	42,489,631
14,934	57,000	85,759,172	6,308,274	24,496,146	2,674,582	247,000	3,594,099	11,147,238	1,024,000	7,406,344	168,172,763
-	-	15,750	-	-	-	-	-	-	-	-	15,750
-	-	1,242,649	-	-	260,984	-	88,566	66,609	-	-	1,696,188
-	-	25,946	-	-	6,160	-	4,879	1,938	-	-	40,322
-	-	1,284,345	-	-	267,144	-	93,445	68,547	-	-	1,752,260
-	-	109,844,536	393,539	-	1,585,764	-	23,667,289	8,367	-	-	135,499,495
-	-	-	-	-	-	-	-	-	379,000	-	379,000
-	-	-	-	-	-	-	-	-	-	224,309,763	224,309,763
-	-	-	-	-	-	-	-	1,430,060	-	-	1,430,060
9,292,959	49,904,000	(11,639,825)	28,616,927	200,988	11,364,007	230,376,000	5,822,667	(130,420)	810,000	-	518,530,610
\$ 9,292,959	\$ 49,904,000	\$ 98,204,711	\$ 29,010,466	\$ 200,988	\$ 12,949,771	\$ 230,376,000	\$ 29,489,956	\$ 1,308,007	\$ 1,189,000	\$ 224,309,763	\$ 880,148,928

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Enterprise Funds For the Fiscal Year Ended June 30, 2019

	Addiction Counselor Internship Loan	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Edutech	Fire and Tornado	Guaranteed Student Loan	HIT Planning Loan Fund	Infrastructure Revolving Loan Fund
OPERATING REVENUES									
Sales and Services	\$ -	\$ -	\$ 1,270	\$ -	\$ 238,250	\$ 2,439,402	\$ 7,111,290	\$ -	\$ -
Royalties and Rents	-	-	-	-	-	-	-	-	-
Interest and Investment Income	6,128	-	-	653,000	-	-	-	59,397	1,452,000
Miscellaneous	-	-	10,119	-	-	-	-	-	-
Total Operating Revenues	6,128	-	11,389	653,000	238,250	2,439,402	7,111,290	59,397	1,452,000
OPERATING EXPENSES									
Cost of Sales and Services	-	-	-	-	-	-	-	-	-
Salaries and Benefits	-	-	23,960	-	-	355,420	-	-	-
Operating	5,700	2,283,000	3,799	115,000	89,953	457,616	7,579,087	27,276	612,000
Claims	-	-	38,535	-	-	2,039,364	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	50,923	-	-	-	-
Miscellaneous	-	6,000	3,180	-	-	29,523	-	-	-
Total Operating Expenses	5,700	2,289,000	69,474	115,000	140,876	2,881,923	7,579,087	27,276	612,000
Operating Income (Loss)	428	(2,289,000)	(58,085)	538,000	97,374	(442,521)	(467,797)	32,121	840,000
NONOPERATING REVENUES (EXPENSES)									
Grants and Contracts	-	-	-	-	-	-	-	-	-
Interest and Investment Income	117	5,000	202,386	14,000	-	1,405,852	50,948	-	19,000
Interest Expense	-	-	(3,563)	-	-	(38,158)	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	117	5,000	198,823	14,000	-	1,367,694	50,948	-	19,000
Income (Loss) Before Contributions and Transfers	545	(2,284,000)	140,738	552,000	97,374	925,173	(416,849)	32,121	859,000
Transfers In	-	2,750,000	-	-	-	-	-	-	24,000,000
Transfer Out	-	-	-	-	-	-	-	-	-
Change in Net Position	545	466,000	140,738	552,000	97,374	925,173	(416,849)	32,121	24,859,000
Total Net Position - Beginning of Year	190,906	11,443,000	3,573,554	34,759,000	1,039,520	21,082,378	19,957,007	9,273,840	65,938,000
Total Net Position - End of Year	\$ 191,451	\$ 11,909,000	\$ 3,714,292	\$ 35,311,000	\$ 1,136,894	\$ 22,007,551	\$ 19,540,158	\$ 9,305,961	\$ 90,797,000

Interoperable Radio Network Fund	Medical Facility Infrastructure Loan Fund	Mill and Elevator	PERS Uniform Group Insurance	Rebuilders Loan Program	Roughrider Industries	School Construction Assistance Loan Fund	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
\$ 5,183,547	\$ -	\$ 245,597,327	\$ 332,091,694	\$ -	\$ 7,281,329	\$ -	\$ 6,944,615	\$ 35,511,058	\$ -	\$ 114,657,558	\$ 757,057,340
-	-	-	-	-	174,763	-	-	-	-	-	174,763
-	458,000	-	-	277,825	-	3,015,000	-	-	70,000	-	5,991,350
-	-	-	6,094	-	82,310	-	-	-	-	-	98,523
5,183,547	458,000	245,597,327	332,097,788	277,825	7,538,402	3,015,000	6,944,615	35,511,058	70,000	114,657,558	763,321,976
-	-	200,567,398	-	-	3,763,747	-	-	-	-	-	204,331,145
26,629	-	19,088,505	976,168	-	2,164,281	-	1,947,148	1,087,379	-	-	25,669,490
297,413	240,000	7,987,181	338,706,818	91,595	773,084	1,436,000	5,097,401	25,085,244	38,000	-	390,926,167
-	-	-	-	-	-	-	-	-	-	84,205,911	86,283,810
-	-	-	-	-	-	-	-	-	31,000	-	31,000
23,156	-	5,644,673	294,577	-	192,870	-	1,654,700	2,063	-	-	7,862,962
-	-	-	2,163	-	-	-	-	-	-	-	40,866
347,198	240,000	233,287,757	339,979,726	91,595	6,893,982	1,436,000	8,699,249	26,174,686	69,000	84,205,911	715,145,440
4,836,349	218,000	12,309,570	(7,881,938)	186,230	644,420	1,579,000	(1,754,634)	9,336,372	1,000	30,451,647	48,176,536
-	-	-	-	-	-	-	801,525	-	-	-	801,525
12,364	8,000	9,246	1,519,418	421	-	69,000	12,954	12,952	14,000	4,442,751	7,798,409
-	-	(1,753,116)	-	(201,011)	-	-	(57,200)	-	-	-	(2,053,048)
-	-	56,511	(325,000)	-	-	-	(4,240)	-	-	-	(272,729)
12,364	8,000	(1,687,359)	1,194,418	(200,590)	-	69,000	753,039	12,952	14,000	4,442,751	6,274,157
4,848,713	226,000	10,622,211	(6,687,520)	(14,360)	644,420	1,648,000	(1,001,595)	9,349,324	15,000	34,894,398	54,450,693
-	-	-	-	-	-	-	257,832	-	296,000	-	27,303,832
-	-	(8,140,828)	-	-	-	-	-	(9,342,500)	-	-	(17,483,328)
4,848,713	226,000	2,481,383	(6,687,520)	(14,360)	644,420	1,648,000	(743,763)	6,824	311,000	34,894,398	64,271,197
4,444,246	49,678,000	95,723,328	35,697,986	215,348	12,305,351	228,728,000	30,233,719	1,301,183	878,000	189,415,365	815,877,731
\$ 9,292,959	\$ 49,904,000	\$ 98,204,711	\$ 29,010,466	\$ 200,988	\$ 12,949,771	\$ 230,376,000	\$ 29,489,956	\$ 1,308,007	\$ 1,189,000	\$ 224,309,763	\$ 880,148,928

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Fiscal Year Ended June 30, 2019

	Addition Counselor Internship Loan Program	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Edutech	Fire and Tornado	Guaranteed Student Loan	HIT Planning Loan Fund	Infrastructure Revolving Loan Fund
Cash Flows from Operating Activities:									
Receipts from Customers and Users	\$ -	\$ -	\$ 46,387	\$ -	\$ 224,521	\$ 2,423,043	\$ 6,574,700	\$ -	\$ -
Interest Income on Loans	-	-	-	-	-	-	-	59,178	-
Receipts from Loan Principal Repayments	-	-	-	-	-	-	671,812	1,188,169	-
Receipts from Others	-	-	-	-	-	-	-	-	-
Payments to Other Funds	-	-	(6)	-	-	(2,431)	-	-	-
Payments for Loan Funds	-	-	-	-	-	-	(9,628,279)	(740,652)	-
Payments to Suppliers	-	(2,908,000)	(7,114)	(116,000)	(99,917)	(463,309)	(811,123)	(25,617)	-
Payments to Employees	-	-	(21,611)	-	-	(338,319)	-	-	-
Claim Payments	-	-	-	-	-	(3,240,312)	-	-	-
Payments to Others	(5,700)	(6,000)	-	-	-	-	-	-	(336,000)
Other	-	-	-	-	-	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	(5,700)	(2,914,000)	17,656	(116,000)	124,604	(1,621,328)	(3,192,890)	481,078	(336,000)
Cash Flows from Noncapital Financing Activities:									
Proceeds from Sale of Notes and Other Borrowings	-	-	-	-	-	-	-	-	-
Principal Payments - Notes and Other Borrowings	-	-	-	-	-	-	-	-	-
Interest Payments - Bonds	-	-	-	-	-	-	-	-	-
Interest Payments - Notes and Other Borrowings	-	-	-	-	-	-	-	-	-
Transfers In	-	2,750,000	-	-	-	-	-	-	24,000,000
Transfers Out	-	-	-	-	-	-	-	-	-
Principal Payments on Due To Other Funds	-	-	-	-	-	-	-	-	-
Grants Received	-	-	-	-	-	-	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	-	2,750,000	-	-	-	-	-	-	24,000,000
Cash Flows from Capital and Related Financing Activities:									
Acquisition and Construction of Capital Assets	-	-	-	-	-	-	-	-	-
Principal Payments - Bonds	-	-	-	-	-	-	-	-	-
Interest Payments - Bonds	-	-	-	-	-	-	-	-	-
Payment of Bond Issue Costs	-	-	-	-	-	-	-	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	-	-	-	-	-	-	-	-
Cash Flows from Investing Activities:									
Proceeds from Sale and Maturities of Investment Securities	-	-	-	-	-	-	-	-	-
Purchase of Investment Securities	-	-	(185,793)	-	-	(19,143)	-	-	-
Net Increase in Investments	-	-	-	-	-	-	-	-	-
Interest and Dividends on Investments	117	5,000	275,138	14,000	-	1,643,959	50,948	-	19,000
Disbursements for Loans and Loan Purchases	(7,500)	-	-	-	-	-	-	-	(33,761,000)
Receipt of Loan Principal Repayments	-	-	-	820,000	-	-	-	-	-
Proceeds from Collection of Loans and Notes Receivable	20,923	-	-	-	-	-	-	-	3,206,000
Loan Income Received	4,877	-	-	659,000	-	-	-	-	1,242,000
Net Cash Provided by (Used for) Investing Activities	18,417	5,000	89,345	1,493,000	-	1,624,816	50,948	-	(29,294,000)
Net Change in Cash:									
Net Increase (Decrease) in Cash and Cash Equivalents	12,717	(159,000)	107,001	1,377,000	124,604	3,488	(3,141,942)	481,078	(5,630,000)
Cash and Cash Equivalents at June 30, 2018	67,193	5,707,000	1,650,481	12,628,000	914,240	2,510,753	45,398,283	4,236,245	11,203,000
Cash and Cash Equivalents at June 30, 2019	\$ 79,910	\$ 5,548,000	\$ 1,757,482	\$ 14,005,000	\$ 1,038,844	\$ 2,514,241	\$ 42,256,341	\$ 4,717,323	\$ 5,573,000
Reconciliation:									
Current:									
Cash Deposits at the Bank of North Dakota	79,910	5,548,000	136,008	14,005,000	1,038,844	243,813	42,124,746	-	5,573,000
Cash and Cash Equivalents	-	-	1,621,474	-	-	2,270,428	-	-	-
Restricted Cash Deposits at the Bank of North Dakota	-	-	-	-	-	-	131,595	4,717,323	-
Cash and Cash Equivalents	\$ 79,910	\$ 5,548,000	\$ 1,757,482	\$ 14,005,000	\$ 1,038,844	\$ 2,514,241	\$ 42,256,341	\$ 4,717,323	\$ 5,573,000

Interoperable Radio	Medical Facility Infrastructure Loan Fund	Mill and Elevator	PERS Uniform Group Insurance	Rebuilders Loan Program	Roughrider Industries	School Construction Assistance Revolving Loan	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
\$ 5,558,798	\$ -	\$ 322,293,634	\$ 332,725,716	\$ -	\$ 7,551,805	\$ -	\$ 6,866,357	\$ 26,618,695	\$ 216,000	\$ 126,306,757	\$ 837,406,413
-	-	-	-	-	-	-	-	-	-	-	59,178
-	-	-	-	-	-	-	-	-	-	-	1,859,981
-	-	-	-	-	-	-	-	-	-	505,500	505,500
-	-	-	-	(136,868)	(266,358)	-	-	-	-	-	(405,663)
-	-	-	-	-	-	-	-	-	-	-	(10,368,931)
(481,506)	-	(278,113,542)	(338,720,640)	-	(4,622,453)	(864,000)	(5,020,463)	(15,898,454)	(39,000)	(9,053,350)	(657,244,488)
(29,157)	-	(18,196,123)	(992,190)	-	(1,924,714)	-	(1,768,229)	(940,047)	-	(4,434,082)	(28,644,472)
-	-	-	-	-	-	-	-	-	-	(73,748,817)	(76,989,129)
-	-	-	-	(150,650)	-	-	-	(212,485)	-	(34,697)	(745,532)
-	(234,000)	-	5,702,931	-	-	-	-	-	-	-	5,468,931
5,048,135	(234,000)	25,983,969	(1,284,183)	(287,518)	738,280	(864,000)	77,665	9,567,709	177,000	39,541,311	70,901,788
-	-	43,000,000	-	-	-	-	-	-	-	-	43,000,000
-	-	(32,655,860)	-	-	-	-	-	-	-	-	(32,655,860)
-	-	-	-	-	-	-	-	-	(30,000)	-	(30,000)
-	-	(1,742,224)	-	-	-	-	-	-	-	-	(1,742,224)
-	-	-	-	-	-	-	257,832	-	-	-	27,007,832
-	-	(10,859,953)	(325,000)	-	-	-	-	(8,042,500)	(8,577,000)	-	(27,804,453)
-	-	-	-	(2,908,021)	-	-	-	-	-	-	(2,908,021)
-	-	-	-	-	-	-	801,525	-	-	-	801,525
-	-	(2,258,037)	(325,000)	(2,908,021)	-	-	1,059,357	(8,042,500)	(8,607,000)	-	5,668,799
(51,557)	-	(22,619,060)	-	-	(502,371)	-	(303,065)	-	-	-	(23,476,053)
-	-	-	-	-	-	-	(120,000)	-	-	-	(120,000)
-	-	-	-	-	-	-	(57,200)	-	-	-	(57,200)
-	-	-	-	-	-	-	(16,500)	-	-	-	(16,500)
(51,557)	-	(22,619,060)	-	-	(502,371)	-	(496,765)	-	-	-	(23,669,753)
-	-	-	18,876,588	-	-	-	-	-	13,670,000	-	32,546,588
-	-	-	(17,200,000)	-	-	-	-	-	(6,000,000)	-	(23,404,936)
-	-	-	1,519,418	-	-	-	-	-	-	-	1,519,418
12,364	8,000	9,246	-	421	-	69,000	12,954	8,780	18,000	4,101,464	6,248,391
-	(1,922,000)	-	-	-	-	(56,026,000)	-	-	-	-	(91,716,500)
-	-	-	-	-	-	10,912,000	-	-	-	-	11,732,000
-	1,615,000	-	-	3,061,354	-	-	-	-	-	-	7,903,277
-	458,000	-	-	279,303	-	2,559,000	-	-	-	-	5,202,180
12,364	159,000	9,246	3,196,006	3,341,078	-	(42,486,000)	12,954	8,780	7,688,000	4,101,464	(49,969,582)
5,008,942	(75,000)	1,116,118	1,586,823	145,539	235,909	(43,350,000)	653,211	1,533,989	(742,000)	43,642,775	2,931,252
3,845,965	5,418,000	638,870	4,882,810	596,806	10,345,598	77,817,000	5,100,975	8,726,386	967,000	153,612,575	356,267,180
\$ 8,854,907	\$ 5,343,000	\$ 1,754,988	\$ 6,469,633	\$ 742,345	\$ 10,581,507	\$ 34,467,000	\$ 5,754,186	\$ 10,260,375	\$ 225,000	\$ 197,255,350	\$ 359,198,432
8,854,907	5,343,000	1,754,988	3,602,289	742,345	10,581,007	34,467,000	5,754,186	9,870,335	-	33,362	149,752,740
-	-	-	2,867,344	-	500	-	-	390,040	-	197,221,988	204,371,774
-	-	-	-	-	-	-	-	-	225,000	-	5,073,918
\$ 8,854,907	\$ 5,343,000	\$ 1,754,988	\$ 6,469,633	\$ 742,345	\$ 10,581,507	\$ 34,467,000	\$ 5,754,186	\$ 10,260,375	\$ 225,000	\$ 197,255,350	\$ 359,198,432

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows Nonmajor Enterprise Funds (Continued) For the Fiscal Year Ended June 30, 2019

	Addition Counselor Internship Loan Program	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Edutech	Fire and Tornado	Guaranteed Student Loan	HIT Planning Loan Fund	Infrastructure Revolving Loan Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:									
Operating Income (Loss)	\$ 428	\$ (2,289,000)	\$ (58,085)	\$ 538,000	\$ 97,374	\$ (442,521)	\$ (467,797)	\$ 32,121	\$ 840,000
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:									
Depreciation	-	-	-	-	50,923	-	-	-	-
Reclassification of Interest Revenue/Expense	-	-	-	(653,000)	-	-	-	-	-
Interest Received on Program Loans	-	-	-	-	-	-	-	-	(1,452,000)
Receipt of Loan Principal Repayments	-	-	-	-	-	-	-	-	-
Provision for Losses	-	-	-	-	-	-	(2,206,467)	-	244,000
Other	-	-	-	-	-	-	-	-	-
Deferred Outflows	-	-	747	-	-	37,766	-	-	-
Deferred Inflows	-	-	630	-	-	13,670	-	-	-
Change in Assets and Liabilities:									
(Increase) Decrease in Accounts Receivable	-	-	34,998	-	(1,810)	(16,359)	(536,590)	-	-
(Increase) Decrease in Interest Receivable	(6,128)	-	-	-	-	-	-	(220)	-
(Increase) Decrease in Due From	-	-	-	-	(12,000)	-	-	-	32,000
(Increase) Decrease in Intergovernmental Receivable	-	-	-	-	-	-	-	-	-
(Increase) Decrease in Notes Receivable	-	-	-	-	-	-	-	447,517	-
(Increase) Decrease in Prepaid Items	-	(625,000)	-	-	-	(75,638)	-	-	-
(Increase) Decrease in Inventories	-	-	-	-	-	-	-	-	-
(Increase) Decrease in Other Assets	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Accounts Payable	-	-	13	-	(2,513)	31,080	-	1,660	-
Increase (Decrease) in Claims/Judgments Payable	-	-	38,535	-	-	(1,200,948)	-	-	-
Increase (Decrease) in Intergovernmental Payable	-	-	(6)	-	-	-	-	-	-
Increase (Decrease) in Accrued Payroll	-	-	2,732	-	-	5,951	-	-	-
Increase (Decrease) in Compensated Absences Payable	-	-	(2,309)	-	-	(32,080)	-	-	-
Increase (Decrease) in Amounts Held for Others	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Due To	-	-	-	(1,000)	(7,370)	(2,431)	54,269	-	-
Increase (Decrease) in Unavailable Revenue	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Net Pension Liability	-	-	1,218	-	-	(6,905)	-	-	-
Increase (Decrease) in Net OPEB Liability	-	-	(817)	-	-	(20,451)	-	-	-
Increase (Decrease) in Other Liabilities	-	-	-	-	-	87,538	(36,305)	-	-
Total Adjustments	(6,128)	(625,000)	75,741	(654,000)	27,230	(1,178,807)	(2,725,093)	448,957	(1,176,000)
Net Cash Provided by (Used for) Operating Activities	\$ (5,700)	\$ (2,914,000)	\$ 17,656	\$ (116,000)	\$ 124,604	\$ (1,621,328)	\$ (3,192,890)	\$ 481,078	\$ (336,000)
Noncash Transactions:									
Net Change in Fair Value of Investments	\$ -	\$ -	\$ 77,443	\$ -	\$ -	\$ 303,191	\$ -	\$ -	\$ -
Value Received on Trade of Capital Asset	-	-	-	-	-	-	-	-	-
Total Noncash Transactions	\$ -	\$ -	\$ 77,443	\$ -	\$ -	\$ 303,191	\$ -	\$ -	\$ -

Interoperable Radio	Medical Facility Infrastructure Loan Fund	Mill and Elevator	PERS Uniform Group Insurance	Rebuilders Loan Program	Roughrider Industries	School Construction Assistance Revolving Loan	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
\$ 4,836,349	\$ 218,000	\$ 12,309,570	\$ (7,881,938)	\$ 186,230	\$ 644,420	\$ 1,579,000	\$ (1,754,634)	\$ 9,336,372	\$ 1,000	\$ 30,451,647	\$ 48,176,536
23,156	-	5,644,673	294,577	-	192,870	-	1,654,700	2,063	-	-	7,862,962
-	(458,000)	-	-	(277,825)	-	(3,015,000)	-	-	77,000	-	(4,326,825)
-	-	-	-	-	-	-	-	-	3,000	-	(1,449,000)
-	6,000	-	-	(199,745)	-	519,000	-	-	139,000	-	139,000
-	-	80,392	-	-	-	-	-	-	-	-	(1,637,212)
-	-	(923,980)	-	-	114,207	-	(457,581)	32,301	-	-	80,392
-	-	-	-	-	33,366	-	3,225	25,498	-	-	(1,196,540)
-	-	-	-	-	-	-	-	-	-	-	76,389
132,004	-	9,870,451	5,651,886	-	-	-	(78,258)	(8,858)	-	9,443,954	24,491,418
-	-	-	-	-	-	-	-	-	-	-	(6,348)
243,246	-	-	-	-	(157,972)	-	-	-	-	91,997	197,271
-	-	-	-	-	-	-	-	-	-	543,230	543,230
-	-	-	-	-	-	-	-	-	-	-	447,517
-	-	(332,794)	-	-	(2,163)	-	1,782	(1,363)	-	-	(1,035,176)
-	-	523,865	-	-	(94,764)	-	-	-	-	-	429,101
-	-	(28,614)	-	-	(16,522)	-	-	(209,516)	-	-	(254,652)
(57)	-	(2,972,232)	3,734	3,822	(46,593)	-	(2,698)	263,719	-	(414,286)	(3,134,351)
-	-	-	-	-	-	-	-	-	-	-	(1,162,413)
-	-	-	33	-	-	-	-	-	-	(587,841)	(587,814)
(2,528)	-	(626,312)	784	-	35,050	-	-	74	-	-	(584,249)
-	-	(29,053)	(16,807)	-	-	-	7,757	3,527	-	-	(68,965)
-	-	-	681,137	-	-	-	-	-	-	-	681,137
(184,035)	-	-	(17,589)	-	564	53,000	-	755	(44,000)	12,610	(135,227)
-	-	-	-	-	(24,107)	-	-	-	-	-	(24,107)
-	-	2,471,727	-	-	59,788	-	625,812	84,439	-	-	3,236,079
-	-	-	-	-	(2,844)	-	77,560	1,170	-	-	54,618
-	-	(3,724)	-	-	2,980	-	-	37,528	1,000	-	89,017
211,786	(452,000)	13,674,399	6,597,755	(473,748)	93,860	(2,443,000)	1,832,299	231,337	176,000	9,089,664	22,725,252
\$ 5,048,135	\$ (234,000)	\$ 25,983,969	\$ (1,284,183)	\$ (287,518)	\$ 738,280	\$ (864,000)	\$ 77,665	\$ 9,567,709	\$ 177,000	\$ 39,541,311	\$ 70,901,788
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 380,634
-	-	-	-	-	-	-	16,806	-	-	-	16,806
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,806	\$ -	\$ -	\$ -	\$ 397,440

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the State and to other government units, on a cost reimbursement basis.

790 (927) - Central Services

Accounts for the revenues and expenditures associated with central printing and office supply services to state agencies and the Legislative Assembly; a surplus property program for the acquisition, distribution, and disposition of federal and state surplus property and procurement services for all state agencies not exempt by statute.

700 (918) - Fleet Services

Accounts for costs of operating and maintaining State-owned vehicles. Costs are billed to user agencies and include depreciation on equipment.

780 (929) - Information Technology Department

Accounts used for the procurement and maintenance of data processing equipment and supplies and telecommunications equipment and supplies to provide data processing and telecommunications services to state departments and agencies.

288\275 (912) - Risk Management Fund

Fund provides insurance coverage and loss prevention to all state agencies and the University System for tort liability and employee injury claims. Coverage is provided using an optional combination of self-insurance and private excess insurance.

STATE OF NORTH DAKOTA

Combining Statement of Net Position Internal Service Funds June 30, 2019

	Central Services	Fleet Services	Information Technology Department	Risk Management	Total
ASSETS					
Current Assets:					
Cash Deposits at the Bank of ND	\$ 1,288,687	\$ 16,605,745	\$ 14,061,790	\$ 816,008	\$ 32,772,230
Cash and Cash Equivalents	400	-	-	400,718	401,118
Investments at the Bank of ND	-	-	-	341,583	341,583
Investments	-	-	-	9,337,152	9,337,152
Accounts Receivable - Net	5,493	196,264	183,154	618	385,529
Interest Receivable - Net	-	-	-	54,952	54,952
Intergovernmental Receivable - Net	70,330	30,074	273,442	-	373,846
Due from Other Funds	107,473	2,274,764	6,550,450	11,956	8,944,643
Prepaid Items	31,424	53,870	3,956,347	50,800	4,092,441
Inventory	122,653	-	-	-	122,653
Total Current Assets	1,626,460	19,160,717	25,025,183	11,013,787	56,826,147
Noncurrent Assets:					
Capital Assets:					
Nondepreciable	-	154,838	-	-	154,838
Depreciable, Net	242,144	89,408,306	4,430,536	-	94,080,986
Total Noncurrent Assets	242,144	89,563,144	4,430,536	-	94,235,824
Total Assets	1,868,604	108,723,861	29,455,719	11,013,787	151,061,971
DEFERRED OUTFLOWS OF RESOURCES					
Derived from Pensions	489,583	1,190,799	13,257,849	255,434	15,193,665
Derived from OPEB	12,924	36,261	387,657	6,807	443,649
Total Deferred Outflow of Resources	502,507	1,227,060	13,645,506	262,241	15,637,314
LIABILITIES					
Current Liabilities:					
Accounts Payable	191,756	843,006	266,359	102,028	1,403,149
Accrued Payroll	81,395	185,958	2,267,836	38,311	2,573,500
Securities Lending Collateral	-	-	-	36,879	36,879
Interest Payable	-	-	-	2,576	2,576
Due to Other Funds	6,369	299,035	75,247	13,807	394,458
Claims/Judgments Payable	-	-	-	1,213,316	1,213,316
Compensated Absences Payable	2,519	5,976	201,704	4,851	215,050
Capital Leases Payable	10,078	-	-	-	10,078
Total Current Liabilities	292,117	1,333,975	2,811,146	1,411,768	5,849,006
Noncurrent Liabilities:					
Claims/Judgments Payable	-	-	-	6,912,322	6,912,322
Compensated Absences Payable	55,471	60,869	2,054,495	49,413	2,220,248
Capital Leases Payable	8,209	-	-	-	8,209
Net Pension Liability	1,127,529	2,902,132	32,629,873	596,017	37,255,551
Net OPEB Liability	49,402	127,252	1,444,572	26,114	1,647,340
Total Noncurrent Liabilities	1,240,611	3,090,253	36,128,940	7,583,866	48,043,670
Total Liabilities	1,532,728	4,424,228	38,940,086	8,995,634	53,892,676
DEFERRED INFLOWS OF RESOURCES					
Derived from Pensions	107,286	289,171	2,576,043	63,581	3,036,081
Derived from OPEB	5,159	7,754	103,515	3,576	120,004
Total Deferred Inflow of Resources	112,445	296,925	2,679,558	67,157	3,156,085
NET POSITION					
Net Investment in Capital Assets	223,857	89,563,143	4,430,537	-	94,217,537
Unrestricted	502,081	15,666,625	(2,948,956)	2,213,237	15,432,987
Total Net Position	\$ 725,938	\$ 105,229,768	\$ 1,481,581	\$ 2,213,237	\$ 109,650,524

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Internal Service Funds For the Fiscal Year Ended June 30, 2019

	Central Services	Fleet Services	Information Technology Department	Risk Management	Total
OPERATING REVENUES					
Sales and Services	\$ 2,169,124	\$ 29,619,795	\$ 65,354,963	\$ 3,973,131	\$ 101,117,013
Miscellaneous	-	288,989	-	-	288,989
Total Operating Revenues	2,169,124	29,908,784	65,354,963	3,973,131	101,406,002
OPERATING EXPENSES					
Cost of Sales and Services	829,488	-	-	-	829,488
Salaries and Benefits	1,144,460	2,971,567	32,675,073	528,995	37,320,095
Operating	415,134	15,400,527	32,122,915	660,792	48,599,368
Claims	-	-	-	2,463,449	2,463,449
Depreciation	50,833	9,151,796	2,752,815	-	11,955,444
Miscellaneous	-	49,379	-	-	49,379
Total Operating Expenses	2,439,915	27,573,269	67,550,803	3,653,236	101,217,223
Operating Income (Loss)	(270,791)	2,335,515	(2,195,840)	319,895	188,779
NONOPERATING REVENUES (EXPENSES)					
Interest and Investment Income	-	-	-	751,930	751,930
Interest Expense	(2,901)	-	-	(15,487)	(18,388)
Gain (Loss) on Sale of Capital Assets	(2,276)	922,416	(39,281)	-	880,859
Total Nonoperating Revenues (Expenses)	(5,177)	922,416	(39,281)	736,443	1,614,401
Income (Loss) Before Contributions and Transfers	(275,968)	3,257,931	(2,235,121)	1,056,338	1,803,180
Capital Grants and Contributions	-	110,106	-	-	110,106
Changes in Net Position	(275,968)	3,368,037	(2,235,121)	1,056,338	1,913,286
Total Net Position - Beginning of Year, as restated	1,001,906	101,861,731	3,716,702	1,156,899	107,737,238
Total Net Position - End of Year	\$ 725,938	\$ 105,229,768	\$ 1,481,581	\$ 2,213,237	\$ 109,650,524

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended June 30, 2019

	Central Services	Fleet Services	Information Technology	Risk Management	Total
Cash Flows from Operating Activities:					
Receipts from Customers and Users	\$ 702,444	\$ 45,154	\$ 2,422,509	\$ 1,716,493	\$ 4,886,600
Receipts from Other Funds	1,482,929	29,950,352	62,706,545	2,251,802	96,391,628
Payments to Other Funds	-	(4,335)	-	(3,174,274)	(3,178,609)
Payments to Suppliers	(1,156,023)	(15,487,938)	(33,974,685)	(730,751)	(51,349,397)
Payments to Employees	(1,013,997)	(2,446,448)	(28,077,036)	(453,286)	(31,990,767)
Claim Payments	-	-	-	(301,814)	(301,814)
Net Cash Provided by (Used for) Operating Activities	15,353	12,056,785	3,077,333	(691,830)	14,457,641
Cash Flows from Noncapital Financing Activities:					
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	(132,855)	(13,747,304)	(3,008,053)	-	(16,888,212)
Proceeds from Sale of Capital Assets	-	4,198,005	-	-	4,198,005
Payment on Capital Leases	(11,328)	-	-	-	(11,328)
Interest Payments - Capital Leases	(2,901)	-	-	-	(2,901)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(147,084)	(9,549,299)	(3,008,053)	-	(12,704,436)
Cash Flows from Investing Activities:					
Proceeds from Sale and Maturities of Investment Securities	-	-	-	620,742	620,742
Interest and Dividends on Investments	-	-	-	324,679	324,679
Net Cash Provided by (Used for) Investing Activities	-	-	-	945,421	945,421
Net Change in Cash:					
Net Increase (Decrease) in Cash and Cash Equivalents	(131,731)	2,507,486	69,280	253,591	2,698,626
Cash and Cash Equivalents at June 30, 2018	1,420,818	14,098,259	13,992,510	963,135	30,474,722
Cash and Cash Equivalents at June 30, 2019	\$ 1,289,087	\$ 16,605,745	\$ 14,061,790	\$ 1,216,726	\$ 33,173,348
Reconciliation:					
Cash Deposits at the Bank of North Dakota	1,288,687	16,605,745	14,061,790	816,008	32,772,230
Cash and Cash Equivalents	400	-	-	400,718	401,118
Cash and Cash Equivalents	\$ 1,289,087	\$ 16,605,745	\$ 14,061,790	\$ 1,216,726	\$ 33,173,348
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	(270,791)	2,335,515	(2,195,840)	319,895	188,779
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	50,833	9,151,796	2,752,815	-	11,955,444
Deferred Outflows	88,987	(12,825)	2,660,967	54,283	2,791,412
Deferred Inflows	59,791	89,308	1,088,321	41,726	1,279,146
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	46,051	(118,219)	(52,361)	(618)	(125,147)
(Increase) Decrease in Due From	(11,387)	235,015	(413,853)	(4,952)	(195,177)
(Increase) Decrease in Intergovernmental Receivable	(23,962)	(30,074)	240,306	-	186,270
(Increase) Decrease in Prepaid Items	7,943	(13,944)	(443,573)	(12,069)	(461,643)
(Increase) Decrease in Inventories	(43,028)	-	-	-	(43,028)
Increase (Decrease) in Accounts Payable	142,980	(24,090)	-	63,521	182,411
Increase In Interest Payable	-	-	(1,035,645)	-	(1,035,645)
Increase (Decrease) in Claims/Judgments Payable	-	-	-	(992,442)	(992,442)
Increase (Decrease) in Accrued Payroll	(2,497)	(7,022)	(65,064)	557	(74,026)
Increase (Decrease) in Compensated Absences Payable	(9,652)	1,776	16,357	2,293	10,774
Increase (Decrease) in Due To	(10,698)	(4,335)	(372,552)	(140,873)	(528,458)
Increase (Decrease) In Net OPEB Liability	(4,638)	12,725	(39,298)	(2,522)	(33,733)
Increase (Decrease) In Net Pension Liability	(4,579)	441,159	936,753	(20,629)	1,352,704
Total Adjustments	286,144	9,721,270	5,273,173	(1,011,725)	14,268,862
Net Cash Provided by (Used for) Operating Activities	\$ 15,353	\$ 12,056,785	\$ 3,077,333	\$ (691,830)	\$ 14,457,641
Noncash Transactions:					
Net Change in Fair Value of Investments	\$ -	\$ -	\$ -	\$ 204,741	\$ 204,741
Decrease in Securities Lending Collateral	-	-	-	(61,956)	(61,956)
Total Noncash Transactions	\$ -	\$ -	\$ -	\$ 142,785	\$ 142,785

STATE OF NORTH DAKOTA

Fiduciary Funds

Fiduciary funds account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental organizations.

Pension and Other Employee-Related Benefit Trust Funds

DEFERRED COMPENSATION

981 - Deferred Compensation Fund

Accounts for the activity of the deferred compensation plan adopted under the provisions of Internal Revenue Service Code, Section 457, for State employees.

PERS FLEXCOMP

932 - Flex Program

Accounts for pre-tax premium conversions, a medical spending account and a dependent care spending account according to Section 125 of the Internal Revenue Code.

HIGHWAY PATROLMEN'S RETIREMENT

982 - Highway Patrolmen's Retirement Fund

A single employer defined benefit pension plan covering officers of the State Highway Patrol.

JOB SERVICE RETIREMENT

920 - Job Service Retirement Fund

A single employer defined benefit pension plan for Job Service employees. Participation in this plan is limited to employees participating in the program as of September 30, 1980.

PREFUNDED RETIREE HEALTH PROGRAM

933 - Prefunded Retiree Health Program

Members receiving retirement benefits from NDPERS receive a credit toward their monthly eligible insurance premium.

PUBLIC EMPLOYEES' RETIREMENT

470 (983) - Public Employees Retirement System

Accounts for the financial resources associated with the Public Employees Retirement System.

DEFINED CONTRIBUTION RETIREMENT

930 - Defined Contribution Retirement Plan

Accounts for the financial resources of the Defined Contribution Retirement Plan. Participation in this plan is limited to state employees who are in positions not classified by the Central Personnel Division and who are not employees of the judicial branch or board of higher education.

TEACHERS' RETIREMENT

964 - North Dakota Teachers' Fund For Retirement

Accounts for the financial resources of the Teachers' Retirement Fund.

Investment Trust Funds

911 - ND Association of Counties RIO Investments

Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the North Dakota Association of Counties.

913 - City of Bismarck RIO Investments

Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the City of Bismarck.

936 - City of Grand Forks RIO Investments

Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the City of Grand Forks.

950 - City of Fargo RIO Investments

Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the City of Fargo.

Private Purpose Trust Funds

STUDENT AND CULTURAL DONATIONS

928 - Indian Cultural Education Trust Fund

Trust accounts for donations provided for the purpose of generating income to benefit Indian Culture.

937 - Department of Public Instruction Thordarson Scholarship Trust Fund

Fund used to provide scholarship grants to students enrolled in courses offered by the independent study division.

988 - School for the Deaf Scholarship Trust Fund

Account for funds donated to provide scholarships to deaf students.

989 - School for the Deaf Student Trust Funds

Accounts for funds donated to the School for the Deaf for the benefit of the students.

COLLEGE SAVE

940 - College SAVE

Program established by the State of North Dakota to encourage the investment of funds to be used for qualified higher education expenses at institutions of higher education.

MANDAN REMEDIATION TRUST

943 - Mandan Remediation Trust

Accounts for the funds obtained from a lawsuit settlement for the remediation efforts of the North Dakota Health Department and the City of Mandan.

Agency Funds

BONDING

402 - Sales and Use Tax Deposit Fund

Accounts for cash received in lieu of a surety bond for sales tax permit holders.

403 - Motor Fuel Cash Bond Deposit Fund

Accounts for cash received in lieu of a surety bond for motor vehicle fuel dealers.

STATE OF NORTH DAKOTA

939 - Public Service Commission Trustee Account

Accounts for savings certificates posted in lieu of performance bonds for surface mining activities and grain elevator insolvency cases.

942 - Agriculture Cash and Investment

Accounts for securities or bonds in lieu of a surety bond relating to the operation of livestock dealers, auction markets and dairy plants.

944 - Cash Bonds

Accounts for the financial resources for the plugging of abandoned oil and gas wells and the reclamation of abandoned oil and gas well sites.

945 - Insurance Company Deposits

Accounts for securities of domestic insurance companies required by the NDCC to keep on deposit with the Insurance Commissioner securities in a value equal to the policies they have in force.

947 - District Court Bond Fund

Accounts for bail bonds posted for civil and criminal court cases.

PAYROLL

461 - OMB Unemployment/Payroll Clearing Fund

Accounts for employers and employees payroll taxes and other deductions such as, insurance and credit union deductions, etc.

CHILD SUPPORT

463 - Child Support Disbursement Unit Fund

Accounts for all child support payments received by the state disbursement unit.

STUDENT AND OTHER

406 - Drivers License Trust Fund

Accounts for cash received from a motor vehicle operator involved in an accident and has no automobile liability policy and the driver was negligent.

946 - District Court Collection Fund

Accounts for collections for third parties.

STUDENT AND OTHER cont.

986 - Developmental Center Residents' Funds

Accounts for funds belonging to patients of the State Developmental Center.

990 - Veteran's Home-Custodial

Accounts for resident's personal funds.

991 - State Hospital Patients

Accounts for patient's personal funds.

992 - Prisoner Accounts

Accounts for prisoner's personal fund.

993 - Youth Correctional Center Student Accounts

Account for the student's personal funds.

994 - School for the Deaf Students

Account for the students personal funds.

TAX COLLECTION

434 - City Lodging Tax Suspense

Accounts for city lodging tax collected by the State Tax Commissioner.

435 - City Sales Tax Suspense

Accounts for city sales and use taxes collected by the State Tax Commission.

437 - City Motor Vehicle Rental Tax

Accounts for city motor vehicle rental tax collected by the state tax commissioner.

438 - City Restaurant and Lodge Tax Suspense

A city tax, at a rate not to exceed one percent, upon the gross receipts of retailers on the leasing or renting of hotel, motel, or tourist court accommodations within the city and gross receipts of a restaurant from any sales of prepared food or beverages, not including alcoholic beverages for consumption off the premises where purchased is collected by the State Tax Commissioner. Proceeds, net of a 3% administrative fee which is deposited into the general fund, are remitted quarterly to each city collecting the tax.

STATE OF NORTH DAKOTA

Combining Statement of Fiduciary Net Position Pension, Investment and Private-Purpose Trust Funds June 30, 2019

	Pension and Other Employee Benefit Trust Funds					
	Deferred Compensation	Defined Contribution Retirement	Highway Patrolmen's Retirement	Job Service Retirement	PERS Flexcomp	Prefunded Retiree Health Program
ASSETS						
Cash Deposits at the Bank of ND Cash and Cash Equivalents	\$ 200,509	\$ 114,690	\$ -	\$ 2,113	\$ 445,409	\$ 936,159
Receivables:						
Contributions Receivable	1,037,149	105,171	-	2,430	505,782	1,050,419
Accounts Receivable - Net	-	-	-	-	-	-
Interest Receivable - Net	-	-	254,928	237	-	22
Due from Other Funds	-	-	-	-	-	294
Total Receivables	1,037,149	105,171	254,928	2,667	505,782	1,050,735
Investments, at Fair Value:						
Investments at the Bank of ND	-	-	-	-	-	-
Equities	-	-	-	-	-	-
Equity Pool	-	-	47,339,840	19,094,960	-	84,480,446
Fixed Income Pool	2,066,180	234,950	18,311,705	77,780,193	-	51,472,649
Cash and Cash Pool	2,327,401	193,159	480,015	409,888	-	9,404
Real Estate Pool	-	-	15,024,209	-	-	-
Mutual Funds	121,999,475	14,368,134	-	-	-	-
Total Investments	126,393,056	14,796,243	81,155,769	97,285,041	-	135,962,499
Invested Securities Lending Collateral	-	-	264,646	-	-	-
Capital Assets (Net of Depreciation)	262,359	3,544	4,822	3,027	131,180	50,134
Total Assets	127,893,073	15,019,648	81,680,165	97,292,848	1,082,371	137,999,527
DEFERRED OUTFLOWS OF RESOURCES						
Derived from Pensions	-	-	-	-	-	-
Total Deferred Outflows of Resources	-	-	-	-	-	-
LIABILITIES						
Accounts Payable	16,071	8	-	89,602	24,592	478,706
Accrued Payroll	40,921	-	-	-	20,569	-
Securities Lending Collateral	-	-	264,646	-	-	-
Due to Other Funds	4,859	94	-	-	2,801	-
Due to Fiduciary Funds	-	-	-	-	-	86
Amounts Held in Custody for Others	14,795	-	-	-	-	-
Compensated Absences Payable	31,811	-	-	-	11,532	-
Total Liabilities	108,457	102	264,646	89,602	59,494	478,792
DEFERRED INFLOWS OF RESOURCES						
Derived from Pensions	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-
NET POSITION						
Net Position Restricted for:						
Pension Benefits	127,784,616	15,019,546	81,415,519	97,203,246	-	137,520,735
Other Employee Benefits	-	-	-	-	1,022,877	-
External Investment Pool Participants	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-
Total Net Position Restricted for Pension Benefits and Other Purposes	\$ 127,784,616	\$ 15,019,546	\$ 81,415,519	\$ 97,203,246	\$ 1,022,877	\$ 137,520,735

Pension and Other Employee Benefit Trust Funds			Investment Trust Funds				
Public Employees Retirement	Teachers Retirement	Total	City of Bismarck	ND Association of Counties	City of Grand Forks	City of Fargo	Total
\$ 13,541,711 70,823	\$ 20,305,041 -	\$ 35,545,632 70,823	\$ - -	\$ - -	\$ - -	\$ - -	\$ - -
13,105,664 -	25,076,932 -	40,883,547 -	- -	- -	- -	- -	- -
9,617,806 -	12,526,857 -	22,399,850 294	449,660 -	4,028 -	182,168 -	73,292 -	709,148 -
22,723,470	37,603,789	63,283,691	449,660	4,028	182,168	73,292	709,148
- -	- 1,495,354,621	- 1,495,354,621	- 71,526,231	- 2,221,513	- 45,891,784	- 22,440,882	- 142,080,410
1,786,074,688	-	1,936,989,934	-	-	-	-	-
690,878,383	575,551,625	1,416,295,685	46,561,116	3,918,313	17,653,044	17,458,242	85,590,715
18,110,399	35,025,659	56,555,925	438,861	189,199	668,378	447,844	1,744,282
566,845,153	455,163,805	1,037,033,167	28,183,950	-	11,200,354	4,420,372	43,804,676
-	-	136,367,609	-	-	-	-	-
3,061,908,623	2,561,095,710	6,078,596,941	146,710,158	6,329,025	75,413,560	44,767,340	273,220,083
9,977,140	8,495,437	18,737,223	516,530	21,196	259,956	139,195	936,877
521,286	4,949	981,301	-	-	-	-	-
3,108,743,053	2,627,504,926	6,197,215,611	147,676,348	6,354,249	75,855,684	44,979,827	274,866,108
-	709,618	709,618	-	-	-	-	-
-	709,618	709,618	-	-	-	-	-
1,844,752	3,436,026	5,889,757	74,101	1,765	22,169	12,054	110,089
99,247	-	160,737	-	-	-	-	-
9,977,140	8,495,437	18,737,223	516,530	21,196	259,956	139,195	936,877
11,948	7,954	27,656	-	-	-	-	-
-	-	86	-	-	-	-	-
-	-	14,795	-	-	-	-	-
78,885	-	122,228	-	-	-	-	-
12,011,972	11,939,417	24,952,482	590,631	22,961	282,125	151,249	1,046,966
-	104,071	104,071	-	-	-	-	-
-	104,071	104,071	-	-	-	-	-
3,096,731,081	2,616,171,056	6,171,845,799	-	-	-	-	-
-	-	1,022,877	-	-	-	-	-
-	-	-	147,085,717	6,331,288	75,573,559	44,828,578	273,819,142
-	-	-	-	-	-	-	-
\$ 3,096,731,081	\$ 2,616,171,056	\$ 6,172,868,676	\$ 147,085,717	\$ 6,331,288	\$ 75,573,559	\$ 44,828,578	\$ 273,819,142

STATE OF NORTH DAKOTA

Combining Statement of Fiduciary Net Position Pension, Investment and Private-Purpose Trust Funds (Continued) June 30, 2019

	Private-Purpose Trust Funds			
	Student and Cultural Donations	Mandan Remediation Trust	College SAVE	Total
ASSETS				
Cash Deposits at the Bank of ND	\$ 126,454	\$ 5,782,369	\$ -	\$ 5,908,823
Cash and Cash Equivalents	13,278	-	809,772	823,050
Receivables:				
Contributions Receivable	-	-	-	-
Accounts Receivable - Net	-	-	185,538	185,538
Interest Receivable - Net	2,170	-	-	2,170
Due from Other Funds	25	-	-	25
Total Receivables	2,195	-	185,538	187,733
Investments, at Fair Value:				
Investments at the Bank of ND	21,740	-	-	21,740
Equities	-	-	-	-
Equity Pool	-	-	-	-
Fixed Income Pool	1,317,953	-	-	1,317,953
Cash and Cash Pool	-	-	-	-
Real Estate Pool	-	-	-	-
Mutual Funds	-	-	456,003,055	456,003,055
Total Investments	1,339,693	-	456,003,055	457,342,748
Invested Securities Lending Collateral	39,457	-	-	39,457
Capital Assets (Net of Depreciation)	-	-	-	-
Total Assets	1,521,077	5,782,369	456,998,365	464,301,811
DEFERRED OUTFLOWS OF RESOURCES				
Derived from Pensions	-	-	-	-
Total Deferred Outflows of Resources	-	-	-	-
LIABILITIES				
Accounts Payable	524	7,842	1,338,351	1,346,717
Accrued Payroll	-	-	-	-
Securities Lending Collateral	39,457	-	-	39,457
Due to Other Funds	-	-	-	-
Due to Fiduciary Funds	-	-	-	-
Amounts Held in Custody for Others	-	-	-	-
Compensated Absences Payable	-	-	-	-
Total Liabilities	39,981	7,842	1,338,351	1,386,174
DEFERRED INFLOWS OF RESOURCES				
Derived from Pensions	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
NET POSITION				
Net Position Restricted for:				
Pension Benefits	-	-	-	-
Other Employee Benefits	-	-	-	-
External Investment Pool Participants	-	-	-	-
Other Purposes	1,481,096	5,774,527	455,660,014	462,915,637
	\$ 1,481,096	\$ 5,774,527	\$ 455,660,014	\$ 462,915,637



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STATE OF NORTH DAKOTA

Combining Statement of Changes in Fiduciary Net Position Pension, Investment and Private-Purpose Trust Funds For the Fiscal Year Ended June 30, 2019

	Pension and Other Employee Benefit Trust Funds					
	Deferred Compensation	Defined Contribution Retirement	Highway Patrolmen's Retirement	Job Service Retirement	PERS Flexcomp	Prefunded Retiree Health Program
ADDITIONS						
Contributions:						
Employer	\$ -	\$ 504,381	\$ 2,090,886	\$ -	\$ -	\$ 12,977,460
Employee	11,208,573	495,881	1,411,619	29,159	5,550,283	15,859
From Participants	-	-	-	-	-	-
Transfers from Other Funds	400,000	5,963	-	-	-	-
Transfers from Other Plans	1,521,518	-	-	-	-	-
Donations	-	-	-	-	-	-
Total Contributions	13,130,091	1,006,225	3,502,505	29,159	5,550,283	12,993,319
Investment Income:						
Net Change in Fair Value of Investments	6,252,160	4,619	2,678,760	3,497,989	-	5,197,140
Interest and Dividends	1,466	794,206	1,784,059	3,043,292	945	3,373,208
Less Investment Expense	-	8,009	217,565	311,651	-	391,416
Net Investment Income	6,253,626	790,816	4,245,254	6,229,630	945	8,178,932
Securities Lending Activity:						
Securities Lending Income	-	-	5,647	-	-	-
Less Securities Lending Expense	-	-	-	-	-	-
Net Securities Lending Income	-	-	5,647	-	-	-
Repurchase Service Credit	-	-	167,824	-	-	377,329
Miscellaneous Income (Expense)	324,784	8,339	(41)	-	772,629	(857)
Total Additions	19,708,501	1,805,380	7,921,189	6,258,789	6,323,857	21,548,723
DEDUCTIONS						
Benefits Paid to Participants	5,975,993	1,049,355	5,341,256	4,626,846	5,460,799	1,031
Refunds	-	-	49,859	-	-	7,180
Prefunded Credit Applied	-	-	-	-	-	11,497,890
Transfer to Other Plans	-	-	-	-	75,000	-
Payments in Accordance with Trust Agreements	-	-	-	-	-	-
Administrative Expenses	916,616	8,535	43,555	16,808	570,248	437,349
Total Deductions	6,892,609	1,057,890	5,434,670	4,643,654	6,106,047	11,943,450
Purchase (Redemption) of Units at \$1.00 Per Unit	-	-	-	-	-	-
Change in Net Position Held in Trust for:						
Pension Benefits	12,815,892	747,490	2,486,519	1,615,135	-	9,605,273
Other Employee Benefits	-	-	-	-	217,810	-
External Investment Pool Participants	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-
Net Position - Beginning of Year	114,968,724	14,272,056	78,929,000	95,588,111	805,067	127,915,462
Net Position - End of Year	\$ 127,784,616	\$ 15,019,546	\$ 81,415,519	\$ 97,203,246	\$ 1,022,877	\$ 137,520,735

Pension and Other Employee Benefit Trust Funds			Investment Trust Funds				
Public Employees Retirement	Teachers Retirement	Total	City of Bismarck	ND Association of Counties	City of Grand Forks	City of Fargo	Total
\$ 81,588,318	\$ 89,444,881	\$ 186,605,926	\$ -	\$ -	\$ -	\$ -	\$ -
78,213,580	82,429,594	179,354,548	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	405,963	-	-	-	-	-
-	-	1,521,518	-	-	-	-	-
-	-	-	-	-	-	-	-
159,801,898	171,874,475	367,887,955	-	-	-	-	-
100,603,577	84,701,380	202,935,625	5,162,288	286,310	2,672,275	1,219,139	9,340,012
67,026,499	56,434,954	132,458,629	3,332,349	145,905	1,630,647	1,034,503	6,143,404
8,017,853	6,272,801	15,219,295	374,121	10,924	181,246	88,641	654,932
159,612,223	134,863,533	320,174,959	8,120,516	421,291	4,121,676	2,165,001	14,828,484
211,869	224,713	442,229	11,959	578	6,832	5,468	24,837
-	44,927	44,927	2,392	117	1,366	1,089	4,964
211,869	179,786	397,302	9,567	461	5,466	4,379	19,873
7,219,697	1,916,787	9,681,637	-	-	-	-	-
(5,641)	158,713	1,257,926	-	-	-	-	-
326,840,046	308,993,294	699,399,779	8,130,083	421,752	4,127,142	2,169,380	14,848,357
185,644,486	215,328,174	423,427,940	-	-	-	-	-
11,782,488	5,900,392	17,739,919	-	-	-	-	-
-	-	11,497,890	-	-	-	-	-
330,963	-	405,963	-	-	-	-	-
-	-	-	-	-	-	-	-
2,531,304	2,251,083	6,775,498	-	-	-	-	-
200,289,241	223,479,649	459,847,210	-	-	-	-	-
-	-	-	(1,000,000)	-	1,049,520	(1,965,000)	(1,915,480)
126,550,805	85,513,645	239,334,759	-	-	-	-	-
-	-	217,810	-	-	-	-	-
-	-	-	7,130,083	421,752	5,176,662	204,380	12,932,877
-	-	-	-	-	-	-	-
2,970,180,276	2,530,657,411	5,933,316,107	139,955,634	5,909,536	70,396,897	44,624,198	260,886,265
\$ 3,096,731,081	\$ 2,616,171,056	\$ 6,172,868,676	\$ 147,085,717	\$ 6,331,288	\$ 75,573,559	\$ 44,828,578	\$ 273,819,142

STATE OF NORTH DAKOTA

Combining Statement of Changes in Fiduciary Net Position Pension, Investment and Private-Purpose Trust Funds (Continued) For the Fiscal Year Ended June 30, 2019

	Private-Purpose Trust Funds			
	Student and Cultural Donations	Mandan Remediation Trust	College SAVE	Total
ADDITIONS				
Contributions:				
Employer	\$ -	\$ -	\$ -	\$ -
Employee	-	-	-	-
From Participants	-	-	47,864,276	47,864,276
Transfers from Other Funds	-	-	-	-
Transfers from Other Plans	-	-	-	-
Donations	4,554	-	-	4,554
Total Contributions	4,554	-	47,864,276	47,868,830
Investment Income:				
Net Change in Fair Value of Investments	16,210	-	(30,043,631)	(30,027,421)
Interest and Dividends	34,771	6,145	11,740,596	11,781,512
Less Investment Expense	3,160	-	-	3,160
Net Investment Income	47,821	6,145	(18,303,035)	(18,249,069)
Securities Lending Activity:				
Securities Lending Income	1,141	-	-	1,141
Less Securities Lending Expense	-	-	-	-
Net Securities Lending Income	1,141	-	-	1,141
Repurchase Service Credit	-	-	-	-
Miscellaneous Income (Expense)	2,957	-	-	2,957
Total Additions	56,473	6,145	29,561,241	29,623,859
DEDUCTIONS				
Benefits Paid to Participants	-	-	-	-
Refunds	-	-	-	-
Prefunded Credit Applied	-	-	-	-
Transfer to Other Plans	-	-	-	-
Payments in Accordance with Trust Agreements	40,334	166,972	39,828,488	40,035,794
Administrative Expenses	1,202	89,230	3,359,862	3,450,294
Total Deductions	41,536	256,202	43,188,350	43,486,088
Purchase (Redemption) of Units at \$1.00 Per Unit	-	-	-	-
Change in Net Position Held in Trust for:				
Pension Benefits	-	-	-	-
Other Employee Benefits	-	-	-	-
External Investment Pool Participants	-	-	-	-
Other Purposes	14,937	(250,057)	(13,627,109)	(13,862,229)
Net Position - Beginning of Year	1,466,159	6,024,584	469,287,123	476,777,866
Net Position - End of Year	\$ 1,481,096	\$ 5,774,527	\$ 455,660,014	\$ 462,915,637

STATE OF NORTH DAKOTA

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2019

	Bonding	Payroll	Child Support	Student and Other	Tax Collection	Total
ASSETS						
Cash Deposits at the Bank of ND	\$ 6,208,485	\$ 46,185	\$ 3,062,965	\$ 3,393,457	\$ 17,920,255	\$ 30,631,347
Cash and Cash Equivalents	5,181,350	-	190,243	425,231	-	5,796,824
Investments at the Bank of ND	29,837,602	-	-	50,000	-	29,887,602
Investments	141,619	-	-	-	-	141,619
Accounts Receivable - Net	-	11,033,893	-	-	-	11,033,893
Taxes Receivable - Net	-	-	-	-	46,901,827	46,901,827
Interest Receivable - Net	-	-	-	124	-	124
Total Assets	<u>\$ 41,369,056</u>	<u>\$ 11,080,078</u>	<u>\$ 3,253,208</u>	<u>\$ 3,868,812</u>	<u>\$ 64,822,082</u>	<u>\$ 124,393,236</u>
LIABILITIES						
Intergovernmental Payable	-	11,009,397	-	-	64,820,530	75,829,927
Tax Refunds Payable	2,500	-	-	-	1,551	4,051
Amounts Held in Custody for Others	41,366,556	70,681	3,253,208	3,868,812	1	48,559,258
Total Liabilities	<u>\$ 41,369,056</u>	<u>\$ 11,080,078</u>	<u>\$ 3,253,208</u>	<u>\$ 3,868,812</u>	<u>\$ 64,822,082</u>	<u>\$ 124,393,236</u>

STATE OF NORTH DAKOTA

Combining Statement of Changes in Assets and Liabilities Agency Funds For the Fiscal Year Ended June 30, 2019

	June 30 2018	Additions	Deductions	June 30 2019
Bonding				
ASSETS				
Cash Deposits at the Bank of ND	\$ 6,475,159	\$ 379,277	\$ 645,951	\$ 6,208,485
Cash and Cash Equivalents	6,037,077	6,388,601	7,244,328	5,181,350
Investments at the Bank of ND	29,791,148	967,347	920,893	29,837,602
Investments	141,619	-	-	141,619
Total Assets	<u>\$ 42,445,003</u>	<u>\$ 7,735,225</u>	<u>\$ 8,811,172</u>	<u>\$ 41,369,056</u>
LIABILITIES				
Tax Refunds Payable	11,000	2,500	11,000	2,500
Amounts Held in Custody for Others	42,434,003	7,675,225	8,742,672	41,366,556
Total Liabilities	<u>\$ 42,445,003</u>	<u>\$ 7,677,725</u>	<u>\$ 8,753,672</u>	<u>\$ 41,369,056</u>
Payroll				
ASSETS				
Cash Deposits at the Bank of ND	213,729	126,162,165	126,329,709	46,185
Accounts Receivable - Net	10,297,613	11,033,893	10,297,613	11,033,893
Total Assets	<u>\$ 10,511,342</u>	<u>\$ 137,196,058</u>	<u>\$ 136,627,322</u>	<u>\$ 11,080,078</u>
LIABILITIES				
Intergovernmental Payable	10,457,993	11,009,396	10,457,992	11,009,397
Amounts Held in Custody for Others	53,349	125,201,979	125,184,647	70,681
Total Liabilities	<u>\$ 10,511,342</u>	<u>\$ 136,211,375</u>	<u>\$ 135,642,639</u>	<u>\$ 11,080,078</u>
Child Support				
ASSETS				
Cash Deposits at the Bank of ND	3,142,926	131,331,542	131,411,503	3,062,965
Cash and Cash Equivalents	203,129	-	12,886	190,243
Accounts Receivable - Net	1	-	1	-
Total Assets	<u>\$ 3,346,056</u>	<u>\$ 131,331,542</u>	<u>\$ 131,424,390</u>	<u>\$ 3,253,208</u>
LIABILITIES				
Amounts Held in Custody for Others	3,346,056	134,756,166	134,849,014	3,253,208
Total Liabilities	<u>\$ 3,346,056</u>	<u>\$ 134,756,166</u>	<u>\$ 134,849,014</u>	<u>\$ 3,253,208</u>

	June 30 2018	Additions	Deductions	June 30 2019
Student and Other				
ASSETS				
Cash Deposits at the Bank of ND	\$ 5,962,686	\$ 3,975,618	\$ 6,544,847	\$ 3,393,457
Cash and Cash Equivalents	633,711	3,399,887	3,608,367	425,231
Investments at the Bank of ND	50,000	-	-	50,000
Interest Receivable - Net	62	124	62	124
Total Assets	<u>\$ 6,646,459</u>	<u>\$ 7,375,629</u>	<u>\$ 10,153,276</u>	<u>\$ 3,868,812</u>
LIABILITIES				
Amounts Held in Custody for Others	6,646,459	7,375,629	10,153,276	3,868,812
Total Liabilities	<u>\$ 6,646,459</u>	<u>\$ 7,375,629</u>	<u>\$ 10,153,276</u>	<u>\$ 3,868,812</u>
Tax Collection				
ASSETS				
Cash Deposits at the Bank of ND	18,472,678	326,511,760	327,064,183	17,920,255
Taxes Receivable - Net	40,948,498	46,901,827	40,948,498	46,901,827
Total Assets	<u>\$ 59,421,176</u>	<u>\$ 373,413,587</u>	<u>\$ 368,012,681</u>	<u>\$ 64,822,082</u>
LIABILITIES				
Intergovernmental Payable	59,417,287	397,127,572	391,724,329	64,820,530
Tax Refunds Payable	3,888	1,551	3,888	1,551
Amounts Held in Custody of Others	1	-	-	1
Total Liabilities	<u>\$ 59,421,176</u>	<u>\$ 397,129,123</u>	<u>\$ 391,728,217</u>	<u>\$ 64,822,082</u>
Total -All Agency Funds				
ASSETS				
Cash Deposits at the Bank of ND	34,267,178	588,360,362	591,996,193	30,631,347
Cash and Cash Equivalents	6,873,917	9,788,488	10,865,581	5,796,824
Investments at the Bank of ND	29,841,148	967,347	920,893	29,887,602
Investments	141,619	-	-	141,619
Accounts Receivable - Net	10,297,614	11,033,893	10,297,614	11,033,893
Taxes Receivable - Net	40,948,498	46,901,827	40,948,498	46,901,827
Interest Receivable - Net	62	124	62	124
Total Assets	<u>\$ 122,370,036</u>	<u>\$ 657,052,041</u>	<u>\$ 655,028,841</u>	<u>\$ 124,393,236</u>
LIABILITIES				
Intergovernmental Payable	69,875,280	408,136,968	402,182,321	75,829,927
Tax Refunds Payable	14,888	4,051	14,888	4,051
Amounts Held in Custody for Others	52,479,868	275,008,999	278,929,609	48,559,258
Total Liabilities	<u>\$ 122,370,036</u>	<u>\$ 683,150,018</u>	<u>\$ 681,126,818</u>	<u>\$ 124,393,236</u>

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STATE OF NORTH DAKOTA

**Schedule 1 -- Net Position by Component
Last Ten Fiscal Years**

(accrual basis of accounting)

	2010	2011	2012	2013
Governmental Activities				
Net Investment in Capital Assets	\$ 1,450,350,320	\$ 1,640,080,874	\$ 1,943,226,802	\$ 2,331,214,264
Restricted	1,984,324,201	2,470,400,337	3,094,031,766	3,786,154,729
Unrestricted	1,772,441,595	2,537,062,796	3,635,538,536	5,597,014,917
Total Governmental Activities Net Position	\$ 5,207,116,116	\$ 6,647,544,007	\$ 8,672,797,104	\$ 11,714,383,910
Business-Type Activities				
Net Investment in Capital Assets	644,108,459	706,459,639	752,357,235	792,067,993
Restricted	445,609,412	452,312,013	569,991,053	632,431,958
Unrestricted	749,258,206	916,758,798	957,796,166	1,019,582,872
Total Business-Type Activities Net Position	\$ 1,838,976,077	\$ 2,075,530,450	\$ 2,280,144,454	\$ 2,444,082,823
Primary Government				
Net Investment in Capital Assets	2,094,458,779	2,346,540,513	2,695,584,037	3,123,282,257
Restricted	2,429,933,613	2,922,712,350	3,664,022,819	4,418,586,687
Unrestricted	2,521,699,801	3,453,821,594	4,593,334,702	6,616,597,789
Total Primary Government Net Position	\$ 7,046,092,193	\$ 8,723,074,457	\$ 10,952,941,558	\$ 14,158,466,733

2014	2015	2016	2017	2018	2019
\$ 2,502,234,624	\$ 3,622,722,021	\$ 4,299,696,899	\$ 4,759,286,304	\$ 4,988,838,700	\$ 5,185,682,467
4,976,564,822	6,254,673,532	6,246,873,312	6,224,908,099	6,355,103,413	6,639,785,616
7,109,867,360	6,812,545,677	5,781,826,861	5,989,501,438	7,172,275,944	8,786,695,069
\$ 14,588,666,806	\$ 16,689,941,230	\$ 16,328,397,072	\$ 16,973,695,841	\$ 18,516,218,057	\$ 20,612,163,152
844,395,270	1,023,384,933	1,155,758,401	1,223,438,996	1,214,133,386	1,246,740,894
600,269,799	485,012,106	533,664,273	888,080,253	924,610,477	972,887,591
1,287,315,405	1,439,859,232	1,528,847,402	1,633,421,219	1,779,197,611	1,904,500,531
\$ 2,731,980,474	\$ 2,948,256,271	\$ 3,218,270,076	\$ 3,744,940,468	\$ 3,917,941,474	\$ 4,124,129,016
3,346,629,894	4,646,106,954	5,455,455,300	5,982,725,300	6,202,972,086	6,432,423,361
5,576,834,621	6,739,685,638	6,780,537,585	7,112,988,352	7,279,713,890	7,612,673,207
8,397,182,765	8,252,404,909	7,310,674,263	7,622,922,657	8,951,473,555	10,691,195,600
\$ 17,320,647,280	\$ 19,638,197,501	\$ 19,546,667,148	\$ 20,718,636,309	\$ 22,434,159,531	\$ 24,736,292,168

STATE OF NORTH DAKOTA

Schedule 2 -- Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2010	2011	2012	2013
Expenses				
Governmental Activities:				
General Governmental	\$ 393,432,224	\$ 507,512,750	\$ 617,152,026	\$ 889,332,121
Education	849,337,255	830,649,191	843,780,168	875,991,527
Health and Human Services	1,149,201,916	1,244,163,316	1,271,569,970	1,318,899,711
Regulatory	26,187,266	28,419,774	33,988,310	44,813,739
Public Safety and Corrections	284,846,465	242,521,440	303,602,543	209,732,547
Agriculture and Commerce	85,327,633	98,038,471	91,653,406	93,212,834
Natural Resources	81,304,271	117,862,905	132,679,303	114,752,488
Transportation	463,845,880	468,695,689	796,123,086	595,646,719
Interest on Long Term Debt	11,773,684	10,461,658	9,063,514	8,454,110
Total Governmental Activities Expenses	3,345,256,594	3,548,325,193	4,099,612,325	4,150,835,796
Business-Type Activities:				
Bank of North Dakota	80,132,606	77,556,546	71,996,932	68,887,617
Housing Finance	62,931,910	69,824,036	56,046,981	48,368,304
Loan Programs	6,315,852	6,898,226	8,092,864	8,756,357
State Lottery	18,177,724	17,068,826	18,877,249	19,713,987
Unemployment Compensation	137,473,630	108,482,422	89,236,878	118,377,072
University System	963,820,452	1,008,539,618	1,047,949,521	1,080,816,602
Workers Compensation	218,185,899	300,297,941	359,216,200	448,535,174
Other	188,406,517	237,373,095	523,164,269	279,389,712
Total Business-Type Activities Expenses	1,675,444,590	1,826,040,260	2,174,580,894	2,072,844,825
Total Primary Government Expenses	\$ 5,020,701,184	\$ 5,374,365,453	\$ 6,274,193,219	\$ 6,223,680,621
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Governmental	20,683,111	26,863,061	30,255,507	32,815,967
Education	5,440,633	6,985,958	7,515,580	6,086,567
Health and Human Services	31,858,461	36,563,927	36,100,539	38,381,590
Regulatory	23,963,949	22,122,244	30,312,566	32,359,807
Public Safety and Corrections	12,310,270	14,456,950	26,263,919	26,614,392
Agriculture and Commerce	29,530,575	29,861,552	31,026,427	35,652,945
Natural Resources	30,854,355	24,772,981	31,017,855	26,356,862
Transportation	90,768,728	96,023,474	111,125,056	120,821,133
Operating Grants and Contributions	2,025,395,367	2,015,949,905	2,012,322,201	1,867,800,810
Capital Grants and Contributions	63,034,991	12,768,330	18,099,423	5,353,007
Total Governmental Activities Program Revenues	2,333,840,440	2,286,368,382	2,334,039,074	2,192,243,080
Business-Type Activities:				
Charges for Services:				
Bank of North Dakota	138,081,000	140,043,000	145,038,000	161,080,000
Housing Finance	48,814,007	54,190,469	49,583,855	42,649,030
Loan Programs	6,013,058	5,989,229	6,185,948	7,538,124
State Lottery	24,498,988	23,085,242	26,587,851	27,999,486
Unemployment Compensation	115,951,800	119,074,810	126,040,929	127,174,321
University System	418,085,075	438,741,616	468,992,991	486,262,379
Workers Compensation	157,710,330	193,150,136	253,677,520	320,237,794
Other	201,085,424	246,210,771	278,124,295	289,981,947
Operating Grants and Contributions	412,398,322	449,392,800	601,695,091	370,855,633
Capital Grants and Contributions	19,762,204	14,258,261	20,975,446	19,865,857
Total Business-Type Activities Program Revenues	1,542,400,208	1,684,136,334	1,976,901,926	1,853,644,571
Total Primary Government Program Revenues	\$ 3,876,240,648	\$ 3,970,504,716	\$ 4,310,941,000	\$ 4,045,887,651
Net (Expense)/Revenue				
Governmental Activities	(1,011,416,154)	(1,261,956,811)	(1,765,573,251)	(1,958,592,716)
Business-Type Activities	(133,044,382)	(141,903,926)	(197,678,968)	(219,200,254)
Total Primary Government Net Expense	\$ (1,144,460,536)	\$ (1,403,860,737)	\$ (1,963,252,219)	\$ (2,177,792,970)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Individual and Corporate Income Taxes	379,938,009	605,526,736	658,905,496	863,018,492
Sales and Use Taxes	885,445,674	1,121,730,307	1,543,140,897	1,654,186,763
Oil, Gas and Coal Taxes	633,445,059	1,059,467,528	1,670,059,257	2,518,921,322
Business and Other Taxes	62,075,915	69,733,806	71,974,295	83,470,020
Unrestricted Investment Earnings	33,925,667	21,330,843	15,500,793	17,967,764
Tobacco Settlement	33,559,384	30,453,643	22,265,336	22,332,577
Miscellaneous	150,818,789	158,447,124	170,544,538	206,709,383
Contributions to Permanent Fund Principal	11,203,425	999,110	12,469,733	13,722,930
Special Items	-	-	-	-
Extraordinary Item	-	-	-	-
Transfers	(350,496,669)	(365,304,396)	(368,204,484)	(409,585,575)
Total Governmental Activities	1,829,915,253	2,702,384,702	3,796,655,862	4,970,743,676
Business-Type Activities:				
Miscellaneous	-	-	1,940,000	39,166,106
Special Items	-	-	-	(14,728,630)
Transfers	324,785,928	376,538,823	390,214,559	358,701,147
Total Business-Type Activities	324,785,928	376,538,823	392,154,559	383,138,623
Total Primary Government	\$ 2,154,701,181	\$ 3,078,923,525	\$ 4,188,810,421	\$ 5,353,882,299
Change in Net Position				
Governmental Activities	818,499,099	1,440,427,891	2,031,082,611	3,012,150,960
Business-Type Activities	191,741,546	234,634,897	194,475,591	163,938,369
Total Primary Government	\$ 1,010,240,645	\$ 1,675,062,788	\$ 2,225,558,202	\$ 3,176,089,329

	2014	2015	2016	2017	2018	2019
\$	1,283,916,089	\$ 1,171,207,640	\$ 1,055,377,601	\$ 955,118,609	\$ 1,034,864,058	\$ 1,183,233,944
	1,075,062,067	1,415,255,393	1,175,550,087	1,214,358,440	1,208,513,849	1,238,988,634
	1,433,598,932	1,706,333,172	1,776,822,167	1,851,801,955	1,930,264,975	1,947,263,363
	54,727,821	66,743,817	69,084,070	76,261,665	60,781,953	61,213,248
	243,149,474	249,290,966	227,617,802	238,515,283	241,143,887	230,666,579
	96,055,152	106,455,113	106,845,611	100,774,792	95,411,926	99,247,117
	119,395,831	236,079,321	321,992,458	286,546,075	230,194,737	261,307,506
	1,066,103,806	603,812,692	679,070,102	529,532,248	444,530,511	443,629,333
	7,601,561	7,154,580	1,334,285	2,677,665	2,502,540	1,952,361
	<u>5,379,610,733</u>	<u>5,562,332,694</u>	<u>5,413,694,183</u>	<u>5,255,586,732</u>	<u>5,248,208,436</u>	<u>5,467,502,085</u>
	76,366,749	71,053,171	85,822,027	88,791,813	86,073,174	98,931,503
	40,901,946	37,510,475	40,245,934	40,997,193	46,083,037	52,714,991
	12,759,106	11,366,158	17,322,830	13,172,549	13,320,203	12,665,669
	19,264,562	20,359,788	26,038,434	20,637,595	23,214,880	26,174,686
	113,988,509	144,920,974	225,358,209	156,930,938	115,486,597	84,205,911
	1,129,869,106	1,170,159,474	1,211,438,892	1,204,936,394	1,178,669,412	1,198,989,180
	418,500,961	377,926,363	366,662,703	254,467,332	270,197,345	297,497,091
	269,600,028	549,799,020	569,432,422	571,077,157	632,911,836	594,491,102
	2,081,250,967	2,383,095,423	2,542,321,451	2,351,010,971	2,365,956,484	2,365,670,133
	<u>\$ 7,460,861,700</u>	<u>\$ 7,945,428,117</u>	<u>\$ 7,956,015,634</u>	<u>\$ 7,606,597,703</u>	<u>\$ 7,614,164,920</u>	<u>\$ 7,833,172,218</u>
	38,080,695	37,107,914	36,278,126	33,728,302	33,504,205	37,185,115
	6,064,710	6,806,001	7,071,212	7,530,807	6,987,309	7,147,934
	39,915,016	64,507,593	42,982,802	43,283,756	48,201,500	80,627,617
	45,384,490	25,862,700	52,583,727	29,390,590	31,489,459	29,490,252
	28,552,402	30,428,332	24,446,658	23,272,409	30,370,076	32,002,961
	36,600,243	31,198,196	38,222,183	35,559,194	40,756,601	32,809,364
	29,681,837	33,895,342	35,142,635	35,392,128	33,128,741	38,390,527
	120,058,651	132,160,558	122,699,922	124,378,227	120,482,453	120,377,945
	2,083,789,612	1,888,797,868	1,755,539,596	2,221,211,526	2,156,381,884	2,121,702,987
	11,045,879	1,388,033	3,416,338	94,772	94,772	106,834
	<u>2,439,173,535</u>	<u>2,252,152,537</u>	<u>2,118,383,199</u>	<u>2,554,952,776</u>	<u>2,501,397,000</u>	<u>2,499,841,536</u>
	155,548,000	175,117,000	207,836,000	223,476,000	221,210,000	251,626,000
	36,150,366	34,386,013	36,286,659	37,984,271	39,821,469	49,362,786
	7,548,651	10,365,115	12,212,352	11,530,798	7,391,511	13,095,470
	27,051,014	27,212,010	35,736,460	27,744,572	31,520,906	35,511,058
	133,701,408	127,328,232	147,802,377	193,118,386	162,161,260	114,657,558
	507,302,753	517,570,660	537,645,053	546,737,253	549,206,645	540,691,218
	318,779,835	339,806,696	308,682,776	244,720,318	239,542,884	249,787,742
	276,895,777	554,752,747	573,829,155	577,288,875	639,883,523	600,125,017
	439,950,824	312,136,231	298,603,154	380,842,641	363,266,299	410,790,831
	18,703,628	36,923,275	29,609,083	32,025,992	4,769,350	19,925,817
	1,921,632,256	2,135,597,979	2,188,243,069	2,275,469,106	2,258,773,847	2,285,673,497
	<u>\$ 4,360,805,791</u>	<u>\$ 4,387,750,516</u>	<u>\$ 4,306,626,268</u>	<u>\$ 4,830,421,882</u>	<u>\$ 4,760,170,847</u>	<u>\$ 4,785,415,033</u>
	(2,940,437,198)	(3,310,180,157)	(3,295,310,984)	(2,700,633,956)	(2,746,811,436)	(2,967,660,549)
	(159,618,711)	(247,497,444)	(354,078,382)	(75,541,865)	(107,182,637)	(80,096,636)
	<u>\$ (3,100,055,909)</u>	<u>\$ (3,557,677,601)</u>	<u>\$ (3,649,389,366)</u>	<u>\$ (2,776,175,821)</u>	<u>\$ (2,853,994,073)</u>	<u>\$ (3,047,757,185)</u>
	700,867,920	732,975,064	414,964,865	418,040,178	452,792,812	604,088,632
	1,756,777,615	1,804,380,378	1,348,342,960	1,236,701,340	1,326,248,557	1,435,129,762
	3,335,934,782	2,734,507,198	1,457,361,212	1,490,398,754	2,196,877,038	2,586,569,876
	82,437,250	92,936,834	99,295,506	98,374,118	100,127,079	110,714,853
	130,011,232	117,643,232	64,347,477	489,070,430	380,164,919	360,264,138
	23,652,803	21,789,723	22,776,760	21,599,800	55,305,183	20,752,400
	198,533,139	161,725,312	119,545,563	119,134,899	163,996,339	231,745,021
	14,251,211	16,382,336	15,637,987	11,895,026	4,393,122	11,014,244
	-	-	(4,948,596)	-	-	-
	-	-	-	(38,379,966)	-	-
	(424,008,500)	(542,713,254)	(603,556,908)	(503,278,766)	(367,497,321)	(290,718,287)
	<u>5,818,457,452</u>	<u>5,139,626,823</u>	<u>2,933,766,826</u>	<u>3,343,555,813</u>	<u>4,312,407,728</u>	<u>5,069,560,639</u>
	1,857,975	9,562,071	93,003	4,846,618	2,921,705	5,162,713
	-	-	-	-	-	-
	455,888,029	535,979,992	611,332,622	598,094,515	285,002,133	277,018,465
	457,746,004	545,542,063	611,425,625	602,941,133	287,923,838	282,181,178
	<u>\$ 6,276,203,456</u>	<u>\$ 5,685,168,886</u>	<u>\$ 3,545,192,451</u>	<u>\$ 3,946,496,946</u>	<u>\$ 4,600,331,566</u>	<u>\$ 5,351,741,817</u>
	2,878,020,254	1,829,446,666	(361,544,158)	642,921,857	1,565,596,292	2,101,900,090
	298,127,293	298,044,619	257,347,243	527,399,268	180,741,201	202,084,542
	<u>\$ 3,176,147,547</u>	<u>\$ 2,127,491,285</u>	<u>\$ (104,196,915)</u>	<u>\$ 1,170,321,125</u>	<u>\$ 1,746,337,493</u>	<u>\$ 2,303,984,632</u>

STATE OF NORTH DAKOTA

Schedule 3 -- Fund Balances, Governmental Funds Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2010</u>
General Fund	
Reserved	\$ 4,990,240
Unreserved	834,021,114
Total General Fund	<u>839,011,354</u>
All Other Governmental Funds	
Reserved	2,201,584,878
Unreserved, Reported in:	
Special Revenue Funds	1,525,108,012
Total All Other Governmental Funds	<u>3,726,692,890</u>
Total Fund Balances, Governmental Funds	<u>\$ 4,565,704,244</u>

Note: Due to GASB Statement 54, a new table is included below for 2011 going forward.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund				
Nonspendable	\$ 4,628,040	\$ 498,042,684	\$ 1,355,179,441	\$ 2,447,681,621
Restricted	-	-	-	-
Committed	682,696,887	996,737,740	840,061,206	1,365,420,166
Unassigned	712,046,495	1,412,091,095	2,142,277,489	1,421,552,566
Total General Fund	<u>1,399,371,422</u>	<u>2,906,871,519</u>	<u>4,337,518,136</u>	<u>5,234,654,353</u>
All Other Governmental Funds				
Nonspendable	81,757,950	82,345,060	85,991,097	88,250,884
Restricted	2,371,817,130	3,003,088,539	3,679,248,354	4,913,528,772
Committed	1,055,012,373	682,600,401	1,200,571,048	1,628,346,627
Assigned	124,052,099	66,930,266	64,730,555	224,403,093
Unassigned	(3,205,875)	(3,797,855)	(6,075,964)	-
Total All Other Governmental Funds	<u>3,629,433,677</u>	<u>3,831,166,411</u>	<u>5,024,465,090</u>	<u>6,854,529,376</u>
Total Fund Balances, Governmental Funds	<u>\$ 5,028,805,099</u>	<u>\$ 6,738,037,930</u>	<u>\$ 9,361,983,226</u>	<u>\$ 12,089,183,729</u>

Statistical Section

2015	2016	2017	2018	2019
\$ 3,465,933,483	\$ 3,908,797,255	\$ 4,761,588,134	\$ 5,551,216	\$ 6,638,440
-	-	-	8,990,891	279,367
1,332,805,458	997,494,805	364,544,853	411,711,769	348,222,819
1,061,519,282	421,702,619	353,772,107	6,242,855,378	7,231,354,796
5,860,258,223	5,327,994,679	5,479,905,094	6,669,109,254	7,586,495,422
179,976,824	197,452,648	208,038,662	216,171,493	101,738,203
6,037,108,398	6,000,049,002	5,996,248,585	6,124,510,110	6,488,554,439
1,230,446,562	617,111,539	480,910,925	398,555,411	1,187,965,245
-	79,512,397	228,964,056	381,732,051	374,609,779
(8,477,525)	(3,376,686)	(3,146,889)	-	(1,642,214)
7,439,054,259	6,890,748,900	6,911,015,339	7,120,969,065	8,151,225,452
\$ 13,299,312,482	\$ 12,218,743,579	\$ 12,390,920,433	\$ 13,790,078,319	\$ 15,737,720,874

STATE OF NORTH DAKOTA

Schedule 4 -- Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years

(modified accrual basis of accounting)

	2010	2011	2012	2013
Revenues				
Individual and Corporate Income Taxes	\$ 380,068,970	\$ 602,185,856	\$ 643,107,392	\$ 845,590,604
Sales and Use Taxes	883,265,443	1,120,803,578	1,542,807,423	1,652,264,305
Oil, Gas, and Coal Taxes	633,497,612	1,058,519,977	1,670,529,100	2,518,629,175
Business and Other Taxes	62,344,622	70,417,133	72,084,077	80,514,313
Licenses, Permits and Fees	143,516,524	154,090,944	183,303,744	191,268,529
Intergovernmental	1,692,074,692	1,610,019,463	1,753,469,275	1,428,170,719
Sales and Services	47,993,528	53,599,656	51,864,186	51,333,672
Royalties and Rents	407,051,277	328,289,031	392,165,022	389,989,643
Fines and Forfeits	13,282,502	16,213,841	18,151,711	23,770,098
Interest and Investment Income	181,825,499	270,760,984	74,621,630	250,383,144
Tobacco Settlement	32,839,602	30,453,643	31,277,903	31,344,429
Commodity Assessments	19,558,592	23,111,279	19,710,327	28,572,996
Miscellaneous	11,870,275	7,622,389	25,651,998	56,131,404
Total Revenues	4,509,189,138	5,346,087,774	6,478,743,788	7,547,963,031
Expenditures				
Current:				
General Government	118,135,852	174,560,163	193,919,196	316,117,619
Education	849,104,680	830,379,618	842,666,213	874,348,965
Health and Human Services	1,147,503,138	1,240,584,657	1,267,415,392	1,316,596,317
Regulatory	22,114,812	25,371,933	30,249,484	35,368,070
Public Safety and Corrections	276,719,107	233,108,649	292,979,177	199,319,379
Agriculture and Commerce	85,141,016	97,880,158	91,516,274	92,435,869
Natural Resources	73,359,931	110,413,413	123,117,235	105,696,650
Transportation	425,930,371	430,542,156	753,087,144	550,383,353
Intergovernmental - Revenue Sharing	273,118,311	326,572,267	415,775,866	570,905,886
Capital Outlay	155,148,376	233,071,350	358,083,597	428,030,196
Debt Service:				
Principal	30,513,501	16,869,266	18,282,996	17,421,039
Interest and Other Charges	12,318,072	10,659,235	9,736,260	8,744,962
Total Expenditures	3,469,107,167	3,730,012,865	4,396,828,834	4,515,368,305
Revenue over (under) Expenditures	1,040,081,971	1,616,074,909	2,081,914,954	3,032,594,726
Other Financing Sources (Uses)				
Bonds and Notes Issued	-	2,575,000	-	-
Refunding Bonds Issued	-	5,337,000	20,004,000	-
Payment to Refund Bond Escrow Agent	-	-	-	-
Payment of Refunded Bonds	-	(4,940,000)	(25,041,000)	-
Capital Lease Acquisitions	166,951	1,402,326	147,344	282,145
Sale of Capital Assets	471,890	539,837	284,974	641,170
Other	-	-	-	-
Transfers In	474,985,111	566,165,036	1,162,122,470	398,824,628
Transfers Out	(825,481,779)	(931,469,432)	(1,530,199,911)	(808,397,373)
Total Other Financing Sources (Uses)	(349,857,827)	(360,390,233)	(372,682,123)	(408,649,430)
Extraordinary Item	-	-	-	-
Net Changes in Fund Balances	\$ 690,224,144	\$ 1,255,684,676	\$ 1,709,232,831	\$ 2,623,945,296
Debt Service as a Percentage of Noncapital Expenditures	1.2%	1.3%	<1%	<1%

2014	2015	2016	2017	2018	2019
\$ 736,426,799	\$ 714,657,090	\$ 424,229,756	\$ 397,563,377	\$ 459,742,512	\$ 594,902,271
1,747,358,775	1,790,646,715	1,353,955,780	1,227,777,645	1,308,380,507	1,447,039,166
3,336,441,100	2,734,607,036	1,457,086,135	1,489,177,632	2,198,245,617	2,586,461,875
85,216,692	93,445,691	99,743,017	99,358,473	100,050,115	113,491,911
205,896,279	215,706,207	207,163,123	201,347,912	209,425,979	208,629,095
1,433,023,985	1,626,610,762	1,643,431,832	1,718,291,215	1,666,435,743	1,722,371,509
54,206,137	81,988,980	57,382,857	56,713,042	59,147,530	87,945,566
474,293,031	398,048,916	237,379,524	256,351,062	358,554,090	428,518,481
23,022,332	26,167,673	22,979,377	25,792,953	27,794,757	31,643,952
515,486,326	149,053,816	63,615,120	863,607,155	668,469,231	568,502,158
33,896,173	30,512,364	31,872,848	25,677,716	55,305,183	20,752,400
24,788,270	23,662,092	25,007,037	27,771,103	25,879,090	24,055,725
37,337,036	17,176,577	43,591,538	19,059,502	32,577,808	26,261,882
<u>8,707,392,935</u>	<u>7,902,283,919</u>	<u>5,667,437,944</u>	<u>6,408,488,787</u>	<u>7,170,008,162</u>	<u>7,860,575,991</u>
391,604,389	690,034,696	363,410,801	375,462,221	196,145,504	212,878,777
1,073,921,730	1,116,260,493	1,174,928,314	1,212,413,715	1,205,816,564	1,236,434,495
1,430,474,509	1,707,702,397	1,774,061,712	1,830,146,819	1,895,273,724	1,901,317,937
47,317,516	58,625,606	60,161,098	66,319,143	50,990,125	44,017,306
230,055,951	237,542,738	216,354,458	221,427,867	217,079,519	206,073,620
95,791,431	106,304,742	106,791,473	100,053,823	93,502,803	97,290,753
107,874,535	185,712,117	307,669,526	270,375,075	210,225,132	240,134,308
1,015,136,123	550,382,661	613,815,927	446,115,824	369,478,453	359,256,938
887,469,331	811,392,745	693,793,125	574,300,791	826,616,477	964,483,838
250,938,968	648,582,253	770,056,268	585,432,696	339,847,100	341,357,479
18,094,333	35,744,666	63,766,311	11,576,381	16,169,612	10,839,024
7,999,247	7,915,666	4,544,267	2,809,155	2,532,662	2,073,539
<u>5,556,678,063</u>	<u>6,156,200,780</u>	<u>6,149,353,280</u>	<u>5,696,433,510</u>	<u>5,423,677,675</u>	<u>5,616,158,014</u>
3,150,714,872	1,746,083,139	(481,915,336)	712,055,277	1,746,330,487	2,244,417,977
-	-	-	-	42,812,909	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(20,347,000)	-
52,526	244,493	149,891	1,728,159	175,968	184,258
336,557	49,910	5,712,951	27,150	19,343	1,141,039
-	-	-	-	-	-
104,808,196	1,176,200,047	838,882,833	346,374,625	291,318,581	285,737,190
(528,711,650)	(1,718,913,302)	(1,443,399,242)	(849,628,391)	(658,815,902)	(576,455,477)
(423,514,371)	(542,418,852)	(598,653,567)	(501,498,457)	(344,836,101)	(289,392,990)
-	-	-	(38,379,966)	-	-
<u>\$ 2,727,200,501</u>	<u>\$ 1,203,664,287</u>	<u>\$ (1,080,568,903)</u>	<u>\$ 172,176,854</u>	<u>\$ 1,401,494,386</u>	<u>\$ 1,955,024,987</u>
<1%	<1%	<1%	1.3%	<1%	<1%

STATE OF NORTH DAKOTA

Schedule 5 Taxable Sales by Industry Last Ten Calendar Years

	Calendar Year			
	2009	2010	2011	2012
Mining and Oil Extraction	\$ 704,397,852	\$ 1,491,748,626	\$ 3,609,963,576	\$ 5,117,138,306
Construction	429,559,387	494,291,922	702,237,062	1,073,180,098
Manufacturing	649,627,740	711,340,542	995,535,882	1,270,236,581
Transportation, Communications, And Public Utilities	489,144,528	390,215,115	577,280,642	652,478,635
Wholesale	2,413,689,772	3,367,800,790	4,394,667,162	5,987,059,129
Retail	4,334,670,425	4,686,288,902	5,448,304,958	6,348,806,735
Services	1,542,498,356	1,724,349,874	2,490,644,719	3,135,679,592
Accommodation and Food Service	1,179,623,344	1,271,280,053	1,471,737,060	1,706,097,731
Miscellaneous				
Total	\$ 11,743,211,404	\$ 14,137,315,824	\$ 19,690,371,061	\$ 25,290,676,807
Effective Tax Rate	4.97%	4.98%	4.86%	5.08%

Source: ND State Tax Department

Schedule 6 Sales Tax Revenue Payers by Industry Calendar Years 2009 and 2018 (Dollars are in Millions)

	Calendar Year 2009			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail Trade	7,977	28.8%	\$ 202.18	34.0%
Wholesale Trade	4,409	15.9%	81.45	13.7%
Services	7,709	27.8%	65.02	11.0%
Transportation, Communications, And Public Utilities	436	1.6%	28.40	4.8%
Manufacturing	2,450	8.8%	138.14	23.3%
Construction	1,772	6.4%	38.53	6.5%
Miscellaneous	2,693	9.7%	35.59	6.0%
Mining and Oil Extraction	266	1.0%	3.78	0.6%
Total	27,712	100.0%	593.09	100.0%

Source: ND State Tax Department

Calendar Year					
2013	2014	2015	2016	2017	2018
\$ 4,374,052,860	\$ 5,194,104,870	\$ 3,195,799,670	\$ 1,270,571,326	\$ 1,933,586,774	\$ 2,798,102,134
985,079,023	965,197,436	893,628,575	788,360,652	572,742,527	581,608,306
1,334,723,444	1,527,873,493	1,256,620,179	955,191,364	940,433,285	1,073,576,742
569,453,738	630,444,105	566,226,446	359,835,574	325,778,272	520,830,231
6,434,467,781	7,391,400,913	5,339,698,317	3,564,195,615	3,971,599,479	4,849,827,096
6,569,146,675	6,900,590,520	6,634,790,900	6,137,317,234	6,039,261,375	6,253,114,138
3,441,014,994	3,684,213,017	3,176,227,835	2,547,155,903	2,411,082,485	2,420,785,043
1,756,625,375	1,928,607,097	1,839,842,915	1,705,940,154	1,706,215,062	1,765,283,726
<u>\$ 25,464,563,890</u>	<u>\$ 28,222,431,451</u>	<u>\$ 22,902,834,837</u>	<u>\$ 17,328,567,822</u>	<u>\$ 17,900,699,259</u>	<u>\$ 20,263,127,416</u>
5.08%	5.00%	5.35%	5.42%	5.06%	5.12%

Calendar Year 2018

Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
9,469	28.8%	316.45	30.5%
5,140	15.6%	242.44	23.3%
9,290	28.3%	121.29	11.7%
486	1.5%	26.04	2.5%
2,723	8.3%	53.68	5.2%
2,144	6.5%	29.08	2.8%
3,004	9.1%	109.45	10.5%
589	1.8%	139.91	13.5%
32,845	100.0%	\$ 1,038.34	100.0%

STATE OF NORTH DAKOTA

Schedule 7 Ratios of Outstanding Debt by Type Last Ten Fiscal Years

(dollars in thousands)

	Fiscal Year			
	2010	2011	2012	2013
Governmental Activities				
Revenue bonds	\$ 232,102	\$ 219,221	\$ 197,021	\$ 180,757
Capital leases	2,842	2,964	1,928	1,068
Notes Payable	19,493	8,563	7,428	6,211
Total Governmental Activities	<u>254,437</u>	<u>230,748</u>	<u>206,377</u>	<u>188,036</u>
Business-type Activities				
Revenue bonds	1,301,368	1,193,816	1,069,257	919,506
Certificates of Participation	-	-	-	-
Capital leases	72,461	75,649	73,211	61,796
Notes payable	412,095	403,509	481,735	415,856
Total Business-Type Activities	<u>1,785,924</u>	<u>1,672,974</u>	<u>1,624,203</u>	<u>1,397,158</u>
Total Primary Government	<u>\$ 2,040,361</u>	<u>\$ 1,903,722</u>	<u>\$ 1,830,580</u>	<u>\$ 1,585,194</u>
Debt as a Percentage of Personal Income ¹	7.5%	7.1%	6.2%	4.8%
Amount of Debt per Capita ¹	\$ 3,103	\$ 2,863	\$ 2,714	\$ 2,313

¹ These ratios are calculated using personal income and population for the prior calendar year. See Schedule 10 for personal income and population data.

Details regarding the state's debt can be found in Note 3-L of the financial statements.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 163,031	\$ 129,345	\$ 64,049	\$ 54,105	\$ 40,429	\$ 29,950
667	600	467	1,695	1,415	1,118
4,981	4,412	3,891	2,181	22,248	21,897
<u>168,679</u>	<u>134,357</u>	<u>68,407</u>	<u>57,981</u>	<u>64,092</u>	<u>52,965</u>
901,527	884,086	1,040,019	1,019,125	1,242,368	1,525,285
-	-	-	-	-	96,843
44,774	41,224	38,533	41,425	40,058	54,359
<u>484,763</u>	<u>665,792</u>	<u>747,186</u>	<u>1,299,860</u>	<u>1,289,686</u>	<u>1,120,787</u>
<u>1,431,064</u>	<u>1,591,102</u>	<u>1,825,738</u>	<u>2,360,410</u>	<u>2,572,112</u>	<u>2,797,274</u>
<u>\$ 1,599,743</u>	<u>\$ 1,725,459</u>	<u>\$ 1,894,145</u>	<u>\$ 2,418,391</u>	<u>\$ 2,636,204</u>	<u>\$ 2,850,239</u>
4.1%	4.3%	4.4%	5.8%	6.4%	6.9%
\$ 2,279	\$ 2,383	\$ 2,560	\$ 3,195	\$ 3,478	\$ 3,760

STATE OF NORTH DAKOTA

Schedule 8 Pledged-Revenue Coverage Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Requirements		Coverage
				Principal	Interest	
BUILDING AUTHORITY BONDS						
2010	11,026,000	-	11,026,000	10,360,000	4,005,000	0.77
2011	9,570,000	-	9,570,000	6,243,000	3,656,000	0.97
2012	11,298,000	-	11,298,000	7,106,000	3,211,000	1.10
2013	8,394,000	-	8,394,000	5,806,000	2,655,000	0.99
2014	9,176,000	-	9,176,000	6,825,000	2,336,000	1.00
2015	8,163,000	-	8,163,000	6,130,000	2,080,000	0.99
2016	9,868,000	-	9,868,000	6,375,000	1,896,000	1.19
2017	5,300,000	-	5,300,000	5,315,000	1,680,000	0.76
2018	32,500,000	-	32,500,000	31,110,000	1,485,000	1.00
2019	\$ 6,343,000	\$ -	\$ 6,343,000	\$ 5,200,000	\$ 1,092,000	1.01
<i>Pledged revenues include interest and lease payments.</i>						
WATER COMMISSION BONDS						
2010	9,658,200	-	9,658,200	5,055,000	4,685,748	0.99
2011	9,425,473	-	9,425,473	5,227,642	4,645,491	0.95
2012	9,761,020	-	9,761,020	5,541,961	4,372,017	0.98
2013	9,863,578	-	9,863,578	5,760,272	4,142,814	1.00
2014	16,615,188	-	16,615,188	5,990,528	3,911,439	1.68
2015	8,783,565	-	8,783,565	13,343,592	3,318,972	0.53
2016	45,840,868	-	45,840,868	52,525,000	1,309,125	0.85
<i>Pledged revenues include user fees, interest, and Tobacco Settlement funds.</i>						
INFORMATION TECHNOLOGY BONDS						
2010	48,633,238	38,453,612	10,179,626	1,716,372	790,686	4.06
2011	49,841,497	41,956,029	7,885,468	10,537,178	324,831	0.73
2012	53,268,445	47,300,345	5,968,100	694,550	89,028	7.62
2013	58,427,069	52,478,918	5,948,151	736,600	39,805	7.66
2014	60,619,327	53,925,234	6,694,093	711,950	14,239	9.22
<i>Pledged revenues include user fees.</i>						
DEPARTMENT OF TRANSPORTATION BONDS						
2010	5,750,480	-	5,750,480	3,355,000	2,397,783	1.00
2011	5,271,363	-	5,271,363	3,465,000	1,854,138	0.99
2012	5,345,315	-	5,345,315	3,595,000	1,726,615	1.00
2013	5,344,822	-	5,344,822	3,725,000	1,597,010	1.00
2014	5,320,012	-	5,320,012	3,865,000	1,451,535	1.00
2015	5,318,070	-	5,318,070	4,015,000	1,303,070	1.00
2016	5,317,250	-	5,317,250	4,165,000	1,150,500	1.00
2017	5,315,500	-	5,315,500	4,375,000	942,250	1.00
2018	5,314,000	-	5,314,000	4,590,000	723,500	1.00
2019	\$ 5,313,500	\$ -	\$ 5,313,500	\$ 4,820,000	\$ 494,000	1.00
<i>Pledged revenues include interest and federal (intergovernmental revenues and transfers from fund 002), highway fund appropriations, and transfers from Highway fund (200).</i>						

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Requirements		Coverage
				Principal	Interest	
STUDENT LOAN TRUST						
2010	1,630,000	925,000	705,000	1,000,000	535,000	0.46
2011	1,406,000	923,000	483,000	9,000,000	288,000	0.05
2012	1,168,000	770,000	398,000	2,000,000	39,000	0.20
2013	976,000	658,000	318,000	2,200,000	24,000	0.14
2014	868,000	559,000	309,000	-	9,000	34.33
2015	732,000	487,000	245,000	-	9,000	27.22
2016	639,000	402,000	237,000	-	10,000	23.70
2017	543,000	361,000	182,000	-	14,000	13.00
2018	237,000	57,000	180,000	-	22,000	8.18
2019	\$ 84,000	\$ 38,000	\$ 46,000	\$ -	\$ 31,000	1.48

Pledged revenues include federal revenues, and loan and investment interest.

HOUSING FINANCE AGENCY						
2010	72,564,000	26,958,000	45,606,000	354,181,000	37,499,000	0.12
2011	74,163,000	46,020,000	28,143,000	247,099,000	36,352,000	0.10
2012	62,386,855	42,874,000	19,512,855	246,535,000	36,562,000	0.07
2013	55,452,870	36,480,000	18,972,870	209,045,000	29,902,000	0.08
2014	48,261,366	28,677,687	19,583,679	189,830,000	22,360,000	0.09
2015	46,104,013	25,535,000	20,569,013	136,385,000	18,303,000	0.13
2016	48,479,659	27,986,000	20,493,659	102,480,000	17,801,000	0.17
2017	50,851,271	28,185,000	22,666,271	249,400,000	17,985,000	0.08
2018	54,771,000	29,905,000	24,866,000	126,620,000	18,900,000	0.17
2019	\$ 64,712,000	\$ 37,843,000	\$ 26,869,000	\$ 89,660,000	\$ 23,474,000	0.24

Pledged revenues include income and proceeds from mortgage loan activity.

UNIVERSITY SYSTEM						
2010	663,347,234	823,053,516	(159,706,282)	25,067,090	12,968,810	(4.20)
2011	777,992,712	937,253,706	(159,260,994)	19,435,268	14,390,104	(4.71)
2012	708,136,180	979,701,772	(271,565,592)	27,187,867	15,553,703	(6.35)
2013	729,800,506	1,012,017,963	(282,217,457)	43,206,702	12,842,418	(5.04)
2014	750,780,897	1,051,848,696	(301,067,799)	42,458,545	11,650,094	(5.56)
2015	758,127,326	1,090,845,378	(332,718,052)	45,904,456	13,702,718	(5.58)
2016	838,245,926	1,200,399,795	(362,153,869)	60,435,257	12,328,344	(4.98)
2017	794,108,239	1,186,452,340	(392,344,101)	46,330,594	12,539,581	(6.66)
2018	795,593,560	1,160,802,712	(365,209,152)	44,073,161	12,241,613	(6.49)
2019	\$ 814,825,704	\$ 1,179,695,430	\$ (364,869,726)	\$ 20,538,565	\$ 11,627,313	(11.34)

Pledged revenues include student fees, auxiliary revenues, sales, tax revenue, investment income and debt service grants.

NOTE: Gross revenues include nonoperating interest income. Operating expenses do not include bond interest or depreciation expenses.

**Schedule 9
Legal Debt Limit
Fiscal Year Ending June 30, 2019**

The state may issue or guarantee the payment of bonds, provided that all bonds in excess of two million dollars shall be secured by first mortgage upon real estate in amounts not to exceed sixty-five percent of its value; or upon real and personal property of state-owned utilities, enterprises, or industries, in amounts not exceeding its value, and provided further, that the state shall not issue or guarantee bonds upon property of state-owned utilities, enterprises, or industries in excess of ten million dollars.

No further indebtedness shall be incurred by the state unless evidenced by a bond issue, which shall be authorized by law for certain purposes, to be clearly defined. Every law authorizing a bond issue shall provide for levying an annual tax, or make other provision, sufficient to pay the interest semiannually, and the principal within thirty years from the date of the issue of such bonds and shall specially appropriate the proceeds of such tax, or of such other provisions to the payment of said principal and interest, and such appropriation shall not be repealed nor the tax or other provisions discontinued until such debt, both principal and interest, shall have been paid. No debt in excess of the limit named herein shall be incurred except for the purpose of repelling invasion, suppressing insurrection, defending the state in time of war or to provide for the public defense in case of threatened hostilities.

The State is in compliance with the Legal Debt Margin.

Source: North Dakota Constitution, Art. X, Section 13.

The State of North Dakota has had no General Obligation Bonded Debt since Fiscal Year 1998. No Schedule of Ratios of General Bonded Debt is being presented.

Schedule 10
Demographic and Economic Indicators
Last Ten Calendar Years

<u>Year</u>	<u>Population (a)</u>	<u>Total Personal Income (b) (000's)</u>	<u>Per Capita Personal Income (b)</u>	<u>ND Unemployment Rate (c)</u>	<u>Annual Average UI Covered Employment (d)</u>
2009	664,968	26,687,878	40,134	4.1%	349,561
2010	674,518	29,450,250	43,661	3.8%	358,674
2011	684,830	33,306,563	48,635	3.5%	379,433
2012	701,380	39,449,209	56,245	3.1%	411,710
2013	722,908	40,296,443	55,742	2.9%	427,109
2014	738,658	42,991,436	58,202	2.7%	444,658
2015	754,859	42,002,831	55,643	2.8%	437,078
2016	755,548	41,404,978	54,801	3.1%	417,150
2017	755,393	41,277,100	54,643	2.6%	414,039
2018	760,077	42,147,700	55,542	2.6%	417,578

Source:

- (a) Census Bureau
- (b) Bureau of Economic Analysis
- (c) Local Area Unemployment Statistics program (SA)
- (d) Quarterly Census of Employment and Wages program

Schedule 11 Principal Employers

North Dakota Century Code 52-01-02 and 52-01-03 prohibits Job Service North Dakota from disclosing information provided to them by employers, including the employer name and number of employees, unless authorized by the employer. Sufficient permission has not been received to allow for presentation of this schedule.

The following schedule is being presented as an alternative to the principal employer schedule:

Schedule 12 Employment by Industry Current Calendar Year and Ten Years Ago

<u>Industry</u>	<u>2018</u>			<u>2009</u>		
	Number of Employees	Rank	Percent of Total Nonagricultural Wage and Salary Employment	Number of Employees	Rank	Percent of Total Nonagricultural Wage and Salary Employment
Government	82,500	1	19.04%	77,900	1	21.25%
Educational and Health Services	63,700	2	14.70%	53,300	2	14.54%
Retail Trade	46,900	3	10.82%	42,600	3	11.62%
Leisure and Hospitality	40,200	4	9.28%	34,000	4	9.27%
Professional and Business Services	34,600	5	7.98%	29,300	5	7.99%
Construction	25,900	6	5.98%	20,900	7	5.70%
Manufacturing	25,900	7	5.98%	23,500	6	6.41%
Financial Activities	24,300	8	5.61%	20,200	8	5.51%
Wholesale Trade	23,900	9	5.51%	20,100	9	5.48%
Transportation, Warehousing and Utilities	23,400	10	5.40%	15,000	11	4.09%
Logging and Mining	20,700	11	4.78%	7,000	13	1.91%
Other Services	15,200	12	3.51%	15,300	10	4.17%
Information	6,200	13	1.43%	7,500	12	2.05%
Total	<u>433,400</u>		<u>100%</u>	<u>366,600</u>		<u>100%</u>

Source: Job Service North Dakota: Current Employment Statistics Program.

Schedule 13 Education Enrollment Last Ten Academic Years

Public School Enrollment

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Kindergarten	7,446	8,236	8,575	8,822	9,033	8,925	8,841	9,271	9,324	9,620
Grades 1-3	21,592	22,229	23,796	24,859	25,960	26,585	26,320	26,316	26,663	27,208
Grades 4-6	20,788	20,932	22,008	22,810	23,751	24,513	25,244	26,076	26,580	26,622
Grades 7-8	14,662	14,740	14,750	14,920	15,299	15,642	16,115	16,511	16,845	17,561
Grades 9-12	30,241	29,641	30,063	30,245	30,235	30,405	30,343	30,771	31,430	31,847
Total Enrollment	94,729	95,778	99,192	101,656	104,278	106,070	106,863	108,945	110,842	112,858
Special Education Students	13,170	13,123	13,268	13,399	13,675	13,988	14,429	15,175	15,902	NA

Source: Department of Public Instruction

University System Full-Time Equivalent Student Enrollment

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Bismarck State College	3,208	3,209	2,990	2,955	2,909	2,912	2,860	2,646	2,611	2,598
Dakota College at Bottineau	540	524	474	502	518	459	490	527	590	596
Dickinson State University	2,054	1,959	1,454	1,201	1,176	1,070	1,114	1,128	1,090	1,093
Lake Region State College	921	988	973	943	978	981	971	995	1,005	974
Mayville State University	704	704	759	749	798	796	782	784	817	801
Minot State University	3,002	2,795	2,731	2,710	2,600	2,570	2,591	2,467	2,483	2,399
ND State College Of Science	2,217	2,366	2,354	2,295	2,272	2,305	2,298	2,253	2,126	2,076
North Dakota State University	12,708	12,606	12,707	12,797	12,934	12,834	12,782	12,784	12,394	11,704
University of North Dakota	12,018	12,319	12,728	12,606	12,420	12,455	12,180	11,964	11,585	11,164
Valley City State University	957	1,011	995	975	990	1,031	1,044	1,086	1,096	1,164
Williston State College	570	608	537	593	579	738	756	763	806	783
Total	38,899	39,089	38,702	38,326	38,174	38,151	37,870	37,398	36,603	35,352

Source: North Dakota University System, Fall Enrollment Reports

Schedule 14
State Employees by State Agency
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
EXECUTIVE BRANCH										
Adjutant General	174	172	174	178	177	170	155	155	155	155
Aeronautics Commission	6	6	6	6	6	6	7	7	7	7
Bank of North Dakota	177	177	177	177	180	180	182	183	190	190
Barley Council	6	5	5	5	5	5	5	5	5	1
Beef Commission	2	2	2	2	2	2	2	3	3	3
Career and Technical Education	34	34	34	34	34	29	27	27	25	25
Corn Council	3	3	4	5	6	6	6	6	6	3
Council on the Arts	5	5	5	5	5	5	5	5	5	5
Department of Agriculture	72	75	75	76	77	77	77	77	73	74
Department of Commerce	68	68	68	68	70	69	69	69	54	66
Department of Corrections and Rehabilitation	704	705	739	812	813	834	838	845	845	895
Department of Emergency Services	60	65	64	68	70	76	79	79	79	76
Department of Environmental Quality	0	0	0	0	0	0	0	0	0	2
Department of Financial Institutions	29	29	29	29	29	29	30	31	30	30
Department of Human Services	2,222	2,232	2,201	2,201	2,203	2,215	2,216	2,218	2,163	2,140
Department of Public Instruction	99	101	99	99	99	100	100	92	92	94
Department of Transportation	1,057	1,066	1,066	1,081	1,084	1,082	1,081	1,081	1,047	1,008
Department of Trust Lands	21	23	26	28	31	34	34	33	30	30
Game and Fish Department	20	157	157	158	158	164	163	163	163	164
Highway Patrol	194	194	198	198	213	215	215	204	204	204
Historical Society	63	63	66	73	72	73	80	80	77	78
Indian Affairs Commission	4	4	4	5	5	5	5	5	5	4
Industrial Commission	60	68	73	93	93	114	113	114	106	108
Information Technology Department	339	341	335	326	341	354	350	352	346	447
Job Service North Dakota	309	309	309	252	239	238	182	182	182	182
Milk Marketing Board	6	6	6	6	6	6	6	6	6	4
ND Department of Health	346	341	345	352	354	365	366	368	360	365
ND Horse Racing Commission	2	2	2	2	2	2	2	2	2	2
ND Housing Finance Agency	46	46	46	46	46	40	41	41	41	42
ND Mill and Elevator Association	130	131	130	131	134	135	142	147	153	151
ND Vision Services/School for the Blind	32	33	33	33	33	33	32	32	30	30
North Dakota University System	7,579	7,775	7,756	7,763	7,904	8,028	8,012	7,532	7,290	7,207
Office of Administrative Hearings	7	7	7	7	5	5	5	5	5	5
Office of Management and Budget	133	135	134	134	134	132	124	123	117	118

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
EXECUTIVE BRANCH, Continued										
Office of the Attorney General	202	202	205	214	217	248	253	253	240	249
Office of the Governor	18	18	18	18	18	18	18	19	17	17
Office of the Insurance Commissioner	46	45	49	49	49	49	49	49	46	46
Office of the Labor Commissioner	12	12	12	13	13	15	15	15	14	14
Office of the State Auditor	56	56	56	55	55	61	62	62	57	57
Office of the State Tax Commissioner	133	133	133	134	134	134	135	135	132	132
Office of the State Treasurer	7	7	8	8	8	8	8	8	7	7
Oilseed Council	1	1	1	1	1	2	1	1	1	1
Parks and Recreation Department	52	53	53	53	55	65	66	65	63	62
Protection and Advocacy	28	29	29	29	28	28	28	28	28	29
Public Employees Retirement System	33	33	33	33	33	33	35	35	35	35
Public Service Commission	45	46	43	44	44	46	46	47	47	47
Retirement and Investment Office	17	18	18	18	19	19	19	19	19	20
School for the Deaf	50	50	50	50	50	51	51	51	51	51
Secretary of State	28	28	31	31	31	34	34	34	32	32
Securities Department	9	9	9	9	9	9	9	9	10	9
Seed Department	30	30	30	30	30	30	30	31	31	30
Soybean Council	5	5	6	7	7	8	8	8	7	6
State Fair Association	28	27	27	27	28	27	27	26	27	28
State Library	30	30	30	30	30	31	30	30	29	29
State Radio	0	0	0	0	0	0	0	0	0	0
Veteran's Affairs Department	7	7	8	8	8	8	9	9	9	7
Veterans Home	98	116	114	117	118	120	116	118	120	119
Water Commission	86	87	87	88	90	95	96	96	93	93
Wheat Commission	8	8	8	8	8	8	8	8	8	6
Workforce Safety and Insurance	241	251	251	254	256	266	265	265	265	267
LEGISLATIVE BRANCH										
Legislative Council	34	34	34	34	36	36	37	36	36	36
JUDICIAL BRANCH										
Judiciary Branch	372	342	344	362	363	364	392	392	355	363
Total State Employees	15,685	16,052	16,062	16,177	16,368	16,639	16,598	16,118	15,675	15,706

NOTE: Fulltime employees are reported as of fiscal year end. ND University System employees based on annual budgets. Certain agencies have been reorganized, eliminated or created over the fiscal years resulting in fluctuations. Agencies are being displayed based on the organizational structure of the State.

Sources: Office of Management and Budget, ND University System, Bank of North Dakota, Mill and Elevator, Housing Finance Agency

Schedule 15
Operating Indicators by Function
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Office of the Tax Commissioner										
Number of returns filed electronically ¹	242,792	289,387	319,759	352,150	383,906	412,559	428,347	391,234	460,464	447,690
Education										
Department of Public Instruction										
Public School Enrollment ²	94,729	95,778	99,192	101,656	104,278	106,070	106,863	108,945	110,842	112,858
North Dakota University System										
Full Time Equivalent Student Enrollment ³	38,899	39,089	38,702	38,326	38,174	38,151	37,870	37,398	36,603	35,352
Health and Human Services										
North Dakota Department of Health										
Number of Autopsies Performed in ND ⁴	300	323	367	365	261	258	244	234	239	NA
Air Quality - Percent of Facilities in Compliance ⁴	99	100	99	99	99	100	100	100	99	NA
Public Water Systems - Percent of Facilities in Compliance ⁴	96	95	96	96	95	96	98	99	98	NA
Department of Human Services										
Number of TANF Caseloads	4,238	3,668	3,329	3,032	2,773	2,515	2,367	2,313	2,206	1,968
Number of Medicaid Recipients	84,529	88,618	90,453	91,382	105,539	114,364	122,374	123,766	124,371	122,304
Regulatory										
Office of the Insurance Commissioner										
Licensed Insurance Agents ⁴	49,157	50,392	52,417	55,241	61,142	65,671	74,118	75,769	79,899	70,650
Public Service Commission										
Weighing and Measuring Devices Inspected	10,465	10,673	7,437	9,559	5,892	5,446	6,136	5,172	5,183	4,653
Weights and Measures Quality Assurance Inspections	0	0	0	0	166	249	216	207	160	79
Gas Pipeline Safety Inspections	67	61	53	83	127	72	81	82	78	42
Gas Pipeline Safety Inspection-Person Days	88	97	97	138	162	124	134	150	191	122
Public Safety and Corrections										
Department of Corrections and Rehabilitation										
Average Daily Adult Prison Population ⁴	1,497	1,460	1,477	1,553	1,617	1,767	1,794	1,813	1,709	NA
Office of the Attorney General-Bureau of Investigations										
Criminal Cases Opened ⁴	410	366	422	355	478	449	558	514	339	NA
Drug Cases Opened ³	447	421	375	403	380	387	544	446	278	NA
Office of the Attorney General-Crime Laboratory										
Toxicology Alcohol Blood and Breath Analyses ⁴	7,576	7,583	7,918	7,421	6,523	6,472	5,472	5,201	4,298	NA
Methamphetamine/Amphetamine Samples Processed ⁴	964	745	1,381	2,387	2,942	4,527	4,669	3,932	4,077	NA
Office of the Adjutant General										
Assigned National Guard ⁵	4,349	4,375	4,363	4,210	4,167	4,006	3,980	4,032	4,002	4,094
Agriculture and Commerce										
Department of Agriculture										
Pounds of Pesticide Waste Collected	215,594	189,996	290,932	248,354	310,754	384,857	137,297	180,692	340,074	521,584
Department of Commerce										
Net Job Growth from Nonfarm Employment ⁴	9,300	20,600	32,400	15,400	16,800	-7,700	-19,300	-3,700	2,600	NA
New Private Sector Businesses ⁴	667	1,627	2,301	1,414	984	397	-51	-255	-110	NA
Natural Resources										
Game and Fish Department										
Registered Boats ⁴	56,128	47,527	62,799	69,381	53,558	61,328	67,026	57,220	60,660	NA
Hunting and Fishing Licenses Issued	326,333	330,833	321,086	359,734	357,488	354,728	356,548	351,704	343,709	NA
Department of Parks and Recreation										
Park Visitations ⁴	1,057,922	1,099,714	1,191,483	1,067,054	1,187,022	1,211,150	1,182,628	1,196,868	1,211,744	NA
Camping Nights ⁴	50,749	55,018	67,425	66,533	68,480	71,075	73,316	71,555	72,831	NA
Snowmobile Registrations ⁴	5,278	11,872	3,354	11,763	3,743	8,958	2,779	8,767	2,762	NA
OHV Registrations ⁴	16,335	10,841	21,862	12,198	26,200	12,753	25,316	13,673	27,148	NA
Transportation										
Department of Transportation										
Registered Vehicles ⁴	945,282	1,048,240	1,063,203	1,110,241	1,159,317	1,168,252	1,160,042	1,159,040	1,184,472	NA
Licensed Drivers	483,097	490,146	502,807	513,838	527,541	545,027	555,935	561,667	561,333	566,015
Unemployment Compensation										
Job Service North Dakota										
Number of Covered Workers ⁴	358,674	379,433	411,710	427,109	444,658	437,078	417,150	414,039	417,578	NA
Workforce Safety and Insurance										
Number of Claims Filed	19,384	21,693	24,643	25,835	26,395	24,798	21,227	20,045	19,830	19,913
Number of Covered Workers	340,117	348,743	369,996	402,771	418,234	435,993	427,899	408,107	405,367	409,559

NA-Not Available

¹ Calendar Year Received² Academic Year End Enrollment³ Academic Year Enrollment⁴ Statistics on a Calendar Year Basis⁵ National Guard member count is at September 30 of each year

Sources: The State agencies listed above provided the statistics for their agency

Schedule 16
Capital Assets by Function
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Office of Management and Budget										
Capitol Complex Buildings	7	7	7	7	7	7	7	7	7	7
Education										
Department of Land										
Common Schools Trust										
Land Acreage	632,393	631,940	631,921	631,939	631,997	632,039	631,794	631,806	631,806	631,806
ND University System										
Buildings	522	522	512	512	528	528	534	534	516	516
Buildings Square Footage	14,700,708	14,700,708	15,019,252	15,019,252	15,852,457	15,852,457	16,299,100	16,299,100	16,571,905	16,571,905
Health and Human Services										
Dept. of Human Services										
Buildings	74	74	74	64	63	63	63	63	63	63
Public Safety and Corrections										
Department of Corrections and Rehabilitation										
Buildings	72	72	72	69	71	71	71	70	70	70
Office of the Adjutant General										
Headquarters, Camp and Armory Buildings	282	282	283	268	280	298	298	302	330	327
Natural Resources										
Game and Fish Department										
Wildlife Management Areas	192	199	201	201	204	201	200	201	201	201
Boats, ATV's, Snowmobiles, Tractors, Other	429	443	446	463	462	460	472	491	493	498
Dept. of Parks and Recreation										
Park/Recreational Sites	15	15	15	15	15	15	15	15	15	15
Park Maintenance Vehicles/Equipment	255	262	291	304	305	305	363	392	364	409
Transportation										
Department of Transportation										
Lane Miles Maintained	8,517	8,518	8,504	8,509	8,509	8,563	8,614	8,614	8,614	8,622
Fleet Vehicles	3,493	3,564	3,567	3,600	3,652	3,664	3,726	3,740	3,541	3,406
Heavy Equipment	463	471	500	434	441	448	441	445	479	480
Buildings	85	94	123	126	142	158	159	162	164	165

Sources: The State agencies listed above provided the data for their agency

Schedule 17
Claims Development Information
Last Ten Fiscal Years

The following tables illustrate how the individual funds' earned revenues and investment income compare to related costs of loss and other expenses assumed by the funds as of the end of each of the last ten years. The rows of the tables are defined as follows: (1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues. (2) This line shows each fiscal year's other operation costs of the fund including overhead and claims expense not allocable to individual claims. (3) This line shows the funds' incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year). (4) This section of 10 columns shows the cumulative amounts paid as of the end of successive years for each policy year. (5) This section of 10 columns shows how each policy year's incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received regarding unknown claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known. (6) This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the tables show data for successive policy years (expressed in thousands).

Schedule 17
Claims Development Information
Last Ten Fiscal Years

(Expressed In Thousands)

Bonding Fund

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
1 Net Earned Required Contribution and Investment Revenues	\$ 214	\$ 202	\$ 195	\$ 140	\$ 133	\$ 70	\$ 173	\$ 101	\$ 42	\$ 204
2 Unallocated Expenses	34	25	28	22	33	36	67	26	21	25
3 Estimated Incurred Claims and Expense, End of Policy Year	49	22	4	(115)	39	94	26	21	87	39
4 Paid (Cumulative) as of:										
End of Policy Year	(148)	(179)	(202)	(157)	(32)	(35)	(77)	(86)	(19)	(59)
One Year Later	(148)	(179)	(202)	(157)	(32)	(35)	(77)	(86)	(19)	
Two Years Later	(148)	(179)	(202)	(157)	(32)	(35)	(77)	(86)		
Three Years Later	(148)	(179)	(202)	(157)	(32)	(35)	(77)			
Four Years Later	(148)	(179)	(202)	(157)	(32)	(35)				
Five Years Later	(148)	(179)	(202)	(157)	(32)					
Six Years Later	(148)	(179)	(202)	(157)						
Seven Years Later	(148)	(179)	(202)							
Eight Years Later	(148)	(179)								
Nine Years Later	(148)									
5 Reestimated Incurred Claims and Expenses:										
End of Policy Year	49	22	4	(115)	39	94	26	(21)	87	39
One Year Later	49	22	4	(115)	39	94	26	(21)	87	
Two Years Later	49	22	4	(115)	39	94	26	(21)		
Three Years Later	49	22	4	(115)	39	94	26			
Four Years Later	49	22	4	(115)	39	94				
Five Years Later	49	22	4	(115)	39					
Six Years Later	49	22	4	(115)						
Seven Years Later	48	22	4							
Eight Years Later	48	22								
Nine Years Later	48									
6 Increase in Estimated Incurred Claims and Expense From End of Policy Year	0	0	0	0	0	0	0	0	0	0

Schedule 17

Claims Development Information

Last Ten Fiscal Years

(Expressed In Thousands)

Fire and Tornado Fund

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
1 Net Earned Required Contribution and Investment Revenues	\$ 8,099	\$ 4,709	\$ 3,031	\$ 4,103	\$ 5,388	\$ (2,124)	\$ 2,908	\$ 4,765	\$ 3,567	\$ 3,845
2 Unallocated Expenses	1,344	1,340	849	768	915	800	912	1,348	1,118	874
3 Estimated Incurred Claims and Expense, End of Policy Year	3,386	4,663	1,162	1,501	998	1,141	3,039	4,750	2,352	2,953
4 Paid (Cumulative) as of:										
End of Policy Year	1,670	2,571	958	1,106	562	9,378	8,890	3,805	8,318	3,218
One Year Later	3,381	4,191	1,225	1,871	1,067	1,553	3,117	4,466	1,158	
Two Years Later	3,569	4,360	1,318	1,905	1,080	1,564	3,119	4,466		
Three Years Later	3,569	4,492	1,691	1,905	1,080	1,564	3,119			
Four Years Later	3,569	4,492	1,691	1,905	1,080	1,564				
Five Years Later	4,944	4,492	1,691	1,905	1,080					
Six Years Later	4,946	4,492	1,691	1,905						
Seven Years Later	4,946	4,492	1,691							
Eight Years Later	4,946	4,492								
Nine Years Later	4,946									
5 Reestimated Incurred Claims and Expenses:										
End of Policy Year	3,386	4,663	1,162	1,501	998	1,516	3,039	4,750	2,352	2,953
One Year Later	4,323	4,502	1,550	2,009	1,146	1,725	3,292	4,692	3,153	
Two Years Later	4,873	4,528	1,549	2,012	1,122	1,723	3,229	4,634		
Three Years Later	4,865	4,520	1,711	2,012	1,122	1,723	3,226			
Four Years Later	4,864	4,520	1,711	2,012	1,122	1,723				
Five Years Later	4,944	4,516	1,711	2,012	1,122					
Six Years Later	4,946	4,516	1,711	2,012						
Seven Years Later	4,946	4,516	1,711							
Eight Years Later	4,946	4,516								
Nine Years Later	4,946									
6 Increase in Estimated Incurred Claims and Expense From End of Policy Year	1,559	(147)	549	511	125	582	191	(58)	0	0

Schedule 17

Claims Development Information

Last Ten Fiscal Years

(Expressed In Thousands)

Workforce Safety & Insurance

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
1 Net Earned Required Contribution and Investment Revenues	\$ 289	\$ 357	\$ 341	\$ 443	\$ 502	\$ 408	\$ 377	\$ 396	\$ 343	\$ 386
2 Unallocated Expenses	33	30	33	52	41	41	43	47	44	45
3 Estimated Incurred Claims and Expense, End Of Policy Year	160	192	230	300	338	315	229	198	193	187
4 Paid (Cumulative) as of:										
End of Policy Year	31	39	44	53	65	61	41	40	42	42
One Year Later	52	65	87	99	111	102	74	65	68	
Two Years Later	60	76	102	117	128	120	84	73		
Three Years Later	65	85	111	128	140	132	84			
Four Years Later	69	90	116	136	148	140				
Five Years Later	73	94	120	142	154					
Six Years Later	76	96	123	146						
Seven Years Later	77	98	125							
Eight Years Later	78	100								
Nine Years Later	79									
5 Reestimated Incurred Claims and Expenses:										
End of Policy Year	160	192	230	300	338	315	229	198	192	187
One Year Later	151	192	258	293	321	283	204	177	179	
Two Years Later	195	193	344	288	299	271	191	164		
Three Years Later	193	187	241	272	291	267	174			
Four Years Later	142	174	228	266	285	265				
Five Years Later	139	181	221	261	277					
Six Years Later	137	174	214	253						
Seven Years Later	134	171	206							
Eight Years Later	132	164								
Nine Years Later	126									
6 Increase in Estimated Incurred Claims and Expense From End of Policy Year	(34)	(28)	(24)	(47)	(61)	(50)	(54)	(34)	(14)	-

Schedule 18 Agricultural Production

Value of Export Shares of Agricultural Commodities - 2017 - 2018

	2017 Dollars (Mil.)	2017 % of U.S.	2018 Dollars (Mil.)	2018 % of U.S.
Wheat	1,060.9	17.02	950.2	17.63
Soybeans and Products	1,244.7	4.91	1,153.5	5.20
Other Oil Seeds and Products	600.4	28.77	550.2	26.01
Vegetables Fresh and Processed	244.3	18.70	238.5	3.44
Grain Products	190.3	4.65	191.7	4.54
Vegetable Oils	189.8	6.40	177.4	6.41
Feeds and Other Feed Grains	239.5	2.77	241.0	2.65
Corn	251.3	2.76	337.7	2.71
Other Plant Products	174.9	1.01	185.8	1.07
Beef, Veal and Pork	128.0	0.93	145.5	0.67
Other Livestock Products	41.2	1.35	44.3	1.47
Hides and Skins	23.1	1.22	18.0	1.23
Dairy Products	8.5	0.16	8.3	0.15
Poultry Products	2.8	0.13	3.8	0.18
Total	<u>\$ 4,399.7</u>	<u>3.19%</u>	<u>\$ 4,245.9</u>	<u>3.06%</u>

1/ Includes other nonpoultry meats, animal fat, live farm animals, and other animal parts.

2/ Includes turkey meat, eggs, and other fowl products.

3/ Includes processed feeds, fodder, barley, oats, rye, and sorghum.

4/ Includes peanuts (oilstock), other oil crops, corn meal, other oilcake and meal, protein substances, bran and residues.

5/ Includes sweeteners and products, other horticulture products, planting seeds, cocoa, coffee, and other processed foods.

Data sources: USDA Economic Research Service; USDA Foreign Agricultural Service (Global Agricultural Trade System).

Totals may not add due to rounding.

2019 Crop Rank Among States

North Dakota Ranks	Crop Description	North Dakota Produces
1st	Canola	86%
	Flaxseed	85%
	Pinto Beans	61%
	Durum Wheat	55%
	Spring Wheat	51%
	Dry Edible Peas	50%
	Navy Beans	40%
	All Dry Edible Beans	29%
	Honey Production	25%
	All Wheat	19%
	Oats	15%

Source: North Dakota Agricultural Statistics August 2018