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2020 CAFR

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020



# STATE OF NORTH DAKOTA

## Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED

**June 30, 2020**



*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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FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
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# Introductory Section



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December 10, 2020

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, 2020. 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, 2020 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, 2020, 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 2019 crop production, North Dakota led the nation in production of all dry edible beans, pinto beans, canola, flaxseed, honey, oats, non-oil sunflower, Durum wheat, and spring wheat. North Dakota also ranked second in the production of black beans, navy beans, lentils, dry edible peas, all sunflowers, oil sunflowers, and all wheat.

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 1.52 million barrels of oil produced per day in November 2019. North Dakota's current crude oil production ranks second in the nation, behind first-ranked Texas. Oil prices have rebounded since the crash of oil prices at the end of fiscal year 2020 when North Dakota producers were receiving prices below \$15 per barrel. Prices averaged around \$50 per barrel at the start of the 2019-21 biennium before the crash. In September 2020, the actual average price per barrel for North Dakota oil was \$32.83, below the estimated price of \$48.00 used for budgeting purposes.

According to the United States Census Bureau, the state's estimated population for 2019 was approximately 762,000 people, which is an all-time high. Health care and social assistance jobs account for the highest percent of employment in the state. Other leading areas of employment are retail trade, accommodation and food services, educational services, construction and manufacturing. The unemployment rate for the state in October 2020 was 4.0%, compared to 6.6% for the United States.

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

Uncertainty within international markets, resulted in a decrease in exporting in North Dakota in 2019. The United States Census Bureau showed that North Dakota's exports were down overall by about \$1.1 billion for a total of \$6.7 billion in 2019. This represents a decrease of 14.5% over 2018.

## **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 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 reached its \$726 million cap in March 2020 with a statutorily required transfer of oil tax revenues. Although state tax revenues have been negatively impacted by the COVID-19 pandemic, other state revenues such as Legacy fund earnings have been unaffected. It is anticipated the state will finish the 2019-21 biennium with total revenues that exceed the original forecast and without accessing the budget stabilization fund to offset a revenue shortfall.

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 2019-21 biennium include:

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

## **INFRASTRUCTURE INVESTMENTS**

The 2019-21 biennial budget includes funding to rebuild and repair roads throughout the state, for water supply and flood control, capital projects for state parks and grants for airports. Funding for infrastructure improvements includes:

- \$613.9 million to rebuild and repair state highways;
- \$97.8 million for city road projects;
- \$53.2 million dedicated to the repair and rebuilding of county and township roads;
- \$6.8 million for projects across the state park system;
- \$40 million in grant funds to two communities in oil country for airports; and
- \$968.2 million for water-related projects, including \$128.0 million for water supply, \$37.2 million for rural water supply, \$197.0 million for flood control, \$27.1 million for general water projects, \$65.1 million for state-owned water projects and \$74.0 million for other new projects.

## **TAX RELIEF**

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

- \$173.7 million for a state-paid economic assistance and social services pilot program for the 2019-21 biennium;
- \$15.8 million for the homestead tax credit program; and
- \$8.4 million for the disabled veteran's property tax credit.

## **EDUCATION**

K-12 education initiatives include:

- \$2.10 billion in state funding for K-12 schools through integrated funding formula;
- \$3 million in grants to districts experiencing rapid enrollment growth;
- \$56.5 million to assist districts in the provision of transportation services;
- \$24 million to go towards special education contracts; and

Higher Education initiatives include:

- \$10.7 million for the UND Healthcare Workforce Initiative.
- \$9.4 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.
- \$458.4 million is slated to be invested for capital projects across the system, with funding from revenue bonds, private donations, capital building funds and carryover authority.

## **RESERVES**

It is anticipated that by June 30, 2021, there will be a total ending balance of approximately \$2.36 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 2019-21 biennium totals \$4.84 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, 2019. This was the 28th 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 2019-2021 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  
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for Excellence  
in Financial  
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Presented to

**State of North Dakota**

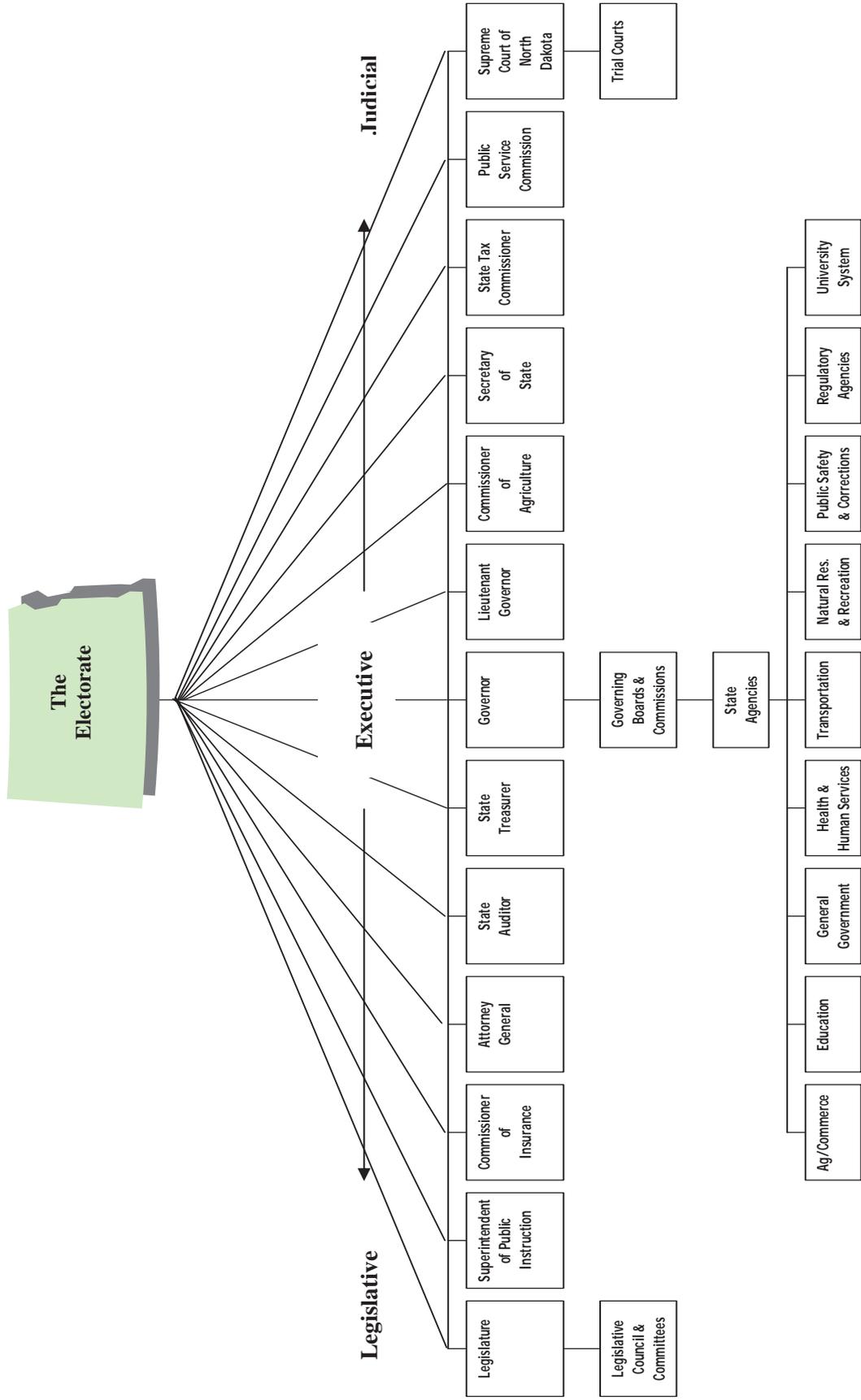
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morrill*

Executive Director/CEO

# STATE OF NORTH DAKOTA ORGANIZATIONAL CHART



**NORTH DAKOTA  
PRINCIPAL STATE OFFICIALS**

**June 30, 2020**

**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**

Jon Jensen, Chief Justice, North Dakota Supreme Court  
Gerald W. VandeWalle, Justice  
Daniel J. Crothers, Justice  
Lisa K Fair McEvers, Justice  
Jerod Tufte, 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, 2020, 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
Covid Pace Recovery Program	Retirement and Investment Office
Department of Trust Lands	School Construction Assistance Revolving Loan Fund
North Dakota Development Fund	Small Employer 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
Innovation Technology Fund	

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	25%	27%	4%
Business-Type Activities	81%	64%	62%
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%	51%	1%
State Special Revenue Fund	73%	75%	16%
<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	93%	97%	83%

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, 2020, 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***

The actuary for the North Dakota Public Employees Retirement System has determined that the Fund's unfunded actuarial accrued liability is approximately \$1.456 billion as of July 1, 2020. 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 were 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 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*. 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*

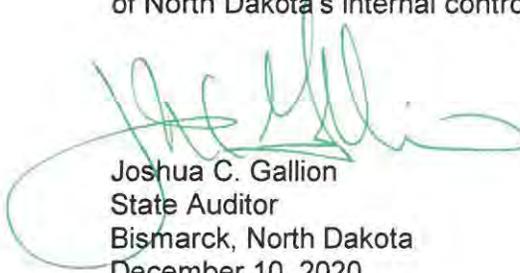
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of North Dakota's basic financial statements. The combining and individual fund financial statements listed in the table of contents are presented for purposes of additional analysis 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 10, 2020 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 10, 2020

## 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, 2020. 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 \$26.1 billion (reported as net position), an increase of \$1.4 billion from the previous year. The net position of governmental activities increased by 4.6% while the net position of the business-type activities showed an increase of 10.8%.

As a result of implementing GASB Statement 68, *Accounting and Financial Reporting for Pensions*, the State recorded \$31 million net pension asset, \$290.1 million deferred outflows of resources, \$603.9 million net pension liability, and \$337.5 million deferred inflows of resources for the primary government. The State decreased its net pension liability by \$283.6 million during the year.

#### Fund Level:

As of the close of fiscal year 2020 the State's governmental funds reported combined ending fund balances of \$16.5 billion, an increase of \$760 million. Of this amount, \$109.5 million is non-spendable, primarily for Permanent Trust Funds. Spendable fund balance consists of \$6.4 billion restricted for specific purposes such as common schools, highway projects, and state education aid, \$1.9 billion committed and \$419.7 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 \$7.7 billion, which is primarily made up of the legacy fund with a balance of \$7 billion.

The enterprise funds reported net position at year-end of \$4.6 billion, an increase of \$446.7 million during the year.

#### Long-term Debt:

The State's total debt (bonds, certificates of participation, and notes payable) decreased approximately 12.2% during the fiscal year to \$2.5 billion, a decrease of \$341 million, which represents the net difference between new issuances and payments. During the year the State issued \$269 million in bonds, \$7.3 million in certificates of participation, and \$6.3 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 4 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 \$26.1 billion at the end of fiscal year 2020. Net position increased \$1.4 billion from the prior fiscal year.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$18,654,826	\$16,972,671	\$11,623,390	\$11,346,654	\$27,051,115	\$25,434,033
Capital Assets	5,462,056	5,237,060	1,683,761	1,631,300	7,145,817	6,868,360
Total Assets	<u>24,116,882</u>	<u>22,209,731</u>	<u>13,307,151</u>	<u>12,977,954</u>	<u>34,196,932</u>	<u>32,302,393</u>
Deferred Outflows of Resources	<u>227,184</u>	<u>293,718</u>	<u>122,739</u>	<u>114,216</u>	<u>349,923</u>	<u>407,934</u>
Long-Term Liabilities						
Outstanding	576,130	798,562	3,783,572	4,245,686	4,359,702	5,044,248
Other Liabilities	<u>1,966,512</u>	<u>1,029,509</u>	<u>4,979,632</u>	<u>4,687,353</u>	<u>3,719,043</u>	<u>2,831,570</u>
Total Liabilities	<u>2,542,642</u>	<u>1,828,071</u>	<u>8,763,204</u>	<u>8,933,039</u>	<u>8,078,745</u>	<u>7,875,818</u>
Deferred Inflows of Resources	<u>252,367</u>	<u>63,215</u>	<u>96,983</u>	<u>35,002</u>	<u>349,350</u>	<u>98,217</u>
Net Position						
Net Investment in						
Capital Assets	5,427,965	5,185,682	1,243,098	1,246,741	6,671,063	6,432,423
Restricted	6,543,042	6,639,786	1,374,339	972,887	7,917,381	7,612,673
Unrestricted	<u>9,578,050</u>	<u>8,786,695</u>	<u>1,952,266</u>	<u>1,904,501</u>	<u>11,530,316</u>	<u>10,691,196</u>
Total Net Position	<u>\$21,549,057</u>	<u>\$20,612,163</u>	<u>\$4,569,703</u>	<u>\$4,124,129</u>	<u>\$26,118,760</u>	<u>\$24,736,292</u>

The largest component (44%) 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 percent (30%) 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	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$347,155	\$378,032	\$2,214,200	\$1,854,857	\$2,561,355	\$2,232,889
Operating Grants & Contributions	2,028,277	2,121,703	596,060	410,791	2,624,337	2,532,494
Capital Grants & Contributions	2	107	17,502	19,926	17,504	20,033
General Revenues:						
Income Taxes	513,419	604,088	-	-	513,419	604,088
Sales Taxes	1,364,665	1,435,130	-	-	1,364,665	1,435,130
Oil, Gas and Coal Taxes	1,949,036	2,586,570	-	-	1,949,036	2,586,570
Other Taxes	107,173	110,715	-	-	107,173	110,715
Investment Earnings	333,528	360,264	-	-	333,528	360,264
Tobacco Settlement	21,159	20,752	-	-	21,159	20,752
Other	190,047	231,745	3,577	5,162	193,624	236,907
<b>Total Revenues</b>	<b>6,854,461</b>	<b>7,849,106</b>	<b>2,831,339</b>	<b>2,290,736</b>	<b>9,685,800</b>	<b>10,139,842</b>
<b>Expenses</b>						
General Government	1,034,053	1,183,234	-	-	1,034,053	1,183,234
Education	1,288,935	1,238,989	-	-	1,288,935	1,238,989
Health and Human Services	2,077,950	1,947,263	-	-	2,077,950	1,947,263
Regulatory	78,442	61,213	-	-	78,442	61,213
Public Safety and Corrections	249,751	230,667	-	-	249,751	230,667
Agriculture and Commerce	107,574	99,247	-	-	107,574	99,247
Natural Resources	217,546	261,308	-	-	217,546	261,308
Transportation	429,801	443,629	-	-	429,801	443,629
Interest on Long Term Debt	1,691	1,952	-	-	1,691	1,952
Bank of North Dakota	-	-	103,391	98,931	103,391	98,931
Housing Finance	-	-	56,537	52,715	56,537	52,715
Loan Programs	-	-	16,396	12,666	16,396	12,666
State Lottery	-	-	18,929	26,175	18,929	26,175
Unemployment Compensation	-	-	611,219	84,206	611,219	84,206
University System	-	-	1,227,858	1,198,989	1,227,858	1,198,989
Workforce Safety and Insurance	-	-	220,279	297,497	220,279	297,497
Other	-	-	616,265	594,491	616,265	594,491
<b>Total Expenses</b>	<b>\$5,485,743</b>	<b>\$5,467,502</b>	<b>\$2,870,874</b>	<b>\$2,365,670</b>	<b>\$8,356,617</b>	<b>\$7,833,172</b>
Increase (decrease) in Net Position Before Contributions, Loss & Transfers						
Contributions to Permanent Fund Principal	9,516	11,014	-	-	9,516	11,014
Transfers	(440,249)	(290,718)	485,109	277,019	44,860	(13,699)
Change in Net Position	937,985	2,101,900	445,574	202,085	1,383,559	2,203,985
Net Position - Beginning	20,612,163	18,516,218	4,124,129	3,917,941	24,736,292	22,434,159
Prior Period Adjustment *	(1,091)	(5,955)	-	4,103	(1,091)	(1,852)
Net Position- Ending	<u>\$21,549,057</u>	<u>\$20,612,163</u>	<u>\$4,569,703</u>	<u>\$4,124,129</u>	<u>\$26,118,760</u>	<u>\$24,736,292</u>

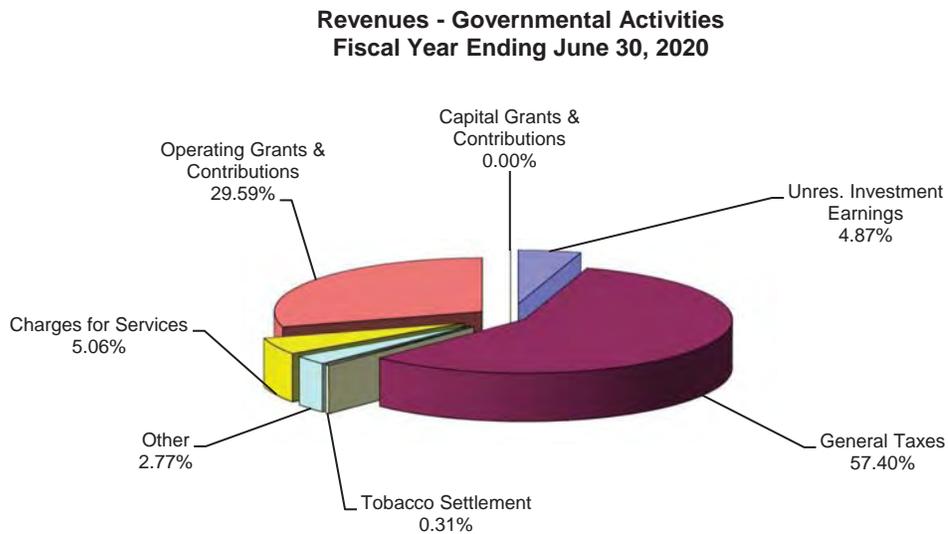
\* More detailed information regarding the prior period adjustments can be found in Note 2.

## Governmental Activities

Governmental Activities increased the State's net position by \$938 million. Revenues decreased 12.7%, with the largest dollar decrease in the State's revenues for fiscal year 2020 coming from oil, gas, and coal, taxes, a decrease of \$637.5 million. The decrease in individual and corporate income taxes is due to the change in the due date for the 2019 tax returns from April 15 to July 15, 2020 as a federal and state response to the global pandemic. Oil and Gas production tax and Oil Extraction tax decreases due to very weak oil prices and production declines associated with the nationwide recession caused by the global pandemic.

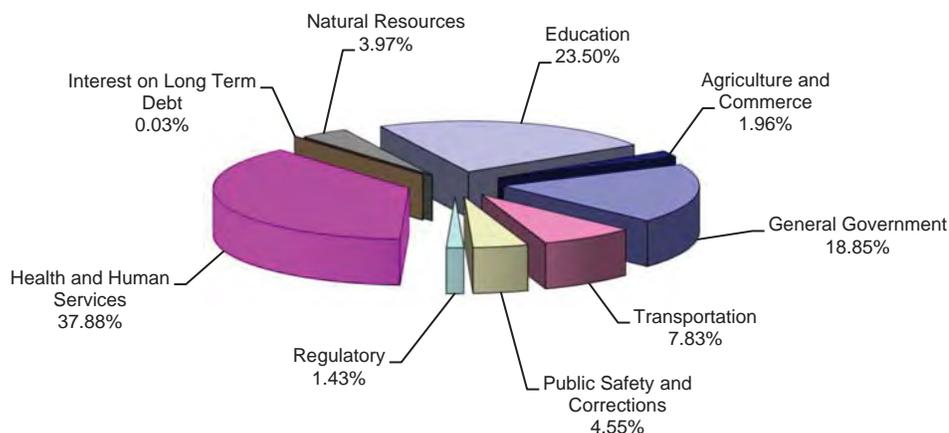
Expenses for governmental activities remained relatively consistent.

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, 2020**



**Business-type Activities**

Net position of the business-type activities increased by \$446.7 million during the fiscal year.

Workforce Safety and Insurance’s (WSI) net position increased \$135.6 million. Fiscal year 2020 shows decreases in earned premiums, incurred losses, and the number of filed claims. There was a slight increase in the number of policy holders. Policyholder count increased by 107 policies in fiscal year 2020. WSI’s financial position remains stable. Earned premium net of discounts and reinsurance totaled \$221 million, \$238 million, and \$232 million for fiscal years 2020, 2019, and 2018, respectively. Total claims filed for fiscal year 2020 totaled 18,813. This is a decrease of 1,100 from the previous fiscal year 2019 total of 19,913. A dividend credit of 50% was declared in fiscal year 2020, 2019 and 2018. Net earned premium from fiscal year 2020 of \$221 million is slightly down from the fiscal year 2019 total of \$238 million. The 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 \$96.2 million. The loan portfolio decreased by \$55,000 to \$4.4 billion at December 31, 2019. Interest-bearing deposits totaled \$4.5 billion at December 31, 2019 compared to \$4.2 billion at December 31, 2018. This fluctuation is due to state deposits and the economic status of the state. The Bank has a tier one capital leverage ratio of 13.60% as of December 31, 2019. 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 decreased \$11.6 million. The University system saw a decrease in revenues and an increase in expenditures which attributed to their decrease in net position. Grants and contracts (operating revenues) decreased mainly due to reduced National Science Foundation grants at NDSU and federal awards at UND. The decrease in sales and services of educational department and auxiliary enterprises revenues are attributed to Covid-19 related closures of the institutions in the third and fourth quarters of FY20. The largest increases of operating expenses for the University system was Scholarships and fellowships, CARES act aid to students, and cost of sales and services. Scholarships and fellowships increased primarily due to the implementation of a new waiver for a freshman academic award. CARES act aid was new for FY20 and was used to provide monetary aid to students impacted by the Covid-19 pandemic. Cost of sales and services increased primarily as a result of timing of internal billings to other operating departments at UND.

Housing Finance net position increase of \$15.5 million as a result of the year's program operations and financing activities. Operating revenues in FY20 were up as a result of higher mortgage interest income due to a larger mortgage loan receivable balance. Also, investment interest rates were slightly higher due to debt service reserve funds being invested in mortgage backed securities which have typically earned higher rates of interest than currently available GICs and Money Market accounts. Operating expenses were up from prior year operating expenses due to higher interest expenses with regards to a larger bonds payable balance. Also, administrative and operating expenses were lower than the prior year.

## **FINANCIAL ANALYSIS OF THE STATE'S FUNDS**

### **Governmental Funds**

As the State completed the year, its governmental funds reported combined fund balances of \$16.5 billion, an increase of \$760 million from the prior fiscal year. Of the \$16.5 billion in net position, \$109 million is non-spendable, \$6.4 billion is restricted, \$1.9 billion is committed, \$420 million is assigned, and \$7.7 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 \$7.7 billion, non-spendable was \$6.2 million, and \$1.1 billion was committed for expenditure by various governmental functions.

Total General Fund balance increased during the fiscal year by \$1.1 billion. Revenues increased approximately 4.7%, due to an increase in oil, gas, and coal taxes of \$313 million. This increase was due to the way Oil, Gas, and Coal taxes are distributed within the state. Revenue for oil, gas, and coal taxes are distributed first to the general fund and then once the max amount is reached the revenues will then be distributed to the next fund. The reason we saw an increase from FY19 was because in FY19 these general fund distributions would have already been met in FY18 so there would not have been as many revenues in the general fund for FY19. As there was an increase in the general fund revenues, revenues for the overall state had decreased and was previously explained with the increase in net position for governmental activities.

General fund expenditures increased by \$161.1 million or 8.6% with the largest increases in Education and Health and Human Services. However, total expenditures for the Governmental funds remained relatively consistent. The increase in Education primarily came from an increase in state student aid from the general fund in FY20. In the previous biennium these expenses would have been paid for with special funds. The increase in Health and Human Services was also due to reallocating more expenses to the general fund in the first year of the biennium.

The State Special Revenue ending fund balance decreased by \$380 million resulting in \$7.7 billion fund balance. Revenues decreased by 41.6% in the state special revenue fund primarily due to a decrease in oil, gas, and coal taxes of \$949.8 million due to weak oil prices and production decline as previously discussed. This decrease was also due to the increase in the general fund oil, gas, and coal revenues in FY20 as oil gas and coal taxes are first allocated to the general fund as previously explained. Special fund expenditures decreased by 13.7% primarily due to a decrease in Education and Health and Human Services spending. Decreases to the special funds was previously discussed under the general fund expenditures.

The June 30 Federal Fund balance of \$11.9 million consists primarily of non-spendable items such as prepaids and inventory. Revenues increased by \$204.8 million and expenditures increased by \$186.1 million primarily due to the increase in federal funding for the global pandemic. The federal fund balance increased by \$1.2 million due to additional funding for the state to combat the global pandemic.

## 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 general fund budgetary revenues and other financing sources were \$8.2 million or 5.1% higher than the final budget, primarily because of actual sales tax and department collections were more than the final budgeted amount. The State has a biennial appropriated budget. The fiscal year ending June 30, 2020, was the first year of the 2019-21 budget cycle. The original budget increased \$128.6 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.

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, \$55.1 million, the Department of Human Services, \$5.8 million, Secretary of State, \$1.3 million, the Department of Commerce, \$33.1 million, the Parks and Recreation department, \$2.1 million, the Department of Transportation, \$13 million, Legislative Council and Assembly, \$4.7 million, and Office of Management & Budget, \$3.6 million.

Of the \$6.4 million in capital construction carryover dollars, \$5.5 million was for the Department of Human Services and \$804 thousand for the Department of Transportation.

There were no expenditures in excess of general fund authority.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: At the end of the fiscal year 2020, the State had invested \$6.7 billion, net of accumulated depreciation, in a broad range of capital assets. Depreciation charges for this fiscal year totaled \$252 million.

(Net of Depreciation, Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019*	2020	2019	2020	2019*
Land and Land Improvements	\$163,127	\$161,050	\$25,552	\$24,099	\$188,679	\$185,149
Building & Building Improvements	421,917	411,708	1,143,267	1,139,160	1,565,184	1,550,868
Equipment	174,539	168,030	165,976	172,127	340,515	340,157
Intangibles						
Software	229,560	244,549	754	1,982	230,314	246,531
Other	9,676	9,684	10,031	8,441	19,707	18,125
Infrastructure	2,971,697	2,588,639	118,047	118,542	3,089,744	2,707,181
Construction in Progress	1,491,541	1,652,309	220,134	166,949	1,711,675	1,819,258
<b>Total</b>	<b>\$5,462,057</b>	<b>\$5,235,969</b>	<b>\$1,683,761</b>	<b>\$1,631,300</b>	<b>\$7,145,818</b>	<b>\$6,867,269</b>

\* 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 4.1% in terms of net book value. However, actual expenditures to purchase or construct capital assets were approximately \$1.1 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, 2020.

The State does have a number of revenue bonds outstanding at June 30, 2020. 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 \$631 million. 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	
	2020	2019	2020	2019	2020	2019
Revenue Bonds	\$19,730	\$29,950	\$1,666,599	\$1,525,285	\$1,686,329	\$1,555,235
Certificate of Participation	-	-	104,120	96,843	104,120	96,843
Notes Payable	14,817	21,897	648,266	1,120,787	663,083	1,142,684
Total	<u>\$34,547</u>	<u>\$51,847</u>	<u>\$2,418,985</u>	<u>\$2,742,915</u>	<u>\$2,453,532</u>	<u>\$2,794,762</u>

The State's total debt decreased approximately 12.2% 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 2020 publication. The report depicts an economy in recovery, coming out of the COVID-19 recession, but at a slow pace mostly due to the effects the massive drop in oil prices had on employment.

North Dakota's outlook is linked tightly to two major industries, energy and agriculture. The oil industry will prove one of the worst economic casualties from the pandemic, which led to the plummet in price and the decrease for demand. Oil production per rig has risen slightly by 3 percent per rig in the last year. The most recent North Dakota average price per barrel of oil was at \$33.00, which is below the estimated price of \$48.00 used for budgeting purposes. On the agriculture side, the demand for crops remained intact throughout the pandemic, but the closure of the U.S./Canada border continues to expound the decline seen in exports and commodity prices are expected to remain low.

North Dakota's job growth has taken a hit because of the pandemic. At the end of September the job count was 7.3% lower than it was in January. Unemployment in North Dakota is at 5.2%, which is more than double what it was for the same time frame in 2019. The positive is that the tight labor market could be an attractive draw to job seekers from other states.

Median household income and per capita income for North Dakota are both ahead of the national average. For 2020, median household income in North Dakota was \$70,031 compared to \$68,703 for the U.S. Per capita income for 2019 was \$57,232 for North Dakota, while \$56,490 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, 2020

	Primary Government			Component Units (GASB Based)
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 95,005,764	\$ 672,801,057	\$ 767,806,821	\$ 21,198,438
Investments	13,444,761,427	4,200,024,737	17,644,786,164	-
Accounts Receivable - Net	128,572,020	147,843,778	276,415,798	166,142
Taxes Receivable - Net	475,616,473	-	475,616,473	-
Interest Receivable - Net	47,537,684	70,688,451	118,226,135	140,860
Intergovernmental Receivable - Net	297,613,719	33,720,267	331,333,986	-
Internal Receivable	3,908,767,620	-	681,667,023	-
Due from Component Units	-	31,077,783	31,077,783	-
Due from Primary Government	-	-	-	60,000
Prepaid Items	10,927,427	4,663,895	15,591,322	-
Inventory	25,451,386	36,517,254	61,968,640	-
Loans and Notes Receivable - Net	185,615,938	4,827,952,831	5,013,568,769	11,569,573
Pension Assets	31,006,306	-	31,006,306	-
Other Assets	-	40,675,586	40,675,586	-
Restricted Assets:				
Cash and Cash Equivalents	3,949,863	217,316,000	221,265,863	83,592,057
Investments	-	48,739,124	48,739,124	978,234,000
Interest Receivable - Net	-	5,143,000	5,143,000	5,570,000
Loans and Notes Receivable - Net	-	1,286,226,000	1,286,226,000	-
Capital Assets:				
Nondepreciable	1,654,668,491	245,686,004	1,900,354,495	1,115,389
Depreciable, Net	3,807,388,097	1,438,075,293	5,245,463,390	1,360
Total Assets	<u>24,116,882,215</u>	<u>13,307,151,060</u>	<u>34,196,932,678</u>	<u>1,101,647,819</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Loss on Bond Refunding	1,764,000	3,865,270	5,629,270	3,116,000
Decrease in Fair Value of Hedging Derivatives	-	735,025	735,025	-
Financial Derivative Instrument	-	16,132,000	16,132,000	-
Unrealized Loss on Interest Rate Swap	-	24,839,000	24,839,000	-
Derived from Pensions	216,147,924	73,962,614	290,110,538	83,000
Derived from OPEB	9,271,857	3,205,523	12,477,380	-
Total Deferred Outflows of Resources	<u>227,183,781</u>	<u>122,739,432</u>	<u>349,923,213</u>	<u>3,199,000</u>

\* An internal receivables 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, 2020

	Primary Government			Component Units (GASB Based)
	Governmental Activities	Business-Type Activities	Total	
<b>LIABILITIES</b>				
Accounts Payable	337,234,576	67,536,949	404,771,525	655,780
Accrued Payroll	60,831,029	42,415,521	103,246,550	-
Securities Lending Collateral	244,750,650	6,572,871	251,323,521	-
Interest Payable	1,311,019	23,939,072	25,250,091	4,537,000
Intergovernmental Payable	132,405,765	11,201,802	143,607,567	-
Tax Refunds Payable	145,372,981	-	145,372,981	-
Internal Payable	-	3,227,100,597	-	-
Due to Component Units	-	33,723,482	33,723,482	-
Due to Primary Government	-	-	-	102,855
Contract Retainage Payable	17,223,179	3,048,764	20,271,943	-
Federal Funds Purchased	-	365,335,000	365,335,000	-
Other Deposits	-	976,110,478	976,110,478	-
Amounts Held In Custody for Others	-	24,981,398	24,981,398	-
Unearned Revenue	1,027,382,988	128,825,883	1,156,208,871	42,066
Financial Derivative Instrument	-	16,867,025	16,867,025	-
Other Liabilities	-	51,973,184	51,973,184	-
Long-Term Liabilities				
Due within one year	12,646,480	737,727,178	750,373,658	25,669,591
Due in more than one year	84,118,600	2,880,878,099	2,964,996,699	494,831,749
Net Pension Liability	448,957,000	154,931,269	603,888,269	191,000
Net OPEB Liability	30,408,110	10,035,644	40,443,754	-
Total Liabilities	2,542,642,377	8,763,204,216	8,078,745,996	526,030,041
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Grant Received Prior to Time Requirements	-	174,808	174,808	-
Unrealized Gain on Interest Rate Swap	-	8,381,000	8,381,000	-
Derived from Pensions	249,838,840	87,646,067	337,484,907	103,000
Derived from OPEB	2,528,058	781,316	3,309,374	-
Total Deferred Inflows of Resources	252,366,898	96,983,191	349,350,089	103,000
<b>NET POSITION</b>				
Net Investment in Capital Assets	5,427,964,743	1,243,098,375	6,671,063,118	1,360
Restricted for:				
General Government	5,851,361	-	5,851,361	-
Education	5,276,169,697	-	5,276,169,697	-
Health and Human Services	20,141,144	-	20,141,144	-
Regulatory Purposes	85,030,225	-	85,030,225	-
Public Safety & Corrections	9,450,751	-	9,450,751	-
Agriculture and Commerce	63,178,488	-	63,178,488	-
Cultural and Natural Resources	477,274,736	-	477,274,736	-
Transportation	484,944,367	-	484,944,367	-
Capital Projects	-	1,340,114	1,340,114	-
Debt Service	787,977	206,832,514	207,620,491	114,641,000
Loan Purposes	-	36,732,214	36,732,214	428,761,000
Pledged Assets	-	829,880,000	829,880,000	-
Unemployment Compensation	-	262,917,778	262,917,778	-
Pension Benefits	31,006,306	-	31,006,306	-
Permanent Fund and University System - Nonexpendable	77,298,335	17,387,728	94,686,063	2,155,492
University System - Expendable	-	17,310,462	17,310,462	-
Other	11,908,521	1,937,845	13,846,366	-
Unrestricted	9,578,050,070	1,952,266,055	11,530,316,125	33,154,926
Total Net Position	\$ 21,549,056,721	\$ 4,569,703,085	\$ 26,118,759,806	\$ 578,713,778

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, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 1,034,052,808	\$ 31,944,485	\$ 10,297,523	\$ -
Education	1,288,935,269	10,566,897	279,997,311	-
Health and Human Services	2,077,950,367	47,748,086	1,247,736,146	-
Regulatory	78,441,824	37,130,755	14,506,117	1,939
Public Safety and Corrections	249,751,212	20,811,638	73,411,717	-
Agriculture and Commerce	107,574,065	38,228,838	25,113,442	-
Natural Resources	217,545,757	44,662,134	39,733,823	-
Transportation	429,801,053	116,062,224	337,481,474	-
Interest on Long Term Debt	1,691,314	-	-	-
Total Governmental Activities	<u>5,485,743,669</u>	<u>347,155,057</u>	<u>2,028,277,553</u>	<u>1,939</u>
Business-Type Activities:				
Bank of North Dakota	103,391,326	279,302,000	-	-
Housing Finance	56,536,682	58,096,789	13,945,000	-
Loan Programs	16,395,752	17,114,318	363,934	-
State Lottery	18,929,003	24,505,932	10,770	-
Unemployment Compensation	611,219,223	452,421,028	197,406,210	-
University System	1,227,857,663	528,517,702	256,301,231	17,501,749
Workforce Safety & Insurance	220,279,394	230,442,756	125,237,317	-
Other	616,265,019	623,799,925	2,795,633	-
Total Business-Type Activities	<u>2,870,874,062</u>	<u>2,214,200,450</u>	<u>596,060,095</u>	<u>17,501,749</u>
Total Primary Government	<u>\$ 8,356,617,731</u>	<u>\$ 2,561,355,507</u>	<u>\$ 2,624,337,648</u>	<u>\$ 17,503,688</u>
<b>Component Units (GASB Based):</b>	<u>\$ 37,614,001</u>	<u>\$ 6,792,716</u>	<u>\$ 46,030,733</u>	<u>\$ -</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  
Payment from State of North Dakota  
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

<b>Net (Expense) Revenue and Change in Net Position</b>			
<b>Primary Government</b>			<b>Component</b>
<b>Governmental</b>	<b>Business-Type</b>	<b>Total</b>	<b>Units</b>
<b>Activities</b>	<b>Activities</b>		<b>(GASB Based)</b>
\$ (991,810,800)		\$ (991,810,800)	
(998,371,061)		(998,371,061)	
(782,466,135)		(782,466,135)	
(26,803,013)		(26,803,013)	
(155,527,857)		(155,527,857)	
(44,231,785)		(44,231,785)	
(133,149,800)		(133,149,800)	
23,742,645		23,742,645	
(1,691,314)		(1,691,314)	
<u>(3,110,309,120)</u>		<u>(3,110,309,120)</u>	
	175,910,674	175,910,674	
	15,505,107	15,505,107	
	1,082,500	1,082,500	
	5,587,699	5,587,699	
	38,608,015	38,608,015	
	(425,536,981)	(425,536,981)	
	135,400,679	135,400,679	
	10,330,539	10,330,539	
<u>-</u>	<u>(43,111,768)</u>	<u>(43,111,768)</u>	
<u>(3,110,309,120)</u>	<u>(43,111,768)</u>	<u>(3,153,420,888)</u>	
			<u>\$ 15,209,448</u>
513,419,336	-	513,419,336	-
1,364,664,641	-	1,364,664,641	-
1,949,036,077	-	1,949,036,077	-
107,173,491	-	107,173,491	-
333,528,092	-	333,528,092	-
21,159,397	-	21,159,397	-
190,047,481	3,576,763	193,624,244	-
-	-	-	15,000,000
9,515,851	-	9,515,851	-
(440,249,767)	485,109,074	44,859,307	-
<u>4,048,294,599</u>	<u>488,685,837</u>	<u>4,536,980,436</u>	<u>15,000,000</u>
937,985,479	445,574,069	1,383,559,548	30,209,448
20,611,071,242	4,124,129,016	24,735,200,258	548,504,330
<u>\$ 21,549,056,721</u>	<u>\$ 4,569,703,085</u>	<u>\$ 26,118,759,806</u>	<u>\$ 578,713,778</u>

# STATE OF NORTH DAKOTA

## Statement of Net Assets Component Units FASB Basis June 30, 2020

	Major University System Foundation	Nonmajor University System Foundation	State Historical Society Foundation
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 98,895,593	\$ 8,661,416	\$ 735,833
Receivable from Primary Institution	3,632,031	70,823	-
Investments	27,093,981	23,570,626	-
Accounts Receivable - Net	5,693,026	649,129	-
Notes receivable	2,800,000	50,153	-
Unconditional Promises to Give - Net	22,323,206	841,947	86,601
Net investment in Direct Financing Leases	1,216,210	-	-
Inventory	1,509,420	-	-
Other Assets	1,583,369	75,692	-
Total Current Assets	<u>164,746,836</u>	<u>33,919,786</u>	<u>822,434</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	8,202,625	676,488	-
Investments:			
Investments, Net of Current Portion	537,319,052	40,613,348	474,870
Investments, Restricted	3,338,119	-	-
Investments Held In Trust	24,342,250	3,397,723	-
Beneficial Interest In Trust	16,632,251	-	-
Charitable Gift Annuity Investments	5,770,428	-	-
Charitable Remainder Trust Account Investments	17,679,102	-	-
Real Estate and Equipment Held for Investment - Net	18,318,303	-	-
Other Long-Term Investments	22,549,851	225,641	-
Contracts for Deed & Notes Receivable, Net of Current Portion	711,940	-	-
Unconditional Promises to Give - Net	-	-	93,719
Long-Term Pledges Receivable	67,959,703	4,015,159	-
Other Receivables	36,198	-	-
Receivable from Primary Institution	29,433,834	47,458	-
Net investment in Direct Financing Leases, Net of Current Portion	11,332,752	-	-
Other noncurrent assets	2,190,540	2,570,019	159,169
Notes Receivable - Net	8,684,000	-	-
Capital Assets - Net	143,591,569	22,518,676	1,764
Total Noncurrent Assets	<u>918,092,517</u>	<u>74,064,512</u>	<u>729,522</u>
Total Assets	<u>1,082,839,353</u>	<u>107,984,298</u>	<u>1,551,956</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	3,240,306	220,666	7,295
Compensated Absences Payable	-	-	14,371
Payable to Primary Institution	4,063,398	364,019	-
Accrued Payroll	1,350,817	3,235	6,105
Gift Annuities & Life Income Agreements	2,630,123	58,088	-
Unearned Revenue	13,031,609	152,500	40,016
Other Liabilities	2,100,269	2,334	-
Current Portion of Long-Term Liabilities	7,151,067	1,807,530	-
Total Current Liabilities	<u>33,567,589</u>	<u>2,608,372</u>	<u>67,787</u>
Noncurrent Liabilities:			
Deposits	18,634,032	682,852	-
Investments Held on Behalf of Institutions	-	3,397,723	-
Gift Annuities & Life Income Agreements, Net of Current Portion	15,838,279	-	-
Obligations Under Split-Interest Agreement	6,314,921	-	-
Loan Payable	-	-	55,825
Other Liabilities	497,531	-	136,668
Long-Term Liabilities	56,481,306	13,943,252	-
Total Noncurrent Liabilities	<u>97,766,069</u>	<u>18,023,827</u>	<u>192,493</u>
Total Liabilities	<u>131,333,658</u>	<u>20,632,199</u>	<u>260,280</u>
<b>Net Assets</b>			
With Donor Restriction	228,331,461	6,088,873	598,544
Without Donor Restriction	723,174,234	81,263,226	693,132
Total Net Asset	<u>951,505,695</u>	<u>87,352,099</u>	<u>1,291,676</u>
Total Liabilities and Net Assets	<u>\$ 1,082,839,353</u>	<u>\$ 107,984,298</u>	<u>\$ 1,551,956</u>

# STATE OF NORTH DAKOTA

## Statement of Revenues, Expenses and Changes in Fund Net Assets

### Component Units

#### FASB Basis

For the Fiscal Year Ended June 30, 2020

	Major University System Foundation	Nonmajor University System Foundation	State Historical Society Foundation
<b>Support and Revenue</b>			
Gifts and Contributions	\$ 131,964,588	\$ 4,789,250	\$ 569,745
Investment Income	14,874,731	4,094,810	17,647
Grant Revenue	-	565,281	3,000
Net Realized and Unrealized Gains (Losses) on Investment Securities	21,407,185	229,568	(11,828)
Program and Event Income	50,502,816	9,764,053	216,961
Other Income	5,874,718	2,454,562	21,804
Total Support and Revenue	<u>224,624,038</u>	<u>21,897,524</u>	<u>817,329</u>
<b>EXPENSES</b>			
Program Services	\$ 55,147,203	\$ 6,530,559	\$ 242,525
Supporting Services	54,872,901	11,543,738	349,404
Fund Raising Expense	7,200,113	308,762	12,511
Total Expenses	<u>117,220,217</u>	<u>18,383,059</u>	<u>604,440</u>
Changes in Net Assets	\$ 107,403,821	\$ 3,514,465	\$ 212,889
Total Net Assets - Beginning of Year , as Restated	<u>\$ 844,101,874</u>	<u>\$ 83,837,634</u>	<u>\$ 1,078,787</u>
Total Net Assets - End of Year	<u>\$ 951,505,695</u>	<u>\$ 87,352,099</u>	<u>\$ 1,291,676</u>

The Accompanying Notes are an Integral Part of the Financial Statements

# STATE OF NORTH DAKOTA

## Balance Sheet Governmental Funds June 30, 2020

	Special Revenue			Nonmajor Governmental Funds	Total
	General	Federal	State		
<b>ASSETS</b>					
Cash Deposits at the Bank of ND	\$ 846,820,271	\$ 1,061,629,395	\$ 1,703,392,900	\$ 519,276	\$ 3,612,361,842
Cash and Cash Equivalents	82,771,999	143,661	11,585,231	124,728	94,625,619
Restricted Cash and Cash Equivalents	396	3,949,467	-	-	3,949,863
Investments at the Bank of ND	-	-	370,542,861	813,000	371,355,861
Investments	7,664,627,711	-	5,743,243,624	27,880,534	13,435,751,869
Accounts Receivable - Net	16,785,809	30,615,898	80,897,446	9	128,299,162
Taxes Receivable - Net	395,233,860	-	80,251,668	108,435	475,593,963
Interest Receivable - Net	29,511,672	-	17,886,690	83,141	47,481,503
Intergovernmental Receivable - Net	754,834	285,351,295	11,084,607	-	297,190,736
Due from Other Funds	106,624,956	29,655,189	21,663,381	22,596	157,966,122
Prepaid Items	3,074,488	1,704,705	2,026,441	-	6,805,634
Inventory	3,072,480	11,746,896	10,484,014	-	25,303,390
Loans and Notes Receivable - Net	47,884	233,524	135,700,874	49,633,656	185,615,938
<b>Total Assets</b>	<b>9,149,326,360</b>	<b>1,425,030,030</b>	<b>8,188,759,737</b>	<b>79,185,375</b>	<b>18,842,301,502</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total Deferred Outflows of Resources	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 9,149,326,360</b>	<b>\$ 1,425,030,030</b>	<b>\$ 8,188,759,737</b>	<b>\$ 79,185,375</b>	<b>\$ 18,842,301,502</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	77,913,242	171,009,681	85,329,950	35,772	334,288,645
Accrued Payroll	36,106,021	8,010,779	13,355,856	89	57,472,745
Securities Lending Collateral	35,033,119	-	209,001,449	698,744	244,733,312
Interest Payable	152,036	-	926,970	-	1,079,006
Intergovernmental Payable	980,186	29,301,817	102,123,762	-	132,405,765
Tax Refunds Payable	140,767,800	-	4,605,181	-	145,372,981
Due to Other Funds	32,084,797	166,253,373	67,309,667	3,435,081	269,082,918
Contract Retainage Payable	412,430	7,278,479	9,532,270	-	17,223,179
Unearned Revenues	-	1,027,213,442	124,356	-	1,027,337,798
<b>Total Liabilities</b>	<b>323,449,631</b>	<b>1,409,067,571</b>	<b>492,309,461</b>	<b>4,169,686</b>	<b>2,228,996,349</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue	97,098,515	4,053,938	13,372,766	-	114,525,219
Unpaid Penalty and Interest	-	-	624,074	-	624,074
<b>Total Deferred Inflows of Resources</b>	<b>97,098,515</b>	<b>4,053,938</b>	<b>13,996,840</b>	<b>-</b>	<b>115,149,293</b>
Fund Balances:					
Nonspendable					
Inventory	3,072,480	11,746,896	10,484,014	-	25,303,390
Long - Term Receivables	47,882	-	-	-	47,882
Prepaid Expenditures	3,074,488	1,704,705	2,026,441	-	6,805,634
Permanent Trust Fund	-	-	-	77,298,335	77,298,335
Restricted	396	-	6,410,260,955	703,000	6,410,964,351
Committed	1,066,688,590	-	839,955,053	292,354	1,906,935,997
Assigned	-	-	419,726,973	-	419,726,973
Unassigned	7,655,894,378	(1,543,080)	-	(3,278,000)	7,651,073,298
<b>Total Fund Balances</b>	<b>8,728,778,214</b>	<b>11,908,521</b>	<b>7,682,453,436</b>	<b>75,015,689</b>	<b>16,498,155,860</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 9,149,326,360</b>	<b>\$ 1,425,030,030</b>	<b>\$ 8,188,759,737</b>	<b>\$ 79,185,375</b>	<b>\$ 18,842,301,502</b>

# STATE OF NORTH DAKOTA

## Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2020

<b>Total Fund Balances-Governmental Funds</b>		\$ 16,498,155,860
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 \$9,106,776,885 and the accumulated depreciation is \$5,369,262,003.		5,369,262,003
Other assets not available in the current period and therefore are not reported in the governmental funds:		
Net Pension Asset		31,006,306
Deferred outflows of resources are not reported in the governmental funds:		
Loss on bond refunding	1,764,000	
Related to OPEB	8,724,462	
Related to pensions	204,202,961	
Total Deferred Outflows	206,731,423	214,691,423
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.		114,480,029
Prepaid items are paid from current available financial resources in the funds, but are capitalized in the statement of net position.		-
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.		96,308,421
Voluntary termination benefits for employees are accrued in the statement of net position.		-
Deferred inflows of resources are not reported in the governmental funds:		
Unpaid penalty and interest	624,074	
Related to OPEB	(2,386,736)	
Related to pensions	(235,782,684)	
	(235,545,346)	(237,545,346)
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	(19,730,000)	
Notes Payable	(14,817,054)	
Accrued Interest on Long-Term Liabilities	(226,283)	
Compensated Absences	(48,355,608)	
Intergovernmental Payable	-	
Capital Leases	(754,014)	
Other Postemployment Benefit Obligation	(28,773,636)	
Net Pension Liability	(423,656,679)	
Claims and Judgments	(988,701)	
Total Long-Term Liabilities	(937,056,671)	(537,301,975)
<b>Net Position of Governmental Activities</b>		<b>\$ 21,549,056,721</b>

# STATE OF NORTH DAKOTA

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2020

	Special Revenue			Nonmajor Governmental Funds	Total
	General	Federal	State		
<b>REVENUES</b>					
Individual and Corporate Income Taxes	\$ 512,136,793	\$ -	\$ 2,315,773	\$ 21,564	\$ 514,474,130
Sales and Use Taxes	1,086,925,545	509	296,024,221	-	1,382,950,275
Oil, Gas, and Coal Taxes	1,088,938,940	-	858,927,685	1,547,095	1,949,413,720
Business and Other Taxes	63,503,629	-	44,401,252	-	107,904,881
Licenses, Permits and Fees	9,211,701	11,166	196,646,107	12,225	205,881,199
Intergovernmental	1,045,932	1,906,682,078	23,390,758	4,299,811	1,935,418,579
Sales and Services	2,368,530	2,330,463	58,942,056	6,780	63,647,829
Royalties and Rents	25,015,395	8,958	325,278,959	-	350,303,312
Fines and Forfeits	3,876,152	-	24,864,432	-	28,740,584
Interest and Investment Income (Loss)	314,687,504	356,201	(48,554,201)	1,333,097	267,822,601
Tobacco Settlement	-	-	21,159,397	-	21,159,397
Commodity Assessments	-	-	23,180,351	-	23,180,351
Miscellaneous	2,560,862	2,399,615	26,987,546	62,350	32,010,373
<b>Total Revenues</b>	<b>3,110,270,983</b>	<b>1,911,788,990</b>	<b>1,853,564,336</b>	<b>7,282,922</b>	<b>6,882,907,231</b>
<b>EXPENDITURES</b>					
Current:					
General Government	163,257,932	6,909,223	51,341,711	92,939	221,601,805
Education	827,123,764	183,650,225	275,791,586	-	1,286,565,575
Health and Human Services	793,264,051	1,177,119,396	66,416,412	180,009	2,036,979,868
Regulatory	22,561,097	13,906,726	30,157,124	12,000	66,636,947
Public Safety and Corrections	162,223,308	55,534,933	10,724,588	-	228,482,829
Agriculture and Commerce	24,578,826	22,563,146	59,119,543	-	106,261,515
Natural Resources	16,052,286	20,351,739	160,536,050	-	196,940,075
Transportation	13,262,292	160,060,907	157,003,138	-	330,326,337
Intergovernmental - Revenue Sharing	3,892,217	-	802,042,365	-	805,934,582
Capital Outlay	14,695,700	216,757,904	148,993,746	3,266,000	383,713,350
Debt Service:					
Principal	887,832	4,566,484	5,652,057	9,460,000	20,566,373
Interest and Other Charges	376,097	44,804	264,565	1,114,650	1,800,116
<b>Total Expenditures</b>	<b>2,042,175,402</b>	<b>1,861,465,487</b>	<b>1,768,042,885</b>	<b>14,125,598</b>	<b>5,685,809,372</b>
Revenues over (under) Expenditures	1,068,095,581	50,323,503	85,521,451	(6,842,676)	1,197,097,859
<b>OTHER FINANCING SOURCES (USES)</b>					
Bonds and Notes Issued	2,825,172	-	518,928	-	3,344,100
Capital Lease Acquisitions	65,787	80,040	-	-	145,827
Sale of Capital Assets	-	197,000	72,769	-	269,769
Transfers In	484,023,503	149,969	72,760,005	6,209,594	563,143,071
Transfers Out	(412,727,251)	(49,531,616)	(539,140,017)	(2,166,756)	(1,003,565,640)
<b>Total Other Financing Sources (Uses)</b>	<b>74,187,211</b>	<b>(49,104,607)</b>	<b>(465,788,315)</b>	<b>4,042,838</b>	<b>(436,662,873)</b>
Net Change in Fund Balances	1,142,282,792	1,218,896	(380,266,864)	(2,799,838)	760,434,986
Fund Balances - Beginning of Year	7,586,495,422	10,689,625	8,062,720,300	77,815,527	15,737,720,874
Fund Balances - End of Year	\$ 8,728,778,214	\$ 11,908,521	\$ 7,682,453,436	\$ 75,015,689	\$ 16,498,155,860

# 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, 2020

Net Change in Fund Balances-Total Governmental Funds \$ 760,434,986

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	385,288,320	
Depreciation expense	<u>(157,280,216)</u>	
Excess of capital outlay over depreciation expense		228,008,104

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.

(498,854)

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.

(145,827)

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.

(21,072,260)

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

(3,114,702)

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.

(3,344,100)

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

252,229

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

3,547,406

Deferred outflows of resources do not provide current financial resources

Amortization of deferred loss on bond refunding	(366,000)	
Related to OPEB	941,139	
Related to pension	<u>(63,963,918)</u>	
Total deferred outflows		(63,388,779)

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

Unpaid penalty and interest	(197,051)	
Related to OPEB	(438,298)	
Related to pension	<u>(177,672,246)</u>	
Total deferred outflows		(178,307,595)

The net OPEB liability relating to retirement plans

839,048

The net pension liability relating to retirement plans

198,066,001

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	10,220,302	
Note payments	10,424,420	
Capital lease payments	<u>491,953</u>	
Total long-term debt repayment		21,136,675

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	100,934	
Compensated Absences	(4,535,101)	
Claims and Judgments	<u>(12,686)</u>	
Total additional expenditures		(4,446,853)

Change in Net Position of Governmental Activities \$ 937,985,479

STATE OF NORTH DAKOTA

Statement of Net Position  
Proprietary Funds  
June 30, 2020

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Bank of North Dakota	Housing Finance	University System	Workforce Safety and Insurance	Other Enterprise Funds	Internal Service Funds
<b>ASSETS</b>						
Current Assets:						
Cash Deposits at the Bank of ND	\$ 11,155,000	\$ 203,038,145	\$ 3,227,247	\$ 229,424,060	\$ 446,844,452	\$ 33,511,676
Cash and Cash Equivalents	-	16,755,221	-	157,670,836	174,427,057	380,145
Investments at the Bank of ND	-	141,933,281	-	1,000,000	142,933,281	252,100
Investments	-	116,082	-	51,213,683	2,173,214,366	9,009,559
Accounts Receivable - Net	666,000	28,588,360	2,121,884,601	93,392,525	147,843,778	272,859
Interest Receivable - Net	33,000	-	10,554,243	3,429,208	14,016,451	53,345
Intergovernmental Receivable - Net	232,000	22,258,613	-	11,229,654	33,720,267	422,982
Due from Other Funds	3,000	31,252,494	44,778	83,327,289	114,627,561	11,940,796
Due from Component Units	-	11,240,570	-	-	11,240,570	-
Prepaid Items	63,000	-	429,747	4,171,148	4,663,895	4,121,793
Inventory	-	6,983,840	-	29,533,414	36,517,254	147,996
Loans and Notes Receivable - Net	-	5,401,296	-	27,788,533	33,189,829	-
Other Assets	820,000	2,702,564	-	-	3,522,564	-
Restricted Cash at the Bank of ND	17,399,000	-	-	6,097,884	23,496,884	-
Restricted Cash and Cash Equivalents	216,924,000	-	-	392,000	217,316,000	-
Restricted Investments at the Bank of ND	-	-	-	1,000,000	1,000,000	-
Restricted Interest Receivable - Net	5,143,000	-	-	-	5,143,000	-
Restricted Loans Receivable - Net	30,160,000	-	-	142,000	30,302,000	-
Total Current Assets	282,598,000	470,271,466	2,161,337,509	699,812,234	3,614,019,209	60,113,251
Noncurrent Assets:						
Restricted Cash at the Bank of ND	-	65,158,930	-	-	65,158,930	-
Restricted Investments at the Bank of ND	-	3,598,418	-	-	3,598,418	-
Restricted Investments	44,619,000	4,120,124	-	-	48,739,124	-
Investments at the Bank of ND	-	105,346,000	-	-	105,346,000	-
Investments	-	10,684,371	-	-	10,684,371	-
Due from Component Units	-	19,837,213	-	-	19,837,213	-
Loans and Notes Receivable - Net	-	16,830,112	-	417,976,890	434,807,002	-
Restricted Loans Receivable - Net	1,255,924,000	-	-	-	1,255,924,000	-
Other Noncurrent Assets	5,607,000	197,040	-	6,279,982	12,084,022	-
Capital Assets:						
Nondepreciable	-	211,970,886	3,733,538	27,532,580	243,237,004	180,060
Depreciable, Net	17,000	1,303,342,892	14,804,769	112,586,632	1,430,751,293	92,614,525
Total Noncurrent Assets	1,306,167,000	1,741,085,986	18,538,307	564,376,084	3,630,167,377	92,794,585
Bank Related Assets:						
Cash and Cash Equivalents	\$ 498,374,000	-	-	-	\$ 498,374,000	-
Investments	2,016,126,000	-	-	-	2,016,126,000	-
Interest Receivable - Net	56,672,000	-	-	-	56,672,000	-
Due from Other Funds	72,211,000	-	-	-	72,211,000	-
Loans and Notes Receivable - Net	4,359,956,000	-	-	-	4,359,956,000	-
Other Assets	25,069,000	-	-	-	25,069,000	-
Capital Assets:						
Nondepreciable	2,449,000	-	-	-	2,449,000	-
Depreciable, Net	7,324,000	-	-	-	7,324,000	-
Total Bank Related Assets	7,038,181,000	-	-	-	7,038,181,000	-
Total Assets	7,038,181,000	1,588,765,000	2,211,357,452	2,179,875,816	14,282,367,586	152,907,836
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Loss on Bond Refunding	-	-	3,865,270	-	-	3,865,270
Decrease in Fair Value of Hedging Derivatives	-	-	-	-	735,025	-
Financial Derivative Instrument	-	16,132,000	-	-	-	16,132,000
Unrealized Loss on Interest Rate Swap	24,839,000	-	-	-	-	24,839,000
Derived from Pensions	5,438,000	1,289,000	51,059,905	9,020,136	7,155,573	11,944,963
Derived from OPEB	185,000	57,000	2,245,434	349,616	368,473	547,395
Total Deferred Outflows of Resources	30,462,000	17,478,000	57,170,609	9,369,752	8,259,071	12,492,358

STATE OF NORTH DAKOTA

Statement of Net Position  
Proprietary Funds  
June 30, 2020

	Business-Type Activities - Enterprise Funds					Total	Governmental
	Bank of North Dakota	Housing Finance	University System	Workforce Safety and Insurance	Other Enterprise Funds		Internal Service Funds
<b>LIABILITIES</b>							
Current Liabilities:							
Accounts Payable		843,000	28,764,937	5,588,924	32,340,088	67,536,949	3,111,285
Accrued Payroll		318,569	41,070,422	-	1,026,530	42,415,521	3,358,284
Securities Lending Collateral		-	-	6,492,798	80,073	6,572,871	17,338
Interest Payable		19,287,000	4,181,642	-	15,286	23,483,928	5,730
Intergovernmental Payable		19,000	288,722	-	11,235,215	11,542,937	-
Due to Other Funds		13,431	3,382,182	189,977	83,895,415	87,481,005	343,886
Due to Component Units		-	4,202,575	-	-	4,202,575	-
Contract Retainage Payable		-	3,048,764	-	-	3,048,764	-
Other Deposits		-	8,781,258	-	-	8,781,258	-
Amounts Held in Custody for Others		17,399,000	-	-	7,582,398	24,981,398	-
Claims/Judgments Payable		-	-	123,575,040	1,165,234	124,740,274	1,523,912
Dividends Payable		-	-	107,034,501	-	107,034,501	-
Compensated Absences Payable		9,000	2,796,635	1,512,146	182,589	4,500,370	280,470
Notes Payable		-	4,459,734	-	-	4,459,734	-
Capital Leases Payable		-	3,409,857	-	-	3,409,857	21,455
Bonds Payable		32,672,000	14,424,307	-	125,000	47,221,307	-
Unearned Revenue		77,000	24,081,959	104,215,341	451,583	128,825,883	-
Other Current Liabilities		-	-	-	113,068	113,068	-
Total Current Liabilities		70,638,000	142,892,994	348,608,727	138,212,479	700,352,200	8,662,360
Noncurrent Liabilities:							
Intergovernmental Payable		-	4,100,041	-	-	4,100,041	-
Due to Component Units		-	29,490,907	-	-	29,490,907	-
Claims/Judgments Payable		-	-	906,216,960	-	906,216,960	7,161,179
Compensated Absences Payable		311,000	30,618,493	246,163	1,320,507	32,496,163	3,074,435
Notes Payable		-	12,701,669	-	-	12,701,669	-
Capital Leases Payable		-	32,390,732	-	-	32,390,732	58,251
Bonds Payable		1,299,308,000	405,020,000	-	2,439,534	1,706,767,534	-
Financial Derivative Instrument		16,132,000	-	-	735,025	16,867,025	-
Net Pension Liability		2,760,000	109,414,120	17,419,152	13,306,997	142,900,269	25,300,321
Net OPEB Liability		189,000	7,036,908	1,145,698	850,038	9,221,644	1,634,474
Other Noncurrent Liabilities		4,693,000	98,684	-	17,258,432	22,050,116	-
Total Noncurrent Liabilities		1,323,393,000	630,871,554	925,027,973	35,910,533	2,915,203,060	37,228,660
Bank Related Liabilities:							
Interest Payable		348,897	-	-	-	348,897	-
Due to Other Funds		2,351,103	-	-	-	2,351,103	-
Due to Component Units		30,000	-	-	-	30,000	-
Federal Funds Purchased		365,335,000	-	-	-	365,335,000	-
Deposits Held for Other Funds		4,215,117,092	-	-	-	4,215,117,092	-
Other Deposits		873,972,908	-	-	-	873,972,908	-
Other Liabilities		29,810,000	-	-	-	29,810,000	-
Long Term Liabilities:							
Due within one year		446,020,000	-	-	-	446,020,000	-
Due in more than one year		186,205,000	-	-	-	186,205,000	-
Net Pension Liability		12,031,000	-	-	-	12,031,000	-
Net OPEB Liability		814,000	-	-	-	814,000	-
Total Bank Related Liabilities		6,132,035,000	-	-	-	6,132,035,000	-
Total Liabilities		6,132,035,000	1,394,031,000	773,764,548	1,273,636,700	9,747,590,260	45,891,020
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Grants Received Prior to Time Requirements		-	174,808	-	-	174,808	-
Unrealized Gain on Interest Rate Swap		8,381,000	-	-	-	8,381,000	-
Derived from Pensions		6,200,000	63,409,087	9,352,752	7,205,228	87,646,067	14,056,156
Derived from OPEB		47,000	597,281	90,647	33,388	781,316	141,322
Total Deferred Inflows of Resources		14,628,000	1,492,000	64,181,176	9,443,399	96,983,191	14,197,478
<b>NET POSITION</b>							
Net Investment in Capital Assets		9,773,000	17,000	1,076,215,390	18,538,308	1,243,098,375	92,714,878
Restricted for:							
Capital Projects		-	-	1,340,114	-	1,340,114	-
Debt Service		-	196,441,000	9,904,514	487,000	206,832,514	-
Loan Purposes		-	-	36,732,214	-	36,732,214	-
Pledged Assets		829,880,000	-	-	-	829,880,000	-
Unemployment Compensation		-	-	-	262,917,778	262,917,778	-
University System-Nonexpendable		-	-	17,387,728	-	17,387,728	-
University System-Expendable		-	-	17,310,462	-	17,310,462	-
Other		-	-	503,776	1,434,069	1,937,845	-
Unrestricted		82,327,000	14,262,000	271,188,139	887,627,161	1,943,096,537	12,596,818
Total Net Position		\$ 921,980,000	\$ 210,720,000	\$ 1,430,582,337	\$ 906,165,469	\$ 4,560,533,567	\$ 105,311,696

Reconciliation of the Proprietary Funds Statement of Net Position to the Statement of Net Position  
June 30, 2020

Total Net Position - Enterprise Funds	4,560,533,567
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	9,169,518
Net Position of Business-Type Activities	4,569,703,085

# STATE OF NORTH DAKOTA

## Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds For the Fiscal Year Ended June 30, 2020

	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
<b>OPERATING REVENUES</b>							
Sales and Services	\$ 23,352,000	\$ 5,577,789	\$ 91,122,711	\$ 225,934,953	\$ 1,110,277,887	\$ 1,456,265,340	\$ 107,361,149
Auxiliary Sales Pledges for Bonds	-	-	90,781,941	-	-	90,781,941	-
Tuition and Fees	-	-	338,541,806	-	-	338,541,806	-
Federal Funds	-	-	-	-	192,440,864	192,440,864	-
Grants and Contributions	-	-	140,501,308	-	-	140,501,308	-
Royalties and Rents	-	-	-	814,651	140,474	955,125	-
Fines and Forfeits	-	-	-	1,470,895	-	1,470,895	-
Interest and Investment Income	255,950,000	52,519,000	-	-	7,274,455	315,743,455	-
Miscellaneous	-	-	1,891,367	2,222,257	7,097,244	11,210,868	88,341
<b>Total Operating Revenues</b>	<b>279,302,000</b>	<b>58,096,789</b>	<b>662,839,133</b>	<b>230,442,756</b>	<b>1,317,230,924</b>	<b>2,547,911,602</b>	<b>107,449,490</b>
<b>OPERATING EXPENSES</b>							
Cost of Sales and Services	-	-	24,927,372	-	189,626,228	214,553,600	1,037,366
Salaries and Benefits	18,802,000	4,210,000	780,356,789	27,437,163	26,771,606	857,577,558	42,879,039
Operating Claims	25,042,000	5,769,000	260,150,718	1,709,918	422,096,607	714,768,243	53,030,789
Scholarships and Fellowships	-	-	-	88,374,676	613,319,463	701,694,139	4,649,014
Interest	58,871,000	33,055,000	54,303,073	-	-	54,303,073	-
Depreciation	624,000	7,000	72,345,493	2,096,953	8,552,359	83,625,805	11,346,238
Miscellaneous	-	-	-	-	194,988	194,988	46,664
<b>Total Operating Expenses</b>	<b>103,339,000</b>	<b>43,041,000</b>	<b>1,192,083,445</b>	<b>119,618,710</b>	<b>1,260,584,251</b>	<b>2,718,666,406</b>	<b>112,989,110</b>
Operating Income (Loss)	175,963,000	15,055,789	(529,244,312)	110,824,046	56,646,673	(170,754,804)	(5,539,620)
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Grants and Contracts	-	13,490,000	60,856,768	-	751,973	75,098,741	-
Gifts	-	-	43,357,846	-	-	43,357,846	-
Interest and Investment Income	-	455,000	11,585,309	125,237,317	7,371,839	144,649,465	545,515
Interest Expense	-	-	(15,347,271)	(4,163,241)	(1,948,816)	(21,459,328)	(22,241)
Dividends Expense	-	-	-	(96,424,944)	-	(96,424,944)	-
Gain (Loss) on Sale of Capital Assets	-	-	(4,547,141)	-	2,057	(4,545,084)	532,268
Tax Revenue	-	-	6,179,877	-	-	6,179,877	-
Grant Expense	-	(13,490,000)	(12,179,705)	-	-	(25,669,705)	-
Other	(15,000,000)	-	(6,603,358)	-	246,541	(21,356,817)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(15,000,000)</b>	<b>455,000</b>	<b>83,302,325</b>	<b>24,649,132</b>	<b>6,423,594</b>	<b>99,830,051</b>	<b>1,055,542</b>
Income (Loss) Before Contributions and Transfers	160,963,000	15,510,789	(445,941,987)	135,473,178	63,070,267	(70,924,753)	(4,484,078)
Capital Grants and Contributions	-	-	17,501,749	-	-	17,501,749	145,250
Transfers In	-	9,211	419,893,943	161,354	163,494,417	583,558,925	-
Transfer Out	(64,753,000)	(44,000)	(3,025,000)	-	(15,627,851)	(83,449,851)	-
<b>Changes in Net Position</b>	<b>96,210,000</b>	<b>15,476,000</b>	<b>(11,571,295)</b>	<b>135,634,532</b>	<b>210,936,833</b>	<b>446,686,070</b>	<b>(4,338,828)</b>
Total Net Position - Beginning of Year, as restated	825,770,000	195,244,000	1,442,153,632	770,530,937	880,148,928	4,113,847,497	109,650,524
<b>Total Net Position - End of Year</b>	<b>\$ 921,980,000</b>	<b>\$ 210,720,000</b>	<b>\$ 1,430,582,337</b>	<b>\$ 906,165,469</b>	<b>\$ 1,091,085,761</b>	<b>\$ 4,560,533,567</b>	<b>\$ 105,311,696</b>

### 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, 2020

<b>Net Change in Net Position-Total Enterprise Funds</b>	<b>\$ 446,686,070</b>
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	(1,112,001)
<b>Change in Net Position of Business-Type Activities</b>	<b>\$ 445,574,069</b>

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, 2020

	Business-Type Activities - Enterprise Funds		
	Bank of North Dakota	Housing Finance	University System
<b>Cash Flows from Operating Activities:</b>			
Receipts from Customers and Users	\$ 4,541,000	\$ 270,510,789	\$ 180,606,365
Receipts from Tuition and Fees	-	-	342,257,626
Interest Income on Loans	-	-	-
Receipts from Loan Principal Repayments	-	-	5,879,419
Receipts from Federal and Local Agencies	-	56,000	-
Receipts from Other Funds	-	-	-
Receipts from Grants and Contracts	-	-	132,869,515
Receipts from Others	-	-	1,914,428
Payments to Other Funds	-	(111,923,000)	-
Payments for Loan Funds	-	-	(9,400,960)
Payments for Scholarships and Fellowships	-	-	(45,103,168)
Payments to Suppliers	(12,510,000)	(199,256,000)	(285,375,966)
Payments to Employees	(17,418,000)	(3,706,000)	(767,546,430)
Claim Payments	-	-	-
Payments to Others	-	(36,000)	(649,014)
Other	-	-	-
Net Cash Provided by (Used for) Operating Activities	(25,387,000)	(44,354,211)	(444,548,185)
<b>Cash Flows from Noncapital Financing Activities:</b>			
Proceeds from Bonds	-	185,204,000	-
Proceeds from Sale of Notes and Other Borrowings	6,330,775,000	-	-
Principal Payments - Bonds	-	(109,720,000)	-
Principal Payments - Notes and Other Borrowings	(6,803,181,000)	-	-
Interest Payments - Bonds	-	(30,104,000)	-
Interest Payments - Notes and Other Borrowings	(30,041,000)	-	-
Tax Collections	-	-	6,179,879
Transfers In	-	9,211	26,492,498
Transfers Out	(79,753,000)	(44,000)	(2,353,577)
Net Decrease in Non-Interest Bearing Deposits	60,904,000	-	-
Net Increase in Interest Bearing Deposits	258,369,000	-	-
Payments of Interest on Deposits	(27,189,000)	-	-
Principal Payments on Advances	-	-	-
Interest Paid on Federal Funds and Reverse Repurchase Agreements	(6,461,000)	-	-
Net Increase in Federal Funds and Reverse Repurchase Agreements	93,830,000	-	-
Collection of Advances Made	963,000	-	-
Loan Proceeds from Due To Other Funds	-	13,566,000	190,497,872
Principal Payments on Due To Other Funds	-	(13,566,000)	(192,057,709)
Grants and Gifts Received for Other than Capital Purposes	-	13,490,000	97,124,527
State Appropriations	-	-	380,204,441
Agency Fund Cash Decrease	-	-	816,356
Grants Given for Other than Capital Purposes	-	(13,490,000)	(12,179,705)
Net Cash Provided by (Used for) Noncapital Financing Activities	(201,784,000)	45,345,211	494,724,582
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and Construction of Capital Assets	(147,000)	(11,000)	(129,972,054)
Proceeds from Sale of Capital Assets	-	-	3,855,857
Proceeds from Sale of Notes and Other Borrowings	-	-	94,784,190
Principal Payments - Bonds	-	-	-
Principal Payments - Notes and Other Borrowings	-	-	(19,508,893)
Interest Payments - Bonds	-	-	-
Interest Payments - Notes and Other Borrowings	-	-	(13,753,146)
Capital Appropriations	-	-	14,701,908
Capital Contributions	-	-	-
Payment of Bond Issue Costs	-	-	-
Payment on Capital Leases	-	-	-
Interest Payments - Capital Leases	-	-	-
Capital Grants and Gifts Received	-	-	14,959,786
Insurance Proceeds	-	-	694,010
Net Cash Provided by (Used for) Capital and Related Financing Activities	(147,000)	(11,000)	(34,238,342)
<b>Cash Flows from Investing Activities:</b>			
Proceeds from Sale and Maturities of Investment Securities	1,210,073,000	26,665,000	116,281,669
Purchase of Investment Securities	(1,297,020,000)	(21,027,000)	(112,108,952)
Net Increase In Investments	-	-	-
Interest and Dividends on Investments	53,763,000	325,000	12,120,081
Proceeds from Sale of Other Real Estate	5,565,000	-	-
Net Decrease in Loans	35,178,000	-	-
Disbursements for Loans and Loan Purchases	-	-	-
Receipt of Loan Principal Repayments	-	-	-
Proceeds from Collection of Loans and Notes Receivable	-	-	-
Loan Income Received	208,441,000	-	-
Net Cash Provided by (Used for) Investing Activities	216,000,000	5,963,000	16,292,798

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
\$ 129,978,186	\$ -	\$ 585,636,340	\$ 3,691,929
-	-	342,257,626	-
-	-	-	-
-	-	5,879,419	-
-	-	56,000	-
-	-	-	100,838,160
-	-	132,869,515	-
278,004	-	2,192,432	-
(3,432,588)	-	(115,355,588)	(3,045,474)
-	-	(9,400,960)	-
-	-	(45,103,168)	-
-	(1,093,000)	(498,234,966)	(52,571,781)
(24,016,478)	-	(812,686,908)	(38,954,529)
(153,040,051)	-	(153,040,051)	(999,810)
(7,596,833)	-	(8,281,847)	-
-	-	-	-
<u>(57,829,760)</u>	<u>(1,093,000)</u>	<u>(573,212,156)</u>	<u>8,958,495</u>
-	-	185,204,000	-
-	-	6,330,775,000	-
-	-	(109,720,000)	-
-	-	(6,803,181,000)	-
-	-	(30,104,000)	-
-	-	(30,041,000)	-
-	-	6,179,879	-
44,778	75,000,000	101,546,487	-
-	-	(82,150,577)	-
-	-	60,904,000	-
-	-	258,369,000	-
-	-	(27,189,000)	-
-	(2,700,000)	(2,700,000)	-
-	-	(6,461,000)	-
-	-	93,830,000	-
-	-	963,000	-
-	-	204,063,872	-
-	-	(205,623,709)	-
-	-	110,614,527	-
-	-	380,204,441	-
-	-	816,356	-
-	-	(25,669,705)	-
<u>44,778</u>	<u>72,300,000</u>	<u>410,630,571</u>	<u>-</u>
(2,848,533)	-	(132,978,587)	(12,588,702)
-	-	3,855,857	3,294,537
-	-	94,784,190	-
-	-	-	-
-	-	(19,508,893)	-
-	-	-	-
-	-	(13,753,146)	-
-	-	14,701,908	-
-	-	-	145,250
-	-	-	-
-	-	-	(17,147)
-	-	-	(6,257)
-	-	14,959,786	-
-	-	694,010	-
<u>(2,848,533)</u>	<u>-</u>	<u>(37,244,875)</u>	<u>(9,172,319)</u>
63,000,000	-	1,416,019,669	664,264
(2,010,427)	-	(1,432,166,379)	-
-	-	-	-
-	115,000	66,323,081	268,033
-	-	5,565,000	-
-	-	35,178,000	-
-	(56,649,000)	(56,649,000)	-
-	12,903,000	12,903,000	-
-	-	-	-
-	3,562,000	212,003,000	-
<u>60,989,573</u>	<u>(40,069,000)</u>	<u>259,176,371</u>	<u>932,297</u>

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, 2020

	Business-Type Activities - Enterprise Funds		
	Bank of North Dakota	Housing Finance	University System
<b>Net Change In Cash:</b>			
Net Increase (Decrease) in Cash and Cash Equivalents	(11,318,000)	6,943,000	32,230,853
Cash and Cash Equivalents at June 30, 2019	509,692,000	238,535,000	252,722,443
Cash and Cash Equivalents at June 30, 2020	\$ 498,374,000	\$ 245,478,000	\$ 284,953,296
<b>Reconciliation:</b>			
Current:			
Cash Deposits at the Bank of North Dakota	-	11,155,000	203,038,145
Cash and Cash Equivalents	498,374,000	-	16,756,221
Restricted Cash Deposits at the Bank of North Dakota	-	17,399,000	-
Restricted Cash and Cash Equivalents	-	216,924,000	-
Noncurrent:			
Restricted Cash Deposits At The Bank of North Dakota	-	-	65,158,930
Cash and Cash Equivalents	\$ 498,374,000	\$ 245,478,000	\$ 284,953,296
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			
Operating Income (Loss)	175,963,000	15,055,789	(529,244,312)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	624,000	7,000	72,345,493
Amortization/Accretion	-	(4,407,000)	-
Reclassification of Interest Revenue/Expense	(197,435,000)	32,869,000	-
(Gain) Loss on Sale of Real Estate	(2,264,000)	-	-
Net Increase in Fair Value of Investments	(16,505,000)	(583,000)	-
Interest Received on Program Loans	-	-	-
Dividend Credit Applied to Receivable	-	-	-
Receipt of Loan Principal Repayments	-	-	-
Provision for Losses	6,000,000	-	-
Other	-	-	(5,580,950)
Deferred Outflows	-	382,000	15,602,220
Deferred Inflows	-	1,156,000	46,999,153
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	-	(87,586,000)	3,314,156
(Increase) Decrease in Interest Receivable	-	(469,000)	-
(Increase) Decrease in Due From	982,000	2,000	-
(Increase) Decrease in Intergovernmental Receivable	-	298,000	-
(Increase) Decrease in Notes Receivable	-	-	(3,322,882)
(Increase) Decrease in Prepaid Items	-	2,000	-
(Increase) Decrease in Inventories	-	-	2,679
(Increase) Decrease in Other Assets	(15,633,000)	(1,838,000)	3,040,563
Increase (Decrease) in Accounts Payable	-	-	(2,880,188)
Increase (Decrease) in Interest Payable	-	-	-
Increase (Decrease) in Claims/Judgments Payable	-	-	-
Increase (Decrease) in Intergovernmental Payable	-	7,000	-
Increase (Decrease) in Accrued Payroll	-	-	580,105
Increase (Decrease) in Compensated Absences Payable	-	(24,000)	2,528,657
Increase (Decrease) in Amounts Held for Others	-	2,459,000	-
Increase (Decrease) in Other Deposits	-	-	1,914,438
Increase (Decrease) in Due To	(6,000)	315,000	-
Increase (Decrease) in Unavailable Revenue	-	-	2,962,176
Increase (Decrease) in Net Pension Liability	-	(1,241,000)	(52,699,509)
Increase (Decrease) in Net OPEB Liability	-	-	(109,984)
Increase (Decrease) in Other Liabilities	22,887,000	(759,000)	-
Increase (Decrease) in Dividends Payable	-	-	-
Total Adjustments	(201,350,000)	(59,410,000)	84,696,127
<b>Net Cash Provided by (Used for) Operating Activities</b>	\$ (25,387,000)	\$ (44,354,211)	\$ (444,548,185)
<b>Noncash Transactions:</b>			
Net Change in Fair Value of Investments	16,505,000	790,000	(266,871)
Transfers from Net Position to Transfers Payable	80,109,000	-	-
Reduction in pension and OPEB liability	-	-	-
Reinstatement of Debt Expense	-	-	-
Change in Securities Lending Collateral	-	-	-
Investment Income	-	-	-
Dividends Credited to Premium Billing	-	-	-
Accounts Receivable Premium Reduction	-	-	-
Assets Acquired Through Capital Lease	-	-	660,816
Assets Acquired Through Special Assessments	-	-	9,808
Expenses Paid by Capital Lease	-	-	2,060,399
Value Received on Trade of Capital Asset	-	-	-
Gifts of Capital Assets	-	-	4,072,500
Total Noncash Transactions	\$ 96,614,000	\$ 790,000	\$ 6,536,652

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
356,058	31,138,000	59,349,911	718,473
2,871,189	34,467,000	1,038,287,632	33,173,348
<u>\$ 3,227,247</u>	<u>\$ 65,605,000</u>	<u>\$ 1,097,637,543</u>	<u>\$ 33,891,821</u>
3,227,247	65,605,000	283,025,392	33,511,676
-	-	515,130,221	380,145
-	-	17,399,000	-
-	-	216,924,000	-
-	-	65,158,930	-
<u>\$ 3,227,247</u>	<u>\$ 65,605,000</u>	<u>\$ 1,097,637,543</u>	<u>\$ 33,891,821</u>
110,824,046	(1,287,000)	(228,688,477)	(5,539,620)
2,096,953	-	75,073,446	11,346,238
-	-	(4,407,000)	-
-	(13,000)	(164,579,000)	-
-	-	(2,264,000)	-
-	-	(17,088,000)	-
-	-	-	-
(96,424,944)	-	(96,424,944)	-
-	-	-	-
-	1,141,000	7,141,000	-
(12,170)	-	(5,593,120)	-
3,219,960	-	19,204,180	3,144,862
7,797,985	-	55,953,138	11,041,144
1,493,184	-	(82,778,660)	68,958
-	-	(469,000)	-
(133,203)	-	850,797	(3,045,400)
-	-	298,000	(43,727)
-	-	(3,322,882)	-
(34,139)	-	(32,139)	(29,352)
-	-	2,679	(25,345)
-	-	(14,430,437)	-
(48,579)	-	(2,928,767)	232,180
-	-	-	1,475,956
(61,152,000)	-	(61,152,000)	559,453
-	-	7,000	-
-	-	580,105	784,784
130,837	-	2,635,494	919,605
-	-	2,459,000	-
-	-	1,914,438	-
(18,870)	7,000	297,130	36,852
(11,063,551)	-	(8,101,375)	-
(8,291,437)	-	(62,231,946)	(11,955,230)
(13,261)	-	(123,245)	(12,863)
-	-	22,128,000	-
(6,200,571)	-	(6,200,571)	-
<u>(168,653,806)</u>	<u>1,135,000</u>	<u>(343,582,679)</u>	<u>14,498,115</u>
<u>\$ (57,829,760)</u>	<u>\$ (152,000)</u>	<u>\$ (572,271,156)</u>	<u>\$ 8,958,495</u>
27,195,370	-	44,223,499	266,729
-	-	80,109,000	-
-	-	-	-
-	-	-	-
392,634	-	392,634	(16,541)
99,164,295	-	99,164,295	-
102,625,515	-	102,625,515	-
(102,625,515)	-	(102,625,515)	-
-	-	660,816	-
-	-	9,808	-
-	-	2,060,399	-
-	-	-	-
-	-	4,072,500	-
<u>\$ 126,752,299</u>	<u>\$ -</u>	<u>\$ 230,692,951</u>	<u>\$ 250,188</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, 2020

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Agency Funds
<b>ASSETS</b>				
Cash Deposits at the Bank of ND	\$ 37,840,044	\$ -	\$ 5,877,831	\$ 43,975,323
Cash and Cash Equivalents	74,910	-	1,269,314	4,729,138
Receivables:				
Contributions Receivable	36,282,981	-	-	-
Accounts Receivable - Net	-	-	493,019	11,884,341
Taxes Receivable - Net	-	-	-	33,091,555
Interest Receivable - Net	22,924,460	676,798	86,444	150
Due from Other Funds	291	-	16	-
Due from Fiduciary Funds	9,250	-	-	-
Total Receivables	59,216,982	676,798	579,479	44,976,046
Investments, at Fair Value:				
Investments at the Bank of ND	-	-	21,862	29,958,537
Equities	1,500,306,819	139,173,961	-	-
Equity Pool	1,952,520,744	-	-	-
Fixed Income Pool	1,478,873,466	88,994,710	1,249,929	137,635,344
Cash and Cash Pool	46,919,407	2,340,076	-	-
Real Estate Pool	1,068,688,739	44,192,973	-	-
Mutual Funds	148,945,821	-	535,837,198	-
Total Investments	6,196,254,996	274,701,720	537,108,989	167,593,881
Invested Securities Lending Collateral	16,782,942	797,457	46,379	-
Capital Assets (Net of Depreciation)	377,659	-	-	-
Total Assets	6,310,547,533	276,175,975	544,881,992	\$ 261,274,388
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Derived from Pensions	549,008	-	-	-
Total deferred outflows of resources	549,008	-	-	-
<b>LIABILITIES</b>				
Accounts Payable	8,200,492	240,861	1,758,518	-
Accrued Payroll	170,382	-	-	-
Securities Lending Collateral	16,782,942	797,457	46,379	-
Intergovernmental Payable	-	-	-	72,304,762
Tax Refunds Payable	-	-	-	43,847
Due to Other Funds	29,000	-	-	-
Due to Fiduciary Funds	9,336	-	-	-
Amounts Held in Custody for Others	38,644	-	-	188,925,779
Compensated Absences Payable	152,262	-	-	-
Total Liabilities	25,383,058	1,038,318	1,804,897	\$ 261,274,388
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Derived from Pensions	536,950	-	-	-
Total deferred inflows of resources	536,950	-	-	-
<b>NET Position</b>				
Net Position Restricted for:				
Pension Benefits	6,284,154,064	-	-	-
Other Employee Benefits	1,022,469	-	-	-
External Investment Pool Participants	-	275,137,657	-	-
Other Purposes	-	-	543,077,095	-
Total Net Position Restricted for Pension Benefits and Other Purposes	6,285,176,533	275,137,657	543,077,095	-

# STATE OF NORTH DAKOTA

## Statement of Changes in Fiduciary Net Position Fiduciary Funds For the Fiscal Year Ended June 30, 2020

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 194,585,515	\$ -	\$ -
Employee	187,458,388	-	-
From Participants	-	-	50,856,817
Transfers from Other Funds	643,721	-	-
Transfers from Other Plans	1,459,268	-	-
Donations	-	-	7,774
Total Contributions	<u>384,146,892</u>	<u>-</u>	<u>50,864,591</u>
Investment Income:			
Net Change in Fair Value of Investments	91,169,691	4,535,778	63,786,582
Interest and Dividends	<u>129,200,156</u>	<u>5,834,133</u>	<u>13,688,585</u>
Less Investment Expense	<u>15,912,587</u>	<u>699,718</u>	<u>3,040</u>
Net Investment Income	<u>204,457,260</u>	<u>9,670,193</u>	<u>77,472,127</u>
Securities Lending Activity:			
Securities Lending Income	302,303	19,905	691
Less Securities Lending Expense	<u>33,911</u>	<u>3,979</u>	<u>-</u>
Net Securities Lending Income	<u>268,392</u>	<u>15,926</u>	<u>691</u>
Repurchase Service Credit	13,758,858	-	-
Miscellaneous Income	<u>1,093,974</u>	<u>-</u>	<u>3,068</u>
Total Additions	<u>603,725,376</u>	<u>9,686,119</u>	<u>128,340,477</u>
<b>DEDUCTIONS</b>			
Benefits Paid to Participants	450,959,410	-	-
Refunds	20,741,287	-	-
Prefunded Credit Applied	12,312,461	-	-
Transfer to Other Plans	643,721	-	-
Payments in Accordance with Trust Agreements	-	-	44,621,389
Administrative Expenses	<u>6,760,640</u>	<u>-</u>	<u>3,557,630</u>
Total Deductions	<u>491,417,519</u>	<u>-</u>	<u>48,179,019</u>
Redemption of Units at \$1.00 Per Unit	<u>-</u>	<u>(8,367,604)</u>	<u>-</u>
Change in Net Position Held in Trust for:			
Pension Benefits	112,308,265	-	-
Other Employee Benefits	(408)	-	-
External Investment Pool Participants	-	1,318,515	-
Other Purposes	<u>-</u>	<u>-</u>	<u>80,161,458</u>
Total Change in Net Position	<u>112,307,857</u>	<u>1,318,515</u>	<u>80,161,458</u>
Net Position - Beginning of Year	<u>6,172,868,676</u>	<u>273,819,142</u>	<u>462,915,637</u>
Net Position - End of Year	<u>\$ 6,285,176,533</u>	<u>\$ 275,137,657</u>	<u>\$ 543,077,095</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, 2020

	CHAND	Public Finance Authority	ND Development Fund	State Fair Foundation	Total
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 1,267,526	\$ -	\$ 19,652,156	\$ 278,756	\$ 21,198,438
Accounts Receivable - Net	166,142	-	-	-	166,142
Interest Receivable - Net	-	-	140,860	-	140,860
Due from Primary Government	-	30,000	-	-	30,000
Loans and Notes Receivable - Net	-	-	4,606,141	-	4,606,141
Restricted Cash and Cash Equivalents	-	83,581,000	-	11,057	83,592,057
Restricted Investments	-	94,120,000	-	-	94,120,000
Restricted Interest Receivable - Net	-	5,570,000	-	-	5,570,000
Total Current Assets	1,433,668	183,301,000	24,399,157	289,813	209,423,638
Noncurrent Assets:					
Restricted Investments	-	884,114,000	-	-	884,114,000
Due from Primary Government	-	30,000	-	-	30,000
Loans and Notes Receivable - Net	-	-	6,928,432	35,000	6,963,432
Capital Assets:					
Nondepreciable	-	-	-	1,115,389	1,115,389
Depreciable, Net	-	-	1,360	-	1,360
Total Noncurrent Assets	-	884,144,000	6,929,792	1,150,389	892,224,181
Total Assets	1,433,668	1,067,445,000	31,328,949	1,440,202	1,101,647,819
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred loss on bond refunding	-	3,116,000	-	-	3,116,000
Derived from Pensions	-	83,000	-	-	83,000
Total Deferred Outflows of Resources	-	3,199,000	-	-	3,199,000
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	591,095	37,000	6,185	21,500	655,780
Interest Payable	-	4,537,000	-	-	4,537,000
Notes Payable	-	-	-	4,591	4,591
Bonds Payable	-	25,665,000	-	-	25,665,000
Unearned Revenue	42,066	-	-	-	42,066
Total Current Liabilities	633,161	30,239,000	6,185	26,091	30,904,437
Noncurrent Liabilities:					
Due to Primary Government	-	-	102,855	-	102,855
Notes Payable	-	-	-	69,749	69,749
Bonds Payable	-	494,762,000	-	-	494,762,000
Net Pension Liability	-	191,000	-	-	191,000
Total Noncurrent Liabilities	-	494,953,000	102,855	69,749	495,125,604
Total Liabilities	633,161	525,192,000	109,040	95,840	526,030,041
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Derived from Pensions	-	103,000	-	-	103,000
Total Deferred Inflows of Resources	-	103,000	-	-	103,000
<b>Net Position</b>					
Net Investment in Capital Assets	-	-	1,360	-	1,360
Restricted for:					
Debt Service	-	114,641,000	-	-	114,641,000
Loan Purposes	-	428,761,000	-	-	428,761,000
Endowment Funds-Nonexpendable	-	-	-	2,155,492	2,155,492
Unrestricted	800,507	1,947,000	31,218,549	(811,130)	33,154,926
Total Net Position	\$ 800,507	\$ 545,349,000	\$ 31,219,909	\$ 1,344,362	\$ 578,713,778

**STATE OF NORTH DAKOTA**

**Combining Statement of Activities  
Component Units - Proprietary Funds  
(Excludes FASB Based Component Units)  
For the Fiscal Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue	General Revenues Payments from State of North Dakota	Change in Net Position	Net Position Beginning of Year, as Restated	Net Position End of Year
		Charges for Services	Operating Grants and Contributions					
CHAND	\$ 3,357,828	\$ 2,193,640	\$ 36,137	\$ (1,128,051)	\$ -	\$ (1,128,051)	\$ 1,928,558	\$ 800,507
Public Finance Authority	25,659,000	3,606,000	45,816,000	23,763,000	-	23,763,000	521,586,000	545,349,000
ND Development Fund	7,495,022	985,940	88,177	(6,420,905)	15,000,000	8,579,095	22,640,814	31,219,909
State Fair Foundation	1,102,151	7,136	90,419	(1,004,596)	-	(1,004,596)	2,348,958	1,344,362
<b>Total Component Units</b>	<b>\$ 37,614,001</b>	<b>\$ 6,792,716</b>	<b>\$ 46,030,733</b>	<b>\$ 15,209,448</b>	<b>\$ 15,000,000</b>	<b>\$ 30,209,448</b>	<b>\$ 548,504,330</b>	<b>\$ 578,713,778</b>

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# STATE OF NORTH DAKOTA

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## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2020

### **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, 2020, 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, 2019, and their report has been previously issued under a separate cover.

**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, 2019, and their report has been previously issued under a separate cover.

## STATE OF NORTH DAKOTA

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**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, 2020, 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, 2019, 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 their 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.

**Non-major 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, 2020, and their report has been previously issued under a separate cover. The component unit financial statements are presented under Financial Accounting Standards Board (FASB) standards. As such, certain disclosures are not reflected for the Foundation and no disclosures are included for the Foundation.

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., 14<sup>th</sup> Floor  
Bismarck, ND 58505-0840

Public Finance Authority  
1200 Memorial Highway  
Bismarck ND 58504

Comprehensive Health Associations  
4510 13<sup>th</sup> 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

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**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***

### MEASUREMENT 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

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## 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.

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## 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, pretax benefits program, 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, Veteran's Cemetery Trust 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 2019-2021 biennium, there were general, federal and other funds supplemental appropriations totaling \$1,157,610,655.

## **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

## STATE OF NORTH DAKOTA

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and Cash Equivalents" to present the unique nature of the relationship between the Bank of North Dakota, an enterprise fund, and other state agencies.

**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, 2020.

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, 2020, 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 232 days as of June 30, 2020. Cash open collateral is invested in a short term investment pool, which had an interest sensitivity of 1 day 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.

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.

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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 (NDHPRS), 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.

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.

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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 fifteen 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 one-half percent below the general fund revenue projections for the biennium. The Budget Stabilization Fund, fund balance at June 30, 2020 was \$726,903,611.

## ***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 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.

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## 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	Component Units (GASB Based)	Component Units (FASB Based) State Historical Society Foundation
June 30, 2019, net position, as previously reported	\$ 20,612,163	\$ 549,583	\$ -
Prior period adjustments:			
Correction of Errors	(1,092)	(1,079)	1,079
June 30, 2019, net position, as restated	\$ 20,611,071	\$ 548,504	\$ 1,079

## A. CORRECTION OF ERRORS

The beginning net position of the Government-wide governmental activities were restated due to an overstatement of construction in progress of \$1.092 million. The Component Units (GASB Based) net position was reduced \$1.079 million to reclassify the State Historical Society of North Dakota Foundation from the GASB component units to the FASB component units statements, as the Foundation is accounted for under the FASB basis.

## 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, 2020, the bank balance of the primary government's deposits was \$444,521,116. Of the bank amount, \$196,738,000 was uncollateralized and uninsured.

There were significant concentrations of uninsured and uncollateralized deposits in the Bank of North Dakota and University System at June 30, 2020. Their uninsured and uncollateralized deposits totaled \$196.7 million and \$789 thousand, and their bank deposits totaled \$198.3 million and \$18.3 million, respectively.

At June 30, 2020, the bank balance of the major component units' deposits was \$104,790,495. Of the bank amount, \$103,233,156 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.

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## **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, 2020: 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.

# STATE OF NORTH DAKOTA

## 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, 2020, 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	\$ 589,018	\$ 104	\$ 122,916	\$ 224,913	\$ 241,085
Collateralized Bonds	4,629	-	-	217	4,412
Commercial Mortgage-Backed	1,469,713	2,588	1,147,870	9,476	309,779
Commercial Paper	33,978	33,978	-	-	-
Corporate Bonds	2,594,421	77,669	1,506,387	519,710	490,655
Corporate Convertible Bonds	10,372	-	4,709	1,825	3,838
Government Agencies	1,325,176	2,104	1,123,729	14,240	185,103
Government Bonds	744,158	8,206	225,629	260,951	249,372
Government Issued CMB	62,317	-	7,526	36,243	18,548
Government Mortgage-Backed	1,038,933	6	6,682	40,851	991,394
Index-Linked Government Bonds	741,322	-	273,179	235,025	233,118
Municipal/Provincial Bonds	74,929	3,299	39,190	6,448	25,992
Non-Government-Backed CMOs	154,304	-	2,745	7,555	144,004
Short Term Bills and Notes	83,048	83,048	-	-	-
Pooled Investments	1,562,242	27,553	1,029,329	253,684	251,676
Total Debt Securities	<u>\$ 10,488,560</u>	<u>\$ 238,555</u>	<u>\$ 5,489,891</u>	<u>\$ 1,611,138</u>	<u>\$ 3,148,976</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	\$ 4,799	\$ 4,799	\$ -	\$ -	\$ -
Corporate Notes	17,868	13,321	4,547	-	-
Government Agencies	8,445	4,871	3,574	-	-
Government Bonds	30,239	15,614	14,625	-	-
Short Term Bills and Notes	11,916	11,916	-	-	-
Total Debt Securities	<u>\$ 73,267</u>	<u>\$ 50,521</u>	<u>\$ 22,746</u>	<u>\$ -</u>	<u>\$ -</u>

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 no PO's and held IOs valued at \$24.4 million. The State has no policy regarding IO or PO strips.

# STATE OF NORTH DAKOTA

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## 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, 2020 (expressed in thousands):

	<u>Amount</u>	<u>Percent</u>
Federal Agency		
Federal Home Loan Bank	\$ 244,471	12.3%
Small Business Administration	221,472	11.2%
Farm Credit	346,450	17.5%
Freddie Mac	30,079	1.5%
Fannie Mae	65,192	3.3%
Mortgage-backed		
Fannie Mae	626,574	31.6%
Freddie Mac	391,742	19.8%
Others less than 5%	56,487	2.8%
	<u>\$ 1,982,467</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.

# STATE OF NORTH DAKOTA

As of June 30, 2020, 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	\$589,018	\$304,991	\$63,388	\$44,998	\$53,475	\$7,508	\$1,424	\$6,123	\$1,707	\$ -	\$1,102	\$104,302
Collateralized Bonds	4,629	2,633	-	-	-	-	-	-	-	-	-	1,996
Commercial Mortgage-Backed	1,342,022	1,249,542	7,606	9,032	7,509	3,243	4,082	1,685	-	-	-	59,323
Commercial Paper	33,978	-	-	-	-	-	-	-	-	-	-	33,978
Corporate Bonds	2,594,484	17,276	142,871	827,216	1,271,177	217,674	74,559	27,311	286	1,105	485	14,524
Corporate Convertible Bonds	10,372	-	-	175	915	2,635	923	2,639	-	-	20	3,065
Government Agencies	1,126,216	964,702	134,804	9,712	15,581	-	-	1,417	-	-	-	-
Government Bonds	138,680	2,479	10,350	1,725	61,137	34,417	10,249	-	3,286	-	921	14,116
Government Mortgage Backed	728,275	-	711,156	1,023	5,240	-	8,463	-	-	-	-	2,393
Government Issued CMB	46,648	2,044	44,604	-	-	-	-	-	-	-	-	-
Municipal/ Provincial Bonds	73,940	8,156	34,144	18,328	4,206	1,866	-	-	481	-	634	6,125
Non-Government Backed CMOs	154,305	39,374	10,663	15,644	16,227	2,154	2,049	1,991	1,168	-	152	64,883
Short-Term Investment Funds	186,988	-	6,098	-	-	-	-	-	-	-	-	180,890
Pooled Investments	<u>1,781,834</u>	<u>380,144</u>	<u>247,731</u>	<u>656,131</u>	<u>116,280</u>	<u>18,038</u>	<u>26,709</u>	-	-	-	-	<u>336,801</u>
Total Credit Risk Debt Securities	8,811,389	<u>\$2,971,341</u>	<u>\$1,413,415</u>	<u>\$1,583,984</u>	<u>\$1,551,747</u>	<u>\$287,535</u>	<u>\$128,458</u>	<u>\$41,166</u>	<u>\$6,928</u>	<u>\$1,105</u>	<u>\$3,314</u>	<u>\$822,396</u>
US Gov't & Agencies**	1,627,559											
Mutual Funds	<u>230,607</u>											
Total Debt Securities	<u>\$10,669,555</u>											

# STATE OF NORTH DAKOTA

## Major Component Units

	Total Fair Value	AA	A	BBB
Commercial Paper	\$ 4,799	\$ -	\$ 4,799	\$ -
Short Term Bills & Notes	11,916	-	11,916	-
Government Agencies	8,445	8,445	-	-
Corporate Notes	17,868	631	14,148	3,089
Total Credit Risk Debt Securities	43,028	\$ 9,076	\$ 30,863	\$ 3,089
US Gov't & Agencies	30,239			
Total Debt Securities	\$ 73,267			

\*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.

## STATE OF NORTH DAKOTA

At June 30, 2020, 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	\$ 205	\$ 416	\$ -	\$ -	\$ 621
Australian dollar	(453)	1,223	111,338	-	112,108
Brazilian real	458	6,357	12,581	-	19,396
British pound sterling	(25,312)	45,405	336,997	-	357,090
Canadian dollar	(690)	2,269	91,259	-	92,838
Chilean peso	-	8,666	791	-	9,457
Chinese yuan renminbi	278	-	5,612	-	5,890
Columbian peso	452	8,022	219	-	8,693
Czech koruna	-	7,109	716	-	7,825
Danish krone	64	-	87,564	-	87,628
Egyptian pound	-	-	67	-	67
Euro	(30,138)	53,910	665,166	613	689,551
Hong Kong dollar	138	-	211,749	-	212,787
Hungarian forint	243	7,127	2,436	-	9,806
Indian rupee	-	-	13,013	-	13,013
Indonesian rupiah	55	394	7,867	-	8,316
Israeli shekel	-	-	4,453	-	4,453
Japanese yen	2,616	-	473,961	-	476,577
Kenyan shiling	-	-	1,213	-	1,213
Malaysian ringgit	203	8,667	2,276	-	11,146
Mexican peso	(24)	20,270	5,326	-	25,572
New Israeli shekel	-	-	3,463	-	3,463
New Taiwan dollar	23	-	8,138	-	8,161
New Zealand dollar	101	1,665	2,126	-	3,892
Norwegian krone	133	128	15,223	-	15,484
Peruvian nuevo sol	-	-	10	-	10
Philippine peso	-	-	971	-	971
Polish zloty	(47)	9,741	943	-	10,637
Qatari riyal	-	-	86	-	86
Russian ruble	(52)	2,256	1,171	-	3,375
Saudi Arabian riyal	-	-	886	-	886
Singapore dollar	276	-	17,330	-	17,606
South African rand	1,098	412	6,235	-	7,745
South Korean won	-	9,078	28,524	-	37,602
Swedish krona	37	-	100,280	-	100,317
Swiss franc	1,618	-	208,642	-	210,260
Taiwan dollar	-	-	24,638	-	24,638
Thai baht	-	-	6,401	-	6,401
Turkish lira	-	-	791	-	791
UAE dirham	-	-	57	-	57
International commingled funds (various currencies)	-	-	980,048	35,004	1,015,052
Total international investment securities	\$ (47,818)	\$ 193,115	\$ 3,440,567	\$ 35,617	\$ 3,621,481

## STATE OF NORTH DAKOTA

**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, 2020, 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 \$65.4 million for the year ended June 30, 2020. At June 30, 2020, the State investment portfolio had the notional futures shown below (expressed in thousands).

Futures	Notional Value
Cash and cash equivalent derivative futures	
Long	\$ -
Short	(258,482)
Equity derivative futures	
Long	1,064,665
Short	-
Fixed income derivative futures	
Long	262,374
Short	(1,703,654)
Total futures	<u>\$ (635,097)</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 \$5.3 million. At June 30, 2020, the State had the following option balances (expressed in thousands):

Options	Fair Value
Cash & Other Options	
Call	\$ 201
Put	537
Fixed Income Options	
Call	(146)
Put	(70)
Total options	<u>\$ 522</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 \$(22.5) million for the year ended June 30, 2020. The maximum loss that would be recognized at June 30, 2020, if all counterparties failed to perform as contracted is \$3.0 million. Swap fair values are determined by a third party pricing source.

## STATE OF NORTH DAKOTA

At June 30, 2020, the States' investment portfolio had the swap fair value balances as shown below (expressed in thousands).

### 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 (5 contracts)	\$ (3,730)	2021 - 2025	\$ (71)
Citibank / Aa3 (34 contracts)	3,715	2020 - 2024	(262)
Citigroup Global Markets / A1 (2 contracts)	(400)	2024	(9)
Credit Suisse First Boston / A1 (9 contracts)	(3,675)	2020 - 2024	(114)
Deutsche Bank / A3 (2 contracts)	2,000	2059	(15)
Goldman Sachs / A3 (4 contracts)	(1,700)	2023 - 2024	(55)
JP Morgan Chase / Aa2 (4 contracts)	(25,515)	2025 - 2029	852
Morgan Stanley / A3 (5 contracts)	2,555	2024 - 2025	(35)
Total credit default swaps	<u>\$ (26,750)</u>		<u>\$ 291</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 (16 contracts)	\$ 112,251	2020 - 2050	\$ 443
Credit Suisse First Boston / A1 (22 contracts)	185,220	2020 - 2050	714
JP Morgan Chase / Aa2 (100 contracts)	367,049	2020 - 2045	4,871
Total Interest Rate Swaps	<u>\$ 664,520</u>		<u>\$ 6,028</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)	\$ 2,764	2041	\$ 2
Total Return Swaps	<u>\$ 2,764</u>		<u>\$ 2</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 \$2.0 million. At June 30, 2020, 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>
Australian dollar	\$ (722)	\$ -	\$ (722)	\$ (737)
Brazilian real	2	20	(18)	(2)
British pound sterling	(39,156)	4,970	(44,126)	(39,408)
Canadian dollar	(569)	-	(569)	(579)
Columbian peso	174	174	-	167
Euro	(59,294)	41,056	(100,350)	(60,502)
Russian ruble	(136)	1,216	(1,352)	(52)
United States dollar	99,701	147,137	(47,436)	99,701
Total forwards subject to currency risk				<u>\$ (1,412)</u>

## STATE OF NORTH DAKOTA

**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, 2020, 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	\$ (1,699,762)	\$ (265,954)	\$ (1,175,326)	\$ (86,077)	\$ (172,405)	\$ -
Margined Options - interest rate contracts	(3)	(3)	-	-	-	-
<b>Total</b>	<b>\$ (1,699,765)</b>	<b>\$ (265,957)</b>	<b>\$ (1,175,326)</b>	<b>\$ (86,077)</b>	<b>\$ (172,405)</b>	<b>\$ -</b>

	Total Fair Value	3 Months or Less	3 to 6 Months	6 to 12 Months	1-5 Years	5-10 Years	Greater Than 10 Years
Options - Interest rate contracts	\$ 731	\$ (7)	\$ -	\$ -	\$ -	\$ -	\$ 738
Options on futures	(209)	(209)	-	-	-	-	-
Swaps - interest rate contracts	6,028	7	(2)	472	5,826	250	(525)
Swaps - credit contracts	291	-	(3)	-	396	(87)	(15)
<b>Total</b>	<b>\$ 6,841</b>	<b>\$ (209)</b>	<b>\$ (5)</b>	<b>\$ 472</b>	<b>\$ 6,222</b>	<b>\$ 163</b>	<b>\$ 198</b>

**Mill and Elevator Derivative Financial Instruments** – The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2020, and the changes in fair value of such derivative instruments for the year then ended as reported in the State's financial statements are \$735,025, classified as derivative instrument (one contract equals 5,000 bushels) and \$735,025, 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, 2020.

Month	Number of Contracts	Average Cost	Fair Value	Average Cost	Market Value
Sept 2020	275	\$ 5.4175	\$ 5.2025	\$ 7,450,163	\$ 7,153,438
Dec 2020	319	5.5250	5.3350	8,816,463	8,509,325
Mar 2021	130	5.6424	5.4700	3,686,663	3,555,500
				<u>\$ 19,953,289</u>	<u>\$ 19,218,263</u>

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 rated 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.

## STATE OF NORTH DAKOTA

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, 2020, the table below shows the hedge ratio by futures month going forward:

<u>Period</u>	<u>Hedge Ratio</u>
Sept 2020	1.0
Dec 2020	1.1
<u>March 2021</u>	<u>1.0</u>
Net Position	1.1

### C. SECURITIES LENDING

The following represents the balances relating to the securities lending transactions at June 30, 2020 (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	\$ 11,977	\$ 5,954	\$ 12,222
US government securities	150,111	18,498	153,276
US corporate fixed income securities	38,791	-	39,470
US equities	31,478	2,242	32,001
Global government fixed income securities	205	-	214
Global government securities	827	-	875
Global equities	29,051	116	31,010
Lent for non-cash collateral:			
Market value of securities on loan against non-cash collateral	<u>145,780</u>	<u>121,679</u>	<u>-</u>
Total	<u>\$ 408,220</u>	<u>\$ 148,489</u>	<u>\$ 269,068</u>

### 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, 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.

## STATE OF NORTH DAKOTA

Net appreciation on investments are available for expenditure and consist of the following at June 30, 2020:

		<u>Reflected in net position as:</u>
North Dakota State University	\$ 294,201	Expendable scholarships & fellowships
University of North Dakota	911,679	Non-expendable scholarships & fellowships
Williston State College	4,217	Non-expendable scholarships & fellowships
Total NDUS	<u>\$ 1,210,097</u>	

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, 2020 are approximately \$184.6 million and \$7.3 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, 2019.

Beginning endowment	\$ 2,155,492
Endowment contributions	-
Ending endowment	<u>\$ 2,155,492</u>

### **E. RECEIVABLES**

Receivables at June 30, 2020, consist of the following (expressed in thousands):

	<u>General</u>	<u>Federal</u>	<u>State</u>	<u>Other Governmental Funds</u>	<u>Bank of North Dakota</u>	<u>Housing Finance</u>
<b>Receivables:</b>						
Accounts	\$ 26,906	\$ 48,860	\$ 117,371	\$ 9	\$ -	\$ 666
Less Allowance	(10,120)	(18,244)	(36,474)	-	-	-
Taxes	533,784	-	83,515	108	-	-
Less Allowance	(138,550)	-	(3,263)	-	-	-
Interest	29,512	-	27,014	83	56,672	5,176
Less Allowance	-	-	(9,127)	-	-	-
Intergovernmental	755	285,351	11,085	-	-	232
Less Allowance	-	-	-	-	-	-
Current Loans and Notes	-	-	12,060	49,634	852,400	30,160
Less Allowance	-	-	(646)	-	-	-
Noncurrent Loans and Notes	48	234	124,287	-	3,603,246	1,255,924
Less Allowance	-	-	-	-	(95,690)	-
Net Receivables	<u>\$ 442,335</u>	<u>\$ 316,201</u>	<u>\$ 325,822</u>	<u>\$ 49,834</u>	<u>\$ 4,416,628</u>	<u>\$ 1,292,158</u>

# STATE OF NORTH DAKOTA

	University System	Workforce Safety & Insurance	Other Enterprise Funds	Internal Service Funds	Major Component Units	Total
<b>Receivables:</b>						
Accounts	\$ 35,819	\$ 32,197	\$ 119,177	\$ 273	\$ 166	\$ 381,444
Less Allowance	(7,231)	(7,000)	(25,784)	-	-	(104,853)
Taxes	-	-	-	-	-	617,407
Less Allowance	-	-	-	-	-	(141,813)
Interest	-	10,554	3,429	53	5,711	138,204
Less Allowance	-	-	-	-	-	(9,127)
Intergovernmental	22,259	-	11,230	423	-	331,335
Less Allowance	-	-	-	-	-	-
Current Loans and Notes	6,208	-	27,789	-	4,606	982,857
Less Allowance	(807)	-	-	-	-	(1,453)
Noncurrent Loans and Notes	20,021	-	427,173	-	25,677	5,456,610
Less Allowance	(3,191)	-	(9,196)	-	(18,713)	(126,790)
Net Receivables	<u>\$ 73,078</u>	<u>\$ 35,751</u>	<u>\$ 553,818</u>	<u>\$ 749</u>	<u>\$ 17,447</u>	<u>\$ 7,523,821</u>

## 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, 2020, the State had an average daily balance of \$3,000 of repurchase agreements with a 0.00% interest rate and a 3.04% weighted average interest rate paid during the year.

## G. INTERFUND ACCOUNTS AND TRANSFERS

### DUE FROM OTHER FUNDS/DUE TO OTHER FUNDS

Interfund balances at June 30, 2020, consist of the following (expressed in thousands):

Due To General Fund From:	
Federal Fund	\$ 61,866
State Fund	18,778
Bank of North Dakota	870
Nonmajor Enterprise Funds	24,888
All Others	223
Total Due To General Fund	<u>\$ 106,625</u>

Included in the Nonmajor Enterprise Funds amount is a loan to the Rebuilder's Loan Program for \$15,302,692. This is not expected to be repaid within one year.

Due To Federal Fund From:		Due To State Fund From:	
General Fund	\$ 5,074	General Fund	\$ 4,170
State Fund	24,390	Federal Fund	16,456
All Others	191	Internal Service Funds	172
Total Due To Federal Fund	<u>\$ 29,655</u>	Nonmajor Enterprise Funds	634
		All Others	231
		Total Due To State Fund	<u>\$ 21,663</u>

# STATE OF NORTH DAKOTA

Due To Internal Service Funds From:		Due To Bank of North Dakota From:	
General Fund	\$ 4,389	State Fund	\$ 13,752
State Fund	5,080	Nonmajor Enterprise Funds	56,223
University System	987	University System	2,231
Federal Fund	1,098	All Others	5
All Others	387	Total Due To Bank of North Dakota	<u>\$ 72,211</u>
	<u>\$ 11,941</u>		

Included in the Nonmajor Enterprise Funds amount is a loan to the Rebuilder's Loan Program for \$9,324,000, of which \$7,555,000 is not expected to be repaid within one year.

Due To University System From:	
General Fund	\$ 17,324
Federal Fund	4,206
State Fund	5,354
Bank of North Dakota	1,021
Building Authority	3,278
All Others	69
Total Due To University System	<u>\$ 31,252</u>

Due To All Other Funds From:	
All Other	<u>\$ 83,408</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, 2020.

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

<b>Due From's</b>	\$ 356,755
General Fund/Bank of ND	159
Bank of ND/ Mill and Elevator	1,135
Bank of ND/Rebuilder's Loan	(2,972)
Bank of ND/University System	(1,077)
Bank of ND/Guaranteed Student Loan	1,092
Governmental Agencies/Bank of ND	2,126
Bank of ND/Enterprise Funds	2,079
Total Differences	<u>2,542</u>
<b>Due To's</b>	<u>\$ 359,297</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, 2020, follows (expressed in thousands):

	General	Special Revenue Federal	Special Revenue State	Non-major Governmental	Bank of North Dakota	Housing Finance	University System	Workforce Safety & Insurance	Non-major Enterprise	Total
<b>Transfers Out</b>										
General	\$ -	\$ 263	\$ 10,883	\$ 1,800	\$ -	\$ -	\$ 399,511	\$ -	\$ 271	\$ 412,728
Special Revenue - Federal	5,128	-	43,285	286	-	-	671	161	-	49,531
Special Revenue - State	398,290	7	-	1,184	-	9	19,512	-	120,138	539,140
Non-major Governmental	1,082	-	1,084	-	-	-	-	-	-	2,166
Bank of North Dakota	35,000	-	16,753	-	-	-	200	-	12,800	64,753
Housing Finance	-	-	44	-	-	-	-	-	-	44
University System	-	-	-	2,940	-	-	-	-	85	3,025
Non-major Enterprise	9,524	-	3,404	-	2,700	-	-	-	-	15,628
<b>Total</b>	<b>\$ 449,024</b>	<b>\$ 270</b>	<b>\$ 75,453</b>	<b>\$ 6,210</b>	<b>\$ 2,700</b>	<b>\$ 9</b>	<b>\$ 419,894</b>	<b>\$ 161</b>	<b>\$ 133,294</b>	<b>\$ 1,087,015</b>

(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, 2020, legislatively-mandated transfers were made to the general fund of \$4,100,000 from the State Lottery, \$5,423,841 from Mill and Elevator, \$5,247,806 from the Insurance Regulatory Trust Fund, \$8,600,000 from the Tax Relief fund, \$382,200,000 from Strategic Investment and Improvement Fund, \$70,000,000 from the Bank of North Dakota and \$7,754,324 from the Securities Department Special Fund.

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

	\$ (1,146,702)
Differences:	
General Fund / Bank of North Dakota	35,000
Special Rev - Ag PACE / Bank of North Dakota	250
Special Rev - PACE / Bank of North Dakota	(1,450)
PACE / Beginning Farmer Revolving Loan	(1,200)
Special Revenue / Bank of North Dakota	7
Small Employer Loan Fund / Bank of North Dakota	20,000
Innovation Loan Fund / Bank of North Dakota	9,900
School Construction Assistance Loan Fund / Bank of North Dakota	(2,700)
Federal fund	(120)
Total Differences	59,687
<b>Transfers Out</b>	<b>\$ (1,087,015)</b>

## STATE OF NORTH DAKOTA

The above timing differences of \$59,687,000 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.

### H. CAPITAL ASSETS

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

#### Primary Government

Description	Balance July 1, 2019*	Increases	Decreases	Balance June 30, 2020
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 161,050	\$ 2,133	\$ (56)	\$ 163,127
Construction in Progress	1,652,309	309,868	(470,636)	1,491,541
Total Capital Assets Not Being Depreciated	1,813,359	312,001	(470,692)	1,654,668
Capital Assets Being Depreciated:				
Buildings and Improvements	730,433	29,557	(417)	759,573
	337,843	31,398	(15,742)	353,499
Intangibles				
Software	368,611	11,868	(698)	379,781
Other	39,210	639	(527)	39,322
Infrastructure	5,625,745	483,237	(6)	6,108,976
Total Capital Assets Being Depreciated	7,101,842	556,699	(17,390)	7,641,151
Less Accumulated Depreciation for:				
Buildings and Improvements	(318,725)	(19,198)	267	(337,656)
Equipment	(169,790)	(21,751)	12,604	(178,937)
Intangibles				
Software	(124,062)	(26,853)	694	(150,221)
Other	(29,549)	(647)	527	(29,669)
Infrastructure	(3,037,106)	(100,178)	5	(3,137,279)
Total Accumulated Depreciation	(3,679,232)	(168,627)	14,097	(3,833,762)
Total Capital Assets Being Depreciated, Net	3,422,610	388,072	(3,293)	3,807,389
Governmental Activities Capital Assets, Net	\$ 5,235,969	\$ 700,073	\$ (473,985)	\$ 5,462,057

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

## STATE OF NORTH DAKOTA

<u>Description</u>	<u>Balance July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2020</u>
<b>Business-Type Activities:</b>				
Capital Assets Not Being Depreciated				
Land	\$ 24,099	\$ 1,453	\$ -	\$ 25,552
Construction in Progress	166,949	109,541	(56,356)	220,134
Total Capital Assets Not Being Depreciated	<u>191,048</u>	<u>110,994</u>	<u>(56,356)</u>	<u>245,686</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	1,817,538	54,951	(15,850)	1,856,639
Equipment	542,231	25,304	(12,563)	554,972
Intangibles				
Software	28,923	71	(9)	28,985
Other	24,038	4,353	(678)	27,713
Infrastructure	<u>237,637</u>	<u>5,726</u>	<u>-</u>	<u>243,363</u>
Total Capital Assets Being Depreciated	<u>2,650,367</u>	<u>90,405</u>	<u>(29,100)</u>	<u>2,711,672</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(678,378)	(43,564)	8,570	(713,372)
Equipment	(370,104)	(29,792)	10,900	(388,996)
Intangibles				
Software	(26,941)	(1,299)	9	(28,231)
Other	(15,597)	(2,749)	664	(17,682)
Infrastructure	<u>(119,095)</u>	<u>(6,221)</u>	<u>-</u>	<u>(125,316)</u>
Total Accumulated Depreciation	<u>(1,210,115)</u>	<u>(83,625)</u>	<u>20,143</u>	<u>(1,273,597)</u>
Total Capital Assets Being Depreciated, Net	<u>1,440,252</u>	<u>6,780</u>	<u>(8,957)</u>	<u>1,438,075</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,631,300</u>	<u>\$ 117,774</u>	<u>\$ (65,313)</u>	<u>\$ 1,683,761</u>

### Major Component Units

<u>Description</u>	<u>Balance July 1, 2019*</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2020</u>
Capital Assets Not Being Depreciated				
Land	\$ 7,074	\$ -	\$ -	\$ 7,074
Construction in Progress	4,928	146	(4,928)	146
Total Capital Assets Not Being Depreciated	<u>12,002</u>	<u>146</u>	<u>(4,928)</u>	<u>7,220</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	177,181	9,023	(14,536)	171,668
Equipment	49,389	10,740	(4,631)	55,498
Intangibles	78	-	-	78
Infrastructure	<u>12,642</u>	<u>-</u>	<u>-</u>	<u>12,642</u>
Total Capital Assets Being Depreciated	<u>239,290</u>	<u>19,763</u>	<u>(19,167)</u>	<u>239,886</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(71,929)	(5,417)	-	(77,346)
Equipment	(23,413)	(4,291)	3,402	(24,302)
Intangibles	(78)	-	-	(78)
Infrastructure	<u>(622)</u>	<u>(50)</u>	<u>-</u>	<u>(672)</u>
Total Accumulated Depreciation	<u>(96,042)</u>	<u>(9,758)</u>	<u>3,402</u>	<u>(102,398)</u>
Total Capital Assets Being Depreciated, Net	<u>143,248</u>	<u>10,005</u>	<u>(15,765)</u>	<u>137,488</u>
Major Component Unit Capital Assets, Net	<u>\$ 155,250</u>	<u>\$ 10,151</u>	<u>\$ (20,693)</u>	<u>\$ 144,708</u>

# STATE OF NORTH DAKOTA

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

Governmental Activities:	
General Government	\$ 8,252
Education	1,022
Health and Human Services	24,667
Regulatory	1,087
Public Safety and Corrections	14,147
Agriculture and Commerce	143
Natural Resources	17,756
Transportation	<u>101,553</u>
Total Governmental Activities Depreciation Expense	<u>\$ 168,627</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, 2020</u>	<u>Balance Authorized</u>
Attorney General	\$ 1,789	\$ 729	\$ 1,060
Office of Management and Budget	2,041	410	1,631
Secretary of State	3,127	1,433	1,694
Legislative Assembly	841	107	734
Department of Health	2,256	1,663	593
Department of Human Services	36,038	15,052	20,986
Industrial Commission	5,650	3,058	2,592
Environmental Quality	578	227	351
Highway Patrol	1,729	132	1,597
Corrections and Rehab	102	51	51
Adjutant General	41,434	19,437	21,997
Game and Fish	363	18	345
Department of Transportation	1,639,206	1,446,726	192,480
Parks & Recreation	6,181	2,132	4,049
ND School for the Deaf	<u>57</u>	<u>-</u>	<u>57</u>
Total Governmental Activities	<u>\$ 1,741,392</u>	<u>\$ 1,491,175</u>	<u>\$ 250,217</u>

<u>Business-Type Activities</u>	<u>Amount Authorized</u>	<u>Amount Expended Through June 30, 2020</u>	<u>Balance Authorized</u>
Mill and Elevator	\$ 35,500	\$ 25,007	\$ 10,493
University System*	448,910	195,227	253,683
Workforce Safety and Insurance	<u>35,640</u>	<u>11,876</u>	<u>23,764</u>
Total Business-Type Activities	<u>\$ 520,050</u>	<u>\$ 232,110</u>	<u>\$ 287,940</u>

\*Interest expense related to capital asset debt was approximately \$20.5 million in fiscal year 2020, of which approximately \$5.2 million was capitalized and included in construction in progress.

# STATE OF NORTH DAKOTA

## 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, 2020, amounted to \$17.9 million for governmental activities and \$15.6 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, 2020, for all fund types are as follows (expressed in thousands):

Year Ending June 30	Governmental Activities	Business-type Activities
2021	\$ 14,535	\$ 11,523
2022	6,280	7,639
2023	5,186	5,550
2024	3,363	2,987
2025	3,187	1,270
2026-2030	2,861	1,382
2031-2035	385	473
2036-2040	-	47
Total Minimum Lease Payments	<u>\$ 35,797</u>	<u>\$ 30,871</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, 2020 (expressed in thousands):

Year Ending June 30	Governmental Activities	Business- type Activities	Major Component Units
2021	\$ 511	\$ 6,847	\$ 128
2022	190	6,607	128
2023	125	6,231	128
2024	69	5,889	128
2025	16	6,114	127
2026-2030	-	19,211	638
2031-2035	-	9,583	446
2036-2040	-	2,648	-
2041-2045	-	1,609	-
2046-2050	-	1,866	-
2051-2055	-	838	-
Total Minimum Lease Payments	911	67,443	1723
Less: Amount Representing Interest	(77)	(15,781)	(470)
Present Value of Future Minimum Lease Payments	<u>\$ 834</u>	<u>\$ 51,662</u>	<u>\$ 1,253</u>

## STATE OF NORTH DAKOTA

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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, 2020, is as follows (expressed in thousands):

	Governmental Activities	Business- Type Activities	Major Component Units
Infrastructure	\$ -	\$ 60	\$ -
Buildings	-	52,425	1,979
Intangibles	-	156	-
Equipment	2,415	16,050	-
Less: Accumulated Depreciation	(1,805)	(19,451)	(1,093)
Total	<u>\$ 610</u>	<u>\$ 49,240</u>	<u>\$ 886</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, 2020, 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 Building Authority issued 2020 Series A Facilities Improvement bonds which principal and interest are payable in semiannual payments. The Authority shall issue bonds to refund the note on or before maturity. All 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 2020 were \$2.0 million. For fiscal year 2020, principal and interest paid by the Authority on the bonds was \$5.3 million. The total principal and interest remaining to be paid as of June 30, 2020, is \$23.1 million payable through December 2030.

## STATE OF NORTH DAKOTA

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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. Fund are also required for any positive arbitration due to the Federal government.

### 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 2020, revenue pledged and total principal and interest paid by Student Loan Trust were \$44,000 and \$25,000, 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 \$1.33 billion maturing at various times from July 1, 2020 through January 1, 2051. 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 \$100.5 million and \$30.0 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.

### 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 2020 were \$21.7 million. Principal and interest paid for the current fiscal year were \$21.7 million, with total remaining principal and interest of \$452.63 million payable through fiscal year 2047.

### 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 2020

## STATE OF NORTH DAKOTA

were \$27.0 million. Principal and interest paid for the current fiscal year were \$52.2 million, with total remaining principal and interest of \$684.2 million payable through June 2045.

Revenue Bonds outstanding (expressed in thousands):

### Primary Government

	Maturities	Interest Rates	Balance 6/30/20
Governmental-Type Activities:			
Building Authority	2021-2031	1.50-6.25	\$ 19,730
Business-Type Activities:			
Student Loan Trust	6/1/2029	0.86	1,000 <sup>1)</sup>
Housing Finance:			
Homeownership	2021-2051	0.20-4.50	1,331,980 <sup>1)</sup>
University System:			<sup>2)</sup>
BSC—Bismarck	2021-2033	2.00-4.00	7,274
MaSU—Mayville	2021-2030	1.25-6.63	3,046
MiSU—Minot	2021-2041	2.00-6.60	11,187
NDSCS—Wahpeton	2021-2037	3.76	7,035
NDSU—Fargo	2021-2047	1.50-5.00	126,277
UND—Grand Forks	2021-2050	0.75-5.00	161,497
VCSU—Valley City	2021-2046	2.80-7.05	8,313
Williston State College	2021-2041	5.40-7.25	7,425
State Fair Association	2021-2029	3.00	1,565
Total Revenue Bonds Payable— Primary Government			<u>\$ 1,686,329</u>

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

<sup>2)</sup> At June 30, 2020, NDSU had pledged \$13.4 million of assets as collateral for bonds payable issued at the Research I and Research II buildings.

The MiSU and VCSU bonds as well as the BSC 2012 bond issue contain a provision that in the event of default, outstanding amounts become immediately due if the institutions are unable to make payment.

The MaSU, NDSCS, NDSU, UND and WSC bonds contain a provision that the bond owners or a court appointed trustee may pursue any available legal remedy.

The NDSU bonds payable to component units are payable through the monies received from the operating lease between the component unit and NDSU. In the event of NDSU's failure to pay the rent under the lease, the component unit may declare all rent due and payable for the remaining term of the lease, subject to available appropriations. The component unit may take possession of the facilities.

MiSU 2010 bond issue contains a provision that terminates the bond issue at a redemption price equal to 104 percent of the outstanding principal amount plus accrued interest upon the occurrence of one or more of the following events:

- Enactment of legislation or the adoption of final regulations that would deem or render the bonds not qualified for Build America Bonds.
- The federal government discontinues the Build America Bond program retroactively applied to bonds issued prior to determination
- A written opinion by bond counsel that the bonds aren't qualified Build America Bonds

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## Major Component Units

	Maturities	Interest Rates	Balance 6/30/20
Public Finance Authority	2021-2045	0.24-8.25	\$ 520,427
University System Foundation	2021-2040	0.75-5.25	47,501
Total Revenue Bonds Payable— Major Component Units			<u>\$ 567,928</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
2021	\$ 4,620	\$ 697	2021	\$ 43,279	\$ 52,232
2022	6,314	474	2022	59,631	52,292
2023	3,180	298	2023	60,614	50,808
2024	2,870	148	2024	57,851	49,187
2025	160	71	2025	57,323	47,606
2026-2030	875	202	2026-2030	290,684	212,934
2031-2035	200	6	2031-2035	290,503	167,650
2036-2040	-	-	2036-2040	287,031	119,414
2041-2045	-	-	2041-2045	273,981	70,731
2046-2050	-	-	2046-2050	219,862	21,105
2051-2046	-	-	2051-2046	4,270	99
Bond Premium	1,511	(1,511)	Bond Premium	21,570	(21,570)
Total	<u>\$ 19,730</u>	<u>\$ 385</u>		<u>\$1,666,599</u>	<u>\$ 822,488</u>

## Major Component Units

	Principal	Interest
2021	\$ 29,555	\$22,764
2022	29,916	22,355
2023	29,211	21,031
2024	29,850	19,698
2025	29,274	18,330
2026-2030	142,055	68,444
2031-2035	151,767	36,741
2036-2040	63,455	10,252
2041-2045	11,783	1,916
2046-2050	2,216	55
Bond Premium	48,846	(48,846)
Total	<u>\$567,928</u>	<u>172,740</u>

# STATE OF NORTH DAKOTA

## 2. NOTES PAYABLE

The following is a schedule of notes payable outstanding at June 30, 2020 (expressed in thousands):

### Primary Government

	<u>Maturities</u>	<u>Interest Rates</u>	<u>Balance 6/30/20</u>
<u>Governmental Activities:</u>			
Office of Management and Budget	2021-2034	2.43	\$ 11,534
Department of Human Services	2021-2035	3.00	2,202
Health Department	2021-2035	3.65	595
Environmental Quality	2021-2035	3.65	486
<u>Proprietary Activities:</u>			
Bank of North Dakota	2021-2024	1.61-5.56	631,000 <sup>1)</sup>
University System	2021-2035	1.75-5.15	17,266
Total Revenue Bonds Payable— Primary Government			<u>\$ 663,083</u>

### Major Component Units

	<u>Maturities</u>	<u>Interest Rates</u>	<u>Balance 6/30/20</u>
University System Foundation	2021-2036	1.00-4.35	\$ 14,333
State Fair Foundation	2021-2022	4.22	74
Total Revenue Bonds Payable— Major Component Units			<u>\$ 14,407</u>

- <sup>1)</sup> 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 \$1.36 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 \$85.1 million as of June 30, 2020. In addition, borrowings are collateralized by \$46.8 million of loans receivable and \$147,000 of cash and investments. The Agency borrowed and paid back \$13.6 million during the year ended June 30, 2020.

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

### Primary Government

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 875	\$ 383	\$ 449,511	\$ 6,101
2022	900	361	79,317	5,178
2023	925	338	54,338	2,460
2024	967	314	48,517	949
2025	996	288	15,763	153
2026-2030	5,434	1,033	820	48
2031-2035	4,720	290	-	-
Total	<u>\$ 14,817</u>	<u>\$ 3,007</u>	<u>\$ 648,266</u>	<u>\$ 14,889</u>

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## Major Component Units

	Principal	Interest
2021	\$ 820	\$ 70
2022	1,365	42
2023	6,245	24
2024	1,352	21
2025	1,106	18
2026-2030	3,333	42
2031-2035	152	-
2036-2040	34	-
Total	\$ 14,407	\$ 217

### 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 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. In fiscal year 2019, UND began making 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. In fiscal year 2019, UND began making 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.

On August 22, 2019, Williston State College (WSC) entered into a lease-purchase agreement with Johnson Controls, Inc., to fund the costs of certain energy conservation improvements including, but not limited to, renovations to existing heating, ventilation, and air conditioning systems and controls, deferred maintenance improvements. To fund the project, WSC issued Series 2019 Certificates of Participation through the Bank of North Dakota. The certificates have interest rates ranging from 3.0 to 5.0 percent and are subject to annual appropriations by the North Dakota Legislature as part of the general operating appropriations.

The Series 2019 certificates were issued at a par value of \$7.4 million, with a net discount of \$78,000. In fiscal year 2020, WSC will make an interest only payment with semi-annual principal and interest payment beginning FY2021 through FY2048.

The following is a schedule of certificates of participation outstanding at June 30, 2020 (expressed in thousands):

#### **Primary Government**

	Maturities	Interest Rates	Balance 6/30/20
<u>Proprietary Activities:</u>			
University System	2022-2057	3.55 – 5.00	\$ 104,120

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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
2021	\$ -	\$ 4,495	2031-2035	\$ 4,465	\$ 21,512
2022	120	4,493	2036-2040	11,781	19,970
2023	175	4,489	2041-2045	14,249	17,043
2024	240	4,484	2046-2050	22,347	13,240
2025	345	4,476	2051-2055	32,535	7,286
2026-2030	2,875	22,127	2056-2060	14,988	978
			Total	<u>\$ 104,120</u>	<u>\$ 124,593</u>

## Changes in General Long-Term Liabilities

Changes in Long-Term Liabilities for the year ended June 30, 2020, are summarized as follows (expressed in thousands):

## Primary Government

	Beginning Balance	Additions	Reductions*	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Notes Payable	\$ 21,897	\$ 3,344	\$ (10,424)	\$ 14,817	\$ 875
Bonds Payable	29,950	-	(10,220)	19,730	4,620
Capital Leases Payable	1,119	224	(509)	834	471
Compensated Absences	46,256	37,681	(32,226)	51,711	4,328
Claims/Judgments Payable	9,102	4,662	(4,090)	9,674	2,353
Net Pension Liability (Note 6)	658,979	-	(210,022)	448,957	-
Net OPEB Liability (Note 7)	31,260	-	(852)	30,408	-
Total Long-Term Liabilities	<u>\$ 798,563</u>	<u>\$ 45,911</u>	<u>\$ (268,343)</u>	<u>\$ 576,131</u>	<u>\$ 12,647</u>
<b>Business-Type Activities*:</b>					
Notes Payable	\$ 1,120,787	\$ 6,345,486	\$ (6,818,007)	\$ 648,266	\$ 449,507
Bonds Payable	1,525,285	269,445	(128,131)	1,666,599	49,021
Certificates of Participation	96,843	7,277	-	104,120	-
Capital Leases Payable	54,359	2,220	(4,917)	51,662	4,758
Intergovernmental Payable	5,279	617	(1,455)	4,441	341
Compensated Absences	35,519	6,110	(3,407)	38,222	5,530
Dividends Payable	113,235	107,035	(113,235)	107,035	107,035
Claims/Judgments Payable	1,091,766	90,079	(150,888)	1,030,957	124,740
Net Pension Liability (Note 6)	228,513	-	(73,582)	154,931	-
Net OPEB Liability (Note 7)	10,147	-	(111)	10,036	-
Total Long-Term Liabilities	<u>\$ 4,281,733</u>	<u>\$ 6,828,269</u>	<u>\$ (7,293,733)</u>	<u>\$ 3,816,269</u>	<u>\$ 740,932</u>

## Major Component Units\*

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Notes Payable	\$ 10,074	\$ 7,586	\$ (3,253)	\$ 14,407	\$ 820
Bonds Payable	596,130	7,180	(35,382)	567,928	31,901
Capital Leases Payable	1,317	-	(64)	1,253	68
Intergovernmental Payable	624	-	(78)	546	32
Compensated Absences	14	-	(14)	-	-
Net Pension Liability (Note 6)	279	-	(88)	191	-
Total Long-Term Liabilities	<u>\$ 608,438</u>	<u>\$ 14,766</u>	<u>\$ (38,879)</u>	<u>\$ 584,325</u>	<u>\$ 32,821</u>

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Assets pledged as collateral totaled \$13.4 million for the year ended June 30, 2020.

\* Bonds payable reductions include amortization of premium and discount of \$570,000.

\*\*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	\$ 105	\$ 57	\$ 14,333	\$ 816
Bonds Payable	16,730	1,800	47,501	6,236
Capital Leases Payable	15,861	1,348	1,253	68
Intergovernmental Payable	-	-	546	32
Total	\$ 32,696	\$ 3,205	\$ 63,633	\$ 7,152

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 \$79,705 of capital leases payable, \$3,354,904 of compensated absences and \$8,685,091 of claims and judgments. In addition, payments on long term debt (notes payable, bonds payable and capital leases payable) for capital leases payable for internal service funds of \$17,148 is included above along with additions to capital leases for internal service funds of \$78,566.

Other governmental activities compensated absences generally have been liquidated by the General Fund (66.9%), the Highway Fund (13.1%), the Federal Fund (9.2%), and other various funds. Other governmental activities claims and judgments have all been liquidated by the Petroleum Release Compensation Fund.

The General Fund, federal fund, state fund, and internal service funds that account for the salaries, wages, and employer pension contributions of the related employees will liquidate the net pension and other post-employment benefit liabilities.

## **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 had no arbitrage rebate payable to the federal government as of June 30, 2020.

## **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.

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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.

### 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 1 to 2 years, and the unfunded commitments totaled \$191.2 million as of June 30, 2020.

**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 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 \$333.3 million in unfunded private equity commitments as of June 30, 2020.

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**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.

**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, 2020, unfunded commitments in one of its two distressed debt funds totaled \$90.6 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 1-4 years, and unfunded commitments of \$8.5 million as of June 30, 2020.

**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, 2020.

**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 9 different real estate funds in the portfolio. Four of those funds are open-ended vehicles that accept redemption requests quarterly with a 30-90 day notification period. Two of the four open-ended funds had unfunded commitments totaling \$45 million as of June 30, 2020. The remaining five funds are closed-ended limited partnerships that are not eligible for redemptions. Those five funds have a combined unfunded commitment of \$85.1 million as of June 30, 2020.

**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 1-6 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, 2020, 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 \$116.3 million at June 30, 2020 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 6/30/20	Level 1	Level 2	Level 3
Short term securities:				
Commercial paper	\$ 33,978	\$ -	\$ 33,978	\$ -
Short term bills and notes	83,056	24,408	58,648	-
Total short term securities	117,034	24,408	92,626	-
Fixed income investments:				
Asset backed securities	570,810	-	570,810	-
Bank loans	898	-	898	-
Collateralized bonds	2,633	-	2,633	-
Collateralized mortgage obligations	38,896	-	38,896	-
Commercial mortgage-backed	322,768	-	322,768	-
Corporate bonds	2,592,301	-	2,589,972	2,329
Corporate convertible bonds	10,197	-	10,197	-
Funds - Fixed Income ETF	512,474	512,474	-	-
Government Agencies	1,052,303	957,847	91,274	3,182
Government Bonds	768,626	149	768,477	-
Government MBS	2,146,924	-	2,146,924	-
Government - issued Commercial Mortgage-Backed	62,317	-	62,317	-
Index Linked Government Bonds	590,366	-	590,366	-
Municipal / Provincial Bonds	42,223	-	42,223	-
Non- Government Backed C.M.O.s	110,132	-	110,132	-
Other Fixed Income	99	90	9	-
Collateralized Debt	18,985	-	18,985	-
Total fixed income investments	8,842,952	1,470,560	7,366,881	5,511
Equity Investments:				
Common stock	4,849,564	4,849,392	171	1
Convertible equity	15,812	15,812	-	-
Funds - Equities ETF	330,407	330,407	-	-
Preferred stock	2,345	2,345	-	-
Rights / Warrants	257	257	-	-
Stapled securities	2,666	2,666	-	-
Total equity investments	5,201,051	5,200,879	171	1
Other Investments:				
Currency	6,109	6,109	-	-
Global Tactical Asset Allocation MF	453,360	453,360	-	-
Master Limited Partnership	45,373	45,373	-	-
REITs	6,551	6,551	-	-
Real Estate	9,857	-	-	9,857
Swaps	8,381	-	8,381	-
Total other investments	529,631	511,393	8,381	9,857
Derivative Investments:				
Exchange cleared swaps	6,806	-	6,806	-
Options	522	(209)	731	-
Swaps	(9,192)	-	(9,192)	-
Grain future contracts	735	735	-	-
Total derivative investments	(1,129)	526	(1,655)	-
Total investments measured at fair value	\$ 14,689,539	\$ 7,207,766	\$ 7,466,404	\$ 15,369

## STATE OF NORTH DAKOTA

INVESTMENTS MEASURED AT THE NET ASSET VALUE (NAV)	Fair Value 6/30/20	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Commingled Funds - Debt	\$ 1,457,557	\$ -	Daily, monthly	1 - 15 days
Commingled Funds - Equities	2,518,836	-	Daily, monthly	1 - 15 days
Commingled Funds - Fixed Income	181,067	-	Daily	< 5 days
Distressed Debt	245,445	90,604	Quarterly, not eligible	60 days
Long / short	263,941	-	Monthly	15 days
Mezzanine Debt	229	8,499	Not eligible	Not eligible
Private Credit	413,775	191,200	Not eligible	Not eligible
Private Equity	290,360	332,373	Not eligible	Not eligible
Real Assets	2,610,045	246,371	Quarterly, not eligible	30 - 90 days
Private Debt Fund	152,350	91,500		
Total investments measured at the NAV	<u>8,133,605</u>	<u>\$ 960,547</u>		
Total investments	<u>\$ 22,823,144</u>			

### Major Component Units

INVESTMENTS MEASURED AT FAIR VALUE	Fair Value 6/30/20	Level 1	Level 2	Level 3
Short term securities				
Certificates of deposit	\$ 11,916	\$ -	\$ 11,916	\$ -
Short term bills and notes	22,667	-	22,667	-
Total short term securities	<u>34,583</u>	<u>-</u>	<u>34,583</u>	<u>-</u>
Fixed income investments:				
Gov't Agencies	38,684	38,684	-	-
Other Fixed Income	107	107	-	-
Total fixed income investments	<u>38,791</u>	<u>38,791</u>	<u>-</u>	<u>-</u>
Equity Investments:				
Stock	18	18	-	-
Other equities	350	350	-	-
Total equity investments	<u>368</u>	<u>368</u>	<u>-</u>	<u>-</u>
Other Investments:				
Mineral acres	42	20	-	22
Total other Investments	<u>42</u>	<u>20</u>	<u>-</u>	<u>22</u>
Total investments	<u>\$ 73,784</u>	<u>\$ 39,179</u>	<u>\$ 34,583</u>	<u>\$ 22</u>

### NOTE 4 - NET POSITION

The government-wide Governmental Activities Statement of Net Position reports \$6,543,041,908 of restricted net position, of which \$1,002,448,576 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 \$7,025,756,767 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	\$ 3,073	\$ 11,747	\$ 10,484	\$ -	\$ 25,304
Long - Term Receivables	48	-	-	-	48
Prepaid Expenditures	3,074	1,705	2,026	-	6,805
Permanent Trust fund for Veteran's Postwar	-	-	-	6,548	6,548
Permanent Trust fund for Coal Development	-	-	-	70,750	70,750
Total Nonspendable	<u>6,195</u>	<u>13,452</u>	<u>12,510</u>	<u>77,298</u>	<u>109,455</u>
Restricted for:					
Distribution to Common Schools	-	-	4,892,120	-	4,892,120
State Education Aid	-	-	375,937	-	375,937
Lignite Research	-	-	26,087	-	26,087
Water Projects and Energy Conservation	-	-	434,817	-	434,817
Well Plugging and Site Reclamation	-	-	26,158	-	26,158
Agriculture and Commerce	-	-	63,990	-	63,990
Natural Resources	-	-	33,398	-	33,398
Highway Projects	-	-	450,138	-	450,138
Transportation	-	-	34,402	-	34,402
Petroleum Tank Release Compensation	-	-	6,336	-	6,336
Debt Services	-	-	-	703	703
Other	-	-	66,878	-	66,878
Total Restricted	<u>-</u>	<u>-</u>	<u>6,410,261</u>	<u>703</u>	<u>6,410,964</u>
Committed to:					
Strategic Investments & Improvements	-	-	538,216	-	538,216
Oil & Gas Impact Grants	-	-	8,966	-	8,966
Partnership in Assisting Community Expansion	-	-	59,662	-	59,662
Human Services & Health Operations	-	-	51,009	-	51,009
Outdoor Heritage Grants	-	-	32,860	-	32,860
Water Development & Management Projects	-	-	28,445	-	28,445
Oil & Gas Research	-	-	18,199	-	18,199
Judicial & Legal	-	-	13,144	-	13,144
Public Safety & Corrections	19,421	-	2,884	-	22,305
Agriculture & Commerce	4,437	-	10,164	-	14,601
State Rail & Special Roads	-	-	18,142	-	18,142
Insurance Regulatory Operations	-	-	5,904	-	5,904
Park & Recreation Operations	-	-	10,216	-	10,216
Economic Assistance & Social Services	2,990	-	-	-	2,990
Tax Relief	290,474	-	-	-	290,474
Stabilization	726,926	-	-	-	726,926
Theodore Roosevelt Presidential Library & Museum	14,919	-	-	-	14,919
Veteran's Postwar	-	-	-	292	292
Other	7,522	-	42,144	-	49,666
Total Committed	<u>1,066,689</u>	<u>-</u>	<u>839,955</u>	<u>292</u>	<u>1,906,936</u>

# STATE OF NORTH DAKOTA

	Special Revenue				Total
	General	Federal	State	Nonmajor Governmental	
Assigned to:					
Education	\$ -	\$ -	\$ 3,730	\$ -	\$ 3,730
Human Services & Health Operations	-	-	154,636	-	154,636
Judicial & Legal	-	-	9,557	-	9,557
Correction & Rehabilitation Operations	-	-	6,946	-	6,946
Strategic Investments & Improvements	-	-	229,325	-	229,325
Agriculture & Commerce	-	-	2,036	-	2,036
Environmental Quality	-	-	891	-	891
Securities Regulations	-	-	2,107	-	2,107
Other	-	-	10,499	-	10,499
Total Assigned	-	-	419,727	-	419,727
Unassigned	7,655,894	(1,543)	-	(3,278)	7,651,073
Total Fund Balances	\$ 8,728,778	\$ 11,909	\$ 7,682,453	\$ 75,015	\$ 16,498,155

## 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, 2020, the number of participating political subdivisions in PERS was:

Cities	98
Counties	51
School Districts	129
Other	86
Total Participating Local Political Subdivisions	<u>364</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.

# STATE OF NORTH DAKOTA

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## 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 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 Public Safety, 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 Public Safety, 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

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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.

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%

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

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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 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.

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## 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:

- 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

Member contributions are 3% and employer contributions are 4% of covered 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.

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At June 30, 2020, the number of participating employer units in TFFR was:

<u>Type</u>	<u>Number</u>
Public School Districts	174
County Superintendents	6
Special Education Units	20
Vocational Education	
Units	4
Other	9
Total	<u>213</u>

## 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

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earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

### Death and Disability Benefits

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

An active member is eligible to receive disability benefits when: (a) a total disability lasting 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:

	<u>PERS</u>	<u>NDHPRS</u>	<u>JSND</u>	<u>TFFR</u>
Retirees and beneficiaries currently receiving benefits:	12,945	133	181	9,036
Terminated Employees:				
Vested	7,135	26	1	1,715
Nonvested	6,708	17	-	1,132
Active Employees:				
Vested	17,174	74	5	8,216
Nonvested	7,315	80	-	3,131
Total plan membership	<u>51,277</u>	<u>330</u>	<u>187</u>	<u>23,230</u>
Date of annual valuation	July 1, 2020	July 1, 2020	July 1, 2020	July 1, 2020

## **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 contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

# STATE OF NORTH DAKOTA

## 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 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, 2020:

	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 and OPEB plan investments, net of pension plan and OPEB plan investment expense, was as follows for June 30, 2020:

PERS	3.57%
NDHPRS	3.28%
JSND	3.09%
TFFR	3.37%
RHIC*	5.37%

\*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.

# STATE OF NORTH DAKOTA

## 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, 2020, the following are the net realized gains (losses):

PERS	\$59,815,789
NDHPRS	1,578,933
JSND	1,125,627
TFFR	50,611,877
Retiree Health Insurance Credit (RHIC)	9,822,393
Defined Contribution Plan	(5,049)
Deferred Compensation Plan	5,491,243

## **C. FUNDING STATUS AND PROGRESS**

### NET PENSION LIABILITY OF THE PLANS

The components of the net pension liability of the Plans at June 30, 2020 were as follows (expressed in thousands):

	<u>PERS</u>	<u>NDHPRS</u>	<u>JSND</u>	<u>TFFR</u>
Total pension liability	\$ 6,379,800	\$ 178,229	\$ 64,129	\$ 4,181,036
Plan fiduciary net position	(3,154,351)	(82,185)	(95,251)	(2,650,532)
Net pension liability (asset)	<u>\$ 3,225,449</u>	<u>\$ 96,044</u>	<u>\$ (31,122)</u>	<u>\$ 1,530,504</u>
Plan fiduciary net position as a percentage of the total pension liability	49.44%	46.11%	148.53%	63.40%

### ACTUARIAL ASSUMPTIONS

#### **PERS**

The total pension liability was determined by an actuarial valuation as of July 1, 2020, 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: 2.25%

Salary Increase: 3.50% to 17.75% including inflation

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

Mortality Rates: Sex-distinct Pub-2010 tables for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees and active members.

Other Notes: The interest rates on member contributions will decrease from 7.00% to 6.50% effective January 1, 2021.

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 7.50% to 7.00% beginning with the actuarial valuation as of July 1, 2020. Other updates to actuarial assumptions since July 1, 2019 valuation include changes to mortality tables used for the valuation as well as changes to the rates on annual salary increase, separation for active membership, disability, and retirement. The actuary assumptions were based on an experience review for the period July 1, 2014 to July 1, 2019.

## STATE OF NORTH DAKOTA

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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, 2020, 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: 2.25%

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.

Mortality Rates: Pub 2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using MP-2019 scale.

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

The assumptions were updated beginning with the actuarial valuation as of July 1, 2020 based on an experience study covering the period July 1, 2014 through July 1, 2019.

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, 2020, 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: 2.25%

Salary Increase: 3.50%

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

Investment Rate of Return: 4.25%

Cost of Living Adjustment: 2.25%

Mortality Rates: Pub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

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

The assumptions were updated beginning with the actuarial valuation as of July 1, 2020 based on an experience study covering the period July 1, 2014 through July 1, 2019.

## STATE OF NORTH DAKOTA

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

### **TFFR**

The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions:

Actuarial Cost Method: Entry Age Normal

Asset Valuation Method: 5 year smoothed market

Inflation: 2.30%

Salary Increase (Payroll Growth): 3.80% - 14.80%; varying by service, including inflation and productivity.

Retirement Age: In the 2020 and 2015 valuations, rates of retirement were changed to better reflect anticipated future experience.

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

Cost of Living Adjustment: None

Mortality Rates: For the July 1, 2020, valuation, the post-retirement healthy mortality table was updated to 104% of the PubT-2010 Retiree table for retirees and to 95% of the PubT-2010 Contingent Survivor table for beneficiaries, both projected with generational improvement using Scale MP-2019. The disabled mortality was updated to the PubNS-2010 Non-Safety Disabled Mortality table projected with generational improvement using Scale MP-2019. The pre-retirement mortality table was updated to the Pub T-2010 Employee table projected with generational improvement using Scale MP-2019. The actuarial assumptions used were based on the results of an experience study dated March 19, 2020.

### 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, 2020 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	6.30%	Domestic equities	5.50%	Global equity	6.90%
International equity	6.85%	Core fixed income	7.00%	Global fixed income	1.30%
Private equity	9.75%	Limited duration fixed income	-0.34%	Global real assets	5.00%
Domestic fixed income	1.25%	Global equity	5.24%	Cash equivalents	0.00%
International fixed income	0.00%	Diversified short-term fixed income	-0.21%		
Global real assets	5.01%	Short-term corporate fixed income	-0.89%		
Cash equivalents	0.00%	US high yield	3.11%		
		Emerging market debt	5.26%		

### 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

## STATE OF NORTH DAKOTA

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.

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 7.00%; the municipal bond rate is 2.45%; and the resulting Single Discount Rate is 4.64%.

For HPRS, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.45%; and the resulting Single Discount Rate is 4.09%.

For JSND, the discount rate was 4.25% as of June 30, 2020. 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, 2020 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, 2020. 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, 2020.

For TFFR, the discount rate was 7.25% as of June 30, 2020. 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, 2020 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, 2020. 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, 2020.

### SENSITIVITY OF NET PENSION LIABILITY

The following presents the net pension liability of the Plans as of June 30, 2020, calculated using the discount rate of 4.64% for PERS, 4.09% for NDHPRS, 4.25% for JSND and 7.25% 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, 2020	1% Decrease (3.64%)	Current Discount Rate (4.64%)	1% Increase (5.64%)
PERS	\$ 4,199,073,080	\$ 3,225,449,178	\$ 2,429,510,424
Net Pension Liability (Asset) As of June 30, 2020	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
NDHPRS	\$ 127,280,387	\$ 96,044,891	\$ 71,396,917
Net Pension Liability (Asset) As of June 30, 2020	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
JSND	\$ (24,661,696)	\$ (31,122,000)	\$ (36,644,730)
Net Pension Liability (Asset) As of June 30, 2020	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
TFFR	\$ 2,038,548,355	\$ 1,530,503,462	\$ 1,108,292,065

# STATE OF NORTH DAKOTA

## D. SINGLE EMPLOYER PENSION PLANS

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

<b>Single-employer Plans Changes in Net Pension Liability Increases (Decreases) For the Year June 30, 2020*</b>		
	JSND	NDHPRS
<b>Total pension liability (asset)</b>		
Service cost	\$ 70,295	\$ 2,818,006
Interest	3,129,175	7,527,064
Change of benefit terms	-	-
Difference between expected and actual experience	(504,895)	(67,748)
Changes of assumptions	-	3,042,863
Benefit payments, including refund of employee contributions	(4,626,846)	(5,391,115)
<b>Net change in total pension liability (asset)</b>	(1,932,271)	7,929,070
<b>Total pension liability (asset) - beginning</b>	68,129,211	98,385,960
<b>Total pension liability (asset) - ending (a)</b>	\$ 66,196,940	\$ 106,315,030
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ -	\$ 2,090,886
Contributions - employee	29,159	1,411,619
Contributions - service credit repurchase	-	167,824
Transfers and other income	-	(41)
Net investment income	6,229,630	4,250,901
Benefit payments, including refund of employee contributions	(4,626,846)	(5,391,115)
Administrative expense	(16,808)	(43,555)
<b>Net change in plan fiduciary net position</b>	1,615,135	2,486,519
Plan fiduciary net position - beginning	95,588,111	78,929,000
Plan fiduciary net position - ending (b)	\$ 97,203,246	\$ 81,415,519
<b>Net pension liability (asset) - ending (a) - (b)</b>	\$(31,006,306)	\$ 24,899,511
Plan fiduciary net position as a percentage of the total pension liability (asset)	146.84%	76.58%
Covered employee payroll	\$ 416,552	\$ 10,354,210
Plan net pension liability (asset) as a percentage of covered employee payroll	-7443.56%	240.48%

\*The 2020 information presented has a measurement date of June 30, 2019.

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## JOB SERVICE NORTH DAKOTA (JSND)

### Net Pension Asset

At June 30, 2020, the State recorded a net pension asset of \$31,006,306 for all of the Job Service North Dakota pension plan. The net pension asset was measured as of June 30, 2019 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, 2020 the State recognized pension expense of (\$115,473). At June 30, 2020 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	953,488	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	-
Employer contributions subsequent to the measurement date	-	-	-	-
Total	<u>\$ 953,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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
2021	\$ 760,767	\$ -
2022	412,451	-
2023	139,772	-
2024	(359,502)	-
Total	<u>\$ 953,488</u>	<u>\$ -</u>

### 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 (asset) 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	\$ (24,292,823)	\$ (31,006,306)	\$ (36,982,989)

## NORTH DAKOTA HIGHWAY PATROLMEN'S RETIREMENT SYSTEM (NDHPRS)

### Net Pension Liability

At June 30, 2020, the State recorded a net pension liability of \$24,899,511 for all of the North Dakota Highway Patrolmen's Retirement System pension plan. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

# STATE OF NORTH DAKOTA

## Deferred Inflows and Outflows of Resources

For the year ended June 30, 2020 the State recognized pension expense of \$5,175,123. At June 30, 2020 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	\$ 338,360	\$ (497,866)	\$ -	\$ -
Changes of assumptions	4,888,671	-	-	-
Net difference between projected and actual earnings on pension plan investments	482,560	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	-
Employer contributions subsequent to the measurement date	2,174,943	-	-	-
Total	<u>\$ 7,884,534</u>	<u>\$ (497,866)</u>	<u>\$ -</u>	<u>\$ -</u>

\$2,174,943 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, 2021.

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
2021	\$ 1,868,778	\$ -
2022	893,493	-
2023	1,235,170	-
2024	841,261	-
2025	373,023	-
Total	<u>\$ 5,211,725</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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
State's proportionate share of the net pension liability	\$ 38,662,943	\$ 24,899,511	\$ 13,491,914

## 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,

## STATE OF NORTH DAKOTA

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, 2020, the State recorded a net pension liability of \$570,357,613 for all of the PERS system. The net pension liability was measured as of June 30, 2019 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, 2019 the State's proportion was 48.64006 percent, which is a decrease of 1.7386 percent from the prior year.

The State's discrete component unit, North Dakota Public Finance Authority, also participates in. At June 30, 2020, the discrete component units recorded a net pension liability of \$191,000 for all of the PERS system. The net pension liability was measured as of June 30, 2019 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, 2019 the discrete component unit's proportion was 0.0163 percent, which is a decrease of 0.0002 percent from the prior year.

### Deferred Inflows and Outflows of Resources

For the year ended June 30, 2020 the State recognized pension expense of \$96,673,459 and the component unit recognized pension expense of \$33,000. At June 30, 2020 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	\$ 517,488	\$ (107,445,622)	\$ -	\$ (35,000)
Changes of assumptions	220,089,297	(190,130,988)	71,000	(61,000)
Net difference between projected and actual earnings on pension plan investments	10,456,445	-	3,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,438,589	(38,266,380)	1,000	(7,000)
Employer contributions subsequent to the measurement date	40,229,883	-	8,000	-
Total	<u>\$ 279,731,702</u>	<u>\$ (335,842,990)</u>	<u>\$ 83,000</u>	<u>\$ (103,000)</u>

\$40,229,883 and \$8,000 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, 2021.

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
2021	\$ 10,405,080	\$ 4,000
2022	(2,736,072)	-
2023	(27,614,228)	(7,000)
2024	(58,297,057)	(18,000)
2025	(18,098,894)	(7,000)
Total	<u>\$ (96,341,171)</u>	<u>\$ (28,000)</u>

# STATE OF NORTH DAKOTA

## 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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
State's proportionate share of the net pension liability	\$ 827,189,964	\$ 570,357,613	\$ 354,495,803
Component's proportionate share of the net pension liability	274,000	191,000	121,000

## 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, 2020, the State recorded a net pension liability of \$8,631,145 for all of the TFFR. The net pension liability was measured as of June 30, 2019 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, 2019 the State's proportion was 0.6270 percent, which is a decrease of 0.0391 percent from the prior year.

### Deferred Inflows and Outflows of Resources

For the year ended June 30, 2020 the State recognized pension expense of \$946,221. At June 30, 2020 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	\$ 12,325	\$ (311,502)	\$ -	\$ -
Changes of assumptions	306,765	-	-	-
Net difference between projected and actual earnings on pension plan investments	121,492	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	565,271	(832,549)	-	-
Employer contributions subsequent to the measurement date	534,961	-	-	-
Total	<u>\$ 1,540,814</u>	<u>\$ (1,144,051)</u>	<u>\$ -</u>	<u>\$ -</u>

\$534,961 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, 2021.

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
2021	\$ 214,223	\$ -
2022	9,381	-
2023	(119,043)	-
2024	(54,068)	-
2025	(95,236)	-
Thereafter	(93,455)	-
Total	<u>\$ (138,198)</u>	<u>\$ -</u>

## STATE OF NORTH DAKOTA

### 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	\$ 11,656,448	\$ 8,631,145	\$ 6,117,040

### 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, 2020.

Pension Plan	Net Pension Asset	Deferred Outflows of Resources of Pension	Net Pension Liability	Deferred Inflows of Resources Pension	Pension Expense
Job Service ND	\$ 31,006,306	\$ 953,488	\$ -	\$ -	\$ (115,473)
ND Highway Patrolmen's Retirement System	-	7,884,534	24,899,511	497,866	5,175,123
ND Public Employees' Retirement System	-	279,731,702	570,357,613	335,842,990	96,673,459
ND Teachers' Fund for Retirement	-	1,540,814	8,631,145	1,144,051	946,221
Total	<u>\$ 31,006,306</u>	<u>\$ 290,110,538</u>	<u>\$ 603,888,269</u>	<u>\$ 337,484,907</u>	<u>\$ 102,679,330</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 93 participants as of June 30, 2020.

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.

# STATE OF NORTH DAKOTA

## 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 \$479,861 for the year ended June 30, 2020.

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 \$43.2 million to TIAA-CREF during the fiscal year ending June 30, 2020.

## NOTE 7 - POST-RETIREMENT

### A. 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.

# STATE OF NORTH DAKOTA

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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	13,092
Active participants	<u>23,495</u>
Total Membership	<u><u>36,587</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 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, 2020 is as follows (expressed in thousands):

	<u>RHIC</u>
Total OPEB liability	\$ 229,741
Plan fiduciary net position	<u>(145,621)</u>
Net OPEB liability (asset)	<u>\$ 84,120</u>
RHIC fiduciary net position as a percentage of the total OPEB liability	63.38%

## Actuarial Assumptions

Actuarial Cost Method: Entry Age Normal

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

RHIC Inflation: 2.25%

Salary Increase: Not applicable

Investment Rate of Return: 6.50%, net of investments expense, including inflation.

Mortality Rates: Pub-2010 Health Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

# STATE OF NORTH DAKOTA

Other Notes: RHIC is for the most part a closed plan. There were no benefit changes during the year. 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, 2020 is summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	6.10%
Small Cap Domestic Equities	7.00%
International equities	6.45%
Core-Plus Fixed Income	1.15%

## Discount Rate

The discount rate used to measure the total OPEB liability was 6.5%. 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, 2020 PERS 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 Plan as of June 30, 2020, calculated using the single discount rate of 6.50%, 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 or 1-percentage-point higher than the current rate:

Net OPEB Liability (Asset) As of June 30, 2020	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
RHIC	\$ 110,324,972	\$ 84,119,757	\$ 61,959,773

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.

## **B. 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, 2020, the State reported a liability of \$39,178,151 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2019, the State's proportion was 49.7783 percent, which is a decrease of 0.9528 percent from the prior year.

## STATE OF NORTH DAKOTA

### Deferred Inflows and Outflows of Resources

For the year ended June 30, 2020 the State recognized OPEB expense of \$5,016,590. At June 30, 2020, 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	\$ 967,707	\$ (1,223,546)	\$ -	\$ -
Changes of assumptions	4,668,419	-	-	-
Net difference between projected and actual earnings on OPEB plan investments	43,532	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	327,912	(2,085,828)	-	-
Employer contributions subsequent to the measurement date	6,469,810	-	-	-
Total	<u>\$ 12,477,380</u>	<u>\$ (3,309,374)</u>	<u>\$ -</u>	<u>\$ -</u>

\$6,469,810 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, 2021.

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
2021	\$ 230,787	\$ -
2022	230,787	-
2023	331,497	-
2024	313,854	-
2025	705,441	-
Thereafter	885,830	-
Total	<u>\$ 2,698,196</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, 2020, calculated using the 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
State's proportionate share of the net OPEB liability	\$ 49,309,306	\$ 39,178,151	\$ 30,497,557

### C. 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, 2020. 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, 2020. Requests to obtain or review the actuary report should be addressed to the Finance Manager – P.O. Box 5507 Bismarck, North Dakota, 58506-5507.

# STATE OF NORTH DAKOTA

## 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, 2020, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	155
Terminated employees entitled to benefits but not yet receiving them	-
Current vested employees	5
Total	160

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

The Employer reported a liability of \$1,265,603 at June 30, 2020 for its net OPEB liability. The net OPEB liability was measured as of July 1, 2020, 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, 2020, the Employer recognized OPEB expense of \$(108,390). 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	-	-
Total	\$ -	\$ -

## 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, 2020</u>
Inflation	none
Salary increases	5%
Discount rate	2.66% per annum

Mortality rates were based on the RP-2014 Total Dataset Mortality Table adjusted to based year 2006, projected with Scale MP-2019.

## STATE OF NORTH DAKOTA

### 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, 2020, calculated using the discount rate of 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.66 percent) or 1-percentage-point higher (3.66 percent) than the current rate:

Net OPEB Liability As of June 30, 2020	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
Met Life	\$ 1,410,912	\$ 1,265,603	\$ 1,143,427

### Schedule of Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) - (b)
<b>Balances at 6/30/19</b>	<u>\$ 1,452,692</u>	<u>\$ -</u>	<u>\$ 1,452,692</u>
<b>Changes for the Year:</b>			
Service cost	821	-	821
Interest	36,570	-	36,570
Benefit changes	-	-	-
Experience losses (gains)	(192,150)	-	(192,150)
Changes of assumptions	46,369	-	46,369
Contributions - Employer		78,699	(78,699)
Benefits paid	(78,699)	(78,699)	-
Administrative expenses	-	-	-
<b>Net changes</b>	<u>(187,089)</u>	<u>-</u>	<u>(187,089)</u>
<b>Balances at 6/30/20</b>	<u>\$ 1,265,603</u>	<u>\$ -</u>	<u>\$ 1,265,603</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, 2020.

### D. 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, 2020.

OPEB Plan	Deferred Outflows of Resources - OPEB	Net OPEB Liability	Deferred Inflows of Resources - OPEB	OPEB Expense
ND Public Employees' Retirement System	\$ 12,477,380	\$ 39,178,151	\$ 3,309,374	\$ 5,016,590
JSND Met Life Insurance Benefit	-	1,265,603	-	(108,390)
Total	<u>\$ 12,477,380</u>	<u>\$ 40,443,754</u>	<u>\$ 3,309,374</u>	<u>\$ 4,908,200</u>

# STATE OF NORTH DAKOTA

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## **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 \$19,500 or 100% of gross annual compensation for calendar year 2020. 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 deferred compensation plan had 14,044 active participants as of June 30, 2020.

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	\$ 121,097	87%
Other Jurisdictions	<u>18,186</u>	<u>13%</u>
Total Value	<u>\$ 139,283</u>	<u>100%</u>

## **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. For this period premiums exceed claims, therefore, a gain of \$6.8 million will be returned to the system and is included as a receivable as of June 30, 2020.

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.

# STATE OF NORTH DAKOTA

## 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, 2020, was as follows (expressed in thousands):

	Home-Ownership Bond Funds
<b>Condensed Statement of Net Position</b>	
Current assets – other	\$ 266,052
Noncurrent assets – other	1,295,238
Total Assets	1,561,290
Deferred outflow of resources	16,132
Current liabilities – other	65,541
Noncurrent liabilities – other	1,315,440
Total Liabilities	1,380,981
Net position – restricted	196,441
Total Net Position	\$ 196,441
<b>Condensed Statement of Revenues, Expenses and Change in Fund Net Position</b>	
Operating revenues	\$ 53,507
Operating expenses	(41,208)
Operating income	12,299
Change in net position	12,299
Total net position, beginning of year, restated	183,913
Equity transfer out	229
Total net position, end of year	\$ 196,441
<b>Condensed Statement of Cash Flows</b>	
Net cash used by operating activities	\$ (50,486)
Net cash from noncapital financing activities	56,252
Net cash from investing activities	(2,568)
Net change in cash and cash equivalents	3,198
Cash and cash equivalents, beginning of year	213,726
Cash and cash equivalents, end of year	\$ 216,924

## 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.

## STATE OF NORTH DAKOTA

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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.

	BSC	BSC Foundation
NECE Building	\$ 9,548,989	\$ 10,846,116
Accumulated Depreciation	(2,552,561)	(3,198,124)
Net Value of NECE Building	<u>\$ 6,996,428</u>	<u>\$ 7,647,992</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.

### 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:

- prejudgment interest at 6% would commence December 26, 2013,
- the amount of attorney fees and costs to be repaid was \$233,420,
- the note prepayment amount was \$133,600
- 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:

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- 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.

The receivership was closed effective August 6, 2020 through the Court's approval of the Final Receiver's report. The final tax returns have been filed and final fees were paid. The final check was issued to the Dickinson State University Heritage Foundation on August 7, 2020 in the amount of \$337,402. The Receiver has been discharged and the case was closed by the Stark County District Court.

### **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 2020, total annual rent of \$312,000 was paid by NDSU for

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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.

During fiscal year 2020, NDSU and the RTP entered into an agreement where the RTP creates, maintains, and operates makerspace at the Park to help recruit and educate future leaders in the STEM fields. Under the agreement NDSU will pay the RTP \$90,000 per year. During fiscal 2020, the first year of the agreement, NDSU paid the RTP \$45,000 for this service.

### 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 2020, the Foundation paid the debt service and other fees on behalf of NDSU in the amount of \$331,587.

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 \$131,000 as of June 30, 2020. 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.

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 \$413,000 in fiscal year 2020 for debt service under this agreement. As of June 30, 2020, the outstanding balance on the bonds, reflected as "Due to Component Units" by NDSU, is \$3.6 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.

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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 2020, NDSU paid \$158,000 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, 2020, the outstanding balance on the bonds, reflected as "Due to Component Units" by NDSU, is \$8.15 million.

### Other Transactions

The Foundation provides meeting space rental and database support service to NDSU for an annually negotiated fee. NDSU paid the foundation \$384,000 for the fiscal year ending December 31, 2019.

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 \$158,432 during the fiscal year ending December 31, 2019.

Based on an agreement that began January 1, 2015, and automatically renewed annually since then, NDSU pays \$87,592 of annual building rent to the Foundation for use the Criminal Justice and Public Policy building next to the NDSU main campus. This rent was paid again by NDSU during the fiscal year ending June 30, 2020.

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 \$9.9 million in fiscal year 2020. 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 \$2.9 million in fiscal year 2020, 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, 2020, the UND AF had recorded accounts payable to UND of \$2.1 million for reimbursable costs and services. As of June 30, 2020, the UND AF had recorded accounts receivable from UND of approximately \$1.2 million, 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, 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 \$1.7 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.

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In fiscal year 2020, gross tickets sales were \$4.8 million of which RE Arena, Inc. recognized revenue of \$2.5 million with a net due to UND \$2.3 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 \$2.8 million.

RE Arena, Inc. recognized net sponsorship (advertising) revenue of approximately \$903,000 and the net due UND in sponsorship (advertising) income of approximately \$473,000. In addition, RE Arena, Inc. did not allocate any portion of their net income to the UND Athletic Department. RE Arena, Inc. expensed approximately \$944,000 to UND for utilities, maintenance staff, phone service and other expenses. At the end of the fiscal year RE Arena, Inc. did not have an accounts payable balance to UND for 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, 2020, UND provided approximately \$2.0 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 \$281,000 in investment management fees during the year ended June 30, 2020. 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 renovation of an existing building for the Energy and Environmental Research Center (EERC) and the construction of the Minot Center for Family Practice for \$3.4 million and \$1.8 million, respectively. The Foundation has accounts payable due to UND related to miscellaneous services and payments of approximately \$235,000.

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 2020 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 are due through fiscal year 2027 and as of June 30, 2020 was \$3.4 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, 2020, the Foundation recorded payment of principal and interest of \$415,000 and \$146,000, 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, 2020 was \$266,669.

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## **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.

	<u>Contract Amount</u> <u>(in thousands)</u>
Commitments to extend credit	\$ 911,809
Financial standby letters of credit	415,755
Guarantees provided	7,889

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, 2019 were \$108,645,000.

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 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, 2019 were \$3,950,000.

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 \$303,160,000 at December 31, 2019. 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, 2019.

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## INFRASTRUCTURE REVOLVING 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 \$44,929,000 at June 30, 2020.

## MEDICAL FACILITY INFRASTRUCTURE LOAN FUND

The Fund's exposure to loan loss is represented by the contractual amount of these commitments. There were two pending loan commitments totaling \$4,300,000 as of June 30, 2020.

## 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 \$73,784,000 at June 30, 2020.

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 \$57,420,000 at June 30, 2020.

## 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 \$221,875,000 at December 31, 2019.

## **NOTE 13 - INTEREST RATE SWAP**

### BANK OF NORTH DAKOTA

The Bank has outstanding interest rate swap agreements with a notional amount \$545,000,000 to convert variable rate federal funds and variable LIBOR-indexed deposits into fixed-rate instruments over the term of the contract. The following table summarizes the terms of the interest rate swap contracts:

<u>Trade Date</u>	<u>Maturity Date</u>	<u>Notional Amount</u>	<u>Pay Fixed</u>	<u>Receive Variable</u>
June 5, 2014	June 1, 2029	\$50,000,000	2.86%	Fed Funds
April 14, 2015	May 1, 2030	\$50,000,000	1.92%	Fed Funds
August 11, 2016	September 1, 2031	\$50,000,000	1.48%	1 Month LIBOR
April 5, 2017	May 1, 2032	\$50,000,000	2.39%	1 Month LIBOR
June 15, 2017	July 1, 2032	\$50,000,000	1.99%	Fed Funds
March 27, 2018	April 1, 2033	\$50,000,000	2.47%	Fed Funds
June 28, 2018	July 1, 2033	\$50,000,000	2.52%	Fed Funds
April 25, 2019	May 1, 2034	\$50,000,000	2.36%	Fed Funds
September 3, 2019	October 1, 2034	\$50,000,000	1.15%	Fed Funds
October 3, 2019	November 1, 2034	\$50,000,000	1.38%	Fed Funds
December 5, 2019	October 1, 2023	\$45,000,000	1.33%	Fed Funds

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.

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The following table summarizes the derivative financial instrument utilized at December 31, 2019:

Swap	Notional Amount	Fair Value		Changes in Fair Value	
		Classification	Amount	Classification	Amount
June 2014	\$ 50,000,000	Other liabilities	\$ (5,468,000)	Deferred outflow	\$ (3,288,000)
April 2015	50,000,000	Other liabilities	(1,278,000)	Deferred outflow	(3,770,000)
Aug 2016	50,000,000	Other assets	1,722,000	Deferred inflow	(4,518,000)
April 2017	50,000,000	Other liabilities	(3,173,000)	Deferred outflow	(4,577,000)
June 2017	50,000,000	Other liabilities	(1,600,000)	Deferred outflow	(4,310,000)
March 2018	50,000,000	Other liabilities	(4,493,000)	Deferred outflow	(4,448,000)
June 2018	50,000,000	Other liabilities	(4,826,000)	Deferred outflow	(4,506,000)
April 2019	50,000,000	Other liabilities	(4,001,000)	Deferred outflow	(4,001,000)
Sept 2019	50,000,000	Other assets	4,003,000	Deferred inflow	4,003,000
Oct 2019	50,000,000	Other assets	2,462,000	Deferred inflow	2,462,000
Dec 2019	45,000,000	Other assets	194,000	Deferred inflow	194,000

At December 31, 2019, 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 of daily mark-to-market valuations by depositing funds with the other counterparty.

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.

Using rates as of December 31, 2019, 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	
2020	\$ 10,856,000	\$ 6,898,000	\$ 1,800,000	\$ 2,158,000
2021	10,856,000	6,898,000	1,800,000	2,158,000
2022	10,856,000	6,898,000	1,800,000	2,158,000
2023	10,706,000	6,724,000	1,800,000	2,183,000
2024	10,258,000	6,200,000	1,800,000	2,258,000
2025-2029	51,300,000	31,000,000	9,000,000	11,300,000
2030-2034	27,024,000	18,535,000	3,600,000	4,888,000
	<u>\$ 131,856,000</u>	<u>\$ 83,153,000</u>	<u>\$ 21,600,000</u>	<u>\$ 27,103,000</u>

# STATE OF NORTH DAKOTA

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## 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, 2020, 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, 2020, the Agency owed the swap providers a fixed rate on the notional amount of the swaps of \$2,418,000 and the swap providers owed the Agency a variable rate on the notional amounts of \$148,000 making the net payment that the Agency owed the swap providers \$2,270,000.

Due to the difference in the variable rate indices, the swaps had a net negative fair value of \$16,132,000 as of June 30, 2020. 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, 2020. 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 between the intended synthetic rate and the synthetic rate as of June 30, 2020. 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.

## STATE OF NORTH DAKOTA

The terms of the interest rate swaps at June 30, 2020 are as follows:

1.	Bond Series	2014 B	2015 C	2015 E	2015 F
2.	Issuance Date	6/24/2014	6/23/2015	5/1/2016	12/8/2015
3.	Maturity Date	7/1/2044	1/1/2046	7/1/2036	1/1/2047
4.	Notional Amount	\$27,055,000	\$17,700,000	\$25,000,000	\$21,000
5.	Variable-rate Bonds	\$27,055,000	\$17,700,000	\$25,000,000	\$21,000
6.	Fixed Rate	2.890%	2.486%	2.257%	2.320%
7.	LIBOR Percentage	65.80%	66.20%	66.40%	100.00%
8.	Additional Percentage	0.17%	0.10%	0.22%	0.00%
9.	Bonds Variable-rate	0.17000%	0.86000%	N/A	0.17000%
10.	Fair Value	\$(877,000)	\$(678,000)	\$(590,000)	\$(1,516,000)
11.	Percentage of LIBOR	0.27676%	0.20741%		0.16225%
12.	Synthetic Rate	2.78324%	3.13859%	2.25700%	2.32775%
13.	Actual Synthetic Rate	2.80395%	3.18580%		2.29989%
14.	Change in Fair Value	\$(38,000)	\$(213,000)	\$ -	\$(1,333,000)
15.	Optional Termination Date	N/A	7/1/2020	7/1/2020	1/1/2025
1.	Bond Series	2017 C	2017 H	2018 C	2019 B
2.	Issuance Date	5/10/2017	12/21/2017	6/14/2018	2/13/2019
3.	Maturity Date	7/1/2047	7/1/2039	1/1/2049	1/1/2043
4.	Notional Amount	\$20,545,000	\$28,250,000	\$9,355,000	\$25,000
5.	Variable-rate Bonds	\$20,545,000	\$28,250,000	\$9,355,000	\$25,000
6.	Fixed Rate	2.783%	2.266%	3.515%	2.693%
7.	LIBOR Percentage	100.00%	66.40%	100.00%	70.00%
8.	Additional Percentage	0.00%	0.09%	0.00%	0.00%
9.	Bonds Variable-rate	0.17296%	0.13000%	0.1700%	0.53000%
10.	Fair Value	\$(3,278,000)	\$(2,500,000)	\$(2,089,000)	\$(2,129,000)
11.	Percentage of LIBOR	0.16225%	0.19773%	0.16225%	0.11358%
12.	Synthetic Rate	2.79321%	2.19827%	3.52275%	3.10893%
13.	Actual Synthetic Rate	2.74003%	2.25303%	3.47950%	3.09063%
14.	Change in Fair Value	\$(2,140,000)	\$(1,312,000)	\$(968,000)	\$(712,000)
15.	Optional Termination Date	7/1/2027	7/1/2023	7/1/2027	1/1/2024
1.	Bond Series	2019 E			
2.	Issuance Date	6/25/2019			
3.	Maturity Date	1/1/2050			
4.	Notional Amount	\$12,000			
5.	Variable-rate Bonds	\$12,000			
6.	Fixed Rate	3.171%			
7.	LIBOR Percentage	100.00%			
8.	Additional Percentage	0.00%			
9.	Bonds Variable-rate	0.1700%			
10.	Fair Value	\$(2,475,000)			
11.	Percentage of LIBOR	0.16225%			
12.	Synthetic Rate	3.17875%			
13.	Actual Synthetic Rate	3.22608%			
14.	Change in Fair Value	\$(1,657,000)			
15.	Optional Termination Date	7/1/2028			

## STATE OF NORTH DAKOTA

Using rates as of June 30, 2020, 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, 2020. 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		
2021	\$ 1,820	\$ 470	\$ 4,510	\$ 6,800
2022	1,670	467	4,474	6,611
2023	1,530	465	4,440	6,435
2024	1,405	462	4,409	6,276
2025	2,330	459	4,367	7,156
2026-2030	24,865	2,219	20,215	47,299
2031-2035	38,985	2,067	16,451	57,503
2036-2040	60,005	1,451	10,004	71,460
2041-2045	42,245	452	3,553	46,250
2046-2050	9,310	33	562	9,905
2051-2055	260	-	-	260
	<u>\$ 184,425</u>	<u>\$ 8,545</u>	<u>\$ 72,985</u>	<u>\$ 265,955</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, loans to assist local financial institutions in providing loans to assist very small businesses in their recovery from the impacts caused by the COVID-19 pandemic, loans to provide financing for commercialization of intellectual technology within the State 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.

# STATE OF NORTH DAKOTA

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## 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 claims to employees injured in the course of employment. During fiscal year 2020, a total of \$88,374,676 in claims was recognized. The liability of \$1,029,792,000 is the present value of the unpaid claim liability discounted at 4.5% 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, 2019 and 2020:

<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>
2019	\$ 4,256,394	\$ (175,718)	\$ (313,674)	\$ 3,767,002
2020	3,767,002	979,298	(999,937)	3,746,363

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-four claims exceeded coverage by \$13,414,266.

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.

## STATE OF NORTH DAKOTA

The following table presents the changes in claims liabilities balance for the fiscal years ending June 30, 2019 and 2020:

Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2019	\$ 4,861,686	\$ 2,639,167	\$ (3,142,217)	\$ 4,358,636
2020	4,358,636	3,669,716	(3,089,624)	4,938,728

### 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 1,175 policies to participating entities for a total building and content coverage of \$16.5 billion. The Bonding Fund is used to provide fidelity bonding of public employees and officials. The Fund has issued 1,890 policies to participating entities. The total coverage for the Bonding Fund is \$728.7 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 \$2.0 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, 2020 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, 2020, coverage extended to the following employers:

<u>Annual Premium</u>	
\$250 - \$5,000	19,734
\$5,001 - \$50,000	4,124
\$50,001 - \$100,000	370
Over \$100,000	<u>346</u>
Total Employers	<u>24,574</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.

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.

## STATE OF NORTH DAKOTA

For the year ended June 30, 2020, 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):

	Low	Central Value	High
Full value basis, undiscounted	\$ 1,511,964	\$ 1,629,797	\$ 1,708,841
Present value basis, discounted at 4.5%	956,774	1,029,792	1,079,890

WSI has adjusted the estimated liability for unpaid loss and loss adjustment expense to the actuary’s 4.5 percent discounted expected value of \$1,029,792,000 at June 30, 2020.

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 2020 calendar year has two coverage levels, with retention limits of \$10 million and \$20 million. For the year ended June 30, 2020 WSI recorded ceded losses of \$4,703,825 and ceded premiums of (\$680,864).

For accident years December 1, 1999 to December 1, 2002, Munich Re provided treaty excess of loss reinsurance to WSI. In fiscal year 2020, 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	
	2020	2019	2020	2019	2020	2019
Unpaid claims and claims adjustment expenses at the beginning of the year	\$ 678	\$ 1,879	\$ 98	\$ 106	\$ 1,090,944	\$ 1,049,386
Incurred claims and claims adjustment expenses:						
Provision for current fiscal year	2,576	2,953	(2)	39	176,999	186,815
Change in provision for prior fiscal year	30	(610)	-	-	(88,508)	(89,573)
Payments and claims and adjustment expenses attributable to:						
Current fiscal year insured events	(2,253)	(3,217)	136	59	(41,898)	(42,252)
Prior fiscal years’ insured events	-	(327)	(98)	(106)	(143,212)	(103,685)
Total Payments	(2,253)	(3,544)	38	(47)	(185,110)	(145,937)
Change in provision for discount	-	-	-	-	35,467	90,253
Total unpaid claims and claims adjustment expenses at the end of the year	<u>\$ 1,031</u>	<u>\$ 678</u>	<u>\$ 134</u>	<u>\$ 98</u>	<u>\$ 1,029,792</u>	<u>\$ 1,090,944</u>

### 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.

# STATE OF NORTH DAKOTA

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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 regarding lignite research, oil and gas research, renewable energy and for the outdoor heritage program. As of June 30, 2020, the total outstanding balance on these contracts was \$76.4 million.

#### MILL AND ELEVATOR

As of June 30, 2020, the Mill had commitments to purchase 2,723,592 bushels of spring wheat and 605,896 bushels of durum.

#### JOB SERVICE NORTH DAKOTA

As of June 30, 2020, the Agency has commitments to pay \$1,202,226 for purchase orders and contracts awarded for goods, services, software licenses and software support to be provided in future periods, all of which are federally funded.

#### SCHOOL CONSTRUCTION ASSISTANCE REVOLVING LOAN FUND

As of June 30, 2020, the Fund had one outstanding commitment totaling \$10,000,000 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 \$1,971,308 of signed commitments for construction projects as of June 30, 2020. The Fund had an \$5,935,047 of HIF funds awarded for construction projects as of June 30, 2020. The total paid on these commitments as of June 30, 2020 was \$3,963,739.

#### DEPARTMENT OF HUMAN SERVICES

As of June 30, 2020, the Department of Human Services had significant commitments for the purchase of various types of services totaling \$415,639,614.

#### 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, 2020 were \$2.8 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, 2020, the North Dakota Department of Transportation (Special Revenue Fund) had non-construction contract commitments of approximately \$65.1 million. Construction commitments at June 30, 2020 totaled approximately \$344.7 million, of which \$188.6 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, 2020, for which funds have not been disbursed or written agreements entered into in the amount of \$2,985,186.

#### SMALL EMPLOYER LOAN FUND

The fund has 72 pending loan commitments totaling \$2.8 million as of June 30, 2020.

#### INNOVATION TECHNOLOGY FUND

The fund has 3 pending loan commitments totaling \$2.35 million as of June 30, 2020.

# STATE OF NORTH DAKOTA

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## NORTH DAKOTA SOYBEAN COUNCIL

As of June 30, 2020, the North Dakota Soybean Council had significant commitments of approximately \$3.6 million. This amount mainly consists of grants for the research and development of soybeans.

## STATE WATER COMMISSION

As of June 30, 2020, the State Water Commission had long-term commitments of \$366,839,730 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>
BSC	\$ 561	\$ 525	\$ 36
DCB	807	58	749
DSU	607	412	195
LRSC	3,004	545	2,459
MaSU	124	-	124
MiSU	405	67	338
NDSCS	14,451	13,763	688
NDSU	76,168	26,539	49,629
UND	202,190	114,928	87,262
VCSU	18,310	2,257	16,053
WSC	8,432	5,640	2,792
Total	<u>\$ 325,059</u>	<u>164,734</u>	<u>\$ 160,325</u>

## OTHER CONSTRUCTION COMMITMENTS

That State has entered into construction commitments. As of June 30, 2020, the following commitment exists on other construction contracts, in thousands:

Office of Management and Budget	\$ 1,615
Secretary of State	214
Legislative Assembly	727
School for the Deaf	57
Health Department	207
Environmental Quality	332
Department of Human Services	20,986
Industrial Commission	2,592
Highway Patrol	1,597
Corrections and Rehab	51
Adjutant General	21,997
Game and Fish	345
Parks and Recreation	236
Department of Transportation	186,272

## **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 \$500,000.

# STATE OF NORTH DAKOTA

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## **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.

## **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 \$517.21 million as of June 30, 2020. The State recognized revenue of \$21.16 million of tobacco settlement revenue during the year ended June 30, 2020. 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**

### 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 79 employees for a cost of \$3.2 million in fiscal year 2020. The terms for these agreements range from one month to eighteen months. The University Systems recorded a liability at June 30, 2020 of \$2.3 million for future payments.

During the same time-period, the University Systems entered into involuntary separation agreements with 28 employees for a cost of \$559,000. The terms for these agreements range from one month to two months. There is no future liability for these arrangements at June 30, 2020.

In fiscal year 2020, the University System incurred \$2.2 million in expenses related to voluntary termination agreements entered into in prior fiscal years for 64 employees. The terms for these agreements range from one month to thirty-eight months. At June 30, 2020, the liability for future payments was \$214,000.

## **NOTE 21 - SUBSEQUENT EVENTS**

### BUILDING AUTHORITY

Subsequent to year end, the Authority issued \$88.585 million of bonds payable. The bonds have an interest rate of 5.00% and mature between 2021 and 2040.

### BANK OF NORTH DAKOTA

In March of 2020, the COVID pandemic began to spread throughout the world causing major disruptions to world travel and commerce. This pandemic greatly impacted North Dakota businesses, particularly restaurants, bars, hotels, and airlines. It also impacted the energy industry as oil and gas prices plummeted due to the reduction in travel. BND started 2020 with a monthly Provision for Credit Loss of \$400,000. Once the pandemic hit, economic factors within the model changed and BND increased that expense to \$1 million per month in March and then increased the provision again in July to \$2 million per month. In total, BND anticipates adding \$16.8 million to Allowance for Credit Loss in 2020, compared to our original estimate of \$4.8 million.

## STATE OF NORTH DAKOTA

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The 2015 Legislature authorized a transfer of up to \$100 million from BND to fund an Infrastructure Loan Fund for ND Cities and Counties. They also transferred an additional \$50 million from the Strategic Investment and Improvement Fund to this same revolving loan fund. So far, BND has committed to \$198 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 BND to fund activity over the initial \$50 million. As of October 31, 2020, BND 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 BND'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, 2020, the Reinsurance Association has not applied for this line of credit.

Fuel Production Guarantee Program – The 2019 legislature approved \$50 million from the Strategic Investment and Improvement Fund to be used to guarantee loans made under this program. BND received loan applications from 3 borrowers totaling \$29.8 million due to the impact the pandemic had on ethanol production facilities in ND

### SMALL EMPLOYER LOAN FUND

Subsequent to year end, the fund received applications for loans under this fund of approximately \$27.2 million.

### COVID-19 PACE RECOVERY PROGRAM

As of November 30, 2020, the Bank of North Dakota has received 227 applications totaling \$223.5 million with an interest rate buydown of \$28.3 million for program I and 753 applications totaling \$18.5 million in grants under program II.

### NORTH DAKOTA HOUSING FINANCE AGENCY

The Agency issued Series 2020B Housing Finance Program Bonds totaling \$125 million. The bonds have an interest rate ranging from 0.20% to 2.05% and mature between 2021 and 2033. The Agency also issued Series 2015F Housing Finance Program Bonds totaling \$25 million. The bonds have an interest rate of 2.32% and mature between 2021 and 2048.

### UNIVERSITY SYSTEMS

On July 2, 2020, VCSU issued \$3.2 million, Series 2020 Housing and Auxiliary Facilities Revenue Bonds. The bonds were issued in December 2019 and are included in these financial statements and notes. The proceeds are held in escrow and were used to refund the existing 2010 bonds on July 2, 2020. The bonds are collateralized by net housing and auxiliary facilities systems and mature in 2046.

## **NOTE 22 - NEW PRONOUNCEMENTS**

The State implemented the following new pronouncement for fiscal year 2020:

GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which provided temporary relief to governments in light of the COVID-19 pandemic to postpone the effective dates of certain pronouncements.

The State will implement the following new pronouncements for fiscal years ending after 2020:

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, 2019. 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

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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 June 15, 2021. 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, 2020. 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. This Statement is effective for reporting periods beginning after December 15, 2019. 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, 2021. Earlier application is encouraged.

GASB Statement No. 92, *Omnibus 2020*, provides additional guidance to improve consistency of authoritative literature by addressing practice issues identified during the application of certain GASB statements. This statement provides accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activity of public entity risk pools, fair value measurements and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR), most notable, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This statement provides exceptions and clarifications regarding hedging derivative instruments for such transactions that result from the replacement of IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement provides definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement

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are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* provides additional guidance for determining whether a primary government is financially accountable for a potential component unit. This Statement requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

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 Fiscal Year Ended June 30, 2020

	Approved Budget 2019-2021 Biennium	Appropriation Adjustments 2019-2021 Biennium	Adjusted Budget 2019-2021 Biennium	Actual Biennium To Date Thru 6-30-20	Difference Uncollected/ Unspent Thru 6-30-20
<b>Budgetary Fund Balance, July 1</b>	\$ 65,000,000	\$ -	\$ 65,000,000	\$ 801,236,291	\$ 736,236,291
<b>Resources (Inflows):</b>					
Sales and Use Tax	1,868,262,000	-	1,868,262,000	970,559,564	(897,702,436)
Income Tax	935,573,000	-	935,573,000	443,660,636	(491,912,364)
Financial Institutions Tax	-	-	-	9,115,734	-
Oil And Gas Production Tax	198,930,000	-	198,930,000	209,211,929	10,281,929
Oil Extraction Tax	201,070,000	-	201,070,000	141,402,989	(59,667,011)
Insurance Premium Tax	72,944,050	-	72,944,050	52,582,711	(20,361,339)
Cigarette, Cigar and Tobacco Tax	47,838,000	-	47,838,000	25,203,505	(22,634,495)
Wholesale Liquor Tax	18,703,000	-	18,703,000	9,115,734	(9,587,266)
Coal Conversion Tax	41,438,000	-	41,438,000	21,098,724	(20,339,276)
Gaming Tax	7,511,200	-	7,511,200	12,304,238	4,793,038
Lottery	12,245,000	-	12,245,000	4,100,000	(8,145,000)
Department Fees and Collections	91,521,566	-	91,521,566	37,871,865	(53,649,701)
Mineral Leasing Fees	38,000,000	-	38,000,000	23,718,886	(14,281,114)
Motor Vehicle Excise Tax	249,951,800	-	249,951,800	119,506,814	(130,444,986)
Interest on Public Funds	10,000,000	-	10,000,000	11,272,315	1,272,315
Gas Tax Administration	1,991,024	-	1,991,024	995,906	(995,118)
Transfers In	1,026,981,000	-	1,026,981,000	467,285,900	(559,695,100)
<b>Total Revenue Inflows</b>	<b>4,822,959,640</b>	<b>-</b>	<b>4,822,959,640</b>	<b>2,549,891,716</b>	<b>(2,273,067,924)</b>
Amounts Available for Appropriation	4,887,959,640	-	4,887,959,640	3,351,128,007	(1,536,831,633)
<b>Charges to Appropriations (Outflows):</b>					
<b>General Government:</b>					
Governor's Office	4,492,106	9,459	4,501,565	2,022,271	2,479,294
Secretary of State	5,365,785	1,258,207	6,623,992	2,977,601	3,646,391
Secretary of State Public Printing	257,278	-	257,278	190,892	66,386
Office of Management and Budget	33,215,852	3,487,004	36,702,856	15,597,752	21,105,104
Information Technology	28,565,311	15,000	28,580,311	18,148,322	10,431,989
State Auditor	10,122,860	(13,928)	10,108,932	4,441,437	5,667,495
State Treasurer	1,746,370	20,000	1,766,370	808,710	957,660
Attorney General	45,804,596	198,890	46,003,486	21,179,258	24,824,228
Tax Department	54,071,616	-	54,071,616	26,782,489	27,289,127
Legislative Assembly	15,825,515	814,987	16,640,502	4,775,710	11,864,792
Legislative Council	13,045,074	3,897,587	16,942,661	5,375,672	11,566,989
Supreme Court	107,503,043	-	107,503,043	49,647,464	57,855,579
Legal Counsel for Indigents	18,384,627	-	18,384,627	9,039,756	9,344,871
Ethics Commission	517,155	-	517,155	164,864	352,291
<b>Education:</b>					
Public Instruction	1,721,361,137	859,729	1,722,220,866	806,647,102	915,573,764
State Library	5,781,419	-	5,781,419	2,711,593	3,069,826
School for the Deaf	7,528,850	209,115	7,737,965	3,671,612	4,066,353
School for the Blind	4,717,989	-	4,717,989	2,203,838	2,514,151
Vocational Education	40,064,988	-	40,064,988	19,189,237	20,875,751
<b>Health &amp; Human Services:</b>					
Dept. of Health	36,360,590	(10,197)	36,350,393	14,925,902	21,424,491
Dept. of Environmental Quality	12,480,922	-	12,480,922	4,599,734	7,881,188
Veteran's Home	5,679,324	-	5,679,324	218,690	5,460,634
Indian Affairs Commission	1,098,639	-	1,098,639	523,432	575,207
Veteran's Affairs	1,416,430	50,000	1,466,430	604,670	861,760
Dept. of Human Services-Management	64,690,274	4,923,593	69,613,867	37,124,152	32,489,715
Dept. of Human Services-Program and Policy	1,182,910,545	2,179,226	1,185,089,771	555,091,520	629,998,251
Dept. of Human Services-Centers	127,690,608	(3,232,924)	124,457,684	68,355,325	56,102,359
Dept. of Human Services-Institutions	87,372,060	7,528,264	94,900,324	47,510,600	47,389,724
Dept. of Human Services-County Social Service	-	1,000	1,000	76	924
Protection and Advocacy	3,312,565	-	3,312,565	1,474,751	1,837,814
Job Service	430,624	-	430,624	206,716	223,908
<b>Regulatory:</b>					
Industrial Commission	27,449,198	-	27,449,198	12,307,787	15,141,411
Labor Commission	2,395,169	-	2,395,169	1,055,597	1,339,572
Public Service Commission	6,714,928	-	6,714,928	2,830,306	3,884,622
<b>Public Safety and Corrections:</b>					
Highway Patrol	44,295,405	-	44,295,405	23,339,035	20,956,370
Corrections & Rehab	229,678,076	2,258,920	231,936,996	114,935,511	117,001,485
Adjutant General	27,571,197	1,034,626	28,605,823	11,875,462	16,730,361
<b>Agriculture &amp; Commerce:</b>					
Department of Commerce	40,191,721	30,834,701	71,026,422	19,904,333	51,122,089
Department of Agriculture	10,910,429	1,400	10,911,829	4,505,084	6,406,745
State Fair	542,833	-	542,833	271,417	271,416
Racing Commission	399,072	-	399,072	183,765	215,307
<b>Natural Resources:</b>					
Historical Society	18,965,691	659,035	19,624,726	8,733,252	10,891,474
Council on the Arts	1,606,204	12,480	1,618,684	723,110	895,574
Parks and Recreation	14,343,129	2,937,368	17,280,497	7,903,109	9,377,388
<b>Transportation:</b>					
Aeronautics Commission	500,000	-	500,000	479,616	20,384
Department of Transportation	2,500,000	13,000,000	15,500,000	12,782,676	2,717,324
Transfers Out	773,685,962	55,708,401	829,394,363	399,099,258	430,295,105
<b>Total Charges to Appropriations</b>	<b>4,843,563,166</b>	<b>128,641,943</b>	<b>4,972,205,109</b>	<b>2,347,140,466</b>	<b>2,625,064,643</b>
<b>Ending Budgetary Fund Balance</b>	<b>\$ 44,396,474</b>	<b>\$ (128,641,943)</b>	<b>\$ (84,245,469)</b>	<b>\$ 1,003,987,541</b>	<b>\$ 1,088,233,010</b>

# STATE OF NORTH DAKOTA

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## Required Supplemental Information Budgetary Comparison Schedule Budget to GAAP Reconciliation General Fund For the Fiscal Year Ended June 30, 2020

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	2,549,891,716
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	(41,428,409)
Funds considered General funds for GAAP but not for Budget	1,093,615,792
Certain due from other funds are recorded under GAAP, but not Budget	(6,511,787)
Reimbursement activity between state agencies is eliminated only for GAAP	(390,558)
Proceeds are recorded for new capital leases on GAAP, but not for Budget	65,787
Repayment received on loan receivable are revenue for Budget to GAAP	1,942,904
Total revenues, capital lease acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u><u>\$ 3,597,185,445</u></u>

### Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	2,347,140,466
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	(1,302,811)
Funds considered General funds for GAAP but not for Budget	105,139,800
New capital leases are recorded as expenditures for GAAP, but not for Budget	65,787
Certain due to other funds are recorded under GAAP, but not for Budget	3,859,411
Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u><u>\$ 2,454,902,653</u></u>

# STATE OF NORTH DAKOTA

## Required Supplemental Information Budgetary Comparison Schedule Federal Fund For the Fiscal Year Ended June 30, 2020

	Approved Budget 2019-2021 Biennium	Appropriation Adjustments 2019-2021 Biennium	Adjusted Budget 2019-2021 Biennium	Actual Biennium To Date Thru 6-30-20	Difference Uncollected/ Unspent Thru 6-30-20
<b>Budgetary Fund Balance, July 1</b>	\$ -	\$ -	\$ -	-	\$ -
<b>Resources (Inflows):</b>					
Other Budgeted Income	3,860,384,849	746,373,634	4,606,758,483	1,888,466,071	(2,718,292,412)
<b>Total Revenue Inflows</b>	<b>3,860,384,849</b>	<b>746,373,634</b>	<b>4,606,758,483</b>	<b>1,888,466,071</b>	<b>(2,718,292,412)</b>
Amounts Available for Appropriation	3,860,384,849	746,373,634	4,606,758,483	1,888,466,071	2,718,292,412
<b>Charges to Appropriations (Outflows):</b>					
General Government:					
Governor's Office	-	18,085	18,085	18,083	2
Secretary of State	3,000,000	3,000,000	6,000,000	589,964	5,410,036
Office of Management and Budget	-	119,700	119,700	57,502	62,198
Information Technology	2,078,179	66,868,226	68,946,405	755,568	68,190,837
State Auditor	1,337,614	13,903	1,351,517	618,680	732,837
State Treasurer	-	10,898,581	10,898,581	3,932,546	6,966,035
Attorney General	15,052,872	2,832,872	17,885,744	4,811,772	13,073,972
Tax Department	125,000	81,601	206,601	26,257	180,344
Legislative Assembly	-	2,000,000	2,000,000	20,081	1,979,919
Legislative Council	-	100,000	100,000	1,221	98,779
Supreme Court	1,659,596	26,383	1,685,979	782,470	903,509
Education:					
Public Instruction	322,916,553	54,393,798	377,310,351	165,702,940	211,607,411
Land Department	-	120,000	120,000	17,061	102,939
State Library	2,287,102	420,000	2,707,102	1,144,294	1,562,808
School for the Deaf	100,512	-	100,512	34,014	66,498
Vocational Education	11,498,147	-	11,498,147	5,108,098	6,390,049
Health & Human Services:					
Dept. of Health	102,021,319	117,102,326	219,123,645	67,171,043	151,952,602
Dept. of Environmental Quality	28,085,602	(1,110,256)	26,975,346	10,333,891	16,641,455
Veteran's Home	-	321,428	321,428	252,916	68,512
Veteran's Affairs	1,377,157	2,860	1,380,017	711,568	668,449
Dept. of Human Services-Management	95,048,395	51,306,162	146,354,557	61,386,458	84,968,099
Dept. of Human Services-Program and Policy	2,093,626,737	113,238,999	2,206,865,736	1,029,740,105	1,177,125,631
Dept. of Human Services-Centers	57,430,698	(1,218,592)	56,212,106	25,328,930	30,883,176
Dept. of Human Services-Institutions	29,584,449	(944,468)	28,639,981	18,175,429	10,464,552
Dept. of Human Services-County Social Service	-	285,000	285,000	17,093	267,907
Protection and Advocacy	3,994,135	-	3,994,135	1,704,979	2,289,156
Job Service	64,364,900	-	64,364,900	23,455,409	40,909,491
Regulatory:					
Insurance Department	177,500	21,832,700	22,010,200	277,266	21,732,934
Industrial Commission	238,004	66,351,512	66,589,516	166,158	66,423,358
Labor Commission	480,681	49,000	529,681	311,441	218,240
Public Service Commission	10,894,458	-	10,894,458	3,659,651	7,234,807
Public Safety and Corrections:					
Highway Patrol	6,610,415	404,094	7,014,509	2,876,767	4,137,742
Corrections & Rehab	16,663,970	6,078,598	22,742,568	7,601,191	15,141,377
Adjutant General	105,408,847	101,699,897	207,108,744	59,574,334	147,534,410
Agriculture & Commerce:					
Department of Commerce	44,070,416	84,065,554	128,135,970	22,421,168	105,714,802
Department of Agriculture	12,213,665	9,095,000	21,308,665	4,923,889	16,384,776
Racing Commission	-	1,000	1,000	-	1,000
Natural Resources:					
Historical Society	3,194,252	20,000	3,214,252	703,579	2,510,673
Council on the Arts	1,675,407	421,700	2,097,107	1,114,727	982,380
Game and Fish	36,873,632	502,993	37,376,625	15,334,191	22,042,434
Parks and Recreation	7,321,876	96,547	7,418,423	1,443,593	5,974,830
Water Commission	39,123,284	-	39,123,284	15,544,798	23,578,486
Transportation:					
Aeronautics Commission	935,000	-	935,000	18,850	916,150
Department of Transportation	738,914,475	35,878,431	774,792,906	330,596,096	444,196,810
<b>Total Charges to Appropriations</b>	<b>3,860,384,849</b>	<b>746,373,634</b>	<b>4,606,758,483</b>	<b>1,888,466,071</b>	<b>2,718,292,412.00</b>
<b>Ending Budgetary Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# STATE OF NORTH DAKOTA

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## Required Supplemental Information Budgetary Comparison Schedule Budget to GAAP Reconciliation Federal Fund For the Fiscal Year ended June 30, 2020

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	1,888,466,071
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	23,749,928
Total revenues, capital lease acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 1,912,215,999</u>

### Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	1,888,466,071
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	63,478,807
New Loans issued are expenditures for Budget but not for GAAP	(1,924,917)
GAAP, but not Budget expenditures are reduced by year end inventory balances	20,922,389
Intrafund activity eliminated for GAAP	(61,788,705)
Certain due to other funds are recorded under GAAP, but not for Budget	1,843,458
Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 1,910,997,103</u>

# STATE OF NORTH DAKOTA

## Required Supplemental Information Budgetary Comparison Schedule State Fund For the Fiscal Year Ended June 30, 2020

	Approved Budget 2019-2021 Biennium	Appropriation Adjustments 2019-2021 Biennium	Adjusted Budget 2019-2021 Biennium	Actual Biennium To Date Thru 6-30-20	Difference Uncollected/ Unspent Thru 6-30-20
<b>Budgetary Fund Balance, July 1</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>					
Other Budgeted Income	3,236,641,019	282,595,078	3,519,236,097	1,121,500,763	(2,397,735,334)
<b>Total Revenue Inflows</b>	<b>3,236,641,019</b>	<b>282,595,078</b>	<b>3,519,236,097</b>	<b>1,121,500,763</b>	<b>(2,397,735,334)</b>
Amounts Available for Appropriation	3,236,641,019	282,595,078	3,519,236,097	1,121,500,763	(2,397,735,334)
<b>Charges to Appropriations (Outflows):</b>					
<b>General Government:</b>					
Governor's Office	-	232,448.00	232,448.00	175,145.00	57,303.00
Secretary of State	12,431,641.00	-	12,431,641.00	9,106,010.00	3,325,631.00
Office of Management & Budget	17,136,515.00	(398,606.00)	16,737,909.00	6,203,404.00	10,534,505.00
Information Technology	318,954,155.00	43,555,133.00	362,509,288.00	93,140,172.00	269,369,116.00
State Auditor	2,835,564.00	-	2,835,564.00	949,790.00	1,885,774.00
State Treasurer	35,000.00	-	35,000.00	13,083.00	21,917.00
Attorney General	24,051,368.00	690,846.00	24,742,214.00	9,669,158.00	15,073,056.00
Tax Department	-	5,642.00	5,642.00	5,642.00	-
Administrative Hearings	2,830,664.00	-	2,830,664.00	1,279,026.00	1,551,638.00
Legislative Assembly	140,000.00	-	140,000.00	54,360.00	85,640.00
Legislative Council	70,000.00	-	70,000.00	30,565.00	39,435.00
Supreme Court	1,452,701.00	-	1,452,701.00	220,351.00	1,232,350.00
Legal Counsel for Indigents	1,990,035.00	-	1,990,035.00	412,037.00	1,577,998.00
<b>Education:</b>					
Public Instruction	494,637,190.00	-	494,637,190.00	248,987,261.00	245,649,929.00
Land Department	10,458,401.00	42,589,772.00	53,048,173.00	24,228,434.00	28,819,739.00
State Library	87,259.00	-	87,259.00	31,651.00	55,608.00
School for the Deaf	2,599,846.00	116,912.00	2,716,758.00	767,985.00	1,948,773.00
School for the Blind	1,332,815.00	-	1,332,815.00	475,271.00	857,544.00
Vocational Education	3,204,974.00	-	3,204,974.00	965,389.00	2,239,585.00
<b>Health &amp; Human Services:</b>					
Dept. of Health	21,897,914.00	3,562,000.00	25,459,914.00	10,106,916.00	15,352,998.00
Dept. of Environmental Quality	18,147,972.00	1,197,914.00	19,345,886.00	6,066,841.00	13,279,045.00
Veteran's Home	19,275,822.00	165,500.00	19,441,322.00	11,715,321.00	7,726,001.00
Dept. of Human Services-Management	8,758,351.00	6,940,217.00	15,698,568.00	1,621,905.00	14,076,663.00
Dept. of Human Services-Program and Policy	138,941,401.00	36,250,525.00	175,191,926.00	33,116,143.00	142,075,783.00
Dept. of Human Services-Centers	19,579,837.00	(1,531,395.00)	18,048,442.00	5,385,959.00	12,662,483.00
Dept. of Human Services-Institutions	27,490,636.00	(126,686.00)	27,363,950.00	7,181,647.00	20,182,303.00
Dept. of Human Services-County Social Service	173,700,000.00	-	173,700,000.00	80,433,044.00	93,266,956.00
Job Service	890,670.00	-	890,670.00	98,629.00	792,041.00
<b>Regulatory:</b>					
Insurance Department	28,557,203.00	(344,350.00)	28,212,853.00	13,394,517.00	14,818,336.00
Industrial Commission	17,755,786.00	972,251.00	18,728,037.00	9,268,369.00	9,459,668.00
Public Service Commission	1,714,018.00	-	1,714,018.00	348,426.00	1,365,592.00
Financial Institutions	9,135,872.00	-	9,135,872.00	3,761,205.00	5,374,667.00
Securities Commission	2,757,119.00	-	2,757,119.00	1,166,888.00	1,590,231.00
<b>Public Safety and Corrections:</b>					
Highway Patrol	10,588,283.00	80,000.00	10,668,283.00	832,530.00	9,835,753.00
Corrections & Rehab	25,291,919.00	935,907.00	26,227,826.00	9,233,147.00	16,994,679.00
Adjutant General	15,076,195.00	34,076,372.00	49,152,567.00	5,184,177.00	43,968,390.00
<b>Agriculture &amp; Commerce:</b>					
Department of Commerce	14,352,877.00	2,660,636.00	17,013,513.00	4,167,936.00	12,845,577.00
Department of Agriculture	18,108,741.00	250,000.00	18,358,741.00	5,221,420.00	13,137,321.00
Racing Commission	165,965.00	-	165,965.00	60,664.00	105,301.00
<b>Natural Resources:</b>					
Historical Society	85,000.00	-	85,000.00	-	85,000.00
Council of Arts	63,515.00	62,500.00	126,015.00	32,707.00	93,308.00
Game and Fish	48,430,000.00	2,270,311.00	50,700,311.00	19,469,668.00	31,230,643.00
Parks and Recreation	21,369,977.00	654,276.00	22,024,253.00	5,696,355.00	16,327,898.00
Water Commission	929,030,807.00	(33,136,750.00)	895,894,057.00	155,064,791.00	740,829,266.00
<b>Transportation:</b>					
Aeronautics Commission	47,896,082.00	2,362,337.00	50,258,419.00	3,922,168.00	46,336,251.00
Department of Transportation	723,330,929.00	138,501,366.00	861,832,295.00	332,234,656.00	529,597,639.00
<b>Total Charges to Appropriations</b>	<b>3,236,641,019.00</b>	<b>282,595,078.00</b>	<b>3,519,236,097.00</b>	<b>1,121,500,763.00</b>	<b>2,397,735,334.00</b>
<b>Ending Budgetary Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# STATE OF NORTH DAKOTA

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## Required Supplemental Information Budgetary Comparison Schedule Budget to GAAP Reconciliation State Fund For the Fiscal Year ended June 30, 2020

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	1,121,500,763
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	805,415,275
Total revenues, capital lease acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 1,926,916,038</u>

### Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	1,121,500,763
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	1,716,307,056
New Loans issued are expenditures for Budget but not for GAAP	1,661,972
GAAP, but not Budget expenditures are reduced by year end inventory balances	283,442
Intrafund activity eliminated for GAAP	(531,624,509)
Certain due to other funds are recorded under GAAP, but not for Budget	(945,822)
Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 2,307,182,902</u>

## STATE OF NORTH DAKOTA

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### **Note To Required Supplemental Information - Budgetary Reporting For the Fiscal Year Ended June 30, 2020**

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 2019-2021 Biennium Budget and Actual Detail (Budgetary Basis) For the Fiscal Year Ended June 30, 2020." This budget information is available through the Office of Management and Budget, 600 East Boulevard Ave Dept. 110, Bismarck, ND 58505. For the 2019-2021 biennium there were general, federal, and special fund supplemental appropriations of \$1,157,610,655.

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, 2020, 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
2020	48.640060%	\$570,358	\$569,875	\$1,506,252	100.08%	72.53%
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
2020	\$40,941	\$(41,030)	\$ (89)	\$589,042	6.95%
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
2020	100.00%	\$24,900	\$10,608	\$81,416	240.48%	76.58%
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
2020	\$2,175	\$(2,175)	\$ -	\$11,038	19.70%
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
2020	100.00%	\$ (31,006)	\$417	\$97,203	(7,443.56) %	146.84%
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
2020	\$ -	\$ -	\$ -	\$ 386	0.00%
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
2020	0.626693%	\$8,631	\$4,252	\$16,395	202.99%	65.50%
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
2020	\$535	\$(535)	\$-	\$4,196	12.75%
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
2020	49.778349%	\$39,178	\$561,580	\$68,451	6.98%	63.13%
2019	50.731122%	39,954	563,479	64,888	7.09%	61.89%
2018	51.545839%	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
2020	\$6,631	\$(6,626)	\$ 5	\$571,617	1.16%
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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total pension liability (asset)</b>				
Service cost	\$ 135,139	\$ 172,184	\$ 164,018	\$ 113,148
Interest	317,129	294,701	279,835	269,771
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	213,457	(210,896)	(65,346)	(3,612)
Changes of assumptions	1,663,289	(464,473)	125,225	741,492
Benefit payments, including refund of employee contributions	(218,554)	(197,758)	(182,522)	(162,992)
<b>Net change in total pension liability (asset)</b>	<u>2,110,460</u>	<u>(406,242)</u>	<u>321,210</u>	<u>957,807</u>
<b>Total pension liability (asset) - beginning</b>	<u>4,269,340</u>	<u>4,675,582</u>	<u>4,354,372</u>	<u>3,396,565</u>
<b>Total pension liability (asset) - ending (a)</b>	<u>\$ 6,379,800</u>	<u>\$ 4,269,340</u>	<u>\$ 4,675,582</u>	<u>\$ 4,354,372</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 85,504	\$ 81,588	\$ 80,727	\$ 78,934
Contributions - employee	81,478	78,213	77,486	76,007
Contributions - service credit repurchase	10,819	7,220	19,985	11,805
Contributions - other	-	-	-	-
Net investment income	101,106	159,824	249,165	311,761
Transfers from other plans	(3)	(5)	(24)	32
Benefit payments, including refund of employee contributions	(218,554)	(197,758)	(182,522)	(162,992)
Administrative expense	(2,730)	(2,531)	(2,473)	(2,607)
<b>Net change in plan fiduciary net position</b>	<u>57,620</u>	<u>126,551</u>	<u>242,344</u>	<u>312,940</u>
Plan fiduciary net position - beginning	<u>3,096,731</u>	<u>2,970,180</u>	<u>2,727,836</u>	<u>2,414,896</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,154,351</u>	<u>\$ 3,096,731</u>	<u>\$ 2,970,180</u>	<u>\$ 2,727,836</u>
<b>Net pension liability (asset) - ending (a) - (b)</b>	<u>\$ 3,225,449</u>	<u>\$ 1,172,609</u>	<u>\$ 1,705,402</u>	<u>\$ 1,626,536</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	49.44%	72.53%	63.53%	62.65%
Covered payroll	\$ 1,167,768	\$ 1,098,416	\$ 1,075,958	\$ 1,063,372
Plan net pension liability (asset) as a percentage of covered payroll	276.21%	106.75%	158.50%	152.96%

\*Complete data for this schedule is not available prior to 2014.

# STATE OF NORTH DAKOTA

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	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	126,444	\$ 104,158	\$ 94,611
	243,285	236,420	218,719
	-	2	-
	15,915	4,396	25,783
	108,139	(76,152)	-
	<u>(149,664)</u>	<u>(134,930)</u>	<u>(119,886)</u>
	344,119	133,894	219,227
	<u>3,052,446</u>	<u>2,918,552</u>	<u>2,699,325</u>
\$	<u><u>3,396,565</u></u>	<u><u>3,052,446</u></u>	<u><u>2,918,552</u></u>
\$	77,080	\$ 70,842	\$ 61,661
	74,219	68,392	59,394
	9,179	6,652	8,325
	-	-	-
	11,334	81,537	316,630
	23,575	-	-
	<u>(149,664)</u>	<u>(134,930)</u>	<u>(119,886)</u>
	<u>(2,538)</u>	<u>(2,365)</u>	<u>(2,211)</u>
	43,185	90,128	323,913
	<u>2,371,711</u>	<u>2,281,583</u>	<u>1,957,670</u>
\$	<u><u>2,414,896</u></u>	<u><u>2,371,711</u></u>	<u><u>2,281,583</u></u>
\$	<u><u>981,669</u></u>	<u><u>680,735</u></u>	<u><u>636,969</u></u>
	77.70%	77.70%	78.18%
\$	973,536	\$ 973,536	\$ 888,452
	69.92%	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total pension liability (asset)</b>				
Service cost	\$ 2,878	\$ 2,818	\$ 2,738	\$ 2,701
Interest	7,869	7,527	7,203	6,951
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	729	(68)	(621)	22
Changes of assumptions	66,142	3,043	-	1,257
Benefit payments, including refund of employee contributions	(5,704)	(5,391)	(4,981)	(4,806)
<b>Net change in total pension liability (asset)</b>	<u>71,914</u>	<u>7,929</u>	<u>4,339</u>	<u>6,125</u>
<b>Total pension liability (asset) - beginning</b>	<u>106,315</u>	<u>98,386</u>	<u>94,047</u>	<u>87,922</u>
<b>Total pension liability (asset) - ending (a)</b>	<u>\$ 178,229</u>	<u>\$ 106,315</u>	<u>\$ 98,386</u>	<u>\$ 94,047</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 2,177	\$ 2,091	\$ 2,153	\$ 2,156
Contributions - employee	1,470	1,412	1,453	1,456
Contributions - service credit repurchase	205	168	282	249
Contributions - other	-	-	-	-
Net investment income	2,667	4,251	6,716	8,500
Benefit payments, including refund of employee contributions	(5,705)	(5,391)	(4,981)	(4,806)
Administrative expense	(46)	(44)	(30)	(30)
<b>Net change in plan fiduciary net position</b>	<u>768</u>	<u>2,487</u>	<u>5,593</u>	<u>7,525</u>
Plan fiduciary net position - beginning	<u>81,416</u>	<u>78,929</u>	<u>73,336</u>	<u>65,811</u>
Plan fiduciary net position - ending (b)	<u>\$ 82,184</u>	<u>\$ 81,416</u>	<u>\$ 78,929</u>	<u>\$ 73,336</u>
<b>Net pension liability (asset) - ending (a) - (b)</b>	<u>\$ 96,045</u>	<u>\$ 24,899</u>	<u>\$ 19,457</u>	<u>\$ 20,711</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	46.11%	76.58%	80.22%	77.98%
Covered payroll	\$ 11,410	\$ 10,354	\$ 10,737	\$ 10,629
Plan net pension liability (asset) as a percentage of covered payroll	841.78%	240.48%	181.21%	194.84%

\*Complete data for this schedule is not available prior to 2014.

# STATE OF NORTH DAKOTA

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	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	2,226	\$ 2,038	\$ 1,894
	6,311	6,008	5,750
	-	-	-
	40	984	(300)
	3,946	395	-
	<u>(4,713)</u>	<u>(4,746)</u>	<u>(3,784)</u>
	7,810	4,679	3,560
	<u>80,112</u>	<u>75,433</u>	<u>71,873</u>
\$	<u><u>87,922</u></u>	<u><u>80,112</u></u>	<u><u>75,433</u></u>
\$	2,127	\$ 2,002	\$ 1,865
	1,436	1,352	1,243
	-	97	87
	-	-	-
	317	2,335	9,240
	<u>(4,713)</u>	<u>(4,746)</u>	<u>(3,784)</u>
	<u>(32)</u>	<u>(31)</u>	<u>(28)</u>
	<u>(865)</u>	<u>1,009</u>	<u>8,623</u>
	<u>66,676</u>	<u>65,667</u>	<u>57,044</u>
\$	<u><u>65,811</u></u>	<u><u>66,676</u></u>	<u><u>65,667</u></u>
\$	<u><u>22,111</u></u>	<u><u>13,436</u></u>	<u><u>9,766</u></u>
	83.23%	83.23%	87.05%
\$	6	\$ 6	\$ 9,348
	132.44%	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total pension liability (asset)</b>				
Service cost	\$ 57	\$ 70	\$ 80	\$ 56
Interest	3,038	3,130	3,501	4,130
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	(1,122)	(505)	(310)	(1,648)
Changes of assumptions	540	-	5,812	4,421
Benefit payments, including refund of employee contributions	(4,582)	(4,627)	(4,583)	(4,534)
<b>Net change in total pension liability (asset)</b>	<u>(2,069)</u>	<u>(1,932)</u>	<u>4,500</u>	<u>2,425</u>
<b>Total pension liability (asset) - beginning</b>	<u>66,197</u>	<u>68,129</u>	<u>63,629</u>	<u>61,204</u>
<b>Total pension liability (asset) - ending (a)</b>	<u>\$ 64,128</u>	<u>\$ 66,197</u>	<u>\$ 68,129</u>	<u>\$ 63,629</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ -	\$ -	\$ -	\$ -
Contributions - employee	27	29	33	39
Contributions - service credit repurchase	-	-	-	-
Contributions - other	-	-	-	-
Net investment income	2,621	6,230	2,919	5,239
Benefit payments, including refund of employee contributions	(4,582)	(4,627)	(4,583)	(4,534)
Administrative expense	(19)	(17)	(46)	(13)
<b>Net change in plan fiduciary net position</b>	<u>(1,953)</u>	<u>1,615</u>	<u>(1,677)</u>	<u>731</u>
Plan fiduciary net position - beginning	<u>97,203</u>	<u>95,588</u>	<u>97,265</u>	<u>96,534</u>
Plan fiduciary net position - ending (b)	<u>\$ 95,250</u>	<u>\$ 97,203</u>	<u>\$ 95,588</u>	<u>\$ 97,265</u>
<b>Net pension liability (asset) - ending (a) - (b)</b>	<u>\$ (31,122)</u>	<u>\$ (31,006)</u>	<u>\$ (27,459)</u>	<u>\$ (33,636)</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	148.53%	146.84%	140.30%	152.86%
Covered payroll	\$ 315	\$ 417	\$ 417	\$ 499
Plan net pension liability (asset) as a percentage of covered employee payroll	-9892.34%	-7443.56%	-6590.37%	-6746.56%

\*Complete data for this schedule is not available prior to 2014.

# STATE OF NORTH DAKOTA

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	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	71	\$	128
	4,281		5,107
	-		-
	(2,007)		(1,607)
	70		(310)
	<u>(4,601)</u>		<u>(4,595)</u>
	(2,186)		(1,007)
	<u>63,390</u>		<u>66,053</u>
\$	<u><u>61,204</u></u>	\$	<u><u>63,390</u></u>
		\$	<u><u>65,046</u></u>
\$	-	\$	-
	44		56
	-		-
	-		-
	4,840		11,888
	<u>(4,601)</u>		<u>(4,595)</u>
	(32)		(31)
	<u>251</u>		<u>7,318</u>
	<u>96,283</u>		<u>90,379</u>
\$	<u><u>96,534</u></u>	\$	<u><u>96,283</u></u>
		\$	<u><u>97,697</u></u>
\$	<u><u>(35,330)</u></u>	\$	<u><u>(32,893)</u></u>
		\$	<u><u>(32,651)</u></u>
	157.72%		151.89%
\$	567	\$	791
		\$	843
	-6256.45%		-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)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total pension liability (asset)</b>				
Service cost	\$ 80,591	\$ 77,756	\$ 78,041	\$ 75,476
Interest	306,791	296,876	287,375	276,412
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	(20,732)	(23,495)	(27,939)	(10,749)
Changes of assumptions	51,813	-	-	-
Benefit payments, including refund of employee contributions	(230,851)	(221,228)	(207,979)	(196,516)
<b>Net change in total pension liability (asset)</b>	<u>187,612</u>	<u>129,909</u>	<u>129,498</u>	<u>144,623</u>
<b>Total pension liability (asset) - beginning</b>	<u>3,993,424</u>	<u>3,863,515</u>	<u>3,734,017</u>	<u>3,589,394</u>
<b>Total pension liability (asset) - ending (a)</b>	<u>\$ 4,181,036</u>	<u>\$ 3,993,424</u>	<u>\$ 3,863,515</u>	<u>\$ 3,734,017</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 93,032	\$ 89,445	\$ 86,676	\$ 86,059
Contributions - employee	85,735	82,429	79,878	79,309
Contributions - service credit repurchase	2,175	1,917	2,181	2,553
Contributions - other	159	159	194	236
Net investment income	86,206	135,043	211,345	266,688
Benefit payments, including refund of employee contributions	(230,851)	(221,228)	(207,979)	(196,516)
Administrative expense	(2,095)	(2,251)	(2,129)	(2,173)
<b>Net change in plan fiduciary net position</b>	<u>34,361</u>	<u>85,514</u>	<u>170,166</u>	<u>236,156</u>
Plan fiduciary net position - beginning	<u>2,616,171</u>	<u>2,530,657</u>	<u>2,360,491</u>	<u>2,124,335</u>
Plan fiduciary net position - ending (b)	<u>\$ 2,650,532</u>	<u>\$ 2,616,171</u>	<u>\$ 2,530,657</u>	<u>\$ 2,360,491</u>
<b>Net pension liability (asset) - ending (a) - (b)</b>	<u>\$ 1,530,504</u>	<u>\$ 1,377,253</u>	<u>\$ 1,332,858</u>	<u>\$ 1,373,526</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	63.40%	65.50%	65.50%	63.20%
Covered payroll	\$ 729,661	\$ 701,528	\$ 679,809	\$ 674,971
Plan net pension liability (asset) as a percentage of covered payroll	209.80%	196.10%	196.10%	203.50%

\*Complete data for this schedule is not available prior to 2014.

\*\*Restated in 2015 due to GASB 68 implementation.

# STATE OF NORTH DAKOTA

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	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	68,239	\$ 60,618	\$ 56,752
	265,440	249,064	237,821
	-	-	-
	(8,093)	2,209	9,347
	-	171,325	-
	<u>(185,969)</u>	<u>(172,239)</u>	<u>(162,259)</u>
	139,617	310,977	141,661
	<u>3,449,777</u>	<u>3,138,800</u>	<u>2,997,139</u>
\$	<u><u>3,589,394</u></u>	\$ <u><u>3,449,777</u></u>	\$ <u><u>3,138,800</u></u>
\$	82,840	\$ 78,422	\$ 62,355
	76,343	72,268	56,555
	2,768	1,601	2,034
	45	172	48
	8,239	73,205	294,246
	<u>(185,969)</u>	<u>(172,239)</u>	<u>(162,259)</u>
	<u>(1,852)</u>	<u>(1,923)</u>	<u>(1,586)</u>
	<u>(17,586)</u>	<u>51,506</u>	<u>251,393</u>
	<u>2,141,921</u>	<u>2,090,415</u>	<u>1,839,584</u>
\$	<u><u>2,124,335</u></u>	\$ <u><u>2,141,921</u></u>	\$ <u><u>2,090,977</u></u>
\$	<u><u>1,465,059</u></u>	\$ <u><u>1,307,856</u></u>	\$ <u><u>1,047,823</u></u>
	59.20%	62.10%	66.60%
\$	649,725	\$ 615,105	\$ 580,053
	225.50%	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB liability (asset)</b>				
Service cost	\$ 4,042	\$ 3,828	\$ 3,767	\$ 3,430
Interest	15,498	15,217	14,485	14,327
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	315	(1,374)	2,732	(2,231)
Changes of assumptions	4,372	5,002	-	8,861
Benefit payments, including refund of employee contributions	(12,317)	(11,505)	(11,016)	(10,014)
<b>Net change in total OPEB liability (asset)</b>	<u>11,910</u>	<u>11,168</u>	<u>9,968</u>	<u>14,373</u>
<b>Total OPEB liability (asset) - beginning</b>	<u>217,831</u>	<u>206,663</u>	<u>196,695</u>	<u>182,322</u>
<b>Total OPEB liability (asset) - ending (a)</b>	<u>\$ 229,741</u>	<u>\$ 217,831</u>	<u>\$ 206,663</u>	<u>\$ 196,695</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 13,392	\$ 12,977	\$ 12,834	\$ 12,576
Contributions - employee	16	16	16	16
Contributions - service credit repurchase	557	377	747	464
Net investment income	6,905	8,178	8,211	12,074
Benefit payments, including refund of employee contributions	(12,317)	(11,505)	(11,016)	(10,014)
Administrative expense	(454)	(437)	(480)	(443)
Other	10	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>8,109</u>	<u>9,606</u>	<u>10,312</u>	<u>14,673</u>
Plan fiduciary net position - beginning	<u>137,512</u>	<u>127,906</u>	<u>117,594</u>	<u>102,921</u>
Plan fiduciary net position - ending (b)	<u>\$ 145,621</u>	<u>\$ 137,512</u>	<u>\$ 127,906</u>	<u>\$ 117,594</u>
<b>Net OPEB liability (asset) - ending (a) - (b)</b>	<u>\$ 84,120</u>	<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)	63.38%	63.13%	61.89%	59.78%
Covered payroll	\$ 1,139,971	\$ 1,115,858	\$ 1,094,217	\$ 1,081,841
Plan net OPEB liability (asset) as a percentage of covered employee payroll	7.38%	7.20%	7.20%	7.31%

\*Complete data for this schedule is not available prior to 2017.

# 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>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability (asset)</b>			
Service cost	\$ -	\$ 4	\$ 4
Interest	37	42	43
Change of benefit terms	-	-	-
Difference between expected and actual experience	(192)	-	-
Changes of assumptions	46	-	-
Benefit payments, including refund of employee contributions	(78)	(84)	(80)
<b>Net change in total OPEB liability (asset)</b>	(187)	(38)	(33)
<b>Total OPEB liability (asset) - beginning</b>	1,453	1,491	1,524
<b>Total OPEB liability (asset) - ending (a)</b>	<u>\$ 1,266</u>	<u>\$ 1,453</u>	<u>\$ 1,491</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 78	\$ 84	\$ 80
Contributions - employee	-	-	-
Contributions - service credit repurchase	-	-	-
Contributions - other	-	-	-
Net investment income	-	-	-
Benefit payments, including refund of employee contributions	(78)	(84)	(80)
Administrative expense	-	-	-
<b>Net change in plan fiduciary net position</b>	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net OPEB liability (asset) - ending (a) - (b)</b>	<u>\$ 1,266</u>	<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%	0.00%
Covered payroll	n/a	n/a	n/a
Plan net OPEB liability (asset) as a percentage of covered payroll	n/a	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>2020</u>	<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>
Actuarially determined contribution	\$140,537	\$127,129	\$125,714	\$116,564	\$124,336	\$107,514	\$107,864	\$97,985	\$91,458	\$82,910
Contribution in relation to the actuarially determined contribution	<u>85,504</u>	<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>
Contribution deficiency (excess)	<u>\$55,033</u>	<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>
Covered payroll	1,167,768	1,098,416	1,075,958	1,063,372	1,048,548	973,536	888,452	800,878	804,169	769,710
Contributions as a percentage of covered payroll	7.32%	7.43%	7.50%	7.42%	7.35%	7.28%	6.94%	6.10%	4.73%	4.19%

### Highway Patrolmen's Retirement System

	<u>2020</u>	<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>
Actuarially determined contribution	\$3,256	\$2,936	\$2,949	\$3,060	\$2,307	\$2,201	\$2,348	\$2,191	\$2,171	\$1,744
Contribution in relation to the actuarially determined contribution	<u>2,177</u>	<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>
Contribution deficiency (excess)	<u>\$1,079</u>	<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>
Covered payroll	11,410	10,354	10,737	10,629	10,527	10,146	9,348	8,167	8,002	7,738
Contributions as a percentage of covered payroll	19.08%	20.20%	20.05%	20.28%	20.21%	19.73%	19.95%	19.42%	17.78%	16.62%

# STATE OF NORTH DAKOTA

## Required Supplementary Information Schedule of Employer Contributions Last 10 Fiscal Years\* (Dollars in thousands)

### Job Service North Dakota

	<u>2020</u>	<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>
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contribution	—	—	—	—	—	—	—	—	—	—
Contribution deficiency (excess)	<u>\$ -</u>									
Covered payroll	386	417	417	499	565	791	843	1,011	1,163	1,266
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>2020</u>	<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>
Actuarially determined contribution	\$93,688	\$90,778	\$88,307	\$89,231	\$84,724	\$71,168	\$59,513	\$52,396	\$69,374	\$65,113
Contribution in relation to the actuarially determined contribution	<u>93.032</u>	<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>
Contribution deficiency (excess)	<u>\$656</u>	<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>
Covered payroll	729,661	701,528	679,809	674,971	649,725	615,105	580,053	551,656	527,156	509,091
Contributions as a percentage of covered payroll	12.75%	12.75%	12.75%	12.75%	12.75%	12.75%	10.75%	10.75%	10.75%	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>2020</u>	<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>
Actuarially determined contribution	\$12,145	\$12,707	\$12,252	11,696	7,544	6,439	7,014	7,411	7,263	7,053
Contribution in relation to the actuarially determined contribution	<u>13,392</u>	<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
Contribution deficiency (excess)	<u>\$(1,247)</u>	<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>
Covered payroll	1,139,971	1,115,858	1,094,217	1,081,841	1,142,375	1,052,657	1,001,204	914,368	824,855	828,978
Contributions as a percentage of covered payroll	1.17%	1.16%	1.17%	1.16%	1.08%	1.09%	1.07%	1.09%	1.14%	1.08%

# STATE OF NORTH DAKOTA

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## Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2020

### ND Public Employees Retirement System

**Benefit Changes**                    The interest rate earned on member contributions will decrease from 7.00 percent to 6.50 percent effective January 1, 2021 (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, 2019.

**Changes of Assumptions**        The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 actuarial valuation:

- The investment return assumption was lowered from 7.5 to 7.0 percent for the July 1, 2020 valuation
- The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation
- The assumed rate of total payroll growth was updated for the July 1, 2020 valuation
- Mortality table updates were made for the July 1, 2020 valuation

All other actuarial assumptions used in the July 1, 2020 are the same as the last actuarial valuation as of July 1, 2019.

### Highway Patrolmen's Retirement System

**Benefit Changes**                    For members who terminate employment 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 one hundred eighty months of employment.

**Changes of Assumptions**        The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 actuarial valuation:

- The investment return assumption was lowered from 7.5 to 7.0 percent for the July 1, 2020 valuation
- The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation
- The assumed rate of total payroll growth was lowered from 3.75 to 3.5 percent for the July 1, 2020 valuation
- Mortality table updates were made for the July 1, 2020 valuation

All other actuarial assumptions used in the July 1, 2020 are the same as the last actuarial valuation as of July 1, 2019.

# STATE OF NORTH DAKOTA

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## Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2020

### Job Service North Dakota

Benefit Changes	There were no changes made in the plan provisions since the prior valuation.
Changes of Assumptions	<p>The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 actuarial valuation:</p> <ul style="list-style-type: none"><li>• The investment return assumption was lowered from 4.75 to 4.25 percent for the July 1, 2020 valuation</li><li>• The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation</li><li>• The assumed cost of living adjustment was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation</li><li>• Mortality table updates were made for the July 1, 2020 valuation</li></ul> <p>All other actuarial assumptions used in the July 1, 2020 are the same as the last actuarial valuation as of July 1, 2019.</p>

### ND Teachers' Fund for Retirement

Changes of Assumptions	<p>In 2020, amounts reported as changes of assumptions resulted primarily from a decrease in the investment return assumption from 7.75% to 7.25%, the inflation assumption lowered from 2.75% to 2.30%, lower individual salary increases, and an updated mortality improvement scale.</p> <p>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.</p>
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### Retiree Health Insurance Credit Plan

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	<p>The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 actuarial valuation:</p> <ul style="list-style-type: none"><li>• The investment return assumption was lowered from 7.25 to 6.5 percent for the July 1, 2020 valuation</li><li>• The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation</li><li>• The assumed rate of total payroll growth was lowered from 3.75 to 3.5 percent for the July 1, 2020 valuation</li><li>• Mortality table updates were made for the July 1, 2020 valuation</li></ul> <p>All other actuarial assumptions used in the July 1, 2020 are the same as the last actuarial valuation as of July 1, 2019.</p>

# STATE OF NORTH DAKOTA

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## Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2020

### Schedule of Employer Contributions

#### PERS

Valuation Date	July 1, 2020
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	7.5%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	For June 30, 2020, 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>The calculation of Final Average Salary was changed for members who terminate after December 31, 2019.</p> <p>The interest rate on member contributions will decrease from 7.25% to 7.00% effective January 1, 2020.</p> <p>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).</p> <p>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.</p> <p>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 Public Safety with prior Main System service System and 7.93% for Public Safety without prior Main System service System.</p>

# STATE OF NORTH DAKOTA

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## Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2020

### HPRS

Valuation Date	July 1, 2020
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%
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	7.5%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	For June 30, 2020, 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. 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 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>

# STATE OF NORTH DAKOTA

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## Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2020

### 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, 2020, 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

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## Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2020

### TFFR:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization Period	23 years
Asset valuation method	5-year smoothed market
Inflation	2.30%; decrease from 2.75% prior to 7/1/2020 and from 3% prior to 7/1/2015.
Salary increases	3.80% - 14.80% including inflation and productivity; 4.25% - 14.5% prior to 7/1/2020; 4.5% - 14.75% prior to 7/1/2015.
Investment rate of return	7.25%, net of investment expenses, including inflation; rate decreased from 7.75 beginning 7/1/2020 and decreased from 8% beginning 7/1/2015.
Retirement age	In the 2020 and 2015 valuation, rates of retirement were changed to better reflect anticipated future experience.
Mortality	<p>In the 2020 valuation, the PubT-2010 pre-retirement, retiree and contingent survivor tables were adopted and for disabled members, PubNS-2010 tables were adopted; all with generational improvement.</p> <p>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.</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, 2020

### RHIC

Valuation Date	July 1, 2020
Actuarial Cost Method	Entry Age Normal Method
Amortization Method	N/A
Remaining Amortization Period	20 years
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, 2020, 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>Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.</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 determination of the actuarial rate was changed effective July 1, 2019 to equal the rate needed to pay off the unfunded liability and future NC contributions at the end of 20 years as a level percent of closed group (decreasing) payroll</p> <p>The employer rate to the System is the statutory contribution rate of 1.14% of payroll.</p>

### 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
2020	3.57%	3.28%	3.09%	3.37%	5.37%
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.

# STATE OF NORTH DAKOTA

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## **Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2020**

### **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, 2020:

- The discount rate is 2.66 percent based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2020, compared to the prior discount rate of 2.98%.
- Mortality was updated from table RP-2-14 adjusted to 2006 and projected using scale MP-2017 to table RP-2014 adjusted to 2006 and projected using scale MP-2019.

# Combining Financial Statements

# STATE OF NORTH DAKOTA

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## 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.

### Capital Projects Fund

*A capital projects fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.*

#### **BUILDING AUTHORITY**

960 - Building Authority Capital Projects Fund Account for the acquisition or construction of buildings primarily for use by the State and making any improvements connected to those buildings.

### 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, 2020**

	Perm Trust Fund			Debt Service Funds			Capital Proj. Fund	Total Nonmajor Governmental Funds
	Coal Development Trust Fund	Veteran's Postwar Trust Fund	Total	Building Authority	Dept. of Trans.	Total	Building Authority	
<b>ASSETS</b>								
Cash Deposits at the Bank of ND	\$ 298,876	\$ 174,400	\$ 473,276	\$ 46,000	\$ -	\$ 46,000	\$ -	\$ 519,276
Cash and Cash Equivalents	-	124,728	124,728	-	-	-	-	124,728
Investments at the Bank of ND	-	150,000	150,000	663,000	-	663,000	-	813,000
Investments	21,477,021	6,403,513	27,880,534	-	-	-	-	27,880,534
Accounts Receivable - Net	-	9	9	-	-	-	-	9
Taxes Receivable - Net	106,105	2,330	108,435	-	-	-	-	108,435
Interest Receivable - Net	71,364	11,777	83,141	-	-	-	-	83,141
Due from Other Funds	22,510	86	22,596	-	-	-	-	22,596
Loans and Notes Receivable - Net	49,633,656	-	49,633,656	-	-	-	-	49,633,656
<b>Total Assets</b>	<b>71,609,532</b>	<b>6,866,843</b>	<b>78,476,375</b>	<b>709,000</b>	<b>-</b>	<b>709,000</b>	<b>-</b>	<b>79,185,375</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Total Deferred Outflows of Resources	-	-	-	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 71,609,532</b>	<b>\$ 6,866,843</b>	<b>\$ 78,476,375</b>	<b>\$ 709,000</b>	<b>\$ -</b>	<b>\$ 709,000</b>	<b>\$ -</b>	<b>\$ 79,185,375</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts Payable	3,041	26,731	29,772	6,000	-	6,000	-	35,772
Accrued Payroll	89	-	89	-	-	-	-	89
Securities Lending Collateral	698,744	-	698,744	-	-	-	-	698,744
Due to Other Funds	157,081	-	157,081	-	-	-	3,278,000	3,435,081
<b>Total Liabilities</b>	<b>858,955</b>	<b>26,731</b>	<b>885,686</b>	<b>6,000</b>	<b>-</b>	<b>6,000</b>	<b>3,278,000</b>	<b>4,169,686</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-
Fund Balances:								
Nonspendable	70,750,577	6,547,758	77,298,335	-	-	-	-	77,298,335
Restricted	-	-	-	703,000	-	703,000	-	703,000
Committed	-	292,354	292,354	-	-	-	-	292,354
Unassigned	-	-	-	-	-	-	(3,278,000)	(3,278,000)
<b>Total Fund Balances</b>	<b>70,750,577</b>	<b>6,840,112</b>	<b>77,590,689</b>	<b>703,000</b>	<b>-</b>	<b>703,000</b>	<b>(3,278,000)</b>	<b>75,015,689</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 71,609,532</b>	<b>\$ 6,866,843</b>	<b>\$ 78,476,375</b>	<b>\$ 709,000</b>	<b>\$ -</b>	<b>\$ 709,000</b>	<b>\$ -</b>	<b>\$ 79,185,375</b>

**STATE OF NORTH DAKOTA**

**Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2020**

	Perm Trust Fund			Debt Service Funds			Capital Proj. Fund	Total Nonmajor Governmental Funds
	Coal Development Trust Fund	Veteran's Post War Trust Fund	Total	Building Authority	Dept. of Trans.	Total	Building Authority	
<b>REVENUES</b>								
Individual and Corporate Income Taxes	\$ -	\$ 21,564	\$ 21,564	\$ -	\$ -	\$ -	\$ -	\$ 21,564
Oil, Gas, and Coal Taxes	1,547,095	-	1,547,095	-	-	-	-	1,547,095
Licenses, Permits and Fees	-	12,225	12,225	-	-	-	-	12,225
Intergovernmental	-	-	-	-	4,299,811	4,299,811	-	4,299,811
Sales and Services	-	6,780	6,780	-	-	-	-	6,780
Interest and Investment Income	1,088,712	236,149	1,324,861	7,000	1,236	8,236	-	1,333,097
Miscellaneous	-	62,350	62,350	-	-	-	-	62,350
<b>Total Revenues</b>	<b>2,635,807</b>	<b>339,068</b>	<b>2,974,875</b>	<b>7,000</b>	<b>4,301,047</b>	<b>4,308,047</b>	<b>-</b>	<b>7,282,922</b>
<b>EXPENDITURES</b>								
Current:								
General Government	38,647	54,292	92,939	-	-	-	-	92,939
Health and Human Services	-	180,009	180,009	-	-	-	-	180,009
Regulatory	-	-	-	-	-	-	12,000	12,000
Capital Outlay	-	-	-	-	-	-	3,266,000	3,266,000
Debt Service:								
Principal	-	-	-	4,400,000	5,060,000	9,460,000	-	9,460,000
Interest and Other Charges	-	-	-	860,000	254,650	1,114,650	-	1,114,650
<b>Total Expenditures</b>	<b>38,647</b>	<b>234,301</b>	<b>272,948</b>	<b>5,260,000</b>	<b>5,314,650</b>	<b>10,574,650</b>	<b>3,278,000</b>	<b>14,125,598</b>
Revenues over (under) Expenditures	2,597,160	104,767	2,701,927	(5,253,000)	(1,013,603)	(6,266,603)	(3,278,000)	(6,842,676)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	22,510	-	22,510	5,258,000	929,084	6,187,084	-	6,209,594
Transfers Out	(2,165,444)	-	(2,165,444)	-	(1,312)	(1,312)	-	(2,166,756)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,142,934)</b>	<b>-</b>	<b>(2,142,934)</b>	<b>5,258,000</b>	<b>927,772</b>	<b>6,185,772</b>	<b>-</b>	<b>4,042,838</b>
Net Change in Fund Balances	454,226	104,767	558,993	5,000	(85,831)	(80,831)	(3,278,000)	(2,799,838)
Fund Balances - Beginning of Year	70,296,351	6,735,345	77,031,696	698,000	85,831	783,831	-	77,815,527
Fund Balances - End of Year	\$ 70,750,577	\$ 6,840,112	\$ 77,590,689	\$ 703,000	\$ -	\$ 703,000	\$ (3,278,000)	\$ 75,015,689

## **STATE OF NORTH DAKOTA**

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### ***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.

##### 909 – Small Employer Loan Fund (SELF)

The Small Employer Loan Fund was established by Bank of North Dakota to assist local financial institutions and certified development corporations in providing loans to assist very small North Dakota businesses in their recovery from the negative impacts caused by the COVID-19 pandemic.

##### 459 (914) – Innovation Technology Loan Fund (LIFT)

Fund used to provide loans for commercialization of intellectual property within the State of North Dakota. Industries eligible for loans include advanced computing and data management, agriculture technology, autonomous and unmanned vehicles and related technology, energy, health care, value-added agriculture, value added energy, and any other industry or area identified by the committee that will contribute to the diversification of the state's economy.

##### 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, 2020

	Addition Counselor Internship Loan	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Edutech	Fire and Tornado	Guaranteed Student Loan
<b>ASSETS</b>							
Current Assets:							
Cash Deposits at the Bank of ND	\$ 83,603	\$ 6,264,000	\$ 107,271	\$ 15,779,000	\$ 1,071,186	\$ 175,960	\$ 43,948,984
Cash and Cash Equivalents	-	-	1,699,313	-	-	2,272,830	-
Investments at the Bank of ND	-	-	-	-	-	-	-
Investments	-	-	2,070,528	-	-	20,491,470	-
Accounts Receivable - Net	-	-	146,972	-	5,690	4,802	-
Interest Receivable - Net	405	-	23,492	272,000	-	135,522	-
Intergovernmental Receivable - Net	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	616,392
Prepaid Items	-	2,362,000	-	-	-	342,065	-
Inventory	-	-	-	-	-	-	-
Loans and Notes Receivable - Net	9,453	-	-	618,000	-	-	-
Restricted Cash at the Bank of ND	-	-	-	-	-	-	52,413
Restricted Cash and Cash Equivalents	-	-	-	-	-	-	-
Restricted Investments at the Bank of ND	-	-	-	-	-	-	-
Restricted Loans Receivable - Net	-	-	-	-	-	-	-
Total Current Assets	93,461	8,626,000	4,047,576	16,669,000	1,076,876	23,422,649	44,617,789
Noncurrent Assets:							
Loans and Notes Receivable - Net	97,304	-	-	19,212,000	-	-	-
Other Noncurrent Assets	-	4,339,000	-	-	-	-	-
Capital Assets:							
Nondepreciable	-	-	-	-	-	-	-
Depreciable, Net	-	-	-	-	-	-	-
Total Noncurrent Assets	97,304	4,339,000	-	19,212,000	-	-	-
Total Assets	190,765	12,965,000	4,047,576	35,881,000	1,076,876	23,422,649	44,617,789
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Decrease in Fair Value of Hedging Derivatives	-	-	-	-	-	-	-
Derived from Pensions	-	-	-	-	-	-	-
Derived from OPEB	-	-	-	-	-	-	-
Total Deferred Outflows of Resources	-	-	-	-	-	-	-
<b>LIABILITIES</b>							
Current Liabilities:							
Accounts Payable	-	-	280	-	2,923	453	-
Accrued Payroll	-	-	-	-	14,858	-	-
Securities Lending Collateral	-	-	5,807	-	-	74,266	-
Interest Payable	-	-	1,458	-	-	13,828	-
Intergovernmental Payable	-	-	-	-	-	12,331	5,794,413
Due to Other Funds	-	-	-	25,000	4,144	-	1,723,075
Amounts Held in Custody for Others	-	-	-	-	-	-	-
Claims/Judgments Payable	-	-	134,068	-	-	1,031,166	-
Compensated Absences Payable	-	-	-	-	-	-	-
Bonds Payable	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-	112,936	-
Total Current Liabilities	-	-	141,613	25,000	21,925	1,244,980	7,517,488
Noncurrent Liabilities:							
Compensated Absences Payable	-	-	-	-	-	-	-
Bonds Payable	-	-	-	-	-	-	-
Financial Derivative Instrument	-	-	-	-	-	-	-
Net Pension Liability	-	-	-	-	-	-	-
Net Pension OPEB	-	-	-	-	-	-	-
Other Noncurrent Liabilities	-	-	-	-	-	-	17,258,432
Total Noncurrent Liabilities	-	-	-	-	-	-	17,258,432
Total Liabilities	-	-	141,613	25,000	21,925	1,244,980	24,775,920
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Derived from Pensions	-	-	-	-	-	-	-
Derived from OPEB	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
<b>Net Position</b>							
Net Investment in Capital Assets	-	-	-	-	-	-	-
Restricted for:							
Debt Service	-	-	-	-	-	-	-
Unemployment Compensation	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Unrestricted	190,765	12,965,000	3,905,963	35,856,000	1,054,951	22,177,669	19,841,869
Total Net Position	\$ 190,765	\$ 12,965,000	\$ 3,905,963	\$ 35,856,000	\$ 1,054,951	\$ 22,177,669	\$ 19,841,869

HIT Planning Loan Fund	Infrastructure Revolving Loan Fund	Interoperable Radio Network Fund	Innovation Loan Fund	Medical Facility Infrastructure Loan Fund	Mill and Elevator	PERS Uniform Group Insurance	Rebuilders Loan Program	Roughrider Industries
\$ -	\$ 27,453,000	\$ 27,002,572	\$ 4,686,000	\$ 3,910,000	\$ 225	\$ 4,914,119	\$ 333,942	\$ 11,244,102
-	-	-	-	-	-	2,727,932	-	500
-	-	-	-	-	-	-	-	-
-	-	306,848	-	-	46,585,657	28,651,685	-	544,644
2,520	751,000	-	-	29,000	-	7,226,484	29,123	-
-	-	50,698	-	-	-	52,724	-	9,044
-	-	-	-	-	1,391,154	-	-	148,426
-	-	-	-	-	27,441,721	-	-	7,187
1,090,006	5,534,000	-	-	1,953,000	-	-	1,721,074	2,091,693
6,045,471	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
7,137,997	33,738,000	27,360,118	4,686,000	5,892,000	75,418,757	43,572,944	2,084,139	14,045,596
2,207,362	91,610,000	-	5,026,000	44,149,000	-	-	19,753,224	-
-	-	-	-	-	506,913	-	-	-
-	-	-	-	-	26,791,078	-	-	-
-	-	3,739,935	-	-	83,676,908	151,212	-	1,407,923
2,207,362	91,610,000	3,739,935	5,026,000	44,149,000	110,974,899	151,212	19,753,224	1,407,923
9,345,359	125,348,000	31,100,053	9,712,000	50,041,000	186,393,656	43,724,156	21,837,363	15,453,519
-	-	-	-	-	735,025	-	-	-
-	-	-	-	-	5,477,082	-	-	681,484
-	-	-	-	-	298,037	-	-	29,091
-	-	-	-	-	6,510,144	-	-	710,575
4,679	-	1,304,423	-	-	17,180,640	157,551	9,485	286,076
-	-	10,331	-	-	660,224	79,111	-	174,000
-	-	-	-	-	-	-	-	-
-	-	166,500	-	-	-	-	-	-
-	118,000	3,401	6,000	59,000	53,645,624	8,920	21,655,134	-
-	-	-	-	-	-	7,582,398	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	106,199	6,390	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	11,607
-	-	-	-	-	-	-	-	132
4,679	118,000	1,484,655	6,000	59,000	71,592,687	7,834,370	21,664,619	471,815
-	-	-	-	-	1,153,573	65,086	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	735,025	-	-	-
-	-	-	-	-	9,880,043	-	-	1,476,694
-	-	-	-	-	631,127	-	-	94,330
-	-	-	-	-	-	-	-	-
-	-	-	-	-	12,399,768	65,086	-	1,571,024
4,679	118,000	1,484,655	6,000	59,000	83,992,455	7,899,456	21,664,619	2,042,839
-	-	-	-	-	5,310,157	-	-	848,115
-	-	-	-	-	19,716	-	-	6,009
-	-	-	-	-	5,329,873	-	-	854,124
-	-	3,739,934	-	-	110,467,986	151,212	-	1,407,923
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
9,340,680	125,230,000	25,875,464	9,706,000	49,982,000	(6,886,514)	35,673,488	172,744	11,859,208
\$ 9,340,680	\$ 125,230,000	\$ 29,615,398	\$ 9,706,000	\$ 49,982,000	\$ 103,581,472	\$ 35,824,700	\$ 172,744	\$ 13,267,131

# STATE OF NORTH DAKOTA

## Combining Statement of Net Position Nonmajor Enterprise Funds (Continued) June 30, 2020

	School Construction Assistance Loan Fund	Small Employer Loan Fund	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
<b>ASSETS</b>							
Current Assets:							
Cash Deposits at the Bank of ND	\$ 65,605,000	\$ 5,593,000	\$ 5,626,409	\$ 5,263,456	\$ -	\$ 362,231	\$ 229,424,060
Cash and Cash Equivalents	-	-	-	194,323	-	150,775,938	157,670,836
Investments at the Bank of ND	-	-	1,000,000	-	-	-	1,000,000
Investments	-	-	-	-	-	-	51,213,683
Accounts Receivable - Net	-	-	378,686	756,937	-	37,435,805	93,392,525
Interest Receivable - Net	1,185,000	13,000	-	-	-	988,146	3,429,208
Intergovernmental Receivable - Net	-	-	-	-	-	11,220,610	11,229,654
Due from Other Funds	-	-	-	-	16,000	82,443,049	83,327,289
Prepaid Items	-	-	54,024	14,718	-	-	4,171,148
Inventory	-	-	-	-	-	-	29,533,414
Loans and Notes Receivable - Net	16,030,000	833,000	-	-	-	-	27,788,533
Restricted Cash at the Bank of ND	-	-	-	-	-	-	6,097,884
Restricted Cash and Cash Equivalents	-	-	-	-	392,000	-	392,000
Restricted Investments at the Bank of ND	-	-	-	-	1,000,000	-	1,000,000
Restricted Loans Receivable - Net	-	-	-	-	142,000	-	142,000
Total Current Assets	82,820,000	6,439,000	7,059,119	6,229,434	1,550,000	283,225,779	699,812,234
Noncurrent Assets:							
Loans and Notes Receivable - Net	222,941,000	12,283,000	-	-	698,000	-	417,976,890
Other Noncurrent Assets	-	-	-	1,434,069	-	-	6,279,982
Capital Assets:							
Nondepreciable	-	-	741,502	-	-	-	27,532,580
Depreciable, Net	-	-	23,601,590	9,064	-	-	112,586,632
Total Noncurrent Assets	222,941,000	12,283,000	24,343,092	1,443,133	698,000	-	564,376,084
Total Assets	305,761,000	18,722,000	31,402,211	7,672,567	2,248,000	283,225,779	1,264,188,318
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Decrease in Fair Value of Hedging Derivatives	-	-	-	-	-	-	735,025
Derived from Pensions	-	-	659,376	337,631	-	-	7,155,573
Derived from OPEB	-	-	26,369	14,976	-	-	368,473
Total Deferred Outflows of Resources	-	-	685,745	352,607	-	-	8,259,071
<b>LIABILITIES</b>							
Current Liabilities:							
Accounts Payable	-	7,000	46,963	434,662	-	12,904,953	32,340,088
Accrued Payroll	-	-	-	88,006	-	-	1,026,530
Securities Lending Collateral	-	-	-	-	-	-	80,073
Interest Payable	-	-	-	-	-	-	15,286
Intergovernmental Payable	-	-	-	-	-	5,261,971	11,235,215
Due to Other Funds	296,000	-	-	4,161,040	49,000	2,141,077	83,895,415
Amounts Held in Custody for Others	-	-	-	-	-	-	7,582,398
Claims/Judgments Payable	-	-	-	-	-	-	1,165,234
Compensated Absences Payable	-	-	70,000	-	-	-	182,589
Bonds Payable	-	-	125,000	-	-	-	125,000
Unearned Revenue	-	-	-	439,976	-	-	451,583
Other Current Liabilities	-	-	-	-	-	-	113,068
Total Current Liabilities	296,000	7,000	241,963	5,123,684	49,000	20,308,001	138,212,479
Noncurrent Liabilities:							
Compensated Absences Payable	-	-	31,534	70,314	-	-	1,320,507
Bonds Payable	-	-	1,439,534	-	1,000,000	-	2,439,534
Financial Derivative Instrument	-	-	-	-	-	-	735,025
Net Pension Liability	-	-	1,227,840	722,420	-	-	13,306,997
Net Pension OPEB	-	-	78,434	46,147	-	-	850,038
Other Noncurrent Liabilities	-	-	-	-	-	-	17,258,432
Total Noncurrent Liabilities	-	-	2,777,342	838,881	1,000,000	-	35,910,533
Total Liabilities	296,000	7,000	3,019,305	5,962,565	1,049,000	20,308,001	174,123,012
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Derived from Pensions	-	-	662,696	384,260	-	-	7,205,228
Derived from OPEB	-	-	5,019	2,644	-	-	33,388
Total Deferred Inflows of Resources	-	-	667,715	386,904	-	-	7,238,616
<b>Net Position</b>							
Net Investment in Capital Assets	-	-	22,778,558	9,064	-	-	138,554,677
Restricted for:							
Debt Service	-	-	-	-	487,000	-	487,000
Unemployment Compensation	-	-	-	-	-	262,917,778	262,917,778
Other	-	-	-	1,434,069	-	-	1,434,069
Unrestricted	305,465,000	18,715,000	5,622,378	232,572	712,000	-	687,692,237
Total Net Position	\$ 305,465,000	\$ 18,715,000	\$ 28,400,936	\$ 1,675,705	\$ 1,199,000	\$ 262,917,778	\$ 1,091,085,761



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# 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, 2020

	Addiction Counselor Internship Loan	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Edutech	Fire and Tornado	Guaranteed Student Loan
<b>OPERATING REVENUES</b>							
Sales and Services	\$ -	\$ -	\$ 1,190	\$ -	\$ 262,757	\$ 1,632,692	\$ 9,851,734
Federal Funds	-	-	-	-	-	-	-
Royalties and Rents	-	-	-	-	-	-	-
Interest and Investment Income	4,934	-	-	620,000	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total Operating Revenues	4,934	-	1,190	620,000	262,757	1,632,692	9,851,734
<b>OPERATING EXPENSES</b>							
Cost of Sales and Services	-	-	-	-	-	-	-
Salaries and Benefits	-	-	-	-	192,987	-	-
Operating	5,800	2,381,000	-	109,000	118,285	523,917	9,648,584
Claims	-	-	-	-	-	2,100,240	-
Interest	-	-	-	-	-	-	-
Depreciation	-	-	-	-	33,428	-	-
Miscellaneous	-	6,000	4,477	-	-	184,511	-
Total Operating Expenses	5,800	2,387,000	4,477	109,000	344,700	2,808,668	9,648,584
Operating Income (Loss)	(866)	(2,387,000)	(3,287)	511,000	(81,943)	(1,175,976)	203,150
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Grants and Contracts	-	-	-	-	-	-	-
Interest and Investment Income	180	13,000	181,515	34,000	-	1,071,277	98,561
Interest Expense	-	-	(4,023)	-	-	(39,601)	-
Gain on Sale of Capital Assets	-	-	-	-	-	-	-
Other	-	-	17,466	-	-	314,418	-
Total Nonoperating Revenues (Expenses)	180	13,000	194,958	34,000	-	1,346,094	98,561
Income (Loss) Before Contributions and Transfers	(686)	(2,374,000)	191,671	545,000	(81,943)	170,118	301,711
Transfers In	-	5,000,000	-	-	-	-	-
Transfer Out	-	(1,570,000)	-	-	-	-	-
Change in Net Position	(686)	1,056,000	191,671	545,000	(81,943)	170,118	301,711
Total Net Position - Beginning of Year	191,451	11,909,000	3,714,292	35,311,000	1,136,894	22,007,551	19,540,158
Total Net Position - End of Year	\$ 190,765	\$ 12,965,000	\$ 3,905,963	\$ 35,856,000	\$ 1,054,951	\$ 22,177,669	\$ 19,841,869

HIT Planning Loan Fund	Infrastructure Revolving Loan Fund	Interoperable Radio Network Fund	Innovation Loan Fund	Medical Facility Infrastructure Loan Fund	Mill and Elevator	PERS Uniform Group Insurance	Rebuilders Loan Program	Roughrider Industries
\$ -	\$ -	\$ 5,917,643	\$ -	\$ -	\$ 232,497,239	\$ 368,911,371	\$ -	\$ 7,621,113
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	140,474
55,808	1,857,000	-	-	454,000	-	-	250,713	-
-	-	-	-	-	-	7,022,619	-	74,625
55,808	1,857,000	5,917,643	-	454,000	232,497,239	375,933,990	250,713	7,836,212
-	-	-	-	-	185,566,053	-	-	4,060,175
-	-	92,392	-	-	19,858,652	937,444	-	2,343,856
21,089	628,000	5,008,338	295,000	389,000	8,231,782	368,489,120	131,869	869,089
-	-	-	-	-	-	-	-	-
-	-	537,225	-	-	5,764,291	297,190	-	247,789
-	-	-	-	-	-	-	-	-
21,089	628,000	5,637,955	295,000	389,000	219,420,778	369,723,754	131,869	7,520,909
34,719	1,229,000	279,688	(295,000)	65,000	13,076,461	6,210,236	118,844	315,303
-	-	-	-	-	-	-	-	-
-	66,000	42,751	1,000	13,000	11,496	716,498	2,322	-
-	-	-	-	-	(1,702,182)	-	(149,410)	-
-	-	-	-	-	32,837	(112,500)	-	2,057
-	66,000	42,751	1,000	13,000	(1,657,849)	603,998	(147,088)	2,057
34,719	1,295,000	322,439	(294,000)	78,000	11,418,612	6,814,234	(28,244)	317,360
-	33,138,000	20,000,000	10,000,000	-	-	-	-	-
-	-	-	-	-	(6,041,851)	-	-	-
34,719	34,433,000	20,322,439	9,706,000	78,000	5,376,761	6,814,234	(28,244)	317,360
9,305,961	90,797,000	9,292,959	-	49,904,000	98,204,711	29,010,466	200,988	12,949,771
\$ 9,340,680	\$ 125,230,000	\$ 29,615,398	\$ 9,706,000	\$ 49,982,000	\$ 103,581,472	\$ 35,824,700	\$ 172,744	\$ 13,267,131

# STATE OF NORTH DAKOTA

## Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Enterprise Funds (Continued) For the Fiscal Year Ended June 30, 2020

	School Construction Assistance Loan Fund	Small Employer Loan Fund	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
<b>OPERATING REVENUES</b>							
Sales and Services	\$ -	\$ -	\$ 6,655,189	\$ 24,505,932	\$ -	\$ 452,421,027	\$ 1,110,277,887
Federal Funds	-	-	-	-	-	192,440,864	192,440,864
Royalties and Rents	-	-	-	-	-	-	140,474
Interest and Investment Income	3,956,000	13,000	-	-	63,000	-	7,274,455
Miscellaneous	-	-	-	-	-	-	7,097,244
Total Operating Revenues	3,956,000	13,000	6,655,189	24,505,932	63,000	644,861,891	1,317,230,924
<b>OPERATING EXPENSES</b>							
Cost of Sales and Services	-	-	-	-	-	-	189,626,228
Salaries and Benefits	-	-	2,258,558	1,087,718	-	-	26,771,607
Operating	1,282,000	1,300,000	4,800,201	17,838,533	26,000	-	422,096,607
Claims	-	-	-	-	-	611,219,222	613,319,462
Interest	-	-	-	-	23,000	-	23,000
Depreciation	-	-	1,669,683	2,753	-	-	8,552,359
Miscellaneous	-	-	-	-	-	-	194,988
Total Operating Expenses	1,282,000	1,300,000	8,728,442	18,929,004	49,000	611,219,222	1,260,584,251
Operating Income (Loss)	2,674,000	(1,287,000)	(2,073,253)	5,576,928	14,000	33,642,669	56,646,673
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Grants and Contracts	-	-	751,973	-	-	-	751,973
Interest and Investment Income	115,000	2,000	20,123	10,770	7,000	4,965,346	7,371,839
Interest Expense	-	-	(53,600)	-	-	-	(1,948,816)
Gain on Sale of Capital Assets	-	-	-	-	-	-	2,057
Other	-	-	(5,680)	-	-	-	246,541
Total Nonoperating Revenues (Expenses)	115,000	2,000	712,816	10,770	7,000	4,965,346	6,423,594
Income (Loss) Before Contributions and Transfers	2,789,000	(1,285,000)	(1,360,437)	5,587,698	21,000	38,608,015	63,070,267
Transfers In	75,000,000	20,000,000	271,417	-	85,000	-	163,494,417
Transfer Out	(2,700,000)	-	-	(5,220,000)	(96,000)	-	(15,627,851)
Change in Net Position	75,089,000	18,715,000	(1,089,020)	367,698	10,000	38,608,015	210,936,833
Total Net Position - Beginning of Year	230,376,000	-	29,489,956	1,308,007	1,189,000	224,309,763	880,148,928
Total Net Position - End of Year	\$ 305,465,000	\$ 18,715,000	\$ 28,400,936	\$ 1,675,705	\$ 1,199,000	\$ 262,917,778	\$ 1,091,085,761



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# STATE OF NORTH DAKOTA

## Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Fiscal Year Ended June 30, 2020

	Addiction Counselor Internship Loan Program	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Edutech	Fire and Tornado
<b>Cash Flows from Operating Activities:</b>						
Receipts from Customers and Users	\$ -	\$ -	\$ (10,891)	\$ -	\$ 325,047	\$ 1,644,249
Receipts from Tuition and Fees	-	-	-	-	-	-
Interest Income on Loans	-	-	-	-	-	-
Receipts from Loan Principal Repayments	-	-	-	-	-	-
Receipts from Federal and Local Agencies	-	-	-	-	-	-
Receipts from Other Funds	-	-	-	-	-	5,269
Receipts from Others	-	-	-	-	-	-
Payments to Other Funds	-	-	(17)	-	-	-
Payments for Loan Funds	-	-	-	-	-	-
Payments to Suppliers	-	(2,721,000)	(4,328)	(111,000)	(114,576)	(618,463)
Payments to Employees	-	-	(20,477)	-	(178,129)	(84,193)
Claim Payments	-	-	(10,141)	-	-	(1,931,419)
Payments to Others	(5,800)	(6,000)	-	-	-	-
Other	-	-	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	(5,800)	(2,727,000)	(45,854)	(111,000)	32,342	(984,557)
<b>Cash Flows from Noncapital Financing Activities:</b>						
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	-	5,000,000	-	-	-	-
Transfers Out	-	(1,570,000)	-	-	-	-
Principal Payments on Due To Other Funds	-	-	-	-	-	-
Grants Received	-	-	-	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	-	3,430,000	-	-	-	-
<b>Cash Flows from Capital and Related Financing Activities:</b>						
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	-	-	-	-	-	-
<b>Cash Flows from Investing Activities:</b>						
Proceeds from Sale and Maturities of Investment Securities	-	-	-	-	-	-
Purchase of Investment Securities	-	-	(169,200)	-	-	(256,886)
Interest and Dividends on Investments	180	13,000	264,156	34,000	-	1,175,992
Disbursements for Loans and Loan Purchases	(15,000)	-	-	-	-	-
Receipt of Loan Principal Repayments	-	-	-	1,228,000	-	-
Proceeds from Collection of Loans and Notes Receivable	19,940	-	-	-	-	-
Loan Income Received	4,373	-	-	623,000	-	-
Net Cash Provided by (Used for) Investing Activities	9,493	13,000	94,956	1,885,000	-	919,106
<b>Net Change in Cash:</b>						
Net Increase (Decrease) in Cash and Cash Equivalents	3,693	716,000	49,102	1,774,000	32,342	(65,451)
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
Cash and Cash Equivalents at June 30, 2020	\$ 83,603	\$ 6,264,000	\$ 1,806,584	\$ 15,779,000	\$ 1,071,186	\$ 2,448,790
<b>Reconciliation:</b>						
Current:						
Cash Deposits at the Bank of North Dakota	83,603	6,264,000	107,271	15,779,000	1,071,186	175,960
Cash and Cash Equivalents	-	-	1,699,313	-	-	2,272,830
Restricted Cash Deposits at the Bank of North Dakota	-	-	-	-	-	-
Restricted Cash and Cash Equivalents	-	-	-	-	-	-
Noncurrent:						
Cash and Cash Equivalents	\$ 83,603	\$ 6,264,000	\$ 1,806,584	\$ 15,779,000	\$ 1,071,186	\$ 2,448,790

Guaranteed Student Loan	HIT Planning Loan Fund	Infrastructure Revolving Loan Fund	Interoperable Radio	Innovation Technology Loan Fund	Medical Facility Infrastructure Loan Fund	Mill and Elevator	PERS Uniform Group Insurance	Rebuilders Loan Program	Roughrider Industries
\$ 9,929,675	\$ -	\$ -	\$ 5,942,236	\$ -	\$ -	\$ 292,490,482	\$ 363,409,819	\$ -	\$ 8,076,918
-	56,687	-	-	-	-	-	-	-	-
586,834	1,294,122	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	3,199
-	-	-	-	-	-	-	-	(128,816)	(79,152)
(8,453,833)	-	-	-	-	-	-	-	-	-
(416,181)	(22,661)	-	(3,548,947)	-	-	(263,146,535)	(368,434,855)	-	(5,032,243)
-	-	-	(82,061)	-	-	(18,129,739)	(929,945)	-	(2,204,759)
-	-	(447,000)	-	(24,000)	-	-	-	(126,916)	-
-	-	-	-	-	(231,000)	-	7,022,619	-	-
1,646,495	1,328,148	(447,000)	2,311,228	(24,000)	(231,000)	11,214,208	1,067,638	(255,732)	763,963
-	-	-	-	-	-	21,000,000	-	-	-
-	-	-	-	-	-	(17,693,289)	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(1,752,921)	-	-	-
-	-	33,138,000	20,000,000	10,000,000	-	-	-	-	-
-	-	-	-	-	-	(8,146,516)	(112,500)	-	-
-	-	-	-	-	-	-	-	(2,988,408)	-
-	-	-	-	-	-	-	-	-	-
-	-	33,138,000	20,000,000	10,000,000	-	(6,592,726)	(112,500)	(2,988,408)	-
-	-	-	(4,206,314)	-	-	(6,387,741)	(54,863)	-	(100,868)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	(4,206,314)	-	-	(6,387,741)	(54,863)	-	(100,868)
-	-	-	-	-	-	-	(231,645,900)	-	-
-	-	-	-	-	-	-	231,201,545	-	-
98,561	-	66,000	42,751	1,000	13,000	11,496	716,498	2,321	-
-	-	(19,211,000)	-	(5,291,000)	(3,489,000)	-	-	(300,000)	-
-	-	-	-	-	-	-	-	-	-
-	-	6,467,000	-	-	1,824,000	-	-	2,887,172	-
-	-	1,867,000	-	-	450,000	-	-	246,244	-
98,561	-	(10,811,000)	42,751	(5,290,000)	(1,202,000)	11,496	272,143	2,835,737	-
1,745,056	1,328,148	21,880,000	18,147,665	4,686,000	(1,433,000)	(1,754,763)	1,172,418	(408,403)	663,095
42,256,341	4,717,323	5,573,000	8,854,907	-	5,343,000	1,754,988	6,469,633	742,345	10,581,507
\$ 44,001,397	\$ 6,045,471	\$ 27,453,000	\$ 27,002,572	\$ 4,686,000	\$ 3,910,000	\$ 225	\$ 7,642,051	\$ 333,942	\$ 11,244,602
43,948,984	-	27,453,000	27,002,572	4,686,000	3,910,000	225	4,914,119	333,942	11,244,102
-	-	-	-	-	-	-	2,727,932	-	500
52,413	6,045,471	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
\$ 44,001,397	\$ 6,045,471	\$ 27,453,000	\$ 27,002,572	\$ 4,686,000	\$ 3,910,000	\$ 225	\$ 7,642,051	\$ 333,942	\$ 11,244,602

# STATE OF NORTH DAKOTA

## Combining Statement of Cash Flows Nonmajor Enterprise Funds (Continued) For the Fiscal Year Ended June 30, 2020

	School Construction Assistance Revolving Loan	Small Employer Loan Fund	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
<b>Cash Flows from Operating Activities:</b>							
Receipts from Customers and Users	\$ -	\$ -	\$ 6,416,228	\$ 17,696,628	\$ 193,000	\$ 14,173,344	\$ 720,286,735
Receipts from Tuition and Fees	-	-	-	-	-	-	-
Interest Income on Loans	-	-	-	-	-	-	56,687
Receipts from Loan Principal Repayments	-	-	-	-	-	-	1,880,956
Receipts from Federal and Local Agencies	-	-	-	-	-	194,195,564	194,195,564
Receipts from Other Funds	-	-	-	-	-	-	8,468
Receipts from Others	-	-	-	-	-	388,108	388,108
Payments to Other Funds	-	-	-	-	-	-	(207,985)
Payments for Loan Funds	-	-	-	-	-	-	(8,453,833)
Payments to Suppliers	(1,093,000)	-	(4,799,805)	(11,800,247)	(31,000)	(9,944,992)	(671,839,833)
Payments to Employees	-	-	(1,947,482)	(979,478)	-	(2,895,006)	(27,451,269)
Claim Payments	-	-	-	-	-	(248,662,452)	(250,604,012)
Payments to Others	-	(152,000)	-	(4,009)	-	1,487,081	721,356
Other	-	-	-	-	-	-	6,791,619
Net Cash Provided by (Used for) Operating Activities	(1,093,000)	(152,000)	(331,059)	4,912,894	162,000	(51,258,353)	(34,227,439)
<b>Cash Flows from Noncapital Financing Activities:</b>							
Proceeds from Sale of Notes and Other Borrowings	-	-	-	-	-	-	21,000,000
Principal Payments - Notes and Other Borrowings	-	-	-	-	-	-	(17,693,289)
Interest Payments - Bonds	-	-	-	-	(25,000)	-	(25,000)
Interest Payments - Notes and Other Borrowings	-	-	-	-	-	-	(1,752,921)
Transfers In	75,000,000	20,000,000	271,417	-	71,000	-	163,480,417
Transfers Out	-	-	-	(9,720,000)	(48,000)	-	(19,597,016)
Principal Payments on Due To Other Funds	-	-	-	-	-	-	(2,988,408)
Grants Received	-	-	751,973	-	-	-	751,973
Net Cash Provided by (Used for) Noncapital Financing Activities	72,300,000	20,000,000	1,023,390	(9,720,000)	(2,000)	-	140,475,756
<b>Cash Flows from Capital and Related Financing Activities:</b>							
Acquisition and Construction of Capital Assets	-	-	(648,691)	(3,450)	-	-	(11,401,927)
Principal Payments - Bonds	-	-	(120,000)	-	-	-	(120,000)
Interest Payments - Bonds	-	-	(53,600)	-	-	-	(53,600)
Payment of Bond Issue Costs	-	-	(17,940)	-	-	-	(17,940)
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	-	(840,231)	(3,450)	-	-	(11,593,467)
<b>Cash Flows from Investing Activities:</b>							
Proceeds from Sale and Maturities of Investment Securities	-	-	-	-	1,000,000	-	(230,645,900)
Purchase of Investment Securities	-	-	-	-	(1,000,000)	-	229,775,459
Interest and Dividends on Investments	115,000	2,000	20,123	7,960	7,000	5,141,172	7,732,210
Disbursements for Loans and Loan Purchases	(56,649,000)	(14,258,000)	-	-	-	-	(99,213,000)
Receipt of Loan Principal Repayments	12,903,000	1,000	-	-	-	-	14,132,000
Proceeds from Collection of Loans and Notes Receivable	-	-	-	-	-	-	11,198,112
Loan Income Received	3,562,000	-	-	-	-	-	6,752,617
Net Cash Provided by (Used for) Investing Activities	(40,069,000)	(14,255,000)	20,123	7,960	7,000	5,141,172	(60,268,502)
<b>Net Change in Cash:</b>							
Net Increase (Decrease) in Cash and Cash Equivalents	31,138,000	5,593,000	(127,777)	(4,802,596)	167,000	(46,117,181)	34,386,348
Cash and Cash Equivalents at June 30, 2019	34,467,000	-	5,754,186	10,260,375	225,000	197,255,350	359,198,432
Cash and Cash Equivalents at June 30, 2020	\$ 65,605,000	\$ 5,593,000	\$ 5,626,409	\$ 5,457,779	\$ 392,000	\$ 151,138,169	\$ 393,584,780
<b>Reconciliation:</b>							
Current:							
Cash Deposits at the Bank of North Dakota	65,605,000	5,593,000	5,626,409	5,263,456	-	362,231	229,424,060
Cash and Cash Equivalents	-	-	-	194,323	-	150,775,938	157,670,836
Restricted Cash Deposits at the Bank of North Dakota	-	-	-	-	-	-	6,097,884
Restricted Cash and Cash Equivalents	-	-	-	-	392,000	-	392,000
Noncurrent:							
Cash and Cash Equivalents	\$ 65,605,000	\$ 5,593,000	\$ 5,626,409	\$ 5,457,779	\$ 392,000	\$ 151,138,169	\$ 393,584,780

**Combining Statement of Cash Flows  
Nonmajor Enterprise Funds (Continued)  
For the Fiscal Year Ended June 30, 2020**

	Addiction Counselor Internship Loan Program	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Edutech	Fire and Tornado
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:</b>						
Operating Income (Loss)	\$ (866)	\$ (2,387,000)	\$ (3,287)	\$ 511,000	\$ (81,943)	\$ (1,175,976)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	-	-	-	-	33,428	-
Reclassification of Interest Revenue/Expense	-	-	-	(620,000)	-	-
Interest Received on Program Loans	-	-	-	-	-	-
Receipt of Loan Principal Repayments	-	-	-	-	-	-
Provision for Losses	-	-	-	-	-	-
Other	-	-	-	-	-	-
Deferred Outflows	-	-	11,925	-	-	-
Deferred Inflows	-	-	(1,567)	-	-	-
Change in Assets and Liabilities:						
(Increase) Decrease in Accounts Receivable	-	-	(12,081)	-	50,290	11,557
(Increase) Decrease in Interest Receivable	(4,934)	-	-	-	-	-
(Increase) Decrease in Due From	-	-	-	-	12,000	-
(Increase) Decrease in Intergovernmental Receivable	-	-	-	-	-	-
(Increase) Decrease in Notes Receivable	-	-	-	-	-	-
(Increase) Decrease in Prepaid Items	-	(340,000)	-	-	-	(37,120)
(Increase) Decrease in Inventories	-	-	-	-	-	-
(Increase) Decrease in Other Assets	-	-	-	-	-	-
Increase (Decrease) in Accounts Payable	-	-	149	-	816	(57,426)
Increase (Decrease) in Claims/Judgments Payable	-	-	(10,141)	-	-	353,332
Increase (Decrease) in Intergovernmental Payable	-	-	-	-	-	5,269
Increase (Decrease) in Accrued Payroll	-	-	(4,643)	-	14,858	(61,887)
Increase (Decrease) in Compensated Absences Payable	-	-	(359)	-	-	(22,306)
Increase (Decrease) in Amounts Held for Others	-	-	-	-	-	-
Increase (Decrease) in Due To	-	-	(17)	(2,000)	2,893	-
Increase (Decrease) in Net Pension Liability	-	-	(25,521)	-	-	-
Increase (Decrease) in Net OPEB Liability	-	-	(312)	-	-	-
Increase (Decrease) in Other Liabilities	-	-	-	-	-	-
<b>Total Adjustments</b>	<b>(4,934)</b>	<b>(340,000)</b>	<b>(42,567)</b>	<b>(622,000)</b>	<b>114,285</b>	<b>191,419</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (5,800)</b>	<b>\$ (2,727,000)</b>	<b>\$ (45,854)</b>	<b>\$ (111,000)</b>	<b>\$ 32,342</b>	<b>\$ (984,557)</b>
<b>Noncash Transactions:</b>						
Net Change in Fair Value of Investments	\$ -	\$ -	\$ (64,316)	\$ -	\$ -	\$ 123,080
Reduction in pension and OPEB liability	-	-	-	-	-	(370,957)
Reinstatement of Debt Expense	-	-	-	-	-	-
Value Received on Trade of Capital Asset	-	-	-	-	-	-
<b>Total Noncash Transactions</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (64,316)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (247,877)</b>

# STATE OF NORTH DAKOTA

## Combining Statement of Cash Flows Nonmajor Enterprise Funds (Continued) For the Fiscal Year Ended June 30, 2020

	Guaranteed Student Loan	HIT Planning Loan Fund	Infrastructure Revolving Loan Fund	Interoperable Radio	Infrastructure Revolving Loan Fund	Medical Facility Infrastructure Loan Fund
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:</b>						
Operating Income (Loss)	\$ 203,150	\$ 34,719	\$ 1,229,000	\$ 279,688	\$ (295,000)	\$ 65,000
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	-	-	-	537,225	-	-
Reclassification of Interest Revenue/Expense	-	-	-	-	-	(454,000)
Interest Received on Program Loans	-	-	(1,857,000)	-	-	-
Receipt of Loan Principal Repayments	-	-	-	-	-	-
Provision for Losses	1,308,001	-	160,000	-	265,000	156,000
Other	-	-	-	-	-	-
Deferred Outflows	-	-	-	-	-	-
Deferred Inflows	-	-	-	-	-	-
Change in Assets and Liabilities:						
(Increase) Decrease in Accounts Receivable	157,123	-	-	29,782	-	-
(Increase) Decrease in Interest Receivable	-	879	-	-	-	-
(Increase) Decrease in Due From	-	-	21,000	(5,187)	-	2,000
(Increase) Decrease in Intergovernmental Receivable	-	-	-	-	-	-
(Increase) Decrease in Notes Receivable	-	1,294,122	-	-	-	-
(Increase) Decrease in Prepaid Items	-	-	-	-	-	-
(Increase) Decrease in Inventories	-	-	-	-	-	-
(Increase) Decrease in Other Assets	-	-	-	-	-	-
Increase (Decrease) in Accounts Payable	-	(1,572)	-	1,304,422	-	-
Increase (Decrease) in Claims/Judgments Payable	-	-	-	-	-	-
Increase (Decrease) in Intergovernmental Payable	-	-	-	166,500	-	-
Increase (Decrease) in Accrued Payroll	-	-	-	10,331	-	-
Increase (Decrease) in Compensated Absences Payable	-	-	-	-	-	-
Increase (Decrease) in Amounts Held for Others	-	-	-	-	-	-
Increase (Decrease) in Due To	57,403	-	-	(11,533)	6,000	-
Increase (Decrease) in Net Pension Liability	-	-	-	-	-	-
Increase (Decrease) in Net OPEB Liability	-	-	-	-	-	-
Increase (Decrease) in Other Liabilities	(79,182)	-	-	-	-	-
<b>Total Adjustments</b>	<b>1,443,345</b>	<b>1,293,429</b>	<b>(1,676,000)</b>	<b>2,031,540</b>	<b>271,000</b>	<b>(296,000)</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 1,646,495</b>	<b>\$ 1,328,148</b>	<b>\$ (447,000)</b>	<b>\$ 2,311,228</b>	<b>\$ (24,000)</b>	<b>\$ (231,000)</b>
<b>Noncash Transactions:</b>						
Net Change in Fair Value of Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reduction in pension and OPEB liability	-	-	-	-	-	-
Reinstatement of Debt Expense	-	-	-	-	-	-
Value Received on Trade of Capital Asset	-	-	-	-	-	-
<b>Total Noncash Transactions</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Mill and Elevator	PERS Uniform Group Insurance	Rebuilders Loan Program	Roughrider Industries	School Construction Assistance Revolving Loan	Infrastructure Revolving Loan Fund	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
\$ 13,076,461	\$ 6,210,236	\$ 118,844	\$ 315,303	\$ 2,674,000	\$ (1,287,000)	\$ (2,073,253)	\$ 5,576,928	\$ 14,000	\$ 33,642,669	\$ 56,646,673
5,764,291	297,190	-	247,789	-	-	1,669,683	2,753	-	-	8,552,359
-	-	(250,713)	-	(3,956,000)	(13,000)	-	-	67,000	-	(5,226,713)
-	-	-	-	-	-	-	-	-	-	(1,857,000)
-	-	-	-	-	-	-	-	138,000	-	138,000
83,576	-	(131,334)	-	140,000	1,141,000	-	-	-	-	3,038,667
(895,285)	-	-	188,654	-	-	181,281	98,859	-	-	(414,566)
-	-	-	586,980	-	-	574,270	318,356	-	-	1,478,039
(7,234,740)	(6,978,246)	-	159,323	-	-	(238,961)	(396,846)	-	(5,045,215)	(19,498,014)
-	-	-	-	-	-	-	-	-	-	(4,055)
-	-	-	-	-	-	-	-	-	(82,443,049)	(82,413,236)
-	-	-	-	-	-	-	-	-	(10,314,415)	(10,314,415)
-	-	-	-	-	-	-	-	-	-	1,294,122
28,630	-	-	11,681	-	-	(1,542)	(2,633)	-	-	(340,984)
(2,046,724)	-	-	(116,958)	-	-	-	-	-	-	(2,163,682)
(30,355)	(52,724)	-	2,935	-	-	-	150	-	-	(79,994)
(164,516)	55,124	7,471	18,934	-	-	1,938	(592,032)	-	7,345,730	7,919,038
-	-	-	-	-	-	-	-	-	-	343,191
-	(859)	-	-	-	-	-	-	-	3,461,430	3,632,340
529,060	(5,714)	-	28,375	-	-	-	7,590	-	-	517,970
68,015	13,214	-	-	-	-	(2,998)	9,345	-	-	64,911
-	1,529,417	-	-	-	-	-	-	-	-	1,529,417
-	-	-	(16,504)	49,000	7,000	-	42,543	(54,000)	2,094,497	2,175,282
2,027,123	-	-	(665,388)	-	-	(442,351)	(326,117)	-	-	567,746
-	-	-	476	-	-	874	206	-	-	1,244
8,672	-	-	2,363	-	-	-	173,792	(3,000)	-	102,645
(1,862,253)	(5,142,598)	(374,576)	448,660	(3,767,000)	1,135,000	1,742,194	(664,034)	148,000	(84,901,022)	(90,874,112)
\$ 11,214,208	\$ 1,067,638	\$ (255,732)	\$ 763,963	\$ (1,093,000)	\$ (152,000)	\$ (331,059)	\$ 4,912,894	\$ 162,000	\$ (51,258,353)	\$ (34,227,439)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,764
-	-	-	-	-	-	-	-	-	-	(370,957)
-	-	149,410	-	-	-	-	-	-	-	149,410
-	-	-	-	-	-	17,405	-	-	-	17,405
\$ -	\$ -	\$ 149,410	\$ -	\$ -	\$ -	\$ 17,405	\$ -	\$ -	\$ -	\$ (145,378)

## ***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, 2020

	Central Services	Fleet Services	Information Technology Department	Risk Management	Total
<b>ASSETS</b>					
Current Assets:					
Cash Deposits at the Bank of ND	\$ 1,099,378	\$ 16,062,480	\$ 15,834,316	\$ 515,502	\$ 33,511,676
Cash and Cash Equivalents	400	-	-	379,745	380,145
Investments at the Bank of ND	-	-	-	252,100	252,100
Investments	-	-	-	9,009,559	9,009,559
Accounts Receivable - Net	34,336	159,595	72,847	6,081	272,859
Interest Receivable - Net	-	-	-	53,345	53,345
Intergovernmental Receivable - Net	16,176	17,417	389,389	-	422,982
Due from Other Funds	211,753	2,373,522	9,347,791	7,730	11,940,796
Prepaid Items	1,183	149,611	3,838,209	132,790	4,121,793
Inventory	147,996	-	-	-	147,996
Total Current Assets	1,511,222	18,762,625	29,482,552	10,356,852	60,113,251
Noncurrent Assets:					
Capital Assets:					
Nondepreciable	25,222	154,838	-	-	180,060
Depreciable, Net	297,753	89,185,125	3,131,647	-	92,614,525
Total Noncurrent Assets	322,975	89,339,963	3,131,647	-	92,794,585
Total Assets	1,834,197	108,102,588	32,614,199	10,356,852	152,907,836
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Derived from Pensions	350,511	950,385	10,397,456	246,611	11,944,963
Derived from OPEB	13,500	37,058	489,324	7,513	547,395
Total Deferred Outflow of Resources	364,011	987,443	10,886,780	254,124	12,492,358
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	116,668	1,129,915	1,742,315	122,387	3,111,285
Accrued Payroll	87,165	209,837	3,022,287	38,995	3,358,284
Securities Lending Collateral	-	-	-	17,338	17,338
Interest Payable	-	-	-	5,730	5,730
Due to Other Funds	15,654	248,401	68,837	10,994	343,886
Claims/Judgments Payable	-	-	-	1,523,912	1,523,912
Compensated Absences Payable	5,011	6,227	264,364	4,868	280,470
Capital Leases Payable	21,455	-	-	-	21,455
Total Current Liabilities	245,953	1,594,380	5,097,803	1,724,224	8,662,360
Noncurrent Liabilities:					
Claims/Judgments Payable	-	-	-	7,161,179	7,161,179
Compensated Absences Payable	54,925	68,259	2,897,884	53,367	3,074,435
Capital Leases Payable	58,251	-	-	-	58,251
Net Pension Liability	730,526	2,144,546	22,041,571	383,678	25,300,321
Net OPEB Liability	46,665	137,090	1,426,210	24,509	1,634,474
Total Noncurrent Liabilities	890,367	2,349,895	26,365,665	7,622,733	37,228,660
Total Liabilities	1,136,320	3,944,275	31,463,468	9,346,957	45,891,020
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Derived from Pensions	420,894	1,302,407	12,173,355	159,500	14,056,156
Derived from OPEB	5,413	14,725	118,124	3,060	141,322
Total Deferred Inflow of Resources	426,307	1,317,132	12,291,479	162,560	14,197,478
<b>NET POSITION</b>					
Net Investment in Capital Assets	243,269	89,339,962	3,131,647	-	92,714,878
Unrestricted	392,312	14,488,662	(3,385,615)	1,101,459	12,596,818
Total Net Position	635,581	103,828,624	(253,968)	1,101,459	105,311,696

# 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, 2020

	Central Services	Fleet Services	Information Technology Department	Risk Management	Total
<b>OPERATING REVENUES</b>					
Sales and Services	\$ 2,445,312	\$ 24,994,621	\$ 75,909,845	\$ 4,011,371	\$ 107,361,149
Miscellaneous	-	88,341	-	-	88,341
Total Operating Revenues	2,445,312	25,082,962	75,909,845	4,011,371	107,449,490
<b>OPERATING EXPENSES</b>					
Cost of Sales and Services	1,037,366	-	-	-	1,037,366
Salaries and Benefits	988,973	2,962,021	38,566,492	361,553	42,879,039
Operating	480,089	14,853,129	37,055,458	642,113	53,030,789
Claims	-	-	-	4,649,014	4,649,014
Depreciation	130,337	9,192,457	2,023,444	-	11,346,238
Miscellaneous	-	46,664	-	-	46,664
Total Operating Expenses	2,636,765	27,054,271	77,645,394	5,652,680	112,989,110
Operating Loss	(191,453)	(1,971,309)	(1,735,549)	(1,641,309)	(5,539,620)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and Investment Income	-	-	-	545,515	545,515
Interest Expense	(6,257)	-	-	(15,984)	(22,241)
Gain (Loss) on Sale of Capital Assets	(37,897)	570,165	-	-	532,268
Total Nonoperating Revenues (Expenses)	(44,154)	570,165	-	529,531	1,055,542
Loss Before Contributions and Transfers	(235,607)	(1,401,144)	(1,735,549)	(1,111,778)	(4,484,078)
Capital Grants and Contributions	145,250	-	-	-	145,250
Changes in Net Position	(90,357)	(1,401,144)	(1,735,549)	(1,111,778)	(4,338,828)
Total Net Position - Beginning of Year	725,938	105,229,768	1,481,581	2,213,237	109,650,524
Total Net Position - End of Year	\$ 635,581	\$ 103,828,624	\$ (253,968)	\$ 1,101,459	\$ 105,311,696

# STATE OF NORTH DAKOTA

## Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended June 30, 2020

	Central Services	Fleet Services	Information Technology	Risk Management	Total
<b>Cash Flows from Operating Activities:</b>					
Receipts from Customers and Users	\$ 914,704	\$ 177,708	\$ 2,570,149	\$ 29,368	\$ 3,691,929
Receipts from Other Funds	1,551,045	24,855,822	70,449,290	3,982,003	100,838,160
Payments to Other Funds	-	28,378	-	(3,073,852)	(3,045,474)
Payments to Suppliers	(1,679,974)	(14,787,638)	(35,380,350)	(723,819)	(52,571,781)
Payments to Employees	(926,431)	(2,418,424)	(35,142,008)	(467,666)	(38,954,529)
Claim Payments	-	-	-	(999,810)	(999,810)
Net Cash Provided by (Used for) Operating Activities	(140,656)	7,855,846	2,497,081	(1,253,776)	8,958,495
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Acquisition and Construction of Capital Assets	(170,499)	(11,693,648)	(724,555)	-	(12,588,702)
Proceeds from Sale of Capital Assets	-	3,294,537	-	-	3,294,537
Capital Contributions	145,250	-	-	-	145,250
Payment on Capital Leases	(17,147)	-	-	-	(17,147)
Interest Payments - Capital Leases	(6,257)	-	-	-	(6,257)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(48,653)	(8,399,111)	(724,555)	-	(9,172,319)
<b>Cash Flows from Investing Activities:</b>					
Proceeds from Sale and Maturities of Investment Securities	-	-	-	664,264	664,264
Interest and Dividends on Investments	-	-	-	268,033	268,033
Net Cash Provided by (Used for) Investing Activities	-	-	-	932,297	932,297
<b>Net Change in Cash:</b>					
Net Increase (Decrease) in Cash and Cash Equivalents	(189,309)	(543,265)	1,772,526	(321,479)	718,473
Cash and Cash Equivalents at June 30, 2019	1,289,087	16,605,745	14,061,790	1,216,726	33,173,348
Cash and Cash Equivalents at June 30, 2020	\$ 1,099,778	\$ 16,062,480	\$ 15,834,316	\$ 895,247	\$ 33,891,821
<b>Reconciliation:</b>					
Cash Deposits at the Bank of North Dakota	\$ 1,099,378	\$ 16,062,480	\$ 15,834,316	\$ 515,502	\$ 33,511,676
Cash and Cash Equivalents	400	-	-	379,745	380,145
Cash and Cash Equivalents	\$ 1,099,778	\$ 16,062,480	\$ 15,834,316	\$ 895,247	\$ 33,891,821
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>					
Operating Income (Loss)	\$ (191,453)	\$ (1,971,309)	\$ (1,735,549)	\$ (1,641,309)	\$ (5,539,620)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	130,337	9,192,457	2,023,444	-	11,346,238
Deferred Outflows	138,496	239,617	2,758,727	8,022	3,144,862
Deferred Inflows	313,862	1,020,207	9,611,921	95,154	11,041,144
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(28,843)	36,669	66,595	(5,463)	68,958
(Increase) Decrease in Due From	(104,280)	(98,758)	(2,846,462)	4,100	(3,045,400)
(Increase) Decrease in Intergovernmental Receivable	54,154	12,657	(110,538)	-	(43,727)
(Increase) Decrease in Prepaid Items	30,241	(95,741)	118,138	(81,990)	(29,352)
Increase in Inventories	(25,345)	-	-	-	(25,345)
Increase (Decrease) in Accounts Payable	(75,088)	286,909	-	20,359	232,180
Increase In Interest Payable	-	-	1,475,956	-	1,475,956
Increase in Claims/Judgments Payable	-	-	-	559,453	559,453
Increase in Accrued Payroll	5,770	23,879	754,451	684	784,784
Increase in Compensated Absences Payable	1,945	7,641	906,048	3,971	919,605
Increase (Decrease) in Due To	9,285	(50,634)	81,014	(2,813)	36,852
Increase (Decrease) In Net OPEB Liability	(2,734)	9,838	(18,362)	(1,605)	(12,863)
Decrease In Net Pension Liability	(397,003)	(757,586)	(10,588,302)	(212,339)	(11,955,230)
Total Adjustments	50,797	9,827,155	4,232,630	387,533	14,498,115
Net Cash Provided by (Used for) Operating Activities	\$ (140,656)	\$ 7,855,846	\$ 2,497,081	\$ (1,253,776)	\$ 8,958,495
<b>Noncash Transactions:</b>					
Net Change in Fair Value of Investments	\$ -	\$ -	\$ -	\$ 266,729	\$ 266,729
Decrease in Securities Lending Collateral	-	-	-	(16,541)	(16,541)
Total Noncash Transactions	\$ -	\$ -	\$ -	\$ 250,188	\$ 250,188

# STATE OF NORTH DAKOTA

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## ***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**

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## 904 – Grain Bonds

Accounts for bonds and proceeds from the sale of grain for the benefit of noncredit-sale receipt holders of insolvent warehousemen.

## 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, 2020

	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
<b>ASSETS</b>						
Cash Deposits at the Bank of ND	\$ 250,648	\$ 159,859	\$ -	\$ 7,644	\$ 501,349	\$ 821,581
Cash and Cash Equivalents	-	-	-	-	-	-
Receivables:						
Contributions Receivable	966,517	83,406	23,152	2,153	518,551	1,007,849
Accounts Receivable - Net	-	-	-	-	-	-
Interest Receivable - Net	-	-	261,434	43	-	252
Due from Other Funds	-	-	-	-	-	291
Due from Fiduciary Funds	-	-	-	-	-	-
Total Receivables	966,517	83,406	284,586	2,196	518,551	1,008,392
Investments, at Fair Value:						
Investments at the Bank of ND	-	-	-	-	-	-
Equities	-	-	-	-	-	-
Equity Pool	-	-	47,206,152	18,153,248	-	88,768,471
Fixed Income Pool	2,262,844	285,606	18,803,288	76,766,803	-	54,676,415
Cash and Cash Pool	3,048,553	224,680	478,953	418,439	-	792,184
Real Estate Pool	-	-	15,408,933	-	-	-
Mutual Funds	133,971,266	14,974,555	-	-	-	-
Total Investments	139,282,663	15,484,841	81,897,326	95,338,490	-	144,237,070
Invested Securities Lending Collatera	-	-	235,324	-	-	-
Capital Assets (Net of Depreciation)	100,808	1,034	2,551	991	50,404	17,873
Other Assets	-	-	-	-	-	-
Total Assets	140,600,636	15,729,140	82,419,787	95,349,321	1,070,304	146,084,916
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Derived from Pensions	-	-	-	-	-	-
Total Deferred Outflows of Resources	-	-	-	-	-	-
<b>LIABILITIES</b>						
Accounts Payable	11,771	-	-	89,434	12,077	456,495
Accrued Payroll	33,653	-	-	-	18,495	-
Securities Lending Collatera	-	-	235,324	-	-	-
Due to Other Funds	4,537	98	-	-	2,580	-
Due to Fiduciary Funds	-	-	-	9,250	-	86
Amounts Held in Custody for Others	38,644	-	-	-	-	-
Compensated Absences Payable	33,884	-	-	-	14,683	-
Total Liabilities	122,489	98	235,324	98,684	47,835	456,581
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Derived from Pensions	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-
<b>NET POSITION</b>						
Net Position Restricted for:						
Pension Benefits	140,478,147	15,729,042	82,184,463	95,250,637	-	145,628,335
Other Employee Benefits	-	-	-	-	1,022,469	-
External Investment Pool Participants	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-
Total Net Position Restricted for Pension Benefits and Other Purposes	\$ 140,478,147	\$ 15,729,042	\$ 82,184,463	\$ 95,250,637	\$ 1,022,469	\$ 145,628,335

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
\$ 15,038,753	\$ 21,060,210	\$ 37,840,044	\$ -	\$ -	\$ -	\$ -	\$ -
74,910	-	74,910	-	-	-	-	-
12,756,310	20,925,043	36,282,981	-	-	-	-	-
-	-	-	-	-	-	-	-
9,952,954	12,709,777	22,924,460	439,245	2,397	173,444	61,712	676,798
-	-	291	-	-	-	-	-
9,250	-	9,250	-	-	-	-	-
22,718,514	33,634,820	59,216,982	439,245	2,397	173,444	61,712	676,798
-	-	-	-	-	-	-	-
-	1,500,306,819	1,500,306,819	70,827,263	2,333,077	44,329,418	21,684,203	139,173,961
1,798,392,873	-	1,952,520,744	-	-	-	-	-
716,340,916	609,737,594	1,478,873,466	49,572,009	4,158,311	18,205,059	17,059,331	88,994,710
18,246,467	23,710,131	46,919,407	868,050	199,407	835,449	437,170	2,340,076
587,027,616	466,252,190	1,068,688,739	28,563,097	-	11,321,424	4,308,452	44,192,973
-	-	148,945,821	-	-	-	-	-
3,120,007,872	2,600,006,734	6,196,254,996	149,830,419	6,690,795	74,691,350	43,489,156	274,701,720
8,953,451	7,594,167	16,782,942	395,882	23,481	217,847	160,247	797,457
200,849	3,149	377,659	-	-	-	-	-
-	-	-	-	-	-	-	-
3,166,994,349	2,662,299,080	6,310,547,533	150,665,546	6,716,673	75,082,641	43,711,115	276,175,975
-	549,008	549,008	-	-	-	-	-
-	549,008	549,008	-	-	-	-	-
3,454,006	4,176,709	8,200,492	144,674	3,651	64,791	27,745	240,861
118,234	-	170,382	-	-	-	-	-
8,953,451	7,594,167	16,782,942	395,882	23,481	217,847	160,247	797,457
13,824	7,961	29,000	-	-	-	-	-
-	-	9,336	-	-	-	-	-
-	-	38,644	-	-	-	-	-
103,695	-	152,262	-	-	-	-	-
12,643,210	11,778,837	25,383,058	540,556	27,132	282,638	187,992	1,038,318
-	536,950	536,950	-	-	-	-	-
-	536,950	536,950	-	-	-	-	-
3,154,351,139	2,650,532,301	6,284,154,064	-	-	-	-	-
-	-	1,022,469	-	-	-	-	-
-	-	-	150,124,990	6,689,541	74,800,003	43,523,123	275,137,657
-	-	-	-	-	-	-	-
\$ 3,154,351,139	\$ 2,650,532,301	\$ 6,285,176,533	\$ 150,124,990	\$ 6,689,541	\$ 74,800,003	\$ 43,523,123	\$ 275,137,657

# STATE OF NORTH DAKOTA

## Combining Statement of Fiduciary Net Position Pension, Investment and Private-Purpose Trust Funds (Continued) June 30, 2020

	Private-Purpose Trust Funds			
	Student and Cultural Donations	Mandan Remediation Trust	College SAVE	Total
<b>ASSETS</b>				
Cash Deposits at the Bank of ND	\$ 134,034	\$ 5,743,797	\$ -	\$ 5,877,831
Cash and Cash Equivalents	13,668	-	1,255,646	1,269,314
Receivables:				
Contributions Receivable	-	-	-	-
Accounts Receivable - Net	-	-	493,019	493,019
Interest Receivable - Net	3,181	83,263	-	86,444
Due from Other Funds	16	-	-	16
Due from Fiduciary Funds	-	-	-	-
Total Receivables	3,197	83,263	493,019	579,479
Investments, at Fair Value:				
Investments at the Bank of ND	21,862	-	-	21,862
Equities	-	-	-	-
Equity Pool	-	-	-	-
Fixed Income Pool	1,249,929	-	-	1,249,929
Cash and Cash Pool	-	-	-	-
Real Estate Pool	-	-	-	-
Mutual Funds	-	-	535,837,198	535,837,198
Total Investments	1,271,791	-	535,837,198	537,108,989
Invested Securities Lending Collatera	46,379	-	-	46,379
Capital Assets (Net of Depreciation)	-	-	-	-
Other Assets	-	-	-	-
Total Assets	1,469,069	5,827,060	537,585,863	544,881,992
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Derived from Pensions	-	-	-	-
Total Deferred Outflows of Resources	-	-	-	-
<b>LIABILITIES</b>				
Accounts Payable	330	9,698	1,748,490	1,758,518
Accrued Payroll	-	-	-	-
Securities Lending Collatera	46,379	-	-	46,379
Due to Other Funds	-	-	-	-
Due to Fiduciary Funds	-	-	-	-
Amounts Held in Custody for Others	-	-	-	-
Compensated Absences Payable	-	-	-	-
Total Liabilities	46,709	9,698	1,748,490	1,804,897
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Derived from Pensions	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
<b>NET POSITION</b>				
Net Position Restricted for:				
Pension Benefits	-	-	-	-
Other Employee Benefits	-	-	-	-
External Investment Pool Participants	-	-	-	-
Other Purposes	1,422,360	5,817,362	535,837,373	543,077,095
	\$ 1,422,360	\$ 5,817,362	\$ 535,837,373	\$ 543,077,095



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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, 2020

	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
<b>ADDITIONS</b>						
Contributions:						
Employer	\$ -	\$ 479,861	\$ 2,176,902	\$ -	\$ -	\$ 13,392,266
Employee	12,716,174	482,365	1,469,682	27,047	5,534,001	16,319
From Participants	-	-	-	-	-	-
Transfers from Other Funds	637,500	6,221	-	-	-	-
Transfers from Other Plans	1,454,944	4,324	-	-	-	-
Donations	-	-	-	-	-	-
Total Contributions	14,808,618	972,771	3,646,584	27,047	5,534,001	13,408,585
Investment Income:						
Net Change in Fair Value of Investments	4,681,216	(132,456)	1,150,890	149,250	-	3,791,934
Interest and Dividends	931	677,312	1,736,006	2,792,754	1,747	3,530,531
Less Investment Expense	-	8,520	222,946	320,937	-	417,596
Net Investment Income	4,682,147	536,336	2,663,950	2,621,067	1,747	6,904,869
Securities Lending Activity:						
Securities Lending Income	-	-	3,421	-	-	-
Less Securities Lending Expense	-	-	-	-	-	-
Net Securities Lending Income	-	-	3,421	-	-	-
Repurchase Service Credit	-	2,727	205,461	-	-	556,585
Miscellaneous Income (Expense)	112,600	8,870	(16)	-	806,837	9,580
Total Additions	19,603,365	1,520,704	6,519,400	2,648,114	6,342,585	20,879,619
<b>DEDUCTIONS</b>						
Benefits Paid to Participants	6,033,883	802,861	5,580,332	4,581,575	5,285,746	1,031
Refunds	-	-	124,254	-	-	4,614
Prefunded Credit Applic	-	-	-	-	-	12,312,461
Transfer to Other Plans	-	-	-	-	525,000	-
Payments in Accordance with Trust Agreements	-	-	-	-	-	-
Administrative Expenses	875,951	8,347	45,870	19,148	532,247	453,913
Total Deductions	6,909,834	811,208	5,750,456	4,600,723	6,342,993	12,772,019
Redemption of Units at \$1.00 Per Unit	-	-	-	-	-	-
Change in Net Position Held in Trust for						
Pension Benefits	12,693,531	709,496	768,944	(1,952,609)	-	8,107,600
Other Employee Benefits	-	-	-	-	(408)	-
External Investment Pool Participants	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-
Net Position - Beginning of Year	127,784,616	15,019,546	81,415,519	97,203,246	1,022,877	137,520,735
Net Position - End of Year	\$ 140,478,147	\$ 15,729,042	\$ 82,184,463	\$ 95,250,637	\$ 1,022,469	\$ 145,628,335

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
\$ 85,504,033	\$ 93,032,453	\$ 194,585,515	\$ -	\$ -	\$ -	\$ -	\$ -
81,477,666	85,735,134	187,458,388	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	643,721	-	-	-	-	-
-	-	1,459,268	-	-	-	-	-
-	-	-	-	-	-	-	-
166,981,699	178,767,587	384,146,892	-	-	-	-	-
43,599,936	37,928,921	91,169,691	2,491,724	235,639	1,134,936	673,479	4,535,778
65,795,981	54,664,894	129,200,156	3,244,508	134,353	1,546,876	908,396	5,834,133
8,419,181	6,523,407	15,912,587	404,605	12,175	192,007	90,931	699,718
100,976,736	86,070,408	204,457,260	5,331,627	357,817	2,489,805	1,490,944	9,670,193
129,262	169,620	302,303	9,558	545	5,304	4,498	19,905
-	33,911	33,911	1,912	109	1,061	897	3,979
129,262	135,709	268,392	7,646	436	4,243	3,601	15,926
10,818,588	2,175,497	13,758,858	-	-	-	-	-
(2,580)	158,683	1,093,974	-	-	-	-	-
278,903,705	267,307,884	603,725,376	5,339,273	358,253	2,494,048	1,494,545	9,686,119
204,312,452	224,361,530	450,959,410	-	-	-	-	-
14,122,715	6,489,704	20,741,287	-	-	-	-	-
-	-	12,312,461	-	-	-	-	-
118,721	-	643,721	-	-	-	-	-
-	-	-	-	-	-	-	-
2,729,759	2,095,405	6,760,640	-	-	-	-	-
221,283,647	232,946,639	491,417,519	-	-	-	-	-
-	-	-	(2,300,000)	-	(3,267,604)	(2,800,000)	(8,367,604)
57,620,058	34,361,245	112,308,265	-	-	-	-	-
-	-	(408)	-	-	-	-	-
-	-	-	3,039,273	358,253	(773,556)	(1,305,455)	1,318,515
-	-	-	-	-	-	-	-
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
\$ 3,154,351,139	\$ 2,650,532,301	\$ 6,285,176,533	\$ 150,124,990	\$ 6,689,541	\$ 74,800,003	\$ 43,523,123	\$ 275,137,657

# 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, 2020

	Private-Purpose Trust Funds			
	Student and Cultural Donations	Mandan Remediation Trust	College SAVE	Total
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ -	\$ -	\$ -	\$ -
Employee	-	-	-	-
From Participants	-	-	50,856,817	50,856,817
Transfers from Other Funds	-	-	-	-
Transfers from Other Plans	-	-	-	-
Donations	7,774	-	-	7,774
Total Contributions	7,774	-	50,856,817	50,864,591
Investment Income:				
Net Change in Fair Value of Investments	(48,688)	-	63,835,270	63,786,582
Interest and Dividends	30,051	97,801	13,560,733	13,688,585
Less Investment Expense	3,040	-	-	3,040
Net Investment Income	(21,677)	97,801	77,396,003	77,472,127
Securities Lending Activity:				
Securities Lending Income	691	-	-	691
Less Securities Lending Expense	-	-	-	-
Net Securities Lending Income	691	-	-	691
Repurchase Service Credit	-	-	-	-
Miscellaneous Income (Expense)	3,068	-	-	3,068
Total Additions	(10,144)	97,801	128,252,820	128,340,477
<b>DEDUCTIONS</b>				
Benefits Paid to Participants	-	-	-	-
Refunds	-	-	-	-
Prefunded Credit Applic	-	-	-	-
Transfer to Other Plans	-	-	-	-
Payments in Accordance with Trust Agreements	45,953	28,743	44,546,693	44,621,389
Administrative Expenses	2,639	26,223	3,528,768	3,557,630
Total Deductions	48,592	54,966	48,075,461	48,179,019
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	(58,736)	42,835	80,177,359	80,161,458
Net Position - Beginning of Year	1,481,096	5,774,527	455,660,014	462,915,637
Net Position - End of Year	\$ 1,422,360	\$ 5,817,362	\$ 535,837,373	\$ 543,077,095

STATE OF NORTH DAKOTA

**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
 June 30, 2020

	Bonding	Payroll	Child Support	Student and Other	Tax Collection	Total
<b>ASSETS</b>						
Cash Deposits at the Bank of ND	\$ 6,301,468	\$ 1,400,154	\$ 4,943,739	\$ 4,823,280	\$ 26,506,682	\$ 43,975,323
Cash and Cash Equivalents	4,374,657	-	-	354,481	-	4,729,138
Investments at the Bank of ND	29,908,537	-	-	50,000	-	29,958,537
Investments	137,635,344	-	-	-	-	137,635,344
Accounts Receivable - Net	-	11,374,561	509,780	-	-	11,884,341
Taxes Receivable - Net	-	-	-	-	33,091,555	33,091,555
Interest Receivable - Net	-	-	-	150	-	150
Total Assets	<u>\$ 178,220,006</u>	<u>\$ 12,774,715</u>	<u>\$ 5,453,519</u>	<u>\$ 5,227,911</u>	<u>\$ 59,598,237</u>	<u>\$ 261,274,388</u>
<b>LIABILITIES</b>						
Intergovernmental Payable	-	12,716,891	-	-	59,587,871	72,304,762
Tax Refunds Payable	33,482	-	-	-	10,365	43,847
Amounts Held in Custody for Others	178,186,524	57,824	5,453,519	5,227,911	1	188,925,779
Total Liabilities	<u>\$ 178,220,006</u>	<u>\$ 12,774,715</u>	<u>\$ 5,453,519</u>	<u>\$ 5,227,911</u>	<u>\$ 59,598,237</u>	<u>\$ 261,274,388</u>

# STATE OF NORTH DAKOTA

## Combining Statement of Changes in Assets and Liabilities Agency Funds For the Fiscal Year Ended June 30, 2020

	June 30 2019	Additions	Deductions	June 30 2020
<b>Bonding</b>				
<b>ASSETS</b>				
Cash Deposits at the Bank of ND	\$ 6,208,485	\$ 334,519	\$ 241,536	\$ 6,301,468
Cash and Cash Equivalents	5,181,350	5,842,151	6,648,844	4,374,657
Investments at the Bank of ND	29,837,602	991,687	920,752	29,908,537
Investments	141,619	137,533,725	40,000	137,635,344
Total Assets	<u>\$ 41,369,056</u>	<u>\$ 144,702,082</u>	<u>\$ 7,851,132</u>	<u>\$ 178,220,006</u>
<b>LIABILITIES</b>				
Tax Refunds Payable	2,500	33,482	2,500	33,482
Amounts Held in Custody for Others	41,366,556	144,702,076	7,882,108	178,186,524
Total Liabilities	<u>\$ 41,369,056</u>	<u>\$ 144,735,558</u>	<u>\$ 7,884,608</u>	<u>\$ 178,220,006</u>
<b>Payroll</b>				
<b>ASSETS</b>				
Cash Deposits at the Bank of ND	46,185	128,495,411	127,141,442	\$ 1,400,154
Accounts Receivable - Net	11,033,893	11,374,561	11,033,893	11,374,561
Total Assets	<u>\$ 11,080,078</u>	<u>\$ 139,869,972</u>	<u>\$ 138,175,335</u>	<u>\$ 12,774,715</u>
<b>LIABILITIES</b>				
Intergovernmental Payable	11,009,397	12,716,890	11,009,396	12,716,891
Amounts Held in Custody for Others	70,681	128,836,079	128,848,936	57,824
Total Liabilities	<u>\$ 11,080,078</u>	<u>\$ 141,552,969</u>	<u>\$ 139,858,332</u>	<u>\$ 12,774,715</u>
<b>Child Support</b>				
<b>ASSETS</b>				
Cash Deposits at the Bank of ND	3,062,965	143,607,802	141,727,028	\$ 4,943,739
Cash and Cash Equivalents	190,243	-	190,243	-
Accounts Receivable - Net	-	509,780	-	509,780
Total Assets	<u>\$ 3,253,208</u>	<u>\$ 144,117,582</u>	<u>\$ 141,917,271</u>	<u>\$ 5,453,519</u>
<b>LIABILITIES</b>				
Amounts Held in Custody for Others	3,253,208	136,465,786	134,265,475	5,453,519
Total Liabilities	<u>\$ 3,253,208</u>	<u>\$ 136,465,786</u>	<u>\$ 134,265,475</u>	<u>\$ 5,453,519</u>

	June 30 2019	Additions	Deductions	June 30 2020
<b>Student and Other</b>				
<b>ASSETS</b>				
Cash Deposits at the Bank of ND	\$ 3,393,457	\$ 6,108,590	\$ 4,678,767	\$ 4,823,280
Cash and Cash Equivalents	425,231	2,906,411	2,977,161	354,481
Investments at the Bank of ND	50,000	-	-	50,000
Interest Receivable - Net	124	150	124	150
Total Assets	<u>\$ 3,868,812</u>	<u>\$ 9,015,151</u>	<u>\$ 7,656,052</u>	<u>\$ 5,227,911</u>
<b>LIABILITIES</b>				
Amounts Held in Custody for Others	3,868,812	9,015,151	7,656,052	5,227,911
Total Liabilities	<u>\$ 3,868,812</u>	<u>\$ 9,015,151</u>	<u>\$ 7,656,052</u>	<u>\$ 5,227,911</u>
<b>Tax Collection</b>				
<b>ASSETS</b>				
Cash Deposits at the Bank of ND	17,920,255	334,109,782	325,523,355	\$ 26,506,682
Taxes Receivable - Net	46,901,827	33,091,555	46,901,827	33,091,555
Total Assets	<u>\$ 64,822,082</u>	<u>\$ 367,201,337</u>	<u>\$ 372,425,182</u>	<u>\$ 59,598,237</u>
<b>LIABILITIES</b>				
Intergovernmental Payable	64,820,530	379,990,315	385,222,974	59,587,871
Tax Refunds Payable	1,551	10,365	1,551	10,365
Amounts Held in Custody of Others	1	-	-	1
Total Liabilities	<u>\$ 64,822,082</u>	<u>\$ 380,000,680</u>	<u>\$ 385,224,525</u>	<u>\$ 59,598,237</u>
<b>Total -All Agency Funds</b>				
<b>ASSETS</b>				
Cash Deposits at the Bank of ND	30,631,347	612,656,104	599,312,128	43,975,323
Cash and Cash Equivalents	5,796,824	8,748,562	9,816,248	4,729,138
Investments at the Bank of ND	29,887,602	991,687	920,752	29,958,537
Investments	141,619	137,533,725	40,000	137,635,344
Accounts Receivable - Net	11,033,893	11,884,341	11,033,893	11,884,341
Taxes Receivable - Net	46,901,827	33,091,555	46,901,827	33,091,555
Interest Receivable - Net	124	150	124	150
Total Assets	<u>\$ 124,393,236</u>	<u>\$ 804,906,124</u>	<u>\$ 668,024,972</u>	<u>\$ 261,274,388</u>
<b>LIABILITIES</b>				
Intergovernmental Payable	75,829,927	392,707,205	396,232,368	72,304,762
Tax Refunds Payable	4,051	43,847	4,051	43,847
Amounts Held in Custody for Others	48,559,258	419,019,092	278,652,573	188,925,779
Total Liabilities	<u>\$ 124,393,236</u>	<u>\$ 811,770,144</u>	<u>\$ 674,888,992</u>	<u>\$ 261,274,388</u>

# Statistical Information

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# STATE OF NORTH DAKOTA

## Schedule 1 -- Net Position by Component Last Ten Fiscal Years

(accrual basis of accounting)

	2011	2012	2013	2014
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 1,640,080,874	\$ 1,943,226,802	\$ 2,331,214,264	\$ 2,502,234,624
Restricted	2,470,400,337	3,094,031,766	3,786,154,729	4,976,564,822
Unrestricted	2,537,062,796	3,635,538,536	5,597,014,917	7,109,867,360
<b>Total Governmental Activities Net Position</b>	<b>\$ 6,647,544,007</b>	<b>\$ 8,672,797,104</b>	<b>\$ 11,714,383,910</b>	<b>\$ 14,588,666,806</b>
<b>Business-Type Activities</b>				
Net Investment in Capital Assets	706,459,639	752,357,235	792,067,993	844,395,270
Restricted	452,312,013	569,991,053	632,431,958	600,269,799
Unrestricted	916,758,798	957,796,166	1,019,582,872	1,287,315,405
<b>Total Business-Type Activities Net Position</b>	<b>\$ 2,075,530,450</b>	<b>\$ 2,280,144,454</b>	<b>\$ 2,444,082,823</b>	<b>\$ 2,731,980,474</b>
<b>Primary Government</b>				
Net Investment in Capital Assets	2,346,540,513	2,695,584,037	3,123,282,257	3,346,629,894
Restricted	2,922,712,350	3,664,022,819	4,418,586,687	5,576,834,621
Unrestricted	3,453,821,594	4,593,334,702	6,616,597,789	8,397,182,765
<b>Total Primary Government Net Position</b>	<b>\$ 8,723,074,457</b>	<b>\$ 10,952,941,558</b>	<b>\$ 14,158,466,733</b>	<b>\$ 17,320,647,280</b>

2015	2016	2017	2018	2019	2020
\$ 3,622,722,021	\$ 4,299,696,899	\$ 4,759,286,304	\$ 4,988,838,700	\$ 5,185,682,467	\$ 5,427,964,743
6,254,673,532	6,246,873,312	6,224,908,099	6,355,103,413	6,639,785,616	6,543,041,908
6,812,545,677	5,781,826,861	5,989,501,438	7,172,275,944	8,786,695,069	9,578,050,070
<b>\$ 16,689,941,230</b>	<b>\$ 16,328,397,072</b>	<b>\$ 16,973,695,841</b>	<b>\$ 18,516,218,057</b>	<b>\$ 20,612,163,152</b>	<b>\$ 21,549,056,721</b>
1,023,384,933	1,155,758,401	1,223,438,996	1,214,133,386	1,246,740,894	1,243,098,375
485,012,106	533,664,273	888,080,253	924,610,477	972,887,591	1,374,338,655
1,439,859,232	1,528,847,402	1,633,421,219	1,779,197,611	1,904,500,531	1,952,266,055
<b>\$ 2,948,256,271</b>	<b>\$ 3,218,270,076</b>	<b>\$ 3,744,940,468</b>	<b>\$ 3,917,941,474</b>	<b>\$ 4,124,129,016</b>	<b>\$ 4,569,703,085</b>
4,646,106,954	5,455,455,300	5,982,725,300	6,202,972,086	6,432,423,361	6,671,063,118
6,739,685,638	6,780,537,585	7,112,988,352	7,279,713,890	7,612,673,207	7,917,380,563
8,252,404,909	7,310,674,263	7,622,922,657	8,951,473,555	10,691,195,600	11,530,316,125
<b>\$ 19,638,197,501</b>	<b>\$ 19,546,667,148</b>	<b>\$ 20,718,636,309</b>	<b>\$ 22,434,159,531</b>	<b>\$ 24,736,292,168</b>	<b>\$ 26,118,759,806</b>

STATE OF NORTH DAKOTA

Schedule 2 -- Changes in Net Position  
Last Ten Fiscal Years

(accrual basis of accounting)

	2011	2012	2013	2014
<b>Expenses</b>				
Governmental Activities:				
General Governmental	\$ 507,512,750	\$ 617,152,026	\$ 889,332,121	\$ 1,283,916,089
Education	830,649,191	843,780,168	875,991,527	1,075,062,067
Health and Human Services	1,244,163,316	1,271,569,970	1,318,899,711	1,433,598,932
Regulatory	28,419,774	33,988,310	44,813,739	54,727,821
Public Safety and Corrections	242,521,440	303,602,543	209,732,547	243,149,474
Agriculture and Commerce	98,038,471	91,653,406	93,212,834	96,055,152
Natural Resources	117,862,905	132,679,303	114,752,488	119,395,831
Transportation	468,695,689	796,123,086	595,646,719	1,066,103,806
Interest on Long Term Debt	10,461,658	9,063,514	8,454,110	7,601,561
Total Governmental Activities Expenses	<u>3,548,325,193</u>	<u>4,099,612,325</u>	<u>4,150,835,796</u>	<u>5,379,610,733</u>
Business-Type Activities:				
Bank of North Dakota	77,556,546	71,996,932	68,887,617	76,366,749
Housing Finance	69,824,036	56,046,981	48,368,304	40,901,946
Loan Programs	6,898,226	8,092,864	8,756,357	12,759,106
State Lottery	17,068,826	18,877,249	19,713,987	19,264,562
Unemployment Compensation	108,482,422	89,236,878	118,377,072	113,988,509
University System	1,008,539,618	1,047,949,521	1,080,816,602	1,129,869,106
Workers Compensation	300,297,491	359,216,200	448,535,174	418,500,961
Other	237,373,095	523,164,269	279,389,712	269,600,028
Total Business-Type Activities Expenses	<u>1,826,040,260</u>	<u>2,174,580,894</u>	<u>2,072,844,825</u>	<u>2,081,250,967</u>
<b>Total Primary Government Expenses</b>	<b>\$ 5,374,365,453</b>	<b>\$ 6,274,193,219</b>	<b>\$ 6,223,680,621</b>	<b>\$ 7,460,861,700</b>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
General Governmental	26,863,061	30,255,507	32,815,967	38,080,695
Education	6,985,958	7,515,580	6,086,567	6,064,710
Health and Human Services	36,563,927	36,100,539	38,381,590	39,915,016
Regulatory	22,122,244	30,312,566	32,359,807	45,384,490
Public Safety and Corrections	14,456,950	26,263,919	26,614,392	28,552,402
Agriculture and Commerce	29,861,552	31,026,427	35,652,945	36,600,243
Natural Resources	24,772,981	31,017,855	26,356,862	29,681,837
Transportation	96,023,474	111,125,056	120,821,133	120,058,651
Operating Grants and Contributions	2,015,949,905	2,012,322,201	1,867,800,810	2,083,789,612
Capital Grants and Contributions	12,768,330	18,099,423	5,353,007	11,045,879
Total Governmental Activities Program Revenues	<u>2,286,368,382</u>	<u>2,334,039,074</u>	<u>2,192,243,080</u>	<u>2,439,173,535</u>
Business-Type Activities:				
Charges for Services:				
Bank of North Dakota	140,043,000	145,038,000	161,080,000	155,548,000
Housing Finance	54,190,469	49,583,855	42,649,030	36,150,366
Loan Programs	5,989,229	6,185,948	7,538,124	7,548,651
State Lottery	23,085,242	26,587,851	27,999,486	27,051,014
Unemployment Compensation	119,074,810	126,040,929	127,174,321	133,701,408
University System	438,741,616	468,992,991	486,262,379	507,302,753
Workers Compensation	193,150,136	253,677,520	320,237,794	318,779,835
Other	246,210,771	278,124,295	289,981,947	276,895,777
Operating Grants and Contributions	449,392,800	601,695,091	370,855,633	439,950,824
Capital Grants and Contributions	14,258,261	20,975,446	19,865,857	18,703,628
Total Business-Type Activities Program Revenues	<u>1,684,136,334</u>	<u>1,976,901,926</u>	<u>1,853,644,571</u>	<u>1,921,632,256</u>
<b>Total Primary Government Program Revenues</b>	<b>\$ 3,970,504,716</b>	<b>\$ 4,310,941,000</b>	<b>\$ 4,045,887,651</b>	<b>\$ 4,360,805,791</b>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(1,261,956,811)	(1,765,573,251)	(1,958,592,716)	(2,940,437,198)
Business-Type Activities	(141,903,926)	(197,678,968)	(219,200,254)	(159,618,711)
<b>Total Primary Government Net Expense</b>	<b>\$ (1,403,860,737)</b>	<b>\$ (1,963,252,219)</b>	<b>\$ (2,177,792,970)</b>	<b>\$ (3,100,055,909)</b>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Taxes:				
Individual and Corporate Income Taxes	605,526,736	658,905,496	863,018,492	700,867,920
Sales and Use Taxes	1,121,730,307	1,543,140,897	1,654,186,763	1,756,777,615
Oil, Gas and Coal Taxes	1,059,467,528	1,670,059,257	2,518,921,322	3,335,934,782
Business and Other Taxes	69,733,806	71,974,295	83,470,020	82,437,250
Unrestricted Investment Earnings	21,330,843	15,500,793	17,967,764	130,011,232
Tobacco Settlement	30,453,643	22,265,336	22,332,577	23,652,803
Miscellaneous	158,447,124	170,544,538	206,709,383	198,533,139
Contributions to Permanent Fund Principal	999,110	12,469,733	13,722,930	14,251,211
Special Items	-	-	-	-
Extraordinary Item	-	-	-	-
Transfers	(365,304,396)	(368,204,484)	(409,585,575)	(424,008,500)
Total Governmental Activities	<u>2,702,384,702</u>	<u>3,796,655,862</u>	<u>4,970,743,676</u>	<u>5,818,457,452</u>
Business-Type Activities:				
Miscellaneous	-	1,940,000	39,166,106	1,857,975
Special Items	-	-	(14,728,630)	-
Transfers	376,538,823	390,214,559	358,701,147	455,888,029
Total Business-Type Activities	<u>376,538,823</u>	<u>392,154,559</u>	<u>383,138,623</u>	<u>457,746,004</u>
<b>Total Primary Government</b>	<b>\$ 3,078,923,525</b>	<b>\$ 4,188,810,421</b>	<b>\$ 5,353,882,299</b>	<b>\$ 6,276,203,456</b>
<b>Change in Net Position</b>				
Governmental Activities	1,440,427,891	2,031,082,611	3,012,150,960	2,878,020,254
Business-Type Activities	234,634,897	194,475,591	163,938,369	298,127,293
<b>Total Primary Government</b>	<b>\$ 1,675,062,788</b>	<b>\$ 2,225,558,202</b>	<b>\$ 3,176,089,329</b>	<b>\$ 3,176,147,547</b>

2015	2016	2017	2018	2019	2020
\$ 1,171,207,640	\$ 1,055,377,601	\$ 955,118,609	\$ 1,034,864,058	\$ 1,183,233,944	\$ 1,034,052,808
1,415,255,393	1,175,550,087	1,214,358,440	1,208,513,849	1,238,988,634	1,288,935,269
1,706,333,172	1,776,822,167	1,851,801,955	1,930,264,975	1,947,263,363	2,077,950,367
66,743,817	69,084,070	76,261,665	60,781,953	61,213,248	78,441,824
249,290,966	227,617,802	238,515,283	241,143,887	230,666,579	249,751,212
106,455,113	106,845,611	100,774,792	95,411,926	99,247,117	107,574,065
236,079,321	321,992,458	286,546,075	230,194,737	261,307,506	217,545,757
603,812,692	679,070,102	529,532,248	444,530,511	443,629,333	429,801,053
7,154,580	1,334,285	2,677,665	2,502,540	1,952,361	1,691,314
<b>5,562,332,694</b>	<b>5,413,694,183</b>	<b>5,255,586,732</b>	<b>5,248,208,436</b>	<b>5,467,502,085</b>	<b>5,485,743,669</b>
71,053,171	85,822,027	88,791,813	86,073,174	98,931,503	103,391,326
37,510,475	40,245,934	40,997,193	46,083,037	52,714,991	56,536,682
11,366,158	17,322,830	13,172,549	13,320,203	12,665,669	16,395,752
20,359,788	26,038,434	20,637,595	23,214,880	26,174,686	18,929,003
144,920,974	225,358,209	156,930,938	115,486,597	84,205,911	611,219,223
1,170,159,474	1,211,438,892	1,204,936,394	1,178,669,412	1,198,989,180	1,227,857,663
377,926,363	366,662,703	254,467,332	270,197,345	297,497,091	220,279,394
549,799,020	569,432,422	571,077,157	632,911,836	594,491,102	616,265,019
2,383,095,423	2,542,321,451	2,351,010,971	2,365,956,484	2,365,670,133	2,870,874,062
<b>7,945,428,117</b>	<b>7,956,015,634</b>	<b>7,606,597,703</b>	<b>7,614,164,920</b>	<b>7,833,172,218</b>	<b>8,356,617,731</b>
37,107,914	36,278,126	33,728,302	33,504,205	37,185,115	31,944,485
6,806,001	7,071,212	7,530,807	6,987,309	7,147,934	10,566,897
64,507,593	42,982,802	43,283,756	48,201,500	80,627,617	47,748,086
25,862,700	52,583,727	29,390,590	31,489,459	29,490,252	37,130,755
30,428,332	24,446,658	23,272,409	30,370,076	32,002,961	20,811,638
31,198,196	38,222,183	35,559,194	40,756,601	32,809,364	38,228,838
33,895,342	35,142,635	35,392,128	33,128,741	38,390,527	44,662,134
132,160,558	122,699,922	124,378,227	120,482,453	120,377,945	116,062,224
1,888,797,868	1,755,539,596	2,221,211,526	2,156,381,884	2,121,702,987	2,028,277,553
1,388,033	3,416,338	1,205,837	94,772	106,834	1,939
<b>2,252,152,537</b>	<b>2,118,383,199</b>	<b>2,554,952,776</b>	<b>2,501,397,000</b>	<b>2,499,841,536</b>	<b>2,375,434,549</b>
175,117,000	207,836,000	223,476,000	221,210,000	251,626,000	279,302,000
34,386,013	36,286,659	37,984,271	39,821,469	49,362,786	58,096,789
10,365,115	12,212,352	11,530,798	7,391,511	13,095,470	17,114,318
27,212,010	35,736,460	27,744,572	31,520,906	35,511,058	24,505,932
127,328,232	147,802,377	193,118,386	162,161,260	114,657,558	452,421,028
517,570,660	537,645,053	546,737,253	549,206,645	540,691,218	528,517,702
339,806,696	308,682,776	244,720,318	239,542,884	249,787,742	230,442,756
554,752,747	573,829,155	577,288,875	639,883,523	600,125,017	623,799,925
312,136,231	298,603,154	380,842,641	363,266,299	410,790,831	596,060,095
36,923,275	29,609,083	32,025,992	4,769,350	19,925,817	17,501,749
2,135,597,979	2,188,243,069	2,275,469,106	2,258,773,847	2,285,573,497	2,827,762,294
<b>4,387,750,516</b>	<b>4,306,626,268</b>	<b>4,830,421,882</b>	<b>4,760,170,847</b>	<b>4,785,415,033</b>	<b>5,203,196,843</b>
(3,310,180,157)	(3,295,310,984)	(2,700,633,956)	(2,746,811,436)	(2,967,660,549)	(3,110,309,120)
(247,497,444)	(354,078,382)	(75,541,865)	(107,182,637)	(80,096,636)	(43,111,768)
<b>\$ (3,557,677,601)</b>	<b>\$ (3,649,389,366)</b>	<b>\$ (2,776,175,821)</b>	<b>\$ (2,853,994,073)</b>	<b>\$ (3,047,757,185)</b>	<b>\$ (3,153,420,888)</b>
732,975,064	414,964,865	418,040,178	452,792,812	604,088,632	513,419,336
1,804,380,378	1,348,342,960	1,236,701,340	1,326,248,557	1,435,129,762	1,364,664,641
2,734,507,198	1,457,361,212	1,490,398,754	2,196,877,038	2,586,569,876	1,949,036,077
92,936,834	99,295,506	98,374,118	100,127,079	110,714,853	107,173,491
117,643,232	64,347,477	489,070,430	380,164,919	360,264,138	333,528,092
21,789,723	22,776,760	21,599,800	55,305,183	20,752,400	21,159,397
161,725,312	119,545,563	119,134,899	163,996,339	231,745,021	190,047,481
16,382,336	15,637,987	11,895,026	4,393,122	11,014,244	9,515,851
-	(4,948,596)	-	-	-	-
-	-	(38,379,966)	-	-	-
(542,713,254)	(603,556,908)	(503,278,766)	(367,497,321)	(290,718,287)	(440,249,767)
5,139,626,823	2,933,766,826	3,343,555,813	4,312,407,728	5,069,560,639	4,048,294,599
9,562,071	93,003	4,846,618	2,921,705	5,162,713	3,576,763
-	-	-	-	-	-
535,979,992	611,332,622	598,094,515	285,002,133	277,018,465	485,109,074
545,542,063	611,425,625	602,941,133	287,923,838	282,181,178	488,685,837
<b>\$ 5,685,168,886</b>	<b>\$ 3,545,192,451</b>	<b>\$ 3,946,496,946</b>	<b>\$ 4,600,331,566</b>	<b>\$ 5,351,741,817</b>	<b>\$ 4,536,980,436</b>
1,829,446,666	(361,544,158)	642,921,857	1,565,596,292	2,101,900,090	937,985,479
298,044,619	257,347,243	527,399,268	180,741,201	202,084,542	445,574,069
<b>\$ 2,127,491,285</b>	<b>\$ (104,196,915)</b>	<b>\$ 1,170,321,125</b>	<b>\$ 1,746,337,493</b>	<b>\$ 2,303,984,632</b>	<b>\$ 1,383,559,548</b>

# STATE OF NORTH DAKOTA

## Schedule 3 -- Fund Balances, Governmental Funds Last Ten Fiscal Years

(modified accrual basis of accounting)

	2011	2012	2013	2014
<b>General Fund</b>				
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
<b>Total General Fund</b>	<b>1,399,371,422</b>	<b>2,906,871,519</b>	<b>4,337,518,136</b>	<b>5,234,654,353</b>
<b>All Other Governmental Funds</b>				
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)	-
<b>Total All Other Governmental Funds</b>	<b>3,629,433,677</b>	<b>3,831,166,411</b>	<b>5,024,465,090</b>	<b>6,854,529,376</b>
<b>Total Fund Balances, Governmental Funds</b>	<b>\$ 5,028,805,099</b>	<b>\$ 6,738,037,930</b>	<b>\$ 9,361,983,226</b>	<b>\$ 12,089,183,729</b>

2015	2016	2017	2018	2019	2020
\$ 3,465,933,483	\$ 3,908,797,255	\$ 4,761,588,134	\$ 5,551,216	\$ 6,638,440	\$ 6,194,850
-	-	-	8,990,891	279,367	396
1,332,805,458	997,494,805	364,544,853	411,711,769	348,222,819	1,066,688,590
1,061,519,282	421,702,619	353,772,107	6,242,855,378	7,231,354,796	7,655,894,378
<b>5,860,258,223</b>	<b>5,327,994,679</b>	<b>5,479,905,094</b>	<b>6,669,109,254</b>	<b>7,586,495,422</b>	<b>8,728,778,214</b>
179,976,824	197,452,648	208,038,662	216,171,493	101,738,203	103,260,391
6,037,108,398	6,000,049,002	5,996,248,585	6,124,510,110	6,488,554,439	6,410,963,955
1,230,446,562	617,111,539	480,910,925	398,555,411	1,187,965,245	840,247,407
-	79,512,397	228,964,056	381,732,051	374,609,779	419,726,973
(8,477,525)	(3,376,686)	(3,146,889)	-	(1,642,214)	(4,821,080)
<b>7,439,054,259</b>	<b>6,890,748,900</b>	<b>6,911,015,339</b>	<b>7,120,969,065</b>	<b>8,151,225,452</b>	<b>7,769,377,646</b>
<b>\$ 13,299,312,482</b>	<b>\$ 12,218,743,579</b>	<b>\$ 12,390,920,433</b>	<b>\$ 13,790,078,319</b>	<b>\$ 15,737,720,874</b>	<b>\$ 16,498,155,860</b>

# STATE OF NORTH DAKOTA

## Schedule 4 -- Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years

(modified accrual basis of accounting)

	2011	2012	2013	2014
<b>Revenues</b>				
Individual and Corporate Income Taxes	\$ 602,185,856	\$ 643,107,392	\$ 845,590,604	\$ 736,426,799
Sales and Use Taxes	1,120,803,578	1,542,807,423	1,652,264,305	1,747,358,775
Oil, Gas, and Coal Taxes	1,058,519,977	1,670,529,100	2,518,629,175	3,336,441,100
Business and Other Taxes	70,417,133	72,084,077	80,514,313	85,216,692
Licenses, Permits and Fees	154,090,944	183,303,744	191,268,529	205,896,279
Intergovernmental	1,610,019,463	1,753,469,275	1,428,170,719	1,433,023,985
Sales and Services	53,599,656	51,864,186	51,333,672	54,206,137
Royalties and Rents	328,289,031	392,165,022	389,989,643	474,293,031
Fines and Forfeits	16,213,841	18,151,711	23,770,098	23,022,332
Interest and Investment Income	270,760,984	74,621,630	250,383,144	515,486,326
Tobacco Settlement	30,453,643	31,277,903	31,344,429	33,896,173
Commodity Assessments	23,111,279	19,710,327	28,572,996	24,788,270
Miscellaneous	7,622,389	25,651,998	56,131,404	37,337,036
<b>Total Revenues</b>	<b>5,346,087,774</b>	<b>6,478,743,788</b>	<b>7,547,963,031</b>	<b>8,707,392,935</b>
<b>Expenditures</b>				
Current:				
General Government	174,560,163	193,919,196	316,117,619	391,604,389
Education	830,379,618	842,666,213	874,348,965	1,073,921,730
Health and Human Services	1,240,584,657	1,267,415,392	1,316,596,317	1,430,474,509
Regulatory	25,371,933	30,249,484	35,368,070	47,317,516
Public Safety and Corrections	233,108,649	292,979,177	199,319,379	230,055,951
Agriculture and Commerce	97,880,158	91,516,274	92,435,869	95,791,431
Natural Resources	110,413,413	123,117,235	105,696,650	107,874,535
Transportation	430,542,156	753,087,144	550,383,353	1,015,136,123
Intergovernmental - Revenue Sharing	326,572,267	415,775,866	570,905,886	887,469,331
Capital Outlay	233,071,350	358,083,597	428,030,196	250,938,968
Debt Service:				
Principal	16,869,266	18,282,996	17,421,039	18,094,333
Interest and Other Charges	10,659,235	9,736,260	8,744,962	7,999,247
<b>Total Expenditures</b>	<b>3,730,012,865</b>	<b>4,396,828,834</b>	<b>4,515,368,305</b>	<b>5,556,678,063</b>
Revenue over (under) Expenditures	1,616,074,909	2,081,914,954	3,032,594,726	3,150,714,872
<b>Other Financing Sources (Uses)</b>				
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	1,402,326	147,344	282,145	52,526
Sale of Capital Assets	539,837	284,974	641,170	336,557
Other	-	-	-	-
Transfers In	566,165,036	1,162,122,470	398,824,628	104,808,196
Transfers Out	(931,469,432)	(1,530,199,911)	(808,397,373)	(528,711,650)
<b>Total Other Financing Sources (Uses)</b>	<b>(360,390,233)</b>	<b>(372,682,123)</b>	<b>(408,649,430)</b>	<b>(423,514,371)</b>
Extraordinary Item	-	-	-	-
<b>Net Changes in Fund Balances</b>	<b>\$ 1,255,684,676</b>	<b>\$ 1,709,232,831</b>	<b>\$ 2,623,945,296</b>	<b>\$ 2,727,200,501</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>&lt;1%</b>	<b>&lt;1%</b>	<b>&lt;1%</b>	<b>&lt;1%</b>

2015	2016	2017	2018	2019	2020
\$ 714,657,090	\$ 424,229,756	\$ 397,563,377	\$ 459,742,512	\$ 594,902,271	\$ 514,474,130
1,790,646,715	1,353,955,780	1,227,777,645	1,308,380,507	1,447,039,166	1,382,950,275
2,734,607,036	1,457,086,135	1,489,177,632	2,198,245,617	2,586,461,875	1,949,413,720
93,445,691	99,743,017	99,358,473	100,050,115	113,491,911	107,904,881
215,706,207	207,163,123	201,347,912	209,425,979	208,629,095	205,881,199
1,626,610,762	1,643,431,832	1,718,291,215	1,666,435,743	1,722,371,509	1,935,418,579
81,988,980	57,382,857	56,713,042	59,147,530	87,945,566	63,647,829
398,048,916	237,379,524	256,351,062	358,554,090	428,518,481	350,303,312
26,167,673	22,979,377	25,792,953	27,794,757	31,643,952	28,740,584
149,053,816	63,615,120	863,607,155	668,469,231	568,502,158	267,822,601
30,512,364	31,872,848	25,677,716	55,305,183	20,752,400	21,159,397
23,662,092	25,007,037	27,771,103	25,879,090	24,055,725	23,180,351
17,176,577	43,591,538	19,059,502	32,577,808	26,261,882	32,010,373
<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>	<u>6,882,907,231</u>
690,034,696	363,410,801	375,462,221	196,145,504	212,878,777	221,601,805
1,116,260,493	1,174,928,314	1,212,413,715	1,205,816,564	1,236,434,495	1,286,565,575
1,707,702,397	1,774,061,712	1,830,146,819	1,895,273,724	1,901,317,937	2,036,979,868
58,625,606	60,161,098	66,319,143	50,990,125	44,017,306	66,636,947
237,542,738	216,354,458	221,427,867	217,079,519	206,073,620	228,482,829
106,304,742	106,791,473	100,053,823	93,502,803	97,290,753	106,261,515
185,712,117	307,669,526	270,375,075	210,225,132	240,134,308	196,940,075
550,382,661	613,815,927	446,115,824	369,478,453	359,256,938	330,326,337
811,392,745	693,793,125	574,300,791	826,616,477	964,483,838	805,934,582
648,582,253	770,056,268	585,432,696	339,847,100	341,357,479	383,713,350
35,744,666	63,766,311	11,576,381	16,169,612	10,839,024	20,566,373
7,915,666	4,544,267	2,809,155	2,532,662	2,073,539	1,800,116
<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>	<u>5,685,809,372</u>
1,746,083,139	(481,915,336)	712,055,277	1,746,330,487	2,244,417,977	1,197,097,859
-	-	-	42,812,909	-	3,344,100
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(20,347,000)	-	-
244,493	149,891	1,728,159	175,968	184,258	145,827
49,910	5,712,951	27,150	19,343	1,141,039	269,769
-	-	-	-	-	-
1,176,200,047	838,882,833	346,374,625	291,318,581	285,737,190	563,143,071
<u>(1,718,913,302)</u>	<u>(1,443,399,242)</u>	<u>(849,628,391)</u>	<u>(658,815,902)</u>	<u>(576,455,477)</u>	<u>(1,003,565,640)</u>
<u>(542,418,852)</u>	<u>(598,653,567)</u>	<u>(501,498,457)</u>	<u>(344,836,101)</u>	<u>(289,392,990)</u>	<u>(436,662,873)</u>
-	-	(38,379,966)	-	-	-
<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>	<u>\$ 760,434,986</u>
<1%	1.3%	<1%	<1%	<1%	<1%

# STATE OF NORTH DAKOTA

## Schedule 5 Taxable Sales by Industry Last Ten Calendar Years

	Calendar Year			
	2010	2011	2012	2013
Mining and Oil Extraction	\$ 1,491,748,626	\$ 3,609,963,576	\$ 5,117,138,306	\$ 4,374,052,860
Construction	494,291,922	702,237,062	1,073,180,098	985,079,023
Manufacturing	711,340,542	995,535,882	1,270,236,581	1,334,723,444
Transportation, Communications, And Public Utilities	390,215,115	577,280,642	652,478,635	569,453,738
Wholesale	3,367,800,790	4,394,667,162	5,987,059,129	6,434,467,781
Retail	4,686,288,902	5,448,304,958	6,348,806,735	6,569,146,675
Services	1,724,349,874	2,490,644,719	3,135,679,592	3,441,014,994
Accommodation and Food Service	1,271,280,053	1,471,737,060	1,706,097,731	1,756,625,375
Miscellaneous				
<b>Total</b>	<b>\$ 14,137,315,824</b>	<b>\$ 19,690,371,061</b>	<b>\$ 25,290,676,807</b>	<b>\$ 25,464,563,890</b>
Effective Tax Rate	4.98%	4.86%	5.08%	5.08%

Source: ND State Tax Department

## Schedule 6 Sales Tax Revenue Payers by Industry Calendar Years 2010 and 2019

(Dollars are in Millions)

	Calendar Year 2010			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail Trade	7,922	27.6%	\$ 233.38	33.2%
Wholesale Trade	4,731	16.5%	161.65	23.0%
Services	7,591	26.4%	86.05	12.2%
Transportation, Communications, And Public Utilities	454	1.6%	19.43	2.8%
Manufacturing	2,536	8.8%	35.42	5.0%
Construction	1,915	6.7%	23.73	3.4%
Miscellaneous	3,206	11.2%	69.92	9.9%
Mining and Oil Extraction	356	1.2%	74.29	10.6%
<b>Total</b>	<b>28,711</b>	<b>100.0%</b>	<b>703.87</b>	<b>100.0%</b>

Source: ND State Tax Department

Calendar Year					
2014	2015	2016	2017	2018	2019
\$ 5,194,104,870	\$ 3,195,799,670	\$ 1,270,571,326	\$ 1,933,586,774	\$ 2,798,102,134	\$ 3,099,269,900
965,197,436	893,628,575	788,360,652	572,742,527	581,608,306	618,279,202
1,527,873,493	1,256,620,179	955,191,364	940,433,285	1,073,576,742	1,167,694,348
630,444,105	566,226,446	359,835,574	325,778,272	520,830,231	607,973,352
7,391,400,913	5,339,698,317	3,564,195,615	3,971,599,479	4,849,827,096	4,972,679,709
6,900,590,520	6,634,790,900	6,137,317,234	6,039,261,375	6,253,114,138	6,686,103,548
3,684,213,017	3,176,227,835	2,547,155,903	2,411,082,485	2,420,785,043	2,537,470,588
1,928,607,097	1,839,842,915	1,705,940,154	1,706,215,062	1,765,283,726	1,834,041,363
<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>	<u>\$ 21,523,512,010</u>
5.00%	5.35%	5.42%	5.06%	5.12%	5.11%

Calendar Year 2019			
Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
10,559	30.4%	341.66	31.1%
5,476	15.8%	228.74	20.8%
9,436	27.2%	129.66	11.8%
463	1.3%	31.07	2.8%
3,030	8.7%	59.67	5.4%
2,141	6.2%	31.59	2.9%
3,022	8.7%	119.21	10.8%
607	1.7%	158.37	14.4%
34,734	100.0%	\$ 1,099.97	100.0%

# STATE OF NORTH DAKOTA

## Schedule 7 Ratios of Outstanding Debt by Type Last Ten Fiscal Years

(dollars in thousands)

	Fiscal Year			
	2011	2012	2013	2014
<b>Governmental Activities</b>				
Revenue bonds	\$ 219,221	\$ 197,021	\$ 180,757	\$ 163,031
Capital leases	2,964	1,928	1,068	667
Notes Payable	8,563	7,428	6,211	4,981
<b>Total Governmental Activities</b>	<u>230,748</u>	<u>206,377</u>	<u>188,036</u>	<u>168,679</u>
<b>Business-type Activities</b>				
Revenue bonds	1,193,816	1,069,257	919,506	901,527
Certificates of Participation	-	-	-	-
Capital leases	75,649	73,211	61,796	44,774
Notes payable	403,509	481,735	415,856	484,763
<b>Total Business-Type Activities</b>	<u>1,672,974</u>	<u>1,624,203</u>	<u>1,397,158</u>	<u>1,431,064</u>
<b>Total Primary Government</b>	<u>\$ 1,903,722</u>	<u>\$ 1,830,580</u>	<u>\$ 1,585,194</u>	<u>\$ 1,599,743</u>
<b>Debt as a Percentage of Personal Income</b> <sup>1</sup>	7.1%	6.2%	4.8%	4.1%
<b>Amount of Debt per Capita</b> <sup>1</sup>	\$ 2,863	\$ 2,714	\$ 2,313	\$ 2,279

<sup>1</sup> 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						
2015	2016	2017	2018	2019	2020	
\$ 129,345	\$ 64,049	\$ 54,105	\$ 40,429	\$ 29,950	\$ 19,730	
600	467	1,695	1,415	1,118	834	
4,412	3,891	2,181	22,248	21,897	14,817	
<u>134,357</u>	<u>68,407</u>	<u>57,981</u>	<u>64,092</u>	<u>52,965</u>	<u>35,381</u>	
884,086	1,040,019	1,019,125	1,242,368	1,525,285	1,666,599	
-	-	-	-	96,843	104,120	
41,224	38,533	41,425	40,058	54,359	51,662	
665,792	747,186	1,299,860	1,289,686	1,120,787	648,266	
<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>2,470,647</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>	<u>\$ 2,506,028</u>	
4.3%	4.4%	5.8%	6.4%	6.9%	6.1%	
\$ 2,383	\$ 2,560	\$ 3,195	\$ 3,478	\$ 3,760	\$ 3,306	

# 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	
<b>BUILDING AUTHORITY BONDS</b>						
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
2020	\$ 5,312,000	\$ -	\$ 5,312,000	\$ 4,400,000	\$ 879,000	1.01
<i>Pledged revenues include interest and lease payments.</i>						
<b>WATER COMMISSION BONDS</b>						
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>						
<b>INFORMATION TECHNOLOGY BONDS</b>						
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>						
<b>DEPARTMENT OF TRANSPORTATION BONDS</b>						
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
2020	\$ 5,313,000	\$ -	\$ 5,313,000	\$ 5,060,000	\$ 253,000	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	
<b>STUDENT LOAN TRUST</b>						
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
2020	\$ 70,000	\$ 26,000	\$ 44,000	\$ -	\$ 23,000	1.91

*Pledged revenues include federal revenues, and loan and investment interest.*

<b>HOUSING FINANCE AGENCY</b>						
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
2020	\$ 72,051,000	\$ 43,041,000	\$ 29,010,000	\$ 109,720,000	\$ 30,104,000	0.21

*Pledged revenues include income and proceeds from mortgage loan activity.*

<b>UNIVERSITY SYSTEM</b>						
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)
2020	\$ 802,320,682	\$ 1,192,083,445	\$ (389,762,763)	\$ 19,508,893	\$ 13,753,146	(11.72)

*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, 2020**

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>
2010	674,715	\$29,344,600	\$43,492	3.8%	358,674
2011	685,225	\$32,882,200	\$47,987	3.5%	379,433
2012	701,176	\$38,859,800	\$55,421	3.1%	411,710
2013	722,036	\$38,860,600	\$53,821	2.9%	427,109
2014	737,401	\$41,526,200	\$56,314	2.7%	444,658
2015	754,066	\$40,600,600	\$53,842	2.8%	437,078
2016	754,434	\$39,622,200	\$52,519	3.1%	417,150
2017	754,942	\$39,774,600	\$52,686	2.7%	414,039
2018	758,080	\$42,147,700	\$55,598	2.6%	417,578
2019	762,062	\$43,819,100	\$57,501	2.4%	422,826

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>2019</u>			<u>2010</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percent of Total Nonagricultural Wage and Salary Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percent of Total Nonagricultural Wage and Salary Employment</u>
Government	83,000	1	18.89%	79,600	1	21.13%
Educational and Health Services	67,200	2	15.30%	57,100	2	15.15%
Retail Trade	45,500	3	10.36%	43,200	3	11.46%
Leisure and Hospitality	40,500	4	9.22%	34,300	4	9.10%
Professional and Business Services	32,800	5	7.47%	27,300	5	7.25%
Construction	28,100	6	6.40%	21,600	7	5.73%
Manufacturing	26,400	7	6.01%	22,600	6	6.00%
Financial Activities	24,800	8	5.65%	20,600	8	5.47%
Wholesale Trade	24,300	9	5.53%	21,100	9	5.60%
Transportation, Warehousing and Utilities	23,900	10	5.44%	16,000	11	4.25%
Logging and Mining	21,300	11	4.85%	10,700	13	2.84%
Other Services	15,400	12	3.51%	15,400	10	4.09%
Information	6,100	13	1.39%	7,300	12	1.94%
<b>Total</b>	<u>439,300</u>		<u>100%</u>	<u>376,800</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>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>	<u>2020-21</u>
Kindergarten	8,236	8,575	8,822	9,033	8,925	8,841	9,271	9,324	9,620	8,992
Grades 1-3	22,229	23,796	24,859	25,960	26,585	26,320	26,316	26,663	27,208	26,812
Grades 4-6	20,932	22,008	22,810	23,751	24,513	25,244	26,076	26,580	26,622	25,880
Grades 7-8	14,740	14,750	14,920	15,299	15,642	16,115	16,511	16,845	17,561	17,742
Grades 9-12	29,641	30,063	30,245	30,235	30,405	30,343	30,771	31,430	31,847	32,619
Total Enrollment	95,778	99,192	101,656	104,278	106,070	106,863	108,945	110,842	112,858	112,045
Special Education Students	13,123	13,268	13,399	13,675	13,988	14,429	15,175	15,902	16,459	NA

Source: Department of Public Instruction

**University System Full-Time Equivalent Student Enrollment**

	<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>	<u>2020-21</u>
Bismarck State College	3,209	2,990	2,955	2,909	2,912	2,860	2,646	2,611	2,598	2,558
Dakota College at Bottineau	524	474	502	518	459	490	527	590	596	552
Dickinson State University	1,959	1,454	1,201	1,176	1,070	1,114	1,128	1,090	1,093	1,147
Lake Region State College	988	973	943	978	981	971	995	1,005	974	867
Mayville State University	704	759	749	798	796	782	784	817	801	801
Minot State University	2,795	2,731	2,710	2,600	2,570	2,591	2,467	2,483	2,399	2,273
ND State College Of Science	2,366	2,354	2,295	2,272	2,305	2,298	2,253	2,126	2,076	2,020
North Dakota State University	12,606	12,707	12,797	12,934	12,834	12,782	12,784	12,394	11,704	11,252
University of North Dakota	12,319	12,728	12,606	12,420	12,455	12,180	11,964	11,585	11,164	10,933
Valley City State University	1,011	995	975	990	1,031	1,044	1,086	1,096	1,164	1,160
Williston State College	608	537	593	579	738	756	763	806	783	703
Total	<u>39,089</u>	<u>38,702</u>	<u>38,326</u>	<u>38,174</u>	<u>38,151</u>	<u>37,870</u>	<u>37,398</u>	<u>36,603</u>	<u>35,352</u>	<u>34,268</u>

Note: Full-Time Equivalent Enrollment is based upon student credit hours.

Source: North Dakota University System

**Schedule 14**  
**State Employees by State Agency**  
**Last Ten Fiscal Years**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>EXECUTIVE BRANCH</b>										
Adjutant General	172	174	178	177	170	155	155	155	155	151
Aeronautics Commission	6	6	6	6	6	7	7	7	7	7
Bank of North Dakota	177	177	177	180	180	182	183	190	190	190
Barley Council	5	5	5	5	5	5	5	5	1	1
Beef Commission	2	2	2	2	2	2	3	3	3	4
Career and Technical Education	34	34	34	34	29	27	27	25	25	55
Corn Council	3	4	5	6	6	6	6	6	3	3
Council on the Arts	5	5	5	5	5	5	5	5	5	5
Department of Agriculture	75	75	76	77	77	77	77	73	74	78
Department of Commerce	68	68	68	70	69	69	69	54	66	62
Department of Corrections and Rehabilitation	705	739	812	813	834	838	845	845	895	899
Department of Emergency Services	65	64	68	70	76	79	79	79	76	68
Department of Environmental Quality	0	0	0	0	0	0	0	0	2	158
Department of Financial Institutions	29	29	29	29	29	30	31	30	30	31
Department of Human Services	2,232	2,201	2,201	2,203	2,215	2,216	2,218	2,163	2,140	2,223
Department of Public Instruction	101	99	99	99	100	100	92	92	94	89
Department of Transportation	1,066	1,066	1,081	1,084	1,082	1,081	1,081	1,047	1,008	985
Department of Trust Lands	23	26	28	31	34	34	33	30	30	29
Ethics Commission	0	0	0	0	0	0	0	0	0	2
Game and Fish Department	157	157	158	158	164	163	163	163	164	166
Highway Patrol	194	198	198	213	215	215	204	204	204	204
Historical Society	63	66	73	72	73	80	80	77	78	77
Indian Affairs Commission	4	4	5	5	5	5	5	5	4	4
Industrial Commission	68	73	93	93	114	113	114	106	108	108
Information Technology Department	341	335	326	341	354	350	352	346	447	400
Job Service North Dakota	309	309	252	239	238	182	182	182	182	173
Milk Marketing Board	6	6	6	6	6	6	6	6	4	4
ND Department of Health	341	345	352	354	365	366	368	360	365	205
ND Horse Racing Commission	2	2	2	2	2	2	2	2	2	2
ND Housing Finance Agency	46	46	46	46	40	41	41	41	42	43
ND Mill and Elevator Association	131	130	131	134	135	142	147	153	151	150
ND Vision Services/School for the Blind	33	33	33	33	33	32	32	30	30	29
North Dakota University System	7,775	7,756	7,763	7,904	8,028	8,012	7,532	7,290	7,207	7,192
Office of Administrative Hearings	7	7	7	5	5	5	5	5	5	5

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>EXECUTIVE BRANCH, Continued</b>										
Office of Management and Budget	135	134	134	134	132	124	123	117	118	114
Office of the Attorney General	202	205	214	217	248	253	253	240	249	246
Office of the Governor	18	18	18	18	18	18	19	17	17	17
Office of the Insurance Commissioner	45	49	49	49	49	49	49	46	46	41
Office of the Labor Commissioner	12	12	13	13	15	15	15	14	14	14
Office of the State Auditor	56	56	55	55	61	62	62	57	57	59
Office of the State Tax Commissioner	133	133	134	134	134	135	135	132	132	123
Office of the State Treasurer	7	8	8	8	8	8	8	7	7	7
Oilseed Council	1	1	1	1	2	1	1	1	1	1
Parks and Recreation Department	53	53	53	55	65	66	65	63	62	62
Protection and Advocacy	29	29	29	28	28	28	28	28	29	29
Public Employees Retirement System	33	33	33	33	33	35	35	35	35	35
Public Service Commission	46	43	44	44	46	46	47	47	47	44
Retirement and Investment Office	18	18	18	19	19	19	19	19	20	20
School for the Deaf	50	50	50	50	51	51	51	51	51	51
Secretary of State	28	31	31	31	34	34	34	32	32	32
Securities Department	9	9	9	9	9	9	9	10	9	9
Seed Department	30	30	30	30	30	30	31	31	30	30
Soybean Council	5	6	7	7	8	8	8	7	6	6
State Fair Association	27	27	27	28	27	27	26	27	28	26
State Library	30	30	30	30	31	30	30	29	29	28
State Radio	0	0	0	0	0	0	0	0	0	0
Veteran's Affairs Department	7	8	8	8	8	9	9	9	7	7
Veterans Home	116	114	117	118	120	116	118	120	119	118
Water Commission	87	87	88	90	95	96	96	93	93	93
Wheat Commission	8	8	8	8	8	8	8	8	6	6
Workforce Safety and Insurance	251	251	254	256	266	265	265	265	267	265
<b>LEGISLATIVE BRANCH</b>										
Legislative Council	34	34	34	36	36	37	36	36	36	36
<b>JUDICIAL BRANCH</b>										
Judiciary Branch	342	344	362	363	364	392	392	355	363	363
<b>Total State Employees</b>	<b>16,052</b>	<b>16,062</b>	<b>16,177</b>	<b>16,368</b>	<b>16,639</b>	<b>16,598</b>	<b>16,118</b>	<b>15,675</b>	<b>15,706</b>	<b>15,681</b>

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**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Government</b>										
<b>Office of the Tax Commissioner</b>										
Number of returns filed electronically <sup>1</sup>	289,387	319,759	352,150	383,906	412,559	428,347	391,234	460,464	447,690	417,060
<b>Education</b>										
<b>Department of Public Instruction</b>										
Public School Enrollment <sup>2</sup>	95,778	99,192	101,656	104,278	106,070	106,863	108,945	110,842	112,858	112,045
<b>North Dakota University System</b>										
Full Time Equivalent Student Enrollment <sup>3</sup>	39,089	38,702	38,326	38,174	38,151	37,870	37,398	36,603	35,352	34,268
<b>Health and Human Services</b>										
<b>North Dakota Department of Health</b>										
Number of Autopsies Performed in ND <sup>4</sup>	323	367	365	261	258	244	234	239	176	NA
<b>North Dakota Department of Environmental Quality</b>										
Air Quality - Percent of Facilities in Compliance <sup>4</sup>	100	99	99	99	100	100	100	99	99	NA
Public Water Systems - Percent of Facilities in Compliance <sup>4</sup>	95	96	96	95	96	98	99	98	99	NA
<b>Department of Human Services</b>										
Number of TANF Caseloads	3,668	3,329	3,032	2,773	2,515	2,367	2,313	2,206	1,968	1,981
Number of Medicaid Recipients	88,618	90,453	91,382	105,539	114,364	122,374	123,766	124,371	122,304	119,763
<b>Regulatory</b>										
<b>Office of the Insurance Commissioner</b>										
Licensed Insurance Agents <sup>4</sup>	50,392	52,417	55,241	61,142	65,671	66,882	75,769	73,304	83,193	94,289
<b>Public Service Commission</b>										
Weighing and Measuring Devices Inspected	10,673	7,437	9,559	5,892	5,446	6,136	5,172	5,183	4,653	3,526
Weights and Measures Quality Assurance Inspections	0	0	0	166	249	216	207	160	79	180
Gas Pipeline Safety Inspections	61	53	83	127	72	81	82	78	42	49
Gas Pipeline Safety Inspection-Person Days	97	97	138	162	124	134	150	191	122	153
<b>Public Safety and Corrections</b>										
<b>Department of Corrections and Rehabilitation</b>										
Average Daily Adult Prison Population <sup>4</sup>	1,460	1,477	1,553	1,617	1,767	1,794	1,813	1,709	1,766	NA
<b>Office of the Attorney General-Bureau of Investigations</b>										
Criminal Cases Opened <sup>4</sup>	366	422	355	478	449	558	514	339	427	NA
Drug Cases Opened <sup>3</sup>	421	375	403	380	387	544	446	278	402	NA
<b>Office of the Attorney General-Crime Laboratory</b>										
Toxicology Alcohol Blood and Breath Analyses <sup>4</sup>	7,583	7,918	7,421	6,523	6,472	5,472	5,201	4,298	4,007	NA
Methamphetamine/Amphetamine Samples Processed <sup>4</sup>	745	1,381	2,387	2,942	4,527	4,669	3,932	4,077	3,284	NA
<b>Office of the Adjutant General</b>										
Assigned National Guard <sup>5</sup>	4,375	4,363	4,210	4,167	4,006	3,980	4,032	4,002	4,094	4,155
<b>Agriculture and Commerce</b>										
<b>Department of Agriculture</b>										
Pounds of Pesticide Waste Collected	189,996	290,932	248,354	310,754	384,857	137,297	180,692	340,074	521,584	114,597
<b>Job Service North Dakota (JSND)</b>										
Net Job Growth from Nonfarm Employment <sup>4</sup>	20,500	32,400	15,500	16,900	-7,600	-19,200	-3,500	3,200	4,300	NA
Source: Current Employment Statistics, BLS - JSND										
New Private Sector Businesses <sup>4</sup>	1,619	2,274	1,371	940	382	-67	-281	-172	336	NA
Source: Quarterly Census of Employment & Wages, BLS - JSND										
<b>Game and Fish Department</b>										
Registered Boats <sup>4</sup>	47,527	62,799	69,381	53,558	61,328	67,026	57,220	60,660	62,672	NA
Hunting and Fishing Licenses Issued	330,833	321,086	359,734	357,488	354,728	356,548	351,704	343,709	343,530	NA
<b>Department of Parks and Recreation</b>										
Park Visitations <sup>4</sup>	1,099,714	1,191,483	1,067,054	1,187,022	1,211,150	1,182,628	1,196,868	1,211,744	1,214,226	NA
Camping Nights <sup>4</sup>	55,018	67,425	66,533	68,480	71,075	73,316	71,555	72,831	72,979	NA
Snowmobile Registrations <sup>4</sup>	11,872	3,354	11,763	3,743	8,958	2,779	8,767	2,762	7,478	NA
OHV Registrations <sup>4</sup>	10,841	21,862	12,198	26,200	12,753	25,316	13,673	27,148	13,115	NA
<b>Transportation</b>										
<b>Department of Transportation</b>										
Registered Vehicles <sup>4</sup>	1,048,240	1,063,203	1,110,241	1,159,317	1,168,252	1,160,042	1,159,040	1,184,472	1,188,053	NA
Licensed Drivers	490,146	502,807	513,838	527,541	545,027	555,935	561,667	561,333	566,015	557,164
<b>Unemployment Compensation</b>										
<b>Job Service North Dakota</b>										
Number of Covered Workers <sup>4</sup>	379,433	411,710	427,109	444,658	437,078	417,150	414,039	417,578	422,826	NA
<b>Workforce Safety and Insurance</b>										
Number of Claims Filed	21,693	24,643	25,835	26,395	24,798	21,227	20,045	19,830	19,913	18,813
Number of Covered Workers	348,743	369,996	402,771	418,234	435,993	427,899	408,107	405,367	409,559	414,371

NA-Not Available

<sup>1</sup> Calendar Year Received<sup>2</sup> Academic Year End Enrollment<sup>3</sup> Academic Year Enrollment<sup>4</sup> Statistics on a Calendar Year Basis<sup>5</sup> 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**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Government</b>										
<b>Office of Management and Budget</b>										
Capitol Complex Buildings	7	7	7	7	7	7	7	7	7	7
<b>Education</b>										
<b>Department of Land</b>										
Common Schools Trust										
Land Acreage	631,940	631,921	631,939	631,997	632,039	631,794	631,806	631,806	631,806	631,761
<b>ND University System</b>										
Buildings	522	512	512	528	528	534	534	516	516	470
Buildings Square Footage	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	16,682,484
<b>Health and Human Services</b>										
<b>Dept. of Human Services</b>										
Buildings	74	74	64	63	63	63	63	63	63	60
<b>Public Safety and Corrections</b>										
<b>Department of Corrections and Rehabilitation</b>										
Buildings	72	72	69	71	71	71	70	70	70	70
<b>Office of the Adjutant General</b>										
Headquarters, Camp and Armory Buildings	282	283	268	280	298	298	302	330	327	319
<b>Natural Resources</b>										
<b>Game and Fish Department</b>										
Wildlife Management Areas	199	201	201	204	201	200	201	201	201	202
Boats, ATV's, Snowmobiles, Tractors, Other	443	446	463	462	460	472	491	493	498	506
<b>Dept. of Parks and Recreation</b>										
Park/Recreational Sites	15	15	15	15	15	15	15	15	15	15
Park Maintenance Vehicles/Equipment	262	291	304	305	305	363	392	364	409	420
<b>Transportation</b>										
<b>Department of Transportation</b>										
Roadway Miles Maintained	8,518	8,504	8,509	8,509	8,563	8,614	8,614	8,614	8,622	8,624
Fleet Vehicles	3,564	3,567	3,600	3,652	3,664	3,726	3,740	3,541	3,406	3,386
Heavy Equipment	471	500	434	441	448	441	445	479	480	489
Buildings	94	123	126	142	158	159	162	164	165	167

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>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>	<u>2020</u>
1 Net Earned Required Contribution and Investment Revenues	\$ 202	\$ 195	\$ 140	\$ 133	\$ 70	\$ 173	\$ 101	\$ 42	\$ 204	\$ 183
2 Unallocated Expenses	25	28	22	33	36	67	26	21	25	8
3 Estimated Incurred Claims and Expense, End of Policy Year	22	4	(115)	39	94	26	21	87	39	(1)
4 Paid (Cumulative) as of:										
End of Policy Year	(179)	(202)	(157)	(32)	(35)	(77)	(86)	(19)	(106)	(136)
One Year Later	(179)	(202)	(157)	(32)	(35)	(77)	(86)	(19)	(106)	
Two Years Later	(179)	(202)	(157)	(32)	(35)	(77)	(86)	(19)		
Three Years Later	(179)	(202)	(157)	(32)	(35)	(77)	(86)			
Four Years Later	(179)	(202)	(157)	(32)	(35)	(77)				
Five Years Later	(179)	(202)	(157)	(32)	(35)					
Six Years Later	(179)	(202)	(157)	(32)						
Seven Years Later	(179)	(202)	(157)							
Eight Years Later	(179)	(202)								
Nine Years Later	(179)									
5 Reestimated Incurred Claims and Expenses:										
End of Policy Year	22	4	(115)	39	94	26	(21)	87	39	(1)
One Year Later	22	4	(115)	39	94	26	(21)	87	39	
Two Years Later	22	4	(115)	39	94	26	(21)	87		
Three Years Later	22	4	(115)	39	94	26	(21)			
Four Years Later	22	4	(115)	39	94	26				
Five Years Later	22	4	(115)	39	94					
Six Years Later	22	4	(115)	39						
Seven Years Later	22	4	(115)							
Eight Years Later	22	4								
Nine Years Later	22									
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>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>	<u>2020</u>
1 Net Earned Required Contribution and Investment Revenues	\$ 4,709	\$ 3,031	\$ 4,103	\$ 5,388	\$ (2,124)	\$ 2,908	\$ 4,765	\$ 3,567	\$ 3,845	\$ 2,704
2 Unallocated Expenses	1,340	849	768	915	800	912	1,348	1,118	874	541
3 Estimated Incurred Claims and Expense, End of Policy Year	4,663	1,162	1,501	998	1,141	3,039	4,750	2,352	2,953	2,576
4 Paid (Cumulative) as of:										
End of Policy Year	2,571	958	1,106	562	9,378	8,890	3,805	8,318	3,218	2,253
One Year Later	4,191	1,225	1,871	1,067	1,553	3,117	4,466	1,158	3,218	
Two Years Later	4,360	1,318	1,905	1,080	1,564	3,119	4,466	1,158		
Three Years Later	4,492	1,691	1,905	1,080	1,564	3,119	4,466			
Four Years Later	4,492	1,691	1,905	1,080	1,564	3,119				
Five Years Later	4,492	1,691	1,905	1,080	1,564					
Six Years Later	4,492	1,691	1,905	1,080						
Seven Years Later	4,492	1,691	1,905							
Eight Years Later	4,492	1,691								
Nine Years Later	4,492									
5 Reestimated Incurred Claims and Expenses:										
End of Policy Year	4,663	1,162	1,501	998	1,516	3,039	4,750	2,352	3,040	2,953
One Year Later	4,502	1,550	2,009	1,146	1,725	3,292	4,692	3,153	3,040	
Two Years Later	4,528	1,549	2,012	1,122	1,723	3,229	4,634	3,153		
Three Years Later	4,520	1,711	2,012	1,122	1,723	3,226	4,634			
Four Years Later	4,520	1,711	2,012	1,122	1,723	3,226				
Five Years Later	4,516	1,711	2,012	1,122	1,723					
Six Years Later	4,516	1,711	2,012	1,122						
Seven Years Later	4,516	1,711	2,012							
Eight Years Later	4,516	1,711								
Nine Years Later	4,516									
6 Increase in Estimated Incurred Claims and Expense From End of Policy Year	(147)	549	511	125	582	191	(58)	0	87	0

## Schedule 17

### Claims Development Information

### Last Ten Fiscal Years

(Expressed In Thousands)

Workforce Safety & Insurance

	<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>	<u>2020</u>
1 Net Earned Required Contribution and Investment Revenues	\$ 357	\$ 341	\$ 443	\$ 502	\$ 408	\$ 377	\$ 396	\$ 343	\$ 386	\$ 353
2 Unallocated Expenses	30	33	52	41	41	43	47	44	45	44
3 Estimated Incurred Claims and Expense, End Of Policy Year	192	230	300	338	315	229	198	193	187	177
4 Paid (Cumulative) as of:										
End of Policy Year	39	44	53	65	61	41	40	42	42	42
One Year Later	65	87	99	111	102	74	65	76	69	
Two Years Later	76	102	117	128	120	84	73	76		
Three Years Later	85	111	128	140	132	84	78			
Four Years Later	90	116	136	148	140	88				
Five Years Later	94	120	142	154	146					
Six Years Later	96	123	146	158						
Seven Years Later	98	125	148							
Eight Years Later	100	126								
Nine Years Later	101									
5 Reestimated Incurred Claims and Expenses:										
End of Policy Year	192	230	300	338	315	229	198	192	187	177
One Year Later	192	258	293	321	283	204	177	179	174	
Two Years Later	193	344	288	299	271	191	164	172		
Three Years Later	187	241	272	291	267	174	154			
Four Years Later	174	228	266	285	265	161				
Five Years Later	181	221	261	277	263					
Six Years Later	174	214	253	265						
Seven Years Later	171	206	236							
Eight Years Later	164	195								
Nine Years Later	155									
6 Increase in Estimated Incurred Claims and Expense From End of Policy Year	(37)	(36)	(63)	(73)	(52)	(68)	(44)	(22)	(12)	0

## Schedule 18 Agricultural Production

### Value of Export Shares of Agricultural Commodities - 2018 - 2019

	2018 <u>Dollars</u> (Mil.)	2018 <u>% of U.S.</u>	2019 <u>Dollars</u> (Mil.)	2019 <u>% of U.S.</u>
Wheat	950.2	17.63	1,077.2	17.29
Soybeans and Products	1,153.5	5.20	1,119.3	4.86
Other Oil Seeds and Products	550.2	26.01	563.2	29.67
Vegetables Fresh and Processed	238.5	3.44	208.8	2.90
Grain Products	191.7	4.54	176.9	4.42
Vegetable Oils	177.4	6.41	174.3	6.33
Feeds and Other Feed Grains	241.0	2.65	225.0	2.69
Corn	337.7	2.71	209.4	2.74
Other Plant Products	185.8	1.07	132.7	0.73
Beef, Veal and Pork	145.5	0.67	139.3	0.93
Other Livestock Products	44.3	1.47	38.0	1.10
Hides and Skins	18.0	1.23	12.4	1.19
Dairy Products	8.3	0.15	9.2	0.16
Poultry Products	3.8	0.18	2.6	0.13
Total	<u>\$ 4,245.9</u>	<u>3.06%</u>	<u>\$ 4,088.3</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.

### 2020 Crop Rank Among States

North Dakota <u>Ranks</u>	<u>Crop Description</u>	North Dakota <u>Produces</u>
1st	Canola	85%
	Flaxseed	79%
	Pinto Beans	66%
	Spring Wheat	52%
	Sunflower Non-oil	49%
	Durum Wheat	47%
	All Dry Edible Beans	37%
	Honey Production	22%
	Oats	19%

Source: North Dakota Agricultural Statistics June 2020