

***Job Service North Dakota***  
***Financial Report***  
***For the Years Ending***  
***June 30, 2021 and 2020***

***Prepared by:***  
**Job Service North Dakota**  
**Finance Department**

***Nicole Vorachek***  
***Finance Manager***

# JOB SERVICE NORTH DAKOTA

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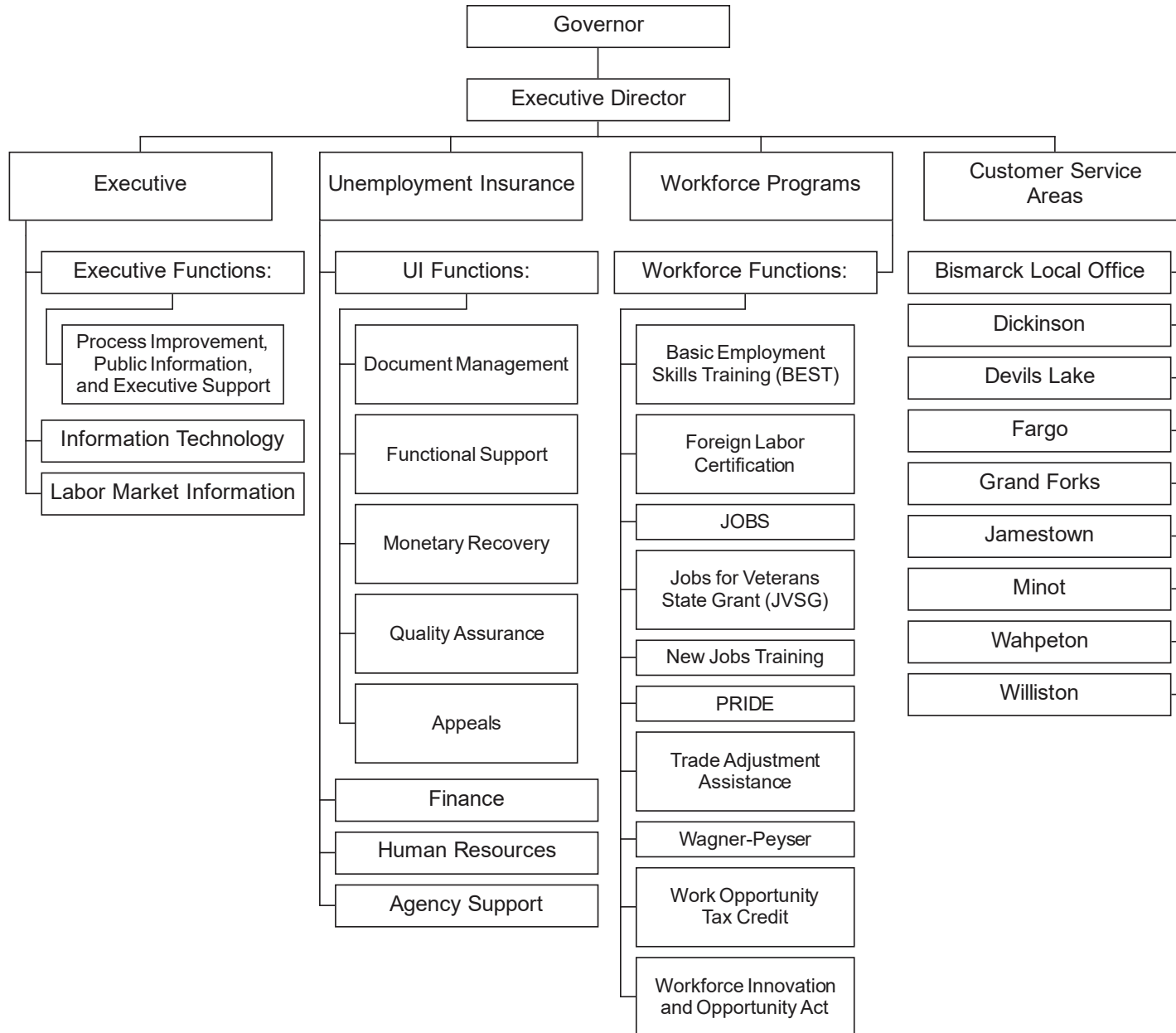
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# JOB SERVICE NORTH DAKOTA

## Organizational Structure



# **Independent Auditors' Report**

## INDEPENDENT AUDITOR'S REPORT

Governor Doug Burgum  
The Legislative Assembly  
State of North Dakota

Bryan Klipfel, Executive Director  
Job Service North Dakota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Job Service North Dakota, a department of the State of North Dakota as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Job Service North Dakota'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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Job Service North Dakota, as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the statement of appropriations for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

As discussed in Note 1 to the financial statements, the financial statements of the Job Service North Dakota are intended to present the financial position, changes in net position, and where applicable cash flows of only that portion of the financial statement of the State of North Dakota that is attributable to the transactions of Job Service North Dakota. They do not purport to, and do not, present fairly the financial position of the State of North Dakota as of June 30, 2021 and 2020, the changes in its financial position or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are 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 and required supplementary information, 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 Job Service North Dakota's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements are the responsibility of management and were derived from and relate 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 financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The organizational chart and section regarding capital assets used in the operation of governmental funds 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 October 15, 2021, on our consideration of Job Service 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 Job Service 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 Job Service North Dakota's internal control over financial reporting and compliance.



**BRADY, MARTZ & ASSOCIATES, P.C.  
BISMARCK, NORTH DAKOTA**

October 15, 2021



# **Management's Discussion and Analysis**

# **Management's Discussion and Analysis**

## **June 30, 2021 and 2020**

As management of Job Service North Dakota (Agency), we offer readers of the Agency's financial statements this narrative and analysis of the financial activities of the Agency for the fiscal years ended June 30, 2021 and June 30, 2020 with comparison to the fiscal years ended June 30, 2020 and June 30, 2019, respectively.

### **Financial Highlights**

- ❑ The assets and deferred outflows of resources of Job Service North Dakota exceeded its liabilities and deferred inflows of resources at the close of the June 30, 2021 fiscal year by \$293.19 million (net position). The decrease of \$1.64 million (0.56%) over the prior fiscal year is due to a decrease in the Business-Type Activity of the Unemployment Insurance Trust fund of \$0.96 million and a decrease in the Governmental Activities of \$0.68 million primarily related to an increase in the net pension liability offset by an increase in deferred pension outflows of resources. The net position remained relatively stable through the year ended June 30, 2021.
- ❑ The assets and deferred outflows of resources of Job Service North Dakota exceeded its liabilities and deferred inflows of resources at the close of the June 30, 2020 fiscal year by \$294.83 million (net position). The increase of \$38.63 million (15.08%) over the prior fiscal year is due to an increase in the Business-Type Activity of the Unemployment Insurance Trust fund of \$38.61 million and an increase in the Governmental Activities of \$0.02 million primarily related to an increase in the pension asset and deferred pension inflows of resources offset by a decrease in deferred pension outflows of resources and pension liability. The Unemployment Insurance Trust Fund increase is attributable to the cash and cash equivalents of the Unemployment Insurance Trust fund which was impacted by an increase in contributions from the Coronavirus Relief Fund due to the COVID-19 pandemic.
- ❑ As of the close of the June 30, 2021 and June 30, 2020 fiscal years, the Agency's Business-Type funds reported an ending net position of \$261.95 million and \$262.92 million, respectively, a decrease of \$0.97 million and an increase of \$38.61 million, respectively, in comparison with the prior year. All of the assets of the business-type funds are fully restricted for specific purposes.
- ❑ The Agency's governmental funds reported net position of \$31.24 million and \$31.91 million as of June 30, 2021 and June 30, 2020, respectively, a decrease of \$0.67 million and an increase of \$0.02 million, respectively, over the prior year. Of the total, \$6.02 million and \$5.75 million, respectively, of these assets are the net investment in capital assets, \$31.12 million and \$31.01 million, respectively, are restricted for payment of pension benefits and (\$5.90) million and (\$4.85) million, respectively, is unrestricted.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Job Service North Dakota. The basic financial statements of Job Service North Dakota are comprised of three components:

1. *Government-wide financial statements,*
2. *Fund financial statements, and*
3. *Notes to the financial statements.*

Other supplementary information is also included in this report in addition to the basic financial statements.

#### **Government-wide financial statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the Agency's financial activity and status, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Agency's assets and deferred outflows as well as liabilities and deferred inflows with the difference between them reported as *net position*. Comparative information is presented for June 30, 2021 and June 30, 2020. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Job Service North Dakota is improving or deteriorating.

The *statement of activities* presents information showing how the Agency's net position changed during the years ending June 30, 2021 and June 30, 2020. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected Unemployment Insurance contributions and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of Job Service North Dakota that are principally supported by grants and intergovernmental revenues (governmental activities) from those other functions that are intended to recover all or a significant portion of their costs through employer assessed taxes and program interest (business-type activities). The governmental activities of the Agency include federal grants, fee-for-service contracts, and a general fund appropriation from the State of North Dakota. The only business-type activity is the Unemployment Insurance Trust Fund.

The government-wide financial statements include only Job Service North Dakota itself; there are no component units reporting to the Agency. The government-wide financial statements can be found on pages 9-11 of this report.

### ***Fund financial statements***

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Job Service North Dakota uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Agency can be divided into two categories: governmental funds and proprietary funds.

#### **Governmental Funds**

*Governmental funds* are used to account for essentially the same functions as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide, as a separate schedule, a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*. These reconciliations can be found on pages 13 & 15 of this report.

Job Service North Dakota maintains five individual governmental funds. In the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances, financial information is presented for the federal fund, federal advance interest repayment account fund, and general fund, which are considered to be the only major funds for the year ended June 30, 2021. Data from the other two governmental funds are combined into a single, aggregated presentation for *nonmajor governmental funds*. Individual fund data for each of the nonmajor governmental funds is shown in the *combining statements* provided in the supplemental information of this report. The federal advance interest repayment account is considered to be a nonmajor fund for the year ended June 30, 2020 and is shown accordingly in the statements.

The Agency is appropriated a biennial budget from the North Dakota Legislature for its general, federal, and nonfederal funds. A budgetary comparison statement has been provided on page 19 to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

#### **Proprietary Fund**

Job Service North Dakota maintains one type of proprietary fund. An *enterprise fund* is used to report the same function presented as a *business-type activity* in the government-wide financial statements. The Agency uses an enterprise fund to account for the Unemployment Insurance Trust fund and its tax collection and benefit payment operations. The Proprietary fund provides the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 16-18 of this report.

## Government-wide Financial Analysis

As previously mentioned, net position may serve as a useful indicator of a government's financial position. The assets and deferred outflows of resources of Job Service North Dakota exceeded liabilities and deferred inflows of resources by \$293.19 million as of June 30, 2021 and \$294.83 million as of June 30, 2020.

### Job Service North Dakota's Changes in Net Position For the Year Ended June 30 (in thousands)

	Governmental Activities			Business-Type Activities			Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
<b>Revenues:</b>									
<b>Program revenues:</b>									
Charges for services	\$ -	\$ -	\$ -	\$ 560,688	\$ 452,421	\$ 114,658	\$ 560,688	\$ 452,421	\$ 114,658
Operating grants and contributions	28,731	23,274	22,401	169,403	197,406	4,443	198,134	220,681	26,843
<b>Total revenues</b>	<b>\$ 28,731</b>	<b>\$ 23,274</b>	<b>\$ 22,401</b>	<b>\$ 730,091</b>	<b>\$ 649,827</b>	<b>\$ 119,101</b>	<b>\$ 758,822</b>	<b>\$ 673,102</b>	<b>\$ 141,501</b>
<b>Expenses:</b>									
Economic development & assistance	\$ 29,594	\$ 23,582	\$ 28,181	\$ -	\$ -	\$ -	\$ 29,594	\$ 23,582	\$ 28,181
Interest on long-term debt	35	46	58	-	-	-	35	46	58
Unemployment compensation funds	-	-	-	731,053	611,219	84,206	731,053	611,219	84,206
<b>Total expenses</b>	<b>\$ 29,629</b>	<b>\$ 23,628</b>	<b>\$ 28,239</b>	<b>\$ 731,053</b>	<b>\$ 611,219</b>	<b>\$ 84,206</b>	<b>\$ 760,682</b>	<b>\$ 634,847</b>	<b>\$ 112,445</b>
Change in net position before transfers and special items	\$ (898)	\$ (354)	\$ (5,838)	\$ (962)	\$ 38,608	\$ 34,895	\$ (1,860)	\$ 38,254	\$ 29,056
Special Item - gain (loss) on disposal of fixed assets	-	169	140	-	-	-	-	169	140
Transfers	221	207	221	-	-	-	221	207	221
Change in net position	(677)	22	(5,477)	(962)	38,608	34,895	(1,639)	38,630	29,417
Net Position - Beginning of year	31,913	31,891	37,369	262,918	224,310	189,415	294,831	256,201	226,784
Net Position - End of year	\$ 31,236	\$ 31,913	\$ 31,891	\$ 261,956	\$ 262,918	\$ 224,310	\$ 293,192	\$ 294,831	\$ 256,201

The Agency is primarily funded by federal grants from the United States Department of Labor. The largest portion of the Agency's net position reflects the business-type activity of the Unemployment Insurance Trust Fund. This net position will be discussed in further detail under the business-type activity section and the discussion of the proprietary fund. The net position of \$293.19 million as of June 30, 2021 and \$294.83 million as of June 30, 2020 includes \$31.24 million and \$31.91 million of net position of the Governmental Activities, respectively, and \$261.95 million and \$262.92 million of net position of the Business-Type Activity, respectively, of the Proprietary fund.

**Job Service North Dakota's Net Position**  
**June 30**  
(in thousands)

	Governmental Activities			Business-Type Activities			Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Current and other assets	\$ 42,808	\$ 41,473	\$ 37,786	\$ 273,084	\$ 283,226	\$ 231,716	\$ 315,891	\$ 324,699	\$ 269,502
Capital assets	7,086	6,507	6,286	-	-	-	7,086	6,507	6,286
<b>Total assets</b>	<b>49,894</b>	<b>47,980</b>	<b>44,072</b>	<b>273,084</b>	<b>283,226</b>	<b>231,716</b>	<b>322,977</b>	<b>331,206</b>	<b>275,788</b>
Deferred outflows of resources	\$ 16,876	\$ 5,391	\$ 10,204	\$ -	\$ -	\$ -	\$ 16,876	\$ 5,391	\$ 10,204
Noncurrent liabilities	29,024	13,063	18,174	-	-	-	29,024	13,063	18,174
Other liabilities	2,405	2,592	2,213	11,128	20,308	7,406	13,533	22,900	9,619
<b>Total liabilities</b>	<b>31,429</b>	<b>15,655</b>	<b>20,387</b>	<b>11,128</b>	<b>20,308</b>	<b>7,406</b>	<b>42,557</b>	<b>35,963</b>	<b>27,793</b>
Deferred inflows of resources	\$ 4,105	\$ 5,803	\$ 1,998	\$ -	\$ -	\$ -	\$ 4,105	\$ 5,803	\$ 1,998
<b>Net Position:</b>									
Net investment in capital assets	6,018	5,759	5,058	-	-	-	6,018	5,759	5,058
Restricted	31,122	31,006	27,459	261,956	262,918	224,310	293,078	293,924	251,769
Unrestricted	(5,904)	(4,852)	(626)	-	-	-	(5,904)	(4,852)	(626)
<b>Total net position</b>	<b>\$ 31,236</b>	<b>\$ 31,913</b>	<b>\$ 31,891</b>	<b>\$ 261,956</b>	<b>\$ 262,918</b>	<b>\$ 224,310</b>	<b>\$ 293,192</b>	<b>\$ 294,831</b>	<b>\$ 256,201</b>

**Governmental activities**

The net position as of June 30, 2021 and 2020, related to governmental activities, are \$31.24 million and \$31.91 million, respectively. The net position as of June 30, 2021 and 2020 include, \$6.02 million and \$5.75 million, respectively, as investments in capital assets (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that is outstanding. The Agency uses these capital assets to provide its services to the citizens of North Dakota. Although the Agency'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.

Of the remaining net position for June 30, 2021 and June 30, 2020, \$31.12 million and \$31.01 million, respectively, is classified as restricted for Pension Assets and (\$5.90) million and (\$4.85) million, respectively, is classified as unrestricted net position which is related to the unexpended resources of the Federal Advance Interest Repayment Account (FAIRA) offset by the booking of the net pension assets, liabilities and deferred inflows and outflows of resources under GASB 68, *Accounting and Financial Reporting for Pensions* and the net OPEB liabilities and deferred inflows and outflows of resources under GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. North Dakota Century Code 52-04-22 initially established FAIRA for the single purpose of paying the interest charges on any Title XII advances to the Unemployment Insurance Trust Fund. Through subsequent legislation, additional uses have been implemented into the law.

**Business-type activity**

The only business-type activity of the Agency is the operation of the Unemployment Insurance Trust Fund. The purpose of this activity is to collect employer unemployment taxes and pay unemployment benefits. In addition, any federally authorized unemployment benefit program administered by the Agency uses this fund for the federal revenue and federal benefit expenses. The restricted net position of \$261.95 million and \$262.92 million at June 30, 2021 and June 30, 2020, respectively, are applicable to separate restrictions. Restricted assets for Unemployment Insurance Benefits of \$250.17 million at June 30, 2021 and \$250.38 million at June 30, 2020 represent the balance of unexpended resources in the Unemployment Insurance Trust Fund that may only be expended for unemployment benefits.

Restricted assets for Unemployment Insurance Benefits and/or Other Purposes of \$11.78 million at June 30, 2021 and \$12.54 million at June 30, 2020, represent the Department of Labor distribution of Reed Act resources into each state's trust fund that remains unexpended as of the end of the fiscal year. Federal law governs how the distribution may be expended. The distribution is available for the payment of Unemployment Insurance benefits to claimants and/or, if specifically appropriated by the Legislative Assembly, the administration of the state's Unemployment Insurance and Employment Service programs.

## ***Financial Analysis of the Government's Funds***

### ***Governmental funds***

Job Service North Dakota utilizes five individual governmental funds. The federal fund and the 001-General Fund are considered to be the agency's major funds. The Federal Advance Interest Repayment Account fund is considered to be major for year ended June 30, 2021 and nonmajor for year ended June, 30 2020. The two nonmajor governmental funds include the 362-Job Service Special Fund and the 392-Insurance Recovery Fund.

Federal Grants revenue is accrued in the federal fund to equal the federal Economic Development & Assistance expenditures accrued through the fiscal year end. The revenue of the Federal Fund increased 22.9% from 2020 to 2021. This increase was due to the increase in Economic Development & Assistance expenditures, which is due to additional expenditures from the CARES Act funding during the COVID-19 pandemic. The revenue of the Federal Fund increased 4.4% from 2019 to 2020. This increase was due to the increase in Economic Development & Assistance expenditures, which was slightly due to additional expenditures from the CARES Act funding during the COVID-19 pandemic.

The Federal Advance Interest Repayment Account contains the penalty and interest revenue collected on delinquent Unemployment Insurance contribution reports. These revenues are used to pay any interest due on federal and nonfederal obligations of the Unemployment Insurance Trust fund. In addition, North Dakota Century Code 52-04-22 authorizes specific other purposes for which these revenues may be expended.

The General Fund represents a state appropriation of general fund resources to the Agency to administer jobsnd.com and the labor exchange website. The Job Service Special Fund represents contracts and cooperative agreements with outside parties for the provision of employment and training related services to targeted groups or areas. The Insurance Recovery fund represents proceeds from insurance claims to fund repairs to equipment and buildings.

### ***Proprietary fund***

Job Service North Dakota maintains the Unemployment Insurance Trust Fund as its only proprietary fund. The primary revenue source for this fund is the collection of the state Unemployment tax. The nonoperating revenue for this fund is the interest earned on these collected taxes that is on deposit with the United States Treasury. The federal government reimburses this fund for any federal benefit expenditures that are paid through this fund and this revenue source is reported as Federal Benefit Reimbursements. June 30, 2021 charges for service revenue increased by \$225.83 million over the prior year due to an increase of \$114.77 million in Federal Benefit Reimbursements for the Federal UI programs in the CARES Act. These are offset by a \$24.08 million decrease in Unemployment Insurance contribution, an increase of \$.42 million Unemployment Insurance Overpayments interest, and an increase of \$19.56 million increase of unemployment insurance relief funding for certain non-profits and state/local governments. The Unemployment Insurance contribution decrease is due to a decrease in the average unemployment insurance tax rates to employers. June 30, 2021 operating grants decreased by \$28.00 million due in large part due to a decrease in transfer of funds from the Coronavirus Relief Fund to mitigate the impact on employers for increased unemployment insurance claims due to the COVID-19 pandemic.

June 30, 2020 charges for service revenue increased by \$337.76 million over the prior year due to an increase of \$339.58 million in Federal Benefit Reimbursements for the new Federal UI programs in the CARES Act. These are offset by a \$5.89 million decrease in Unemployment Insurance contribution, a decrease of \$.08 million Unemployment Insurance Overpayments interest, an increase of \$2.41 million of Reed Act distributions and an increase of \$1.75 million increase of unemployment insurance relief funding for certain non-profits and state/local governments. The Unemployment Insurance contribution decrease is due to a decrease in the average unemployment insurance tax rates to employers. June 30, 2020 operating grants increased by \$192.96 million due in large part to a transfer from the Coronavirus Relief Fund to mitigate the impact on employers for increased unemployment insurance claims due to the COVID-19 pandemic.



Expenditures for this fund are primarily the unemployment benefits paid under the applicable state or federal benefit laws. State Unemployment Insurance Benefits expense decreased by \$13.99 million, while Federal Unemployment Benefits expense increased by \$114.77 million for the year ended June 30, 2021. The State Unemployment Insurance Benefit expense decrease was due to a decrease in unemployment insurance benefits as the economy starting opening back up after the COVID-19 pandemic. The federal benefit expense increase is due to additional federal benefit claims under the new Federal programs in the CARES Act. The net position of the proprietary fund decreased 0.37% from the previous year as a result of these changes.

State Unemployment Insurance Benefits expense increased by \$184.64 million, while Federal Unemployment Benefits expense increased by \$339.58 million for the year ended June 30, 2020. The State Unemployment Insurance Benefit expense increase was due to an increase in unemployment insurance benefits due to the COVID-19 pandemic. The federal benefit expense increase is due to additional federal benefit claims under the new Federal programs in the CARES Act. The net position of the proprietary fund increased 17.21% from the previous year as a result of these changes.

## Capital Asset and Debt Administration

### Capital assets

The Agency's investment in capital assets was \$7.09 million (net of accumulated depreciation) as of the end of the current fiscal year as compared to \$6.51 million for the end of the previous year. This investment in the governmental activities includes land, buildings, and equipment with an acquisition cost of \$5,000 or more.

Additional information on the Agency's capital assets can be found in Note 5 of this report and in the section entitled *Capital Assets Used in the Operation of Governmental Funds* on pages 68-70.

### Noncurrent Liabilities

Noncurrent liabilities at June 30, 2021 and June 30, 2020 were \$29.02 million and \$13.06 million, respectively, and includes the Agency's Other Post-Employment Benefits of \$1.85 million, the net Pension Liability of \$24.95 million, a capitalized lease for the Bismarck/Mandan customer service office, equipment capital leases, and compensated absences. Of the current year balance, \$.50 million is classified as due within one year on the Statement of Net Position. The remaining liability of \$1.72 million is classified as a long-term liability on the financial statements because it is due in more than one year.

## Job Service North Dakota's Liabilities

June 30

(in thousands)

	Governmental Activities			Business-Type Activities			Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
<b>Current liabilities:</b>									
Accounts payable	\$ 613	\$ 333	\$ 293	\$ 7,562	\$ 12,905	\$ 5,559	\$ 8,175	\$ 13,238	\$ 5,852
Accrued payroll	1,494	1,312	1,192	-	-	-	1,494	1,312	1,192
Interest payable	7	4	7	-	-	-	7	4	7
Other current liabilities	292	944	721	3,566	7,403	1,848	3,858	8,347	2,569
<b>Noncurrent liabilities:</b>									
Net OPEB Liability	1,847	1,871	2,077	-	-	-	1,847	1,871	2,077
Net Pension Liability	24,951	9,288	13,895	-	-	-	24,951	9,288	13,895
Due within one year	497	601	574	-	-	-	497	601	574
Due in more than one year	1,728	1,303	1,628	-	-	-	1,728	1,303	1,628
<b>Total liabilities</b>	<b>\$ 31,429</b>	<b>\$ 15,655</b>	<b>\$ 20,387</b>	<b>\$ 11,128</b>	<b>\$ 20,308</b>	<b>\$ 7,407</b>	<b>\$ 42,557</b>	<b>\$ 35,963</b>	<b>\$ 27,794</b>

Additional information on the Agency's noncurrent liabilities can be found in Note 10 of this report. Additional information on the Agency's net OPEB Obligation and net Pension Liability can be found in Notes 7 and 6, respectively.

### ***Financial Analysis of Appropriated Budget***

The Agency's biennial budget can be found on page 19. The agency had an overall favorable variance of \$17.73 million. The Reed Act budget variance of \$10.97 million is due to activities and funding associated with the continuation of the Agency's Unemployment Insurance IT system replacement project. Expenditure of Reed Act funds during this biennium have been minimal due to IT resources being focused on implementing programs related to the COVID-19 pandemic. Enhancements have been made to the current system to allow for a smoother transition to a new system on a widely-used technology platform. The Reed Act resources continue to be a necessary funding component and will be needed to accommodate the development of the new computer system.

### ***Economic Factors and Next Year's Budgets and Rates***

#### ***Administrative Funding:***

Nearly the entire Agency administrative budget (salaries, operating expenses, equipment) is funded with federal resources. These resources are becoming increasingly subject to federal budget cuts that significantly impact the Agency, including the following:

- ❑ Annual "flat" or declining funding of the Agency's primary administrative funding for WIOA, Wagner Peyser and Unemployment Insurance. Sequestration, the automatic spending cuts provided for in the Gramm-Rudman-Hollings Deficit Reduction Act of 1985, if enacted again, will reduce future funding for the agency.
- ❑ United States Department of Labor (DOL) funding of our programs does not recognize or provide additional funding to cover state required expenditures, such as salary increases, fringe benefit increases, statewide indirect costs, etc. As costs increase and funding decreases the agency will have to continue to reduce staffing levels and operating costs. These reductions in funding may require a reallocation of resources within the state to ensure the agency is meeting the workforce demands of the state.
- ❑ DOL funding does not provide an adequate mechanism or resources for major investments in technology systems. Finding investment resources within the annual operating grants to replace existing aging technology systems and implement new technology for responsive customer service is difficult.

The Agency will develop a plan to address those needs that are high priority.

The annual budget setting process by Agency management continues to be a challenge as annual resources are strained to cover projected costs at the current level of service delivery. Through the planning process, the Agency will be reviewing the budget environment for future years to stay in line with projected resources while striving to maintain a high level of customer service.

#### ***State of North Dakota Legislation:***

The 67th (2021) Legislative Assembly of North Dakota passed legislation that affects Job Service North Dakota. The major legislation affecting the agency was the appropriations legislative bill that is summarized as follows:

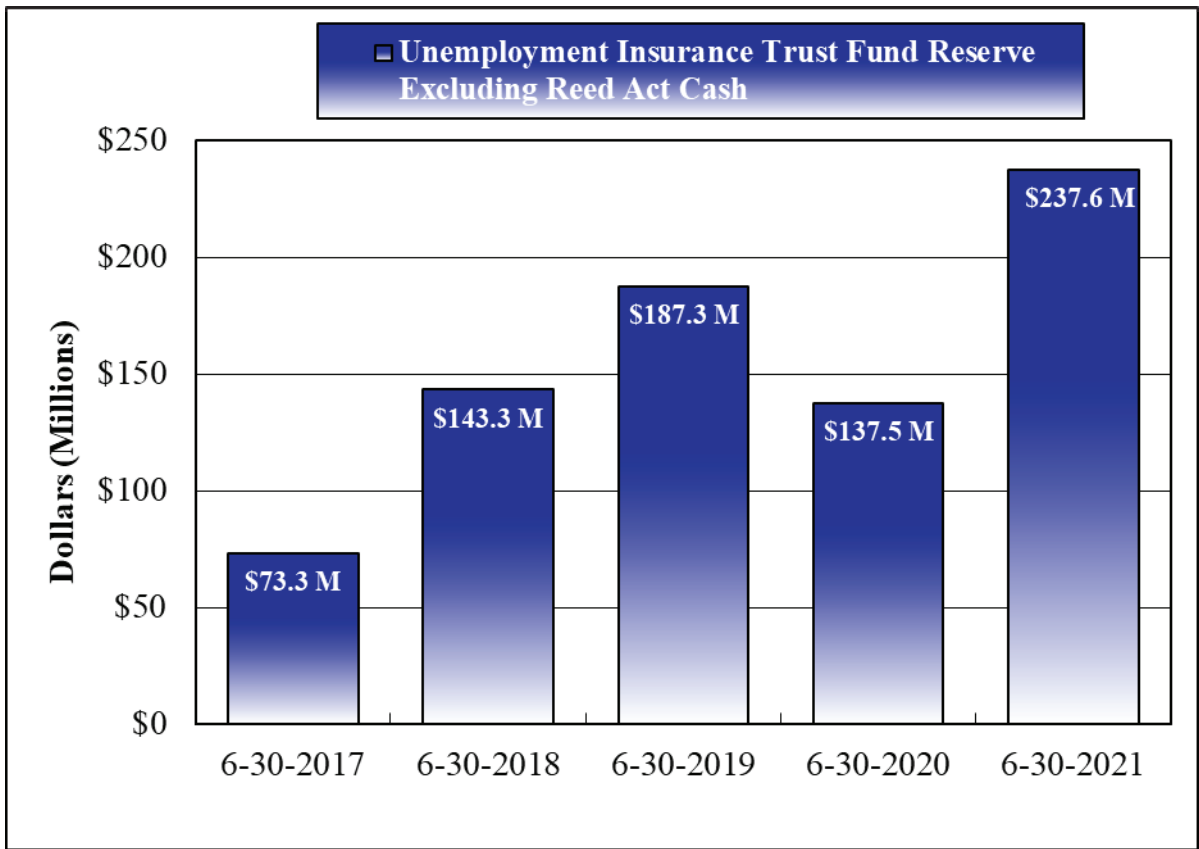
#### **SB 2016, Job Service North Dakota Appropriations**

This bill includes a base budget appropriation for Job Service North Dakota, and an appropriation for \$10,945,126 of Reed Act funds for the Unemployment Insurance computer modernization program.

#### **Unemployment Insurance Trust Fund Reserve:**

As illustrated in the chart below the Unemployment Insurance Trust Fund Reserve has increased by \$100.10 million, a 72.8% increase from a year ago. This increase is due to an increase in unemployment insurance contributions from Federal funds under the CARES Act that were authorized by the ND State Legislative Emergency Commission to mitigate the impact to employers during the COVID-19 pandemic.





Year Ending	Actual Trust Fund Reserve Excluding Reed Act Cash	Reed Act Cash	Trust Fund Reserve Including Reed Act Cash
6-30-2017	\$73,321,994	\$11,364,798	\$84,686,792
6-30-2018	143,270,223	11,086,966	154,357,189
6-30-2019	187,333,692	11,052,268	198,385,960
6-30-2020	137,470,035	14,294,049	151,764,084
6-30-2021	237,573,336	12,057,396	249,630,732

**Requests for Information**

This financial report is designed to provide the reader with a general overview of the Agency’s finances and to provide input into the State of North Dakota Comprehensive Annual Financial Report. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director-Job Service North Dakota, P.O. Box 5507, Bismarck, North Dakota, 58506.

# **Basic Financial Statements**

**JOB SERVICE NORTH DAKOTA**

**Statements of Net Position  
June 30, 2021 and 2020**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>ASSETS</b>						
Cash and Cash equivalents	\$ 1,657,489	\$ 1,442,827	\$ 248,180,254	\$ 151,138,169	\$ 249,837,743	\$ 152,580,996
Investments	6,500,000	5,000,000	-	-	6,500,000	5,000,000
Receivables, net	1,022,395	830,270	23,771,473	38,423,951	24,793,868	39,254,221
Due From:						
Other Funds	49,799	927,687	-	2,185	49,799	929,872
Federal Government	2,160,569	2,074,113	77,905	1,404,794	2,238,474	3,478,907
Other State Agencies	192,035	192,136	-	82,440,864	192,035	82,633,000
Other States	-	-	1,053,909	9,815,816	1,053,909	9,815,816
Prepaid Items	103,530	-	-	-	103,530	-
Pension Assets	31,122,000	31,006,306	-	-	31,122,000	31,006,306
Capital Assets (net of accumulated depreciation):						
Land	1,202,406	1,202,406	-	-	1,202,406	1,202,406
Buildings, Equipment, and Other Depreciable Assets	5,883,403	5,277,830	-	-	5,883,403	5,277,830
Work in Progress	-	26,644	-	-	-	26,644
<b>TOTAL ASSETS</b>	<b>49,893,626</b>	<b>47,980,219</b>	<b>273,083,541</b>	<b>283,225,779</b>	<b>322,977,167</b>	<b>331,205,998</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Pension Outflows	16,654,034	5,204,507	-	-	16,654,034	5,204,507
Deferred OPEB Outflows	222,205	186,548	-	-	222,205	186,548
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>16,876,239</b>	<b>5,391,055</b>	<b>-</b>	<b>-</b>	<b>16,876,239</b>	<b>5,391,055</b>
<b>LIABILITIES</b>						
Accounts Payable	612,453	332,581	7,562,106	12,904,953	8,174,559	13,237,534
Interest Payable	7,149	4,210	-	-	7,149	4,210
Accrued Payroll	1,493,931	1,311,868	-	-	1,493,931	1,311,868
Due To:						
Other Funds	44,430	745,703	5,369	184,169	49,799	929,872
Federal Government	-	-	3,001	50	3,001	50
Other States	-	-	3,422,906	5,261,921	3,422,906	5,261,921
Other State Agencies	247,555	197,806	134,304	1,956,908	381,859	2,154,714
Noncurrent Liabilities:						
Due within one year	497,357	601,212	-	-	497,357	601,212
Due in more than one year	1,728,136	1,303,389	-	-	1,728,136	1,303,389
Net OPEB Liability	1,847,261	1,870,614	-	-	1,847,261	1,870,614
Net Pension Liability	24,950,907	9,287,724	-	-	24,950,907	9,287,724
<b>TOTAL LIABILITIES</b>	<b>31,429,179</b>	<b>15,655,107</b>	<b>11,127,686</b>	<b>20,308,001</b>	<b>42,556,865</b>	<b>35,963,108</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Pension Inflows	4,051,705	5,741,680	-	-	4,051,705	5,741,680
Deferred OPEB Inflows	52,836	61,611	-	-	52,836	61,611
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>4,104,541</b>	<b>5,803,291</b>	<b>-</b>	<b>-</b>	<b>4,104,541</b>	<b>5,803,291</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	6,018,589	5,758,813	-	-	6,018,589	5,758,813
Restricted for:						
Unemployment Insurance Benefits	-	-	250,170,724	250,378,429	250,170,724	250,378,429
Unemployment Insurance Benefits and/or Other Purposes	-	-	11,785,131	12,539,349	11,785,131	12,539,349
Pension Assets	31,122,000	31,006,306	-	-	31,122,000	31,006,306
Unrestricted	(5,904,444)	(4,852,243)	-	-	(5,904,444)	(4,852,243)
<b>TOTAL NET POSITION</b>	<b>\$ 31,236,145</b>	<b>\$ 31,912,876</b>	<b>\$ 261,955,855</b>	<b>\$ 262,917,778</b>	<b>\$ 293,192,000</b>	<b>\$ 294,830,654</b>

See accompanying notes to the Financial Statements.

**JOB SERVICE NORTH DAKOTA**

**Statement of Activities  
For the Fiscal Year Ended June 30, 2021**

	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs</b>						
Governmental Activities:						
Economic Development & Assistance	\$ 29,594,259	\$ -	\$ 28,731,635	\$ (862,624)	\$ -	\$ (862,624)
Interest on long-term debt	34,958	-	-	(34,958)	-	(34,958)
Total governmental activities	<u>29,629,217</u>	<u>-</u>	<u>28,731,635</u>	<u>(897,582)</u>	<u>-</u>	<u>(897,582)</u>
Business-type Activities:						
Unemployment Compensation Funds	731,052,695	560,688,354	169,402,418	-	(961,923)	(961,923)
Total Business-type Activities	<u>731,052,695</u>	<u>560,688,354</u>	<u>169,402,418</u>	<u>-</u>	<u>(961,923)</u>	<u>(961,923)</u>
<b>Total Primary Government</b>	<u>\$ 760,681,912</u>	<u>\$ 560,688,354</u>	<u>\$ 198,134,053</u>	<u>(897,582)</u>	<u>(961,923)</u>	<u>(1,859,505)</u>
		Transfers		220,851	-	220,851
		Change in Net Position		(676,731)	(961,923)	(1,638,654)
		<b>Net Position, July 1, 2020</b>		31,912,876	262,917,778	294,830,654
		<b>Net Position, June 30, 2021</b>		<u>\$ 31,236,145</u>	<u>\$ 261,955,855</u>	<u>\$ 293,192,000</u>

See accompanying notes to the Financial Statements.

**JOB SERVICE NORTH DAKOTA**

**Statement of Activities  
For the Fiscal Year Ended June 30, 2020**

	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs</b>						
Governmental Activities:						
Economic Development & Assistance	\$ 23,581,649	\$ -	\$ 23,274,452	\$ (307,197)	\$ -	\$ (307,197)
Interest on long-term debt	46,346	-	-	(46,346)	-	(46,346)
Total governmental activities	<u>23,627,995</u>	<u>-</u>	<u>23,274,452</u>	<u>(353,543)</u>	<u>-</u>	<u>(353,543)</u>
Business-type Activities:						
Unemployment Compensation Funds	611,219,223	452,421,028	197,406,210	-	38,608,015	38,608,015
Total Business-type Activities	<u>611,219,223</u>	<u>452,421,028</u>	<u>197,406,210</u>	<u>-</u>	<u>38,608,015</u>	<u>38,608,015</u>
<b>Total Primary Government</b>	<u>\$ 634,847,218</u>	<u>\$ 452,421,028</u>	<u>\$ 220,680,662</u>	<u>(353,543)</u>	<u>38,608,015</u>	<u>38,254,472</u>
				Special Item - Gain on disposal of fixed assets		168,557
				Transfers		206,716
				Change in Net Position		21,730
				Net Position, July 1, 2019		31,891,146
				Net Position, June 30, 2020		224,309,763
						256,200,909
						\$ 31,912,876
						\$ 262,917,778
						\$ 294,830,654

See accompanying notes to the Financial Statements.

**JOB SERVICE NORTH DAKOTA**

**Balance Sheets  
Governmental Funds  
June 30, 2021 and 2020**

	Federal Fund		Federal Advance Interest Repayment Account	General Fund		Nonmajor Governmental Funds		Total	
	2021	2020	2021	2021	2020	2021	2020	2021	2020
<b>Assets</b>									
Cash Deposits At The Bank of North Dakota	\$ -	\$ -	\$ 936,198	\$ -	\$ -	\$ -	\$ 1,401,620	\$ 936,198	\$ 1,401,620
Cash in State Treasury	-	-	-	-	-	721,291	41,207	721,291	41,207
Investments At The Bank of North Dakota	-	-	6,500,000	-	-	-	5,000,000	6,500,000	5,000,000
Accounts Receivable - Net:									
Accrued Interest	-	-	970	-	-	-	2,836	970	2,836
Penalty and/or Interest	-	-	1,021,425	-	-	-	827,434	1,021,425	827,434
Due From:									
Other Funds	5,369	184,169	-	-	-	44,430	743,518	49,799	927,687
Federal Government	2,160,569	2,074,113	-	-	-	-	-	2,160,569	2,074,113
Other State Agencies	189,531	192,136	-	2,504	-	-	-	192,035	192,136
Prepaid Items	103,530	-	-	-	-	-	-	103,530	-
<b>Total Assets</b>	<b>\$ 2,458,999</b>	<b>\$ 2,450,418</b>	<b>\$ 8,458,593</b>	<b>\$ 2,504</b>	<b>\$ -</b>	<b>\$ 765,721</b>	<b>\$ 8,016,615</b>	<b>\$ 11,685,817</b>	<b>\$ 10,467,033</b>
<b>Liabilities</b>									
Accounts Payable	\$ 595,148	\$ 267,225	\$ -	\$ -	\$ -	\$ 17,305	\$ 65,356	\$ 612,453	\$ 332,581
Accrued Payroll	1,489,339	1,310,176	-	2,504	-	2,088	1,692	1,493,931	1,311,868
Due To:									
Other Funds	27,168	680,326	17,262	-	-	-	65,377	44,430	745,703
Other State Agencies	243,814	192,691	-	-	-	3,741	5,115	247,555	197,806
<b>Total Liabilities</b>	<b>2,355,469</b>	<b>2,450,418</b>	<b>17,262</b>	<b>2,504</b>	<b>-</b>	<b>23,134</b>	<b>137,540</b>	<b>2,398,369</b>	<b>2,587,958</b>
<b>Deferred Inflows of Resources</b>									
Unpaid Penalty and Interest	-	-	893,634	-	-	-	624,074	893,634	624,074
<b>Total Deferred Inflows</b>	<b>-</b>	<b>-</b>	<b>893,634</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>624,074</b>	<b>893,634</b>	<b>624,074</b>
<b>Fund Balances</b>									
Non-spendable	103,530	-	-	-	-	-	-	103,530	-
Assigned	-	-	7,547,697	-	-	742,587	7,255,001	8,290,284	7,255,001
<b>Total Fund Balances</b>	<b>103,530</b>	<b>-</b>	<b>7,547,697</b>	<b>-</b>	<b>-</b>	<b>742,587</b>	<b>7,255,001</b>	<b>8,393,814</b>	<b>7,255,001</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 2,458,999</b>	<b>\$ 2,450,418</b>	<b>\$ 8,458,593</b>	<b>\$ 2,504</b>	<b>\$ -</b>	<b>\$ 765,721</b>	<b>\$ 8,016,615</b>	<b>\$ 11,685,817</b>	<b>\$ 10,467,033</b>

See accompanying notes to the Financial Statements.

**JOB SERVICE NORTH DAKOTA**

**Reconciliation of the Balance Sheets - Governmental Funds  
To the Statements of Net Position  
June 30, 2021 and 2020**

	2021	2020
Total fund balances for governmental funds	\$ 8,393,814	\$ 7,255,001
Amounts reported for governmental activities in the Statement of Net Position are different because:		
The Pension Assets resulting from contributions in excess of the annual required contribution are not financial resources and, therefore, are not reported in the funds. (Note 6)	31,122,000	31,006,306
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Note 5)		
Land	\$ 1,202,406	\$ 1,202,406
Buildings, equipment, and other depreciable assets	19,247,351	18,002,123
Work in progress	-	26,644
Accumulated depreciation	<u>(13,363,948)</u>	<u>(12,724,293)</u>
7,085,809	6,506,880	
Unpaid Penalty and Interest does not provide current financial resources and are not reported as revenues in the funds.	893,634	624,074
Deferred Pension outflows of resources does not provide current financial resources and are not reported as revenues in the funds.	16,654,034	5,204,507
Deferred Pension inflows are not considered current cash expenses and are not reported as an expenditure in the funds.	(4,051,705)	(5,741,680)
The Net Pension liability relating to retirement plans. (Note 6)	(24,950,907)	(9,287,724)
Deferred OPEB outflows of resources does not provide current financial resources and are not reported as revenues in the funds.	222,205	186,548
Deferred OPEB inflows are not considered current cash expenses and are not reported as an expenditure in the funds.	(52,836)	(61,611)
The Net OPEB liability relating to post-retirement benefits. (Note 7)	(1,847,261)	(1,870,614)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note 10)		
Compensated absences	(1,158,273)	(1,156,534)
Long-term bonded debt is not due and payable in the current period and therefore is not reported in the funds. This is the net effect of these balances on the statement. (Note 10)		
Capital Lease - Bismarck/Mandan Office	(211,500)	(406,500)
Capital Lease - IT Equipment	(812,962)	(268,539)
Capital Lease - Equipment	(42,758)	(73,028)
Accrued interest payable	<u>(7,149)</u>	<u>(4,210)</u>
(1,074,369)	(752,277)	
Net Position of Governmental Activities	<u>\$ 31,236,145</u>	<u>\$ 31,912,876</u>

See accompanying notes to the Financial Statements.

**JOB SERVICE NORTH DAKOTA**

**Statements of Revenues, Expenditures, & Changes in Fund Balances  
Governmental Funds  
For the Fiscal Years Ended June 30, 2021 and 2020**

	Federal Fund		Federal Advance Interest Repayment Account	General Fund		Nonmajor Governmental Funds		Total	
	2021	2020	2021	2021	2020	2021	2020	2021	2020
<b>Revenues</b>									
Federal Grants	\$ 27,237,271	\$ 22,151,604	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,237,271	\$ 22,151,604
Interest Earnings	489	216	28,150	-	-	-	44,874	28,639	45,090
Penalty and/or Interest	-	-	1,383,168	-	-	-	1,012,314	1,383,168	1,012,314
Other Grants	-	-	-	-	-	82,557	67,629	82,557	67,629
<b>Total Revenue</b>	<b>27,237,760</b>	<b>22,151,820</b>	<b>1,411,318</b>	<b>-</b>	<b>-</b>	<b>82,557</b>	<b>1,124,817</b>	<b>28,731,635</b>	<b>23,276,637</b>
<b>Expenditures</b>									
Current:									
Economic Development & Assistance	26,229,620	21,138,336	406,060	210,851	206,716	62,532	1,153,724	26,909,063	22,498,776
Capital Outlays	1,223,763	747,207	-	-	-	-	-	1,223,763	747,207
Debt Service	752,651	479,446	-	-	-	-	-	752,651	479,446
<b>Total Expenditures</b>	<b>28,206,034</b>	<b>22,364,989</b>	<b>406,060</b>	<b>210,851</b>	<b>206,716</b>	<b>62,532</b>	<b>1,153,724</b>	<b>28,885,477</b>	<b>23,725,429</b>
Excess of Revenues Over (Under) Expenditures	(968,274)	(213,169)	1,005,258	(210,851)	(206,716)	20,025	(28,907)	(153,842)	(448,792)
<b>Other Finance Sources (Uses)</b>									
Sale of Land and Building	-	197,000	-	-	-	-	-	-	197,000
Transfers In	-	-	-	210,851	206,716	10,000	-	220,851	206,716
Capital Lease	1,071,804	-	-	-	-	-	-	1,071,804	-
<b>Total Other Finance Sources</b>	<b>1,071,804</b>	<b>197,000</b>	<b>-</b>	<b>210,851</b>	<b>206,716</b>	<b>10,000</b>	<b>-</b>	<b>1,292,655</b>	<b>403,716</b>
Net Change in Fund Balances	103,530	(16,169)	1,005,258	-	-	30,025	(28,907)	1,138,813	(45,076)
Fund Balances at July 1, prior year	-	16,169	6,542,439	-	-	712,562	7,283,908	7,255,001	7,300,077
<b>Fund Balances at June 30</b>	<b>\$ 103,530</b>	<b>\$ -</b>	<b>\$ 7,547,697</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 742,587</b>	<b>\$ 7,255,001</b>	<b>\$ 8,393,814</b>	<b>\$ 7,255,001</b>

See accompanying notes to the Financial Statements.



**JOB SERVICE NORTH DAKOTA****Reconciliation of the Statements of Revenues, Expenditures, and Changes  
in Fund Balances - Governmental Funds to the Statements of Activities  
For the Fiscal Years Ended June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
Net change in fund balances - total governmental funds	\$ 1,138,813	\$ (45,076)
The Pension Assets resulting from contributions in excess of the annual required contribution are not financial resources and, therefore, are not reported in the funds. (Note 6)	115,694	3,547,406
Deferred Pension outflows of resources does not provide current financial resources and are not reported as revenues in the funds.	11,449,527	(4,828,315)
Deferred Pension inflows are not considered current cash expenses and are not reported as an expenditure in the funds.	1,689,975	(3,791,411)
The Net Pension liability relating to retirement plans. (Note 6)	(15,663,183)	4,607,678
Deferred OPEB outflows of resources does not provide current financial resources and are not reported as revenues in the funds.	35,657	14,796
Deferred OPEB inflows are not considered current cash expenses and are not reported as an expenditure in the funds.	8,775	(13,806)
The Net OPEB liability relating to post-retirement benefits. (Note 7)	23,353	205,960
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation was (greater than) less than capital outlays in the current period.	580,368	249,539
Gain(Loss) on disposal of fixed assets net of sale proceeds.	(1,439)	(28,443)
Debt proceeds provide current financial resources to governmental funds by issuing debt which increases long-term debt in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position. (Increase) decrease in long-term debt and change in interest payable.	(322,092)	481,958
Unpaid Penalty and Interest does not provide current financial resources and are not reported as revenues in the funds. Increase (decrease) in Unpaid Penalty and Interest	269,560	(197,051)
Certain expenditures are reported in the funds. However, they either increase or decrease long-term liabilities reported on the Statement of Net Position and have been eliminated from the Statement of Activities. (Increase) decrease in compensated absences.	(1,739)	(181,505)
Changes in net position of governmental activities	<u>\$ (676,731)</u>	<u>\$ 21,730</u>

See accompanying notes to the Financial Statements.

**JOB SERVICE NORTH DAKOTA****Statements of Net Position  
Proprietary Fund  
June 30, 2021 and 2020**

	<b>Unemployment Insurance</b>	
	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current Assets:		
Cash Deposits At The Bank of North Dakota	\$ 15,051	\$ 362,231
Cash and Cash Equivalents in U.S. Treasury	248,165,203	150,775,938
Interest Receivable - Unemployment Insurance Trust Fund	1,465,529	988,146
Accounts Receivable - Net:		
Unemployment Insurance Contributions	20,370,519	35,977,237
Unemployment Insurance Overpayments - Benefits & Interest	1,935,425	1,458,568
Due From:		
Other Funds	-	2,185
Federal Government	77,905	1,404,794
Other States	1,053,909	9,815,816
Other State Agencies	-	82,440,864
<b>Total Assets</b>	<b>273,083,541</b>	<b>283,225,779</b>
<b>Liabilities</b>		
Current Liabilities:		
Benefits Payable	1,709,527	6,125,182
Unemployment Insurance Overpayments - Contributions	5,580,314	5,025,071
Unemployment Insurance Relief Payments	272,265	1,754,700
Due To:		
Other Funds	5,369	184,169
Federal Government	3,001	50
Other States	3,422,906	5,261,921
Other State Agencies	134,304	1,956,908
<b>Total Liabilities</b>	<b>11,127,686</b>	<b>20,308,001</b>
<b>Net Position</b>		
Restricted for:		
Unemployment Insurance Benefits	250,170,724	250,378,429
Unemployment Insurance Benefits and/or Other Purposes	11,785,131	12,539,349
<b>Total Net Position</b>	<b>\$ 261,955,855</b>	<b>\$ 262,917,778</b>

See accompanying notes to the Financial Statements.

**JOB SERVICE NORTH DAKOTA**

**Statements of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Fund  
For the Fiscal Years Ended June 30, 2021 and 2020**

	<b>Unemployment Insurance</b>	
	<b>2021</b>	<b>2020</b>
<b>Operating Revenues:</b>		
Unemployment Insurance Contributions	\$ 200,199,907	\$ 106,723,139
Unemployment Insurance Contributions - Federal Funds	45,653,643	192,440,864
Federal Benefit Reimbursements	455,888,547	341,114,193
Unemployment Insurance Overpayments - Interest	839,529	417,988
Reed Act Distribution	-	2,411,008
Unemployment Insurance Relief Funding	21,319,507	1,754,700
<b>TOTAL OPERATING REVENUES</b>	<b>723,901,133</b>	<b>644,861,892</b>
<b>Operating Expenses:</b>		
Unemployment Insurance Benefits	253,269,223	267,257,725
Federal Unemployment Insurance Benefits	455,888,547	341,114,193
Unemployment Insurance Relief Payments	21,319,507	1,754,700
Economic Development & Assistance	575,418	1,092,605
<b>TOTAL OPERATING EXPENSES</b>	<b>731,052,695</b>	<b>611,219,223</b>
Operating Income(Loss)	(7,151,562)	33,642,669
<b>Nonoperating Revenues:</b>		
Interest Earnings	6,189,639	4,965,346
<b>TOTAL NONOPERATING REVENUES</b>	<b>6,189,639</b>	<b>4,965,346</b>
Change in Net Position	(961,923)	38,608,015
<b>Total Net Position at July 1, prior year</b>	<b>262,917,778</b>	<b>224,309,763</b>
<b>Total Net Position at June 30</b>	<b>\$ 261,955,855</b>	<b>\$ 262,917,778</b>

See accompanying notes to the Financial Statements.

**JOB SERVICE NORTH DAKOTA**

**Statements of Cash Flows  
Proprietary Fund  
For the Fiscal Years Ended June 30, 2021 and 2020**

	<b>Unemployment Insurance</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from employers	\$ 339,048,293	\$ 203,159,046
Receipts from other states	18,696,140	3,455,162
Payments to other states	(19,954,898)	(9,944,992)
Payments to employers	(4,526,150)	(2,895,006)
Benefits Paid to claimants	(240,489,284)	(248,662,452)
Overpayment Interest from claimants	792,380	388,108
Unemployment Insurance Relief	(1,482,435)	1,754,700
Economic Development and Assistance	(754,217)	1,487,081
<b>Net cash (used in)/provided by operating activities</b>	<b>91,329,829</b>	<b>(51,258,353)</b>
<b>Cash Flows from Investing Activities</b>		
Interest on investments	5,712,256	5,141,172
<b>Net cash provided by investing activities</b>	<b>5,712,256</b>	<b>5,141,172</b>
Net change in cash and cash equivalents	97,042,085	(46,117,181)
Cash and cash equivalents at July 1, prior year	151,138,169	197,255,350
<b>Cash and cash equivalents at June 30</b>	<b>\$ 248,180,254</b>	<b>\$ 151,138,169</b>
<b>Reconciliation of Operating Income to Net Cash (Used in)/Provided by Operating Activities:</b>		
Operating income(Loss)	\$ (7,151,562)	\$ 33,642,669
Net changes in assets and liabilities:		
Contributions Receivable	15,606,718	(4,658,389)
Unemployment Insurance Overpayments - Benefits & Interest	(476,857)	(386,826)
Due from Other Funds	2,185	(2,185)
Due from Federal Government	1,326,889	(1,403,367)
Due from Other States	8,761,907	(8,911,048)
Due from State Agencies	82,440,864	(82,440,864)
Benefits Payable	(4,415,655)	5,025,528
Unemployment Insurance Overpayments - Contributions	555,243	565,502
Unemployment Insurance Relief Payments	(1,482,435)	1,754,700
Due to Other Funds	(178,800)	168,677
Due to Federal Government	2,951	49
Due to Other States	(1,839,015)	3,461,381
Due to Other State Agencies	(1,822,604)	1,925,820
<b>Net cash (used in)/provided by operating activities</b>	<b>\$ 91,329,829</b>	<b>\$ (51,258,353)</b>

See accompanying notes to the Financial Statements.

**JOB SERVICE NORTH DAKOTA**

**Statement of Appropriations  
For the Fiscal Year Ended June 30, 2021**

	<i>Approved Budget 2019-2021 Biennium</i>	<i>Appropriation Adjustments 2019-2021 Biennium</i>	<i>Adjusted Budget 2019-2021 Biennium</i>	<i>Actual Expenditures</i>		<i>Variance Favorable (Unfavorable)</i>
				<i>2020</i>	<i>2021</i>	
				<b><i>Revenue:</i></b>		
<i>General Fund</i>	\$ 430,624	\$ -	\$ 430,624	\$ 206,716	\$ 210,851	\$ 13,057
<i>Federal Funds</i>	64,364,900	14,081,213	78,446,113	23,455,409	38,001,546	16,989,158
<i>Other Funds</i>	890,670	-	890,670	98,629	62,532	729,509
<b><i>Total Revenues</i></b>	<b>\$ 65,686,194</b>	<b>\$ 14,081,213</b>	<b>\$ 79,767,407</b>	<b>\$ 23,760,754</b>	<b>\$ 38,274,929</b>	<b>\$ 17,731,724</b>

**Expenditures By Line Item:**

<i>Salaries and Wages</i>	\$ 30,572,221	\$ 1,700,000	\$ 32,272,221	\$ 14,313,474	\$ 17,226,105	\$ 732,642
<i>Operating Expenses</i>	17,840,895	-	17,840,895	6,689,236	8,126,742	3,024,917
<i>Capital Assets</i>	20,000	-	20,000	6,863	5,054	8,083
<i>Grants Benefits &amp; Claims</i>	6,166,112	12,381,213	18,547,325	2,655,985	12,895,262	2,996,078
<i>Reed Act - Unemployment</i>	11,086,966	-	11,086,966	95,196	21,766	10,970,004
<b><i>Total Expenditures</i></b>	<b>\$ 65,686,194</b>	<b>\$ 14,081,213</b>	<b>\$ 79,767,407</b>	<b>\$ 23,760,754</b>	<b>\$ 38,274,929</b>	<b>\$ 17,731,724</b>

See accompanying notes to the Financial Statements

# Job Service North Dakota Notes to Financial Statements June 30, 2021

## **NOTE 1 – Summary of Significant Accounting Policies**

Job Service North Dakota (the Agency) is an agency of the state of North Dakota. As a state agency, Job Service North Dakota is considered to be a department of the State of North Dakota and is included in the State's Annual Comprehensive Financial Report.

The Agency is authorized to receive funds appropriated by the federal government to administer public employment, unemployment insurance, labor market information, and job training services.

The Agency operates through legislative authority of numerous state and federal statutes as amended, including the Wagner-Peyser Act of 1933; the Federal Unemployment Tax Act; Titles III, IX, and XII of the Social Security Act; the Job Training Partnership Act (JTPA) of 1982; and North Dakota Century Code Title 52.

The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America as applicable to government entities.

Job Service North Dakota follows GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement 54 establishes a hierarchy of fund balance classifications based primarily on the extent to which a government is bound to observe spending constraints imposed upon how resources reported in governmental funds may be used. GASB Statement 54 distinguishes fund balance between amounts that are considered nonspendable, such as inventories and prepaid expenses, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Fund balances are reported in the following classifications beginning with the most binding constraints:

- Restricted - amounts constrained by external parties, constitutional provision, or enabling legislation.
- Committed - amounts constrained by a government using its highest level of decision-making authority.
- Assigned - amounts a government intends to use for a particular purpose.
- Unassigned – amounts that are not constrained at all will be reported in the general fund.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted, committed and assigned resources, in this order, then unrestricted resources as they are needed. See note 15 Restricted Net Position for detailed information of the agencies fund balances utilizing GASB 54 classifications.

The following is a summary of the more significant policies:

### **A. Reporting Entity**

In accordance with Governmental Accounting Standard Board (GASB), the Agency should include all component units over which the Agency is financial accountable for or other organizations for which the nature and significance of the relationship with the Agency are such that exclusion would cause the Agency's financial statements to be misleading or incomplete. The Governmental Accounting Standard 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 Agency to impose its will on that organization or (2) the potential for the organization to provide specific financial burdens on the Agency.

The Agency has no component units to be included in this report. The Agency is included as part of the primary government unit of the State of North Dakota's reporting entity.

## **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 Agency. Agency 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 and services.

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

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.

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 that 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**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Operating revenues consist of: sales of goods and services, quasi-external operating transactions with other funds, grant revenue for specific activities that are considered to be operating activities of the grantor, 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 not otherwise 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.

The Agency 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.

### **Financial Statement Presentation**

The Agency reports the following major governmental funds:

The Federal Fund is the Agency's primary special revenue fund. The Federal Fund accounts for the activities of the federal grant programs administered by the Agency. The Federal Fund revenues are received from federal grant programs administered by Job Service North Dakota.

The Federal Advance Interest Repayment Account is a special revenue fund. The Federal Advance Interest Repayment Account revenues are assessments collected by the Unemployment Insurance program from interest, penalties, and fees collected as a result of non-payment or late payment of taxes due by an employer. The allowable uses and continuing appropriation of the fund are in Section 52-04-22 of the North Dakota Century Code. This fund was only a major fund for the year ended June 30, 2021.

General Fund - This fund is the principal operating fund of the Agency. It is used to account for all financial resources that are not accounted for in other funds.

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

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

The Agency reported the following major proprietary fund:

The North Dakota Unemployment Compensation Fund receives tax payments from employers for the state unemployment tax. It then provides unemployment benefits to eligible unemployed workers.



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

**D. Budgetary Process**

The Agency operates through a biennial appropriation provided by the state legislature. The Agency prepares a biennial budget on the modified accrual basis, which is included in the Governor's budget that is presented to the General Assembly at the beginning of each legislative session. The General Assembly enacts the budget of the various agencies through passage of specific bills. The Governor has line item veto powers over legislation, subject to legislative override. Once passed and signed, the appropriation becomes the Agency's financial plan for the next two years. The legislation also appropriated all federal funds received by the Agency in excess of those funds specifically appropriated in the legislation. Changes to the appropriation are subject to approval by the Emergency Commission.

The state's budgeting system does not include revenues, thus, a budgetary comparison schedule cannot be prepared as required by accounting principles generally accepted in the United States of America. In its place a Statement of Appropriations has been presented. The Statement of Appropriations has been prepared using the budgetary basis. Because these amounts differ from accounting principles generally accepted in the United States of America amounts, reconciliation between the budgetary and these amounts is presented in Note 12.

For State Unemployment Benefits, Federal Unemployment Benefits, FAIRA Special Revenue expenditures, and Pension Trust Fund expenditures, special statutory authority exists covering those expenditures through a continuing appropriation. Encumbrances, which represent commitments related to unperformed contracts for goods and services, have not been recorded in the financial statements, as encumbrance accounting is not utilized.

**E. Cash and Cash Equivalents**

All highly liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents.

**F. Investments**

Certificates of deposits are recorded at cost.

**G. Receivables**

In the Proprietary fund, receivables for UI Contributions and UI Penalty and Interest are reported based on contributions received 45 days after the end of the year. Receivables for UI Overpayments are reported based on the historical collection rate of the overpayments receivable at the end of the year.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30 of each year are recorded as prepaid items. A portion of the relevant funds' balances equal to the prepaid items has been restricted to indicate that it is not available for appropriation.

**I. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the State as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment is depreciated using the straight line method over the estimated useful lives as established by the North Dakota Office of Management and Budget. The major capital asset categories and useful lives are as follows:

Building & Building Improvements	5-50 years
Infrastructure	5-50 years
Office Equipment	3-20 years
Intangible Assets	3- 5 years

**J. Compensated Absences**

Annual leave is a part of permanent employees' compensation as set forth in Section 54-06-14 of the North Dakota Century Code. Employees are entitled to earn annual leave based on tenure of employment, within a range of a minimum of one working day per month of employment, to a maximum of two working days per month of employment, to be fixed by rules and regulations adopted by the employing unit. No more than 240 hours of annual leave may be carried forward beyond April 30<sup>th</sup> of each year. Employees are paid for unused annual leave upon termination or retirement. Full-time regular employees accrue sick leave from the first day of employment at the rate of eight hours per month with unlimited accumulation. Employees with at least 10 years of state employment are paid one-tenth of their accumulated sick leave under Section 54-06-14 of the North Dakota Century Code when the employee leaves employment of the state. The government-wide financial statements present the estimated cost of sick leave as a liability after an employee has been employed for five consecutive years.

The Agency's liability for accumulated unpaid leave is reported in the applicable funds.

**K. Post Employment Benefits**

**Retiree Health Credit Benefit**

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.

**Met Life Insurance Benefit**

Job Service North Dakota engaged an actuary to determine the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense.

**L. Pensions**

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

**M. Deferred Outflows of Resources and Deferred Inflows of Resources**

In addition to assets, the statement of net position includes deferred outflows of resources that represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources until then. In addition to liabilities, the statement of net position includes deferred inflows of resources that represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until then.

**N. Accounting Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 2 – Reconciliation of Government-wide and Fund Financial Statements**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

	<u>2021</u>	<u>2020</u>
Capital Outlays	\$ 1,223,763	\$ 747,207
Depreciation Expense	<u>(643,395)</u>	<u>(497,668)</u>
Net adjustment to decrease (increase) <i>net changes in fund balances -- total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ 580,368</u>	<u>\$ 249,539</u>

Another element of that reconciliation states that “debt proceeds provide current financial resources to governmental funds by issuing debt which increases long-term debt in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position.” See Note 10 for additional information on debt. The details of this difference are as follows:

	<u>2021</u>	<u>2020</u>
Debt Issued	\$ (1,071,804)	\$ -
Principal repayments:		
General obligation debt	752,651	479,446
Change in Interest Payable	<u>(2,939)</u>	<u>2,512</u>
Net adjustment to decrease (increase) <i>net changes in fund balances -- total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ (322,092)</u>	<u>\$ 481,958</u>

**NOTE 3 – Deposits and Investments**

**A. Deposits**

The Agency’s deposit policy is to follow the North Dakota Century Code 6-09-07, which requires the Agency to bank at the state-owned and operated Bank of North Dakota. The Agency receives interest for funds on deposit in all accounts.

Deposits for reporting purposes include 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.

The Agency had the following deposits:

	<b>June 30, 2021</b>	<b>June 30, 2020</b>
	<b><u>Fair Value</u></b>	<b><u>Fair Value</u></b>
Cash Deposits at the Bank of North Dakota recorded as Cash and Cash Equivalents	\$ 951,249	\$ 1,763,851
Cash in State Treasury recorded as Cash and Cash Equivalents	721,291	41,207
* Deposits not subject to custodial credit risk Cash Deposits at the U.S. Treasury recorded as Cash and Cash Equivalents	236,107,807	136,481,889
Reed Act Cash Deposits at the U.S. Treasury recorded as Cash and Cash Equivalents	<u>12,057,396</u>	<u>14,294,049</u>
Totals	<u>\$ 249,837,743</u>	<u>\$ 152,580,996</u>

*Custodial and Concentration Credit Risk*

For deposits, this is the risk that in the event of the failure of a depository financial institution, the Agency will not be able to recover the deposits. Deposits at the Bank of North Dakota are uncollateralized but are guaranteed by the State of North Dakota (NDCC Section 6-09-10). Deposits in the State Treasury are deposits at the Bank of North Dakota under the name and control of the North Dakota State Treasurer.

**B. Investments**

According to North Dakota Century Code 6-09-07, the Agency is required to bank at the state-owned and operated Bank of North Dakota for investments. The investment policy of the Agency is to invest excess cash in Certificates of Deposit at the Bank of North Dakota.

Investments represent certificates of deposit at the Bank of North Dakota with an original maturity in excess of three months. As of June 30, 2021 and 2020, the Agency had \$6,500,000 and \$5,000,000 of certificates of deposits, respectively. These certificates of deposit mature in the next fiscal year.

*Custodial and Concentration Credit Risk*

For investments, this is the risk that in the event of the failure of a party to the investment transaction, the Agency will not be able to recover the investments. Certificates of Deposit at the Bank of North Dakota are uncollateralized but are guaranteed by the State of North Dakota (NDCC Section 6-09-10). The Agency has no formal custodial and credit risk policy related to its investments and deposits at the Bank of North Dakota.

**NOTE 4 – Receivables**

The Agency accrues as *Unemployment Insurance Contributions* receivable, the amount due from employers in the state for their tax contribution to the Unemployment Insurance Trust fund as of June 2021 and 2020. In addition, the Agency accrues as *Penalty and/or Interest* receivable the amount due from employers on delinquent Unemployment Insurance tax contribution reports. The Agency also accrues as *Unemployment Insurance Overpayments-Benefits*, the amount due from individuals who received benefits in excess of the amounts for which they were eligible.

The Agency has recorded an allowance for those amounts it does not expect to collect.

**Receivables as of June 30, 2021**

	<b><i>Unemployment Insurance Contributions</i></b>	<b><i>Penalty and/or Interest</i></b>	<b><i>Unemployment Insurance Overpayments- Benefits &amp; Interest</i></b>	<b><i>Interest</i></b>	<b><i>Total</i></b>
Total Receivable	\$ 31,108,136	\$ 10,807,546	\$ 12,417,522	\$ 1,466,499	\$ 55,799,703
Less:					
Allowance for Doubtful Accounts	10,737,617	9,786,121	10,482,097	-	31,005,835
Net Receivable	<u>\$ 20,370,519</u>	<u>\$ 1,021,425</u>	<u>\$ 1,935,425</u>	<u>\$ 1,466,499</u>	<u>\$ 24,793,868</u>

**Receivables as of June 30, 2020**

	<b><i>Unemployment Insurance Contributions</i></b>	<b><i>Penalty and/or Interest</i></b>	<b><i>Unemployment Insurance Overpayments- Benefits &amp; Interest</i></b>	<b><i>Interest</i></b>	<b><i>Total</i></b>
Total Receivable	\$ 48,877,870	\$ 9,954,689	\$ 11,304,372	\$ 990,982	\$ 71,127,913
Less:					
Allowance for Doubtful Accounts	12,900,633	9,127,255	9,845,804	-	31,873,692
Net Receivable	<u>\$ 35,977,237</u>	<u>\$ 827,434</u>	<u>\$ 1,458,568</u>	<u>\$ 990,982</u>	<u>\$ 39,254,221</u>

All receivables have been recorded as revenue on the government-wide and proprietary statements. On the governmental fund statements, a portion of the Penalty and/or Interest has been recorded as Unpaid Penalty and Interest. Unpaid Penalty and Interest was \$893,634 and \$624,074 as of June 30, 2021 and 2020, respectively, and represents an amount expected to be received after one year. The residual amounts of \$127,791 and \$203,360 on June 30, 2021 and 2020, respectively, were recorded as revenue and were expected to be received within one year.

**NOTE 5 – Capital Assets**

Governmental Activities	Beginning Balance July 1, 2020	Additions	Deletions	Ending Balance June 30, 2021
Capital Assets, not being depreciated:				
Land	\$ 1,202,406	\$ -	\$ -	\$ 1,202,406
Work in Progress	26,644	22,246	48,890	-
Total capital assets, not being depreciated	<u>1,229,050</u>	<u>22,246</u>	<u>48,890</u>	<u>1,202,406</u>
Capital Assets, being depreciated:				
Buildings	9,933,166	93,568	-	10,026,734
Infrastructure	334,156	49,055	-	383,211
Equipment	2,318,852	35,980	5,179	2,349,653
Intangible Assets	5,415,949	1,071,804	-	6,487,753
Total Capital Assets, being depreciated	<u>18,002,123</u>	<u>1,250,407</u>	<u>5,179</u>	<u>19,247,351</u>
Less accumulated depreciation for:				
Buildings	5,563,429	187,985	-	5,751,414
Infrastructure	55,103	14,955	-	70,058
Equipment	1,933,342	102,392	3,740	2,031,994
Intangible Assets	5,172,419	338,063	-	5,510,482
Total accumulated depreciation	<u>12,724,293</u>	<u>643,395</u>	<u>3,740</u>	<u>13,363,948</u>
Total capital assets, being depreciated, net	<u>5,277,830</u>	<u>607,012</u>	<u>1,439</u>	<u>5,883,403</u>
Governmental activity capital assets, net	<u>\$ 6,506,880</u>	<u>\$ 629,258</u>	<u>\$ 50,329</u>	<u>\$ 7,085,809</u>

Governmental Activities	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020
Capital Assets, not being depreciated:				
Land	\$ 1,211,023	\$ -	\$ 8,617	\$ 1,202,406
Work in Progress	-	26,644	-	26,644
Total capital assets, not being depreciated	<u>1,211,023</u>	<u>26,644</u>	<u>8,617</u>	<u>1,229,050</u>
Capital Assets, being depreciated:				
Buildings	9,345,205	665,517	77,556	9,933,166
Infrastructure	308,474	25,682	-	334,156
Equipment	2,289,488	29,364	-	2,318,852
Intangible Assets	5,415,949	-	-	5,415,949
Total Capital Assets, being depreciated	<u>17,359,116</u>	<u>720,563</u>	<u>77,556</u>	<u>18,002,123</u>
Less accumulated depreciation for:				
Buildings	5,460,382	160,777	57,730	5,563,429
Infrastructure	42,577	12,526	-	55,103
Equipment	1,788,672	144,670	-	1,933,342
Intangible Assets	4,992,724	179,695	-	5,172,419
Total accumulated depreciation	<u>12,284,355</u>	<u>497,668</u>	<u>57,730</u>	<u>12,724,293</u>
Total capital assets, being depreciated, net	<u>5,074,761</u>	<u>222,895</u>	<u>19,826</u>	<u>5,277,830</u>
Governmental activity capital assets, net	<u>\$ 6,285,784</u>	<u>\$ 249,539</u>	<u>\$ 28,443</u>	<u>\$ 6,506,880</u>

Federal resources have funded all equipment. Land and Building deletions for June 30, 2020 are due to the sale of the Rolla office building. Additions to Work in Progress during 2021 include \$22,246 for the Fargo office renovation project, which was removed from Work in Progress after the project was complete. The Central Office elevator project was removed from Work In Progress during 2021 as this was expensed. Additions to Work in Progress during 2020 include \$19,208 for the Central Office elevator and \$7,436 for the Fargo office renovation project. Additional information on the capital leases including future minimum lease payments is included in note 10 to the financial statements.

Effective February 15, 2007, Section 20610 of Public Law 110-5 amended Section 193 of the Workforce Investment Act (WIA) to transfer federal equity in state employment security real property to the individual states. As a result, federal equity in the amount of \$5,407,725 was transferred to the State of North Dakota on February 15, 2007.

## **NOTE 6 – Pension Plans**

All permanent full-time employees of the Agency participate in the Retirement Plan for Employees of Job Service North Dakota or the North Dakota Public Employees Retirement System (PERS).

### **A. North Dakota Public Employees Retirement System (Main System)**

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

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

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

#### **1. Pension Benefits**

Benefits are set by statute. NDPERS has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

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

## **2. Death and Disability Benefits**

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

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

## **3. Refunds of Member Account Balance**

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

## **4. Member and Employer Contributions**

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

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

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

## **5. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The Employer reported a liability of \$24,950,907 at June 30, 2021 and \$9,287,724 at June 30, 2020 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2020 and July 1, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. The Employer's proportion was 0.793094 percent



at July 1, 2020 and 0.792419 percent at July 1, 2019, which was an increase of 0.000675 from its proportion measured as of July 1, 2019.

For the years ended June 30, 2021 and June 30, 2020, the Employer recognized pension expense of \$3,944,922 and \$1,192,375, respectively. The Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>June 30, 2021</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 97,100	\$ (1,264,286)
Net difference between projected and actual earnings on pension plan investments	805,289	0
Changes of assumptions	13,375,261	(2,211,261)
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,995	(576,158)
Employer contributions subsequent to the measurement date (see below)	<u>669,690</u>	<u>0</u>
Total	<u>\$ 14,950,335</u>	<u>\$ (4,051,705)</u>

\$669,690 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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:**

2022	\$ 2,842,082
2023	2,679,393
2024	2,180,073
2025	2,527,392
2026	0

	<b>June 30, 2020</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 5,500	\$ (1,685,545)
Net difference between projected and actual earnings on pension plan investments	161,815	0
Changes of assumptions	3,470,578	(2,979,792)
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	(1,076,343)
Employer contributions subsequent to the measurement date (see below)	<u>613,126</u>	<u>0</u>
Total	<u>\$ 4,251,019</u>	<u>\$ (5,741,680)</u>

\$613,126 reported as deferred outflows of resources related to pensions resulting from Employer 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:**

2021	\$ (188,204)
2022	(269,186)
2023	(431,503)
2024	(930,381)
2025	(284,513)

**6. Actuarial Assumptions**

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

	July 1, 2020	July 1, 2019	
Inflation	2.25%	2.50%	
Salary increases	3.5% to 17.75% including inflation	Service at Beginning of Year:	Increase Rate:
		0	12.00%
		1	9.50%
		2	7.25%
		Age*	
		Under 30	7.25%
		30-39	6.50%
		40-49	6.25%
		50-59	5.75%
		60+	5.00%
		*Age-based salary increase rates apply for employees with 3 or more years of service	
Investment rate of return	7.00%, net of investment expenses	7.50%, net of investment expenses	
Cost-of-living adjustments	None	None	

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

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

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	July 1, 2020	July 1, 2019	July 1, 2020	July 1, 2019
Domestic Equity	30%	30%	6.30%	6.25%
International Equity	21%	21%	6.85%	6.95%
Private Equity	7%	7%	9.75%	10.15%
Domestic Fixed Income	23%	23%	1.25%	2.11%
International Fixed Income	0%	0%	0.00%	0.00%
Global Real Assets	19%	19%	5.01%	5.41%
Cash Equivalents	0%	0%	0.00%	0.00%

## 7. Discount Rate

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

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

For the purpose of the valuation as of July 1, 2020, 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 the purpose of the valuation as of July 1, 2019, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.13%; and the resulting Single Discount Rate is 7.50%.

## 8. Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 4.64 percent for the year ended June 30, 2021 and 7.50 percent for the year ended June 30, 2020, as well as what the Employer's proportionate share of the 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:

	<b>1% Decrease (3.64%)</b>	<b>Current Discount Rate (4.64%)</b>	<b>1% Increase (5.64%)</b>
Employer's proportionate share of the net pension liability – June 30, 2020	\$32,371,929	\$24,950,907	\$18,878,703
	<b>1% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
Employer's proportionate share of the net pension liability – June 30, 2020	\$13,316,597	\$9,287,724	\$5,902,766

## 9. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report. Requests to obtain or review this report should be addressed to the Executive Director – NDPERS, P.O. Box 1657, Bismarck, ND 58502-1657.

**B. Retirement Plan for Employees of Job Service North Dakota (JSND System)**

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. This plan document, as amended, is authorized by the Plan Administrator, who is the Executive Director of the Agency. Information herein is based on the most current actuarial valuation report (as of July 1, 2020).

**1. Pension Benefits**

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.

Effective each December 1 of any year, the monthly amount of each retirement annuity, death benefit, or disability benefit then payable shall be increased by the percent increase, if any, in the Consumer Price Index. However, no increase in retirement allowance granted under the Plan, or the date for commencement of such increase, will become effective unless the same increase has been authorized for the Civil Service Retirement System, and unless the increase has been authorized by the NDPERS Board. Information included herein is based on the most current actuarial valuation report (as of July 1, 2019). As of that date, membership consisted of:

	7/1/2020	7/1/2019
Retirees and beneficiaries currently receiving benefits	181	185
Terminated employees entitled to benefits but not yet receiving them	1	1
Current vested employees	5	7
TOTAL	187	193

Participation in this plan is limited to employees participating in the plan as of September 30, 1980. Employees were vested in the program after the completion of five years of credited service.

**2. Death and Disability Benefits**

The plan provides retirement, disability and death benefits. If the death of a participant occurs prior to his/her 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 he/she died and elected the Contingent Annuitant Option with 55% of his/her retirement benefit continued to his/her spouse of 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 benefits will cease.

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

### 3. Refunds of Member Account Balance

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.

### 4. Member and Employer Contributions

Member contribution rates are 3% and employer contribution rates, on behalf of the member, are 4% of covered compensation. The funding policy of the plan provides for employer contributions at actuarially determined rates that, expressed as percentage 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.

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

The Employer reported an asset of \$31,122,000 at June 30, 2021 and of \$31,006,306 at June 30, 2020 for its net pension asset. The net pension asset was measured as of July 1, 2020 and July 1, 2019, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date.

For the years ended June 30, 2021 and June 30, 2020, the Employer recognized pension expense of \$(865,905) and \$(115,473), respectively. The Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 0
Net difference between projected and actual earnings on pension plan investments	1,703,699	0
Changes of assumptions	0	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	0
Employer contributions subsequent to the measurement date	0	0
Total	<u>\$ 1,703,699</u>	<u>\$ 0</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:

<b>Year ended June 30:</b>	
2022	\$790,196
2023	517,517
2024	18,243
2025	377,743

	<b>June 30, 2020</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 0	\$ 0
Net difference between projected and actual earnings on pension plan investments	953,488	0
Changes of assumptions	0	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	0
Employer contributions subsequent to the measurement date	<u>0</u>	<u>0</u>
Total	<u>\$ 953,488</u>	<u>\$ 0</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:

<b>Year ended June 30:</b>	
2021	\$760,767
2022	412,451
2023	139,772
2024	(359,502)

## **6. Actuarial Assumptions**

The total pension 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>	<u>July 1, 2019</u>	
Inflation	2.25%	2.50%	
Cost-of-living adjustments	2.25%	2.50%	
Salary increases	3.50%	3.50%	per annum
Investment rate of return	4.25%	4.75%	net of investment expenses, including inflation

Mortality rates were based on the following tables: 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 males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and

inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following tables:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	July 1, 2020	July 1, 2019	July 1, 2020	July 1, 2019
Domestic Equity	6%	6%	5.50%	5.25%
Global Equity	14%	14%	5.24%	5.81%
US High Yield	3%	3%	3.11%	3.99%
Emerging Market Debt	3%	3%	5.26%	5.18%
Core Fixed Income	26%	26%	0.07%	2.41%
Limited Duration Fixed Income	26%	26%	(0.34)%	1.63%
Diversified Short Term Fixed Income	5%	12%	(0.21)%	2.16%
Short Term Corporate Fixed Income	17%	10%	(0.89)%	0.99%

## 7. Discount Rate

The discount rate used to measure the total pension liability was 4.25 percent as of June 30, 2021 and 4.75 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2020 and July 1, 2019, Actuarial Valuation Reports. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2021. 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, 2021 and June 30, 2020.

## 8. Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 4.25 percent for the year ended June 30, 2021 and 4.75 percent for the year ended June 30, 2020, as well as what the Employer's proportionate share of the 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:

	<b>1% Decrease (3.25%)</b>	<b>Current Discount Rate (4.25%)</b>	<b>1% Increase (5.5%)</b>
Employer's proportionate share of the net pension liability – June 30, 2021	\$(24,661,696)	\$(31,122,000)	\$(36,644,730)
	<b>1% Decrease (3.75%)</b>	<b>Current Discount Rate (4.75%)</b>	<b>1% Increase (5.75%)</b>
Employer's proportionate share of the net pension liability – June 30, 2020	\$(24,292,823)	\$(31,006,306)	\$(36,982,989)

## 9. Pension Plan Fiduciary Net Position

The components of the net pension liability of the plan is as follows:

### Schedule of Changes to the Net Pension Liability and Related Ratios

<b>For the year ended June 30</b>	<b>2021</b>	<b>2020</b>
<b>Total pension liability (asset)</b>		
Service cost	\$ 57,560	\$ 70,295
Interest	3,038,156	3,129,175
Change of benefit terms	-	-
Differences between expected and actual experience	(1,122,296)	(504,895)
Changes of assumptions	539,852	-
Benefit payments, including refund of employee contributions	(4,581,575)	(4,626,846)
<b>Net change in total pension liability (asset)</b>	<b>(2,068,303)</b>	<b>(1,932,271)</b>
<b>Total pension liability (asset) - beginning</b>	<b>66,196,940</b>	<b>68,129,211</b>
<b>Total pension liability (asset) - ending (a)</b>	<b>\$ 64,128,637</b>	<b>\$ 66,196,940</b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ -	\$ -
Contributions - employee	27,047	29,159
Service credit repurchase	-	-
Net investment income	2,621,067	6,229,630
Benefit payments, including refund of employee contributions	(4,581,575)	(4,626,846)
Administrative expense	(19,148)	(16,808)
<b>Net change in plan fiduciary net position</b>	<b>(1,952,609)</b>	<b>1,615,135</b>
Plan fiduciary net position - beginning	97,203,246	95,588,111
Plan fiduciary net position - ending (b)	<b>\$ 95,250,637</b>	<b>\$ 97,203,246</b>
<b>Net pension liability (asset) - ending (a) - (b)</b>	<b>\$ (31,122,000)</b>	<b>\$ (31,006,306)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability (asset)</b>	<b>148.53%</b>	<b>146.84%</b>
<b>Actual covered employee payroll</b>	<b>\$ 314,607</b>	<b>\$ 416,552</b>
<b>Plan net pension liability (asset) as a percentage of covered employee payroll</b>	<b>(9892.34)%</b>	<b>(7443.56)%</b>

The plan provisions used in the measurement of the net pension liability are the same as those used in the JSND Actuarial Valuation and Review as of July 1, 2020 and July 1, 2019.

On August 1, 2003, the administrative authority and the net assets 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.

Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report. Requests to obtain or review this report should be addressed to the Executive Director - NDPERS, P.O. Box 1657, Bismarck, North Dakota 58502-1657.

### C. North Dakota Defined Contribution Retirement 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 covers all employees who elect to participate in the plan. Effective October 1, 2013, eligibility was expanded to include all employees hired on or after October 1, 2014 through July 31, 2017.

Death and disability benefits are set by statute. Upon the death of a participating employee or former participating employee, the vested balance of that deceased participant is available to the participant's designated beneficiary(ies). An employee who



becomes totally and permanently disabled while employed by the Agency is eligible to receive a distribution of the vested balance. To qualify under this section, the employee must meet the criteria established by the plan for being totally disabled.

Benefits are set by statute. Employees are entitled to vested balance. A participating employee is immediately 100% vested in the employee's contributions. A participating employee vests in the employer contributions made on the employee'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%

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

Contributions are set by state statute and are a percentage of salaries and wages. Employee contributions are 7% and employer contributions are established at 7.12%. Job Service North Dakota pays 4% of the employee's required contribution. Employer contributions for the years ending June 30, 2021 and 2020 were \$15,734 and \$19,517, respectively.

## **NOTE 7 – Other Postretirement Benefits**

### **A. Retiree Health Insurance Credit Benefits**

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

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

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

#### **1. Plan Description**

##### **North Dakota Public Employees Retirement System**

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the

Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "prefunded credit applied" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

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

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The benefits are equal to \$5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

#### **Retirement Plan for Employees of Job Service North Dakota**

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.

The retiree health credit benefit is a health insurance subsidy that is provided each month for as long as the retiree is alive and this benefit continues upon death to the spouse as long as the spouse is drawing an annuity and participates in the North Dakota Public Employees Retirement System (NDPERS). This benefit is 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. This retiree health credit was increased from \$4.50 to \$5.00 per year of service effective July 1, 2009 by the North Dakota State Legislature.

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

The Employer reported a liability of \$631,940 at June 30, 2021 and \$605,011 at June 30, 2020 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2020 and July 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. The Employer's proportion was 0.751239 percent

at July 1, 2020 and 0.753263 percent at July 1, 2019, which was a decrease of 0.002024 from its proportion measured as of July 1, 2019.

For the years ended June 30, 2021 and June 30, 2020, the Employer recognized OPEB expense of \$84,457 and \$74,645, respectively. The Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following:

	<b>June 30, 2021</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 14,034	\$ (15,151)
Net difference between projected and actual earnings on pension plan investments	21,732	0
Changes of assumptions	84,731	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	(37,685)
Employer contributions subsequent to the measurement date (see below)	<u>101,708</u>	<u>0</u>
Total	<u>\$ 222,205</u>	<u>\$ (52,836)</u>

\$101,708 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022.

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:**

2022	\$ 13,851
2023	19,468
2024	18,437
2025	12,466
2026	3,480
2027	(41)

	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,940	\$ (18,900)
Net difference between projected and actual earnings on pension plan investments	674	0
Changes of assumptions	72,107	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	(42,711)
Employer contributions subsequent to the measurement date (see below)	<u>98,827</u>	<u>0</u>
Total	<u>\$ 186,548</u>	<u>\$ (61,611)</u>

\$98,827 reported as deferred outflows of resources related to OPEB resulting from Employer 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:**

2021	\$ 3,505
2022	3,505
2023	9,137
2024	8,104
2025	2,116
2026	(219)
Thereafter	(38)

**3. 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>	<u>July 1, 2019</u>	
Inflation	2.25%	2.50%	
Salary increases	Not applicable	Not applicable	
Investment rate of return	6.50%	7.25%	net of investment expenses
Cost-of-living adjustments	None	None	

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

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major as-set class included in the RHIC’s target asset allocation as of July 1, 2020 and 2019 are summarized in the following table:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	July 1, 2020	July 1, 2019	July 1, 2020	July 1, 2019
Large Cap Domestic Equities	33%	33%	6.10%	6.00%
Small Cap Domestic Equities	6%	6%	7.00%	7.30%
Domestic Fixed Income	40%	40%	1.15%	2.07%
International Equities	21%	21%	6.45%	6.95%

#### 4. **Discount Rate**

The discount rate used to measure the total OPEB liability was 6.50 % for the July 1, 2020 actuarial valuation and 7.25% for the July 1, 2019 actuarial valuation. 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, 2018, and July 1, 2017, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

#### 5. **Sensitivity of the Employer’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the Plans as of June 30, 2020 and June 30, 2019, calculated using the discount rate of 6.50% and 7.25%, respectively, 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:

	<b>1% Decrease (5.50%)</b>	<b>Current Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Employer’s proportionate share of the net OPEB liability – June 30, 2021	\$828,804	\$631,940	\$465,466
	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Employer’s proportionate share of the net OPEB liability – June 30, 2020	\$772,216	\$605,011	\$461,883

#### B. **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, 2021 and June 30, 2020. Requests to obtain or review the actuary report should be addressed to the Finance Manager –PO Box 5507 Bismarck, North Dakota, 58506-5507.

**1. 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:

	<b>Met Life Insurance Benefit</b>
Retirees and beneficiaries currently receiving benefits	155
Terminated employees entitled to benefits but not yet receiving them	0
Current vested employees	5
TOTAL	<u>160</u>

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

The Employer reported a liability of \$1,215,321 at June 30, 2021 and \$1,265,603 at June 30, 2020 for its net OPEB liability. The net OPEB liability was measured as of July 1, 2020 and 2018, 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, 2021 and June 30, 2020, the Employer recognized OPEB expense of \$32,352 and \$(108,390), respectively. The Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following:

	<b>June 30, 2021</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 0	\$ 0
Net difference between projected and actual earnings on pension plan investments	0	0
Changes of assumptions	0	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	0
Total	<u>\$ 0</u>	<u>\$ 0</u>

	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 0
Net difference between projected and actual earnings on pension plan investments	0	0
Changes of assumptions	0	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>0</u>	<u>0</u>
Total	<u>\$ 0</u>	<u>\$ 0</u>

### 3. 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, 2021</u>	<u>July 1, 2020</u>	
Inflation	none	none	
Salary increases	5%	5%	
Discount rate	2.66%	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.

### 4. Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plans as of June 30, 2021 and June 30, 2020, calculated using the discount rate of 2.66% and 2.66%, respectively, as well as what the 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:

	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
Employer's proportionate share of the net OPEB liability – June 30, 2021	\$1,351,583	\$1,215,321	\$1,100,247
Employer's proportionate share of the net OPEB liability – June 30, 2020	\$1,410,912	\$1,265,603	\$1,143,427

5. **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>	\$ 1,452,692	\$ -	\$ 1,452,692
<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>
<b>Changes for the Year:</b>			
Service cost	862	-	862
Interest	31,490	-	31,490
Benefit changes	-	-	-
Experience losses (gains)	-	-	-
Changes of assumptions	-	-	-
Contributions - Employer		82,634	(82,634)
Benefits paid	(82,634)	(82,634)	-
Administrative expenses	-	-	-
<b>Net changes</b>	<u>(50,282)</u>	<u>-</u>	<u>(50,282)</u>
<b>Balances at 6/30/21</b>	<u>\$ 1,215,321</u>	<u>\$ -</u>	<u>\$ 1,215,321</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.

**NOTE 8 – Contingencies and Commitments**

A number of funds are grants from the federal government for the delivery of various employment related and job training programs. These grants may be subject to additional compliance audits by granting agencies that can result in audit findings disallowing costs. The amount, if any, which may be disallowed by the granting agencies cannot be determined at this time, although the Agency expects such amounts, if any, to be immaterial.

The Agency has commitments to pay \$1,811,978 for purchase orders and contracts awarded for goods, services, software licenses and software support to be provided in future periods, all federally funded.

**NOTE 9 – Leases**

**A. Lessee**

The Agency has leases covering such items as postage meters, photocopiers, IT equipment, and premises. The total expenses for capital and operating leases for the years ended June 30, 2021 and 2020 were approximately \$892,586 and \$529,116, respectively.



<u>Year ending June 30:</u>	<u>Amount</u>
2022	\$ 290,545
2023	236,516
2024	231,853
2025	231,696
2026	115,316
Total	<u>\$ 1,105,926</u>

No lease commitments extend beyond June 2026.

**B. Lessor**

The Agency leases excess facility space in Agency-owned buildings to workforce partners in efforts to collaborate to provide services to customers. The total amount received for facility leases for the years ended June 30, 2021 and 2020 were approximately \$279,234 and \$178,981, respectively.

Future minimum operating lease receivables are:

<u>Year ending June 30:</u>	<u>Amount</u>
2022	\$ 329,952
2023	325,632
Total	<u>\$ 655,584</u>

No lease agreements extend beyond June 2023.

**NOTE 10 – Noncurrent Liabilities**

**A. Compensated Absences**

Agency employees can earn annual leave at the rate of 12 days per year for the first three years of employment up to a maximum of 24 days per year after 18 years of employment. There is no requirement that annual leave be taken, but the maximum permissible accumulation, as of April 30, that may be carried over to the following year is 30 days. At termination, employees are paid for any accumulated annual leave. This reported liability includes the employer's share of social security and Medicare taxes.

Agency employees can earn sick leave at the rate of 12 days per year with no limitations as to the maximum accumulation that may be carried over to the following year. Passage of Senate Bill 2324 by the 52nd Legislative Assembly of the state of North Dakota allows for the partial payment of unused sick leave upon termination of employment. At termination, employees with at least ten (10) continuous years of eligible state employment are paid a lump sum payment for one-tenth (1/10th) of their unused accumulated sick leave. The liability is calculated on employees that have been employed for five continuous years. This reported liability includes the employer's share of social security and Medicare taxes.

The reported liability for compensated absences as of June 30, 2021 and 2020 was \$1,158,273 and \$1,156,534.

**B. Capital Leases**

All capital leases are accounted for within the Governmental Funds. Future minimum lease payments under capital leases and the present value of the net minimum lease payments are as follows on June 30, 2021:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>
2022	\$ 429,134
2023	221,731
2024	201,450
2025	192,723
2026	<u>96,361</u>
Total Minimum Lease Payments	1,141,399
Less: Amount Representing Interest	<u>74,179</u>
Present Value of Future Minimum Lease Payments	<u>\$ 1,067,220</u>

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, 2021 and 2020 is as follows:

	<u>2021 Governmental Activities</u>	<u>2020 Governmental Activities</u>
Bismarck/Mandan Building	\$ 2,187,530	\$ 2,187,530
Information Technology Equipment	2,351,726	1,279,922
Equipment	145,683	145,683
Less: Accumulated Depreciation	<u>(2,226,939)</u>	<u>(1,983,614)</u>
Total	<u>\$ 2,458,000</u>	<u>\$ 1,629,521</u>

**C. Changes in Noncurrent Liabilities**

	Beginning Balance July 1, 2020	Additions	Reductions	Ending Balance June 30, 2021	Amounts Due Within One Year
<b>Governmental Activities</b>					
Other Long-term Liabilities:					
Compensated Absences	\$ 1,156,534	\$ 816,980	\$ 815,241	\$ 1,158,273	\$ 103,318
Capital Leases	748,067	1,071,804	752,651	1,067,220	394,039
Total other liabilities	<u>1,904,601</u>	<u>1,888,784</u>	<u>1,567,892</u>	<u>2,225,493</u>	<u>497,357</u>
Total Long-Term Liabilities	<u>\$ 1,904,601</u>	<u>\$ 1,888,784</u>	<u>\$ 1,567,892</u>	<u>\$ 2,225,493</u>	<u>\$ 497,357</u>
	Beginning Balance July 1, 2019	Additions	Reductions	Ending Balance June 30, 2020	Amounts Due Within One Year
<b>Governmental Activities</b>					
Other Long-term Liabilities:					
Compensated Absences	\$ 975,029	\$ 812,208	\$ 630,703	\$ 1,156,534	\$ 107,673
Capital Leases	1,227,513	-	479,446	748,067	493,539
Total other liabilities	<u>2,202,542</u>	<u>812,208</u>	<u>1,110,149</u>	<u>1,904,601</u>	<u>601,212</u>
Total Long-Term Liabilities	<u>\$ 2,202,542</u>	<u>\$ 812,208</u>	<u>\$ 1,110,149</u>	<u>\$ 1,904,601</u>	<u>\$ 601,212</u>

For the governmental activities, capital leases and compensated absences are generally liquidated by the federal fund.

During 2021, capital lease additions include IT software totaling \$1,071,804. During 2020, capital lease reductions were from normal operations.

**NOTE 11 – Interfund Receivables / Payables**

The “Due To” and “Due From” other funds accounts represent short-term advances between funds.

**June 30, 2021**

<b><u>Governmental Funds</u></b>	<b><u>Due From</u></b>	<b><u>Due To</u></b>
Job Service Special Fund	\$ 44,430	\$ -
Federal Advance Interest Repayment Account	-	17,262
Federal Funds	5,369	27,168
<b>Total</b>	<b><u>\$ 49,799</u></b>	<b><u>\$ 44,430</u></b>
<b><u>Proprietary Fund</u></b>	<b><u>Due From</u></b>	<b><u>Due To</u></b>
Unemployment Insurance	-	\$ 5,369
<b>Total</b>	<b><u>\$ -</u></b>	<b><u>\$ 5,369</u></b>

**June 30, 2020**

<b><u>Governmental Funds</u></b>	<b><u>Due From</u></b>	<b><u>Due To</u></b>
Job Service Special Fund	\$ 743,518	\$ -
Federal Advance Interest Repayment Account	-	65,377
Federal Funds	184,169	680,326
<b>Total</b>	<b><u>\$ 927,687</u></b>	<b><u>\$ 745,703</u></b>
<b><u>Proprietary Fund</u></b>	<b><u>Due From</u></b>	<b><u>Due To</u></b>
Unemployment Insurance	\$ 2,185	\$ 184,169
<b>Total</b>	<b><u>\$ 2,185</u></b>	<b><u>\$ 184,169</u></b>

**NOTE 12 – Statement of Appropriation Reconciliation**

The reconciliation of budget-based expenditures to GAAP expenditures is as follows:

Budget Based Expenditures as per page 19:	<u>\$ 38,274,929</u>
GAAP Expenditures as per page 10:	
Governmental Activities - Economic Development & Assistance	29,594,259
Governmental Activities - Interest on long-term debt	34,958
Business-type Activities - UC Funds	<u>731,052,695</u>
Subtotal	<u>760,681,912</u>
Less:	
Business-type Activities - UC Funds	731,052,695
FAIRA	406,060
Pension Assets at June 30, 2020	31,006,306
Deferred Pension Outflows at June 30, 2020	5,204,507
Deferred OPEB Outflows at June 30, 2020	186,548
Pension Liability at June 30, 2021	24,950,907
Deferred Pension Inflows at June 30, 2021	4,051,705
OPEB Liability at June 30, 2021	1,847,261
Deferred OPEB Inflows at June 30, 2021	52,836
Addition to Noncurrent Liabilities-Compensated Absences	816,981
Capital Lease Additions	1,071,804
Depreciation Expense	643,395
Loss on Disposal of Fixed Assets	1,439
Interest Payable at June 30, 2021	7,149
EUISAA	<u>652,668</u>
Subtotal	<u>801,952,261</u>
Plus:	
Appropriated Expenses in Proprietary Fund	11,519,984
Net change in Unpaid Penalty and Interest	269,560
Net Capital Asset Additions	1,223,763
Reduction to Noncurrent Liabilities-Capital Lease	752,651
Reduction to Noncurrent Liabilities-Compensated Absences	815,242
Interest Payable at June 30, 2020	4,210
Pension Liability at June 30, 2020	9,287,724
Deferred Pension Inflows at June 30, 2020	5,741,680
OPEB Liability at June 30, 2020	1,870,614
Deferred OPEB Inflows at June 30, 2020	61,611
Pension Assets at June 30, 2021	31,122,000
Deferred Pension Outflows at June 30, 2021	16,654,034
Deferred OPEB Outflows at June 30, 2021	<u>222,205</u>
Subtotal	<u>79,545,278</u>
Adjusted GAAP Expenditures	<u>\$ 38,274,929</u>

The Business-type activities – UC Funds has continuing appropriation status under NDCC 52-03-04. The Federal Advance Interest Repayment Account (FAIRA) has continuing appropriation status under NDCC 52-04-22.

**NOTE 13 – Related Parties**

As stated in Note 1 of these financial statements, Job Service North Dakota is a state agency of North Dakota; as such, the other state agencies of the state and political subdivisions are related parties.

**June 30, 2021**

	<u>Federal Fund</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Proprietary Fund</u>
<b>A. <u>Due From Other State Agencies</u></b>				
Department of Human Services	\$ 189,531	\$ -	\$ -	\$ -
Office of Management and Budget	-	2,504	-	-
<b>Total</b>	<b>\$ 189,531</b>	<b>\$ 2,504</b>	<b>\$ -</b>	<b>\$ -</b>
<b>B. <u>Due To Other State Agencies</u></b>				
Office of Management and Budget	\$ 32,789	\$ -	\$ -	\$ -
Information Technology Department	149,160	-	3,490	-
Department of Commerce	6,549	-	-	-
ND PERS	282	-	-	-
Office of the Attorney General	12,038	-	-	-
Department of Transportation	3,896	-	251	-
Bismarck State College	5,119	-	-	-
Williston State College	3,299	-	-	-
ND State College of Science	6,369	-	-	-
Mayville State University	313	-	-	-
TrainND Northwest	24,000	-	-	-
Bank of North Dakota	-	-	-	134,304
<b>Total</b>	<b>\$ 243,814</b>	<b>\$ -</b>	<b>\$ 3,741</b>	<b>\$ 134,304</b>

<b>C. <u>Transfers</u></b>	<u>Transfer In</u>
<u>Nonmajor Governmental Funds</u>	
General Fund Appropriation	\$ 210,851
Insurance Recovery Fund	10,000
<b>Total</b>	<b>\$ 220,851</b>

**D. Capital Leases**

A Capital lease exists between Job Service North Dakota and the North Dakota Building Authority for the construction of the Bismarck / Mandan office building. Future minimum lease payments under this capital lease are as follows:

**Year ending June 30:**

2022	\$ 212,400
2023	15,700
Less: amount representing interest	(16,600)
Present value of future minimum lease payments	<b>\$ 211,500</b>

June 30, 2020

	<u>Federal Fund</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Proprietary Fund</u>
<b>A. <u>Due From Other State Agencies</u></b>				
Department of Human Services	\$ 192,136	\$ -	\$ -	\$ -
Office of Management and Budget	-	-	-	82,440,864
<b>Total</b>	<u>\$ 192,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,440,864</u>
<b>B. <u>Due To Other State Agencies</u></b>				
Office of Management and Budget	\$ 14,417	\$ -	\$ -	\$ -
Information Technology Department	114,997	-	5,093	-
Department of Commerce	15,266	-	-	-
ND PERS	291	-	-	-
Office of the Attorney General	4,455	-	-	-
Department of Transportation	2,407	-	22	-
Bismarck State College	1,176	-	-	-
Williston State College	4,800	-	-	-
ND State College of Science	5,582	-	-	-
TrainND Northwest	29,300	-	-	-
Bank of North Dakota	-	-	-	1,956,908
<b>Total</b>	<u>\$ 192,691</u>	<u>\$ -</u>	<u>\$ 5,115</u>	<u>\$ 1,956,908</u>

<b>C. <u>Transfers</u></b>	<u>Transfer In</u>
<u>Nonmajor Governmental Funds</u>	
General Fund Appropriation	\$ 206,716
<b>Total</b>	<u>\$ 206,716</u>

**D. Capital Leases**

A Capital lease exists between Job Service North Dakota and the North Dakota Building Authority for the construction of the Bismarck / Mandan office building. Future minimum lease payments under this capital lease are as follows:

<b><u>Year ending June 30:</u></b>	
2021	\$ 215,300
2022	212,400
2023	15,700
Less: amount representing interest	<u>(36,900)</u>
Present value of future minimum lease payments	<u>\$ 406,500</u>

**NOTE 14 – Risk Management**

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The following are funds/pools established by the state for risk management issues:

The Agency participates in the Risk Management Fund (RMF), an internal service fund of the state, to provide a self-insurance vehicle for funding the liability exposures of state agencies resulting from the elimination of the state’s sovereign immunity. The RMF manages the tort liability of the state, its agencies’ employees and the University System. All state agencies participate in the RMF and their fund contribution was determined using a projected cost allocation approach. The statutory liability of the state is limited to a total of \$250,000 per person and \$1,000,000 per occurrence.

The Agency also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The Agency pays an annual premium to the Fire and Tornado Fund to cover property damage to building and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of one million dollars per occurrence during a 12-month period. The State Bonding Fund currently provides the Agency with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund charges the Agency a premium for this coverage.

The Agency participates in the North Dakota Workforce Safety & Insurance, an Enterprise Fund of the state of North Dakota. NDWSI is a state insurance fund and a “no fault” insurance system covering the state’s employers and employees financed by premiums assessed to employers. The premiums are available for the payment of claims to employees injured in the course of employment.

There have been no significant reductions in insurance coverage from the prior year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**NOTE 15 –Net Position and Fund Balance**

The section entitled “Restricted for:” on the Statement of Net Position consists of the following resources:

The amounts of \$250,170,724 on June 30, 2021 and \$250,378,429 on June 30, 2020 represent the balance of unexpended resources in the Unemployment Insurance Trust Fund. These resources may only be expended for unemployment benefits or as allowed by federal law, as described in the next paragraph.

An amount of \$11,785,131 on June 30, 2021 and \$12,539,349 on June 30, 2020 represents the Department of Labor distribution of Reed Act resources into each state’s trust fund in April 2020 and March 2002. Federal law governs how the distribution may be expended. The 2020 distribution is available for the administration of the state’s Unemployment Insurance program. The 2002 distribution is available for the payment of Unemployment Insurance benefits to claimants and, if appropriated, the administration of the state’s Unemployment Insurance and Employment Service programs.

An amount of \$31,122,000 on June 30, 2021 and \$31,006,306 on June 30, 2020 represents the Pension Assets of the Job Service North Dakota Retirement Plan. These resources are restricted to payment of retirement benefits to Job Service North Dakota Retirement plan participants.

The GASB 54 fund balance classifications are presented below:

<b>Fund Balances as of June 30, 2021</b>				
	<b>Non-spendable</b>	<b>Assigned</b>	<b>Unassigned</b>	<b>Total</b>
<b>Fund Balances:</b>				
Job Service Special Fund	\$ -	\$ 732,587	\$ -	\$ 732,587
New Jobs Program				
Insurance Recovery Fund	-	10,000	-	10,000
Federal Advance Interest				
Repayment Account	-	7,547,697	-	7,547,697
Federal Fund	103,530	-	-	103,530
Total	<u>\$ 103,530</u>	<u>\$ 8,290,284</u>	<u>\$ -</u>	<u>\$ 8,393,814</u>

<b>Fund Balances as of June 30, 2020</b>				
	<b>Non-spendable</b>	<b>Assigned</b>	<b>Unassigned</b>	<b>Total</b>
<b>Fund Balances:</b>				
Job Service Special Fund	\$ -	\$ 712,562	\$ -	\$ 712,562
New Jobs Program				
Federal Advance Interest				
Repayment Account	-	6,542,439	-	6,542,439
Federal Fund	-	-	-	-
Total	<u>\$ -</u>	<u>\$ 7,255,001</u>	<u>\$ -</u>	<u>\$ 7,255,001</u>

#### **NOTE 16 – GASB Pronouncements**

GASB Statement No. 87, Leases, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after June 15, 2021. 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 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 Agency's financial statements.

***NOTE 17 – Subsequent Events***

No significant events occurred subsequent to Agency's year end. Subsequent events have been evaluated through October 15, 2021, which is the date these financial statements were available to be issued.

# **Required Supplementary Information**

**Schedule of Employer's Share of Net Pension Liability  
North Dakota Public Employees Retirement System (PERS)  
For the Ten Years Ended June 30\***

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Employer's proportion of the net pension liability (asset)	0.793094%	0.792419%	0.823378%	0.835667%	0.841261%	1.098960%	1.164245%	0.00%	0.00%	0.00%
Employer's proportionate share of the net pension liability (asset)	\$24,950,907	\$9,287,724	\$13,895,402	\$13,431,911	\$8,198,908	\$7,472,740	\$7,389,712	-	-	-
Employer's covered-employee payroll	\$8,595,525	\$8,242,503	\$8,458,706	\$8,530,847	\$8,477,929	\$9,790,399	\$9,807,357	-	-	-
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	285.19%	112.68%	164.27%	157.45%	96.71%	76.33%	75.35%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	48.91%	71.66%	62.80%	61.98%	70.46%	77.15%	77.70%	0.00%	0.00%	0.00%

\*Complete data for this schedule is not available prior to 2015. The 2021 information presented has a measurement date of July 1, 2020.

**Schedule of Employer's Share of Net Pension Liability  
Retirement Plan for Employees of Job Service North Dakota  
For the Ten Years Ended June 30\***

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Employer's proportion of the net pension liability (asset)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
Employer's proportionate share of the net pension liability (asset)	(31,122,000)	(31,006,306)	(27,458,900)	(33,635,942)	(35,329,182)	(32,892,878)	(32,650,195)	-	-	-
Employer's covered-employee payroll	386,378	416,552	416,652	498,564	564,684	673,836	752,999	-	-	-
Plan fiduciary net position	95,250,637	97,203,246	95,588,111	97,265,411	96,533,954	96,282,892	97,696,628	-	-	-
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(9892.34)%	(7443.56)%	(6590.37)%	(6746.56)%	(6256.45)%	(4881.44)%	(4336.02)%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	148.53%	146.84%	140.30%	152.86%	157.72%	151.89%	150.20%	0.00%	0.00%	0.00%

\*Complete data for this schedule is not available prior to 2015. The 2021 information presented has a measurement date of July 1, 2020.

See accompanying notes to the Required Supplemental Information.

**Schedule of Employer Contributions  
North Dakota Public Employees Retirement System (PERS)  
For the Ten Years Ended June 30\***

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutory determined contribution	\$ 669,690	\$ 613,126	\$ 594,668	\$ 623,020	\$ 618,590	\$ 613,788	\$ 743,659	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	(669,690)	(613,126)	(594,668)	(596,897)	(610,715)	(661,365)	(742,673)	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 26,123	\$ 7,875	\$ (47,577)	\$ 986	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 9,319,430	\$ 8,595,525	\$ 8,352,081	\$ 8,458,706	\$ 8,530,847	\$ 8,477,929	\$ 9,790,399	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	7.19%	7.13%	7.12%	7.06%	7.16%	7.60%	0.00%	0.00%	0.00%	0.00%

\*Complete data for this schedule is not available prior to 2015.

**Schedule of Employer Contributions  
Retirement Plan for Employees of Job Service North Dakota  
For the Ten Years Ended June 30\***

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutory determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 199,701	\$ 386,378	\$ 416,552	\$ 416,652	\$ 498,564	\$ 564,684	\$ 673,836	\$ 842,601	\$ 1,011,115	\$ 1,162,731
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\*Complete data for this schedule is not available prior to 2015.

See accompanying notes to the Required Supplemental Information.

**Schedule of Changes to the Net Pension Liability\***  
**Retirement Plan for Employees of Job Service North Dakota**

<b>For the Ten Years Ended June 30*</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Total pension liability (asset)</b>										
Service cost	\$ 57,560	\$ 70,295	\$ 80,344	\$ 55,500	\$ 71,420	\$ 127,734	\$ 87,668	\$ -	\$ -	\$ -
Interest	3,038,156	3,129,175	3,500,344	4,130,232	4,281,440	5,026,167	5,107,459	-	-	-
Change of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(1,122,296)	(504,895)	(310,124)	(1,648,283)	(2,006,791)	(1,806,271)	(1,607,033)	-	-	-
Changes of assumptions	539,852	-	5,811,755	4,421,401	69,885	(309,878)	-	-	-	-
Benefit payments, including refund of employee Contributions	(4,581,575)	(4,626,846)	(4,582,577)	(4,534,153)	(4,601,196)	(4,694,171)	(4,594,462)			
<b>Net change in total pension liability (asset)</b>	<b>(2,068,303)</b>	<b>(1,932,271)</b>	<b>4,499,742</b>	<b>2,424,697</b>	<b>(2,185,242)</b>	<b>(1,656,419)</b>	<b>(1,006,368)</b>			
<b>Total pension liability (asset) - beginning</b>	<b>66,196,940</b>	<b>68,129,211</b>	<b>63,629,469</b>	<b>61,204,772</b>	<b>63,390,014</b>	<b>65,046,433</b>	<b>66,052,801</b>			
<b>Total pension liability (asset) - ending (a)</b>	<b>\$ 64,128,637</b>	<b>\$ 66,196,940</b>	<b>\$ 68,129,211</b>	<b>\$ 63,629,469</b>	<b>\$ 61,204,772</b>	<b>\$ 63,390,014</b>	<b>\$ 65,046,433</b>			
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - employee	27,047	29,159	32,987	39,417	44,178	50,142	55,748			
Service credit repurchase	-	-	-	-	-	-	-			
Net investment income	2,621,067	6,229,630	2,918,585	5,238,877	4,840,333	3,260,507	11,887,840			
Benefit payments, including refund of employee contributions	(4,581,575)	(4,626,846)	(4,582,577)	(4,534,153)	(4,601,196)	(4,694,171)	(4,594,462)			
Administrative expense	(19,148)	(16,808)	(46,295)	(12,684)	(32,253)	(30,214)	(31,455)			
<b>Net change in plan fiduciary net position</b>	<b>(1,952,609)</b>	<b>1,615,135</b>	<b>(1,677,300)</b>	<b>731,457</b>	<b>251,062</b>	<b>(1,413,736)</b>	<b>7,317,671</b>			
<b>Plan fiduciary net position - beginning</b>	<b>97,203,246</b>	<b>95,588,111</b>	<b>97,265,411</b>	<b>96,533,954</b>	<b>96,282,892</b>	<b>97,696,628</b>	<b>90,378,957</b>			
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 95,250,637</b>	<b>\$ 97,203,246</b>	<b>\$ 95,588,111</b>	<b>\$ 97,265,411</b>	<b>\$ 96,533,954</b>	<b>\$ 96,282,892</b>	<b>\$ 97,696,628</b>			
<b>Net pension liability (asset) - ending (a) - (b)</b>	<b>\$ (31,122,000)</b>	<b>\$ (31,006,306)</b>	<b>\$ (27,458,900)</b>	<b>\$ (33,635,942)</b>	<b>\$ (35,329,182)</b>	<b>\$ (32,892,878)</b>	<b>\$ (32,650,195)</b>			

\*Complete data for this schedule is not available prior to 2015. The 2021 information presented has a measurement date of July 1, 2020.

See accompanying notes to the Required Supplemental Information.

**Schedule of Employer's Share of Net OPEB Liability  
North Dakota Public Employees Retirement System (PERS) - RHIC  
For the Ten Years Ended June 30\***

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Employer's proportion of the net OPEB liability (asset)	0.751239%	0.753263%	0.792162%	0.811997%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Employer's proportionate share of the net OPEB liability (asset)	\$631,940	\$605,011	\$623,882	\$642,298	-	-	-	-	-	-
Employer's covered-employee payroll	\$8,706,403	\$8,986,989	\$8,667,975	\$8,784,521	-	-	-	-	-	-
Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	7.26%	6.73%	7.20%	7.31%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	63.38%	63.13%	61.89%	59.78%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\*Complete data for this schedule is not available prior to 2018. The 2021 information presented has a measurement date of July 1, 2020.

**Schedule of Employer's Share of Net OPEB Liability  
Met Life Insurance Plan  
For the Ten Years Ended June 30\***

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Employer's proportion of the net OPEB liability (asset)	100.00%	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Employer's proportionate share of the net OPEB liability (asset)	\$1,215,321	\$1,265,603	\$1,452,692	\$1,490,632	-	-	-	-	-	-
Employer's covered-employee payroll	n/a	n/a	n/a	n/a	-	-	-	-	-	-
Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	n/a	n/a	n/a	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\*Complete data for this schedule is not available prior to 2018. The 2021 information presented has a measurement date of July 1, 2020.

See accompanying notes to the Required Supplemental Information.

**Schedule of Employer Contributions - OPEB  
North Dakota Public Employees Retirement System (PERS) - RHIC  
For the Ten Years Ended June 30\***

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutory determined contribution	\$ 101,708	\$ 98,827	\$ 97,703	\$ 101,670	\$ 102,114	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	(101,708)	(98,827)	(97,703)	(95,570)	(97,783)	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 6,100	\$ 4,331	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 8,987,199	\$ 8,706,043	\$ 8,986,989	\$ 8,667,975	\$ 8,784,521	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	1.13%	1.14%	1.09%	1.10%	1.11%	0.00%	0.00%	0.00%	0.00%	0.00%

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

**Schedule of Employer Contributions - OPEB  
Met Life Insurance Plan  
For the Ten Years Ended June 30\***

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 93,167	\$ 92,204	\$ 106,095	\$ 104,284	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	(82,634)	(78,699)	(83,650)	(79,667)	-	-	-	-	-	-
Contribution deficiency (excess)	\$ 10,533	\$ 13,505	\$ 22,445	\$ 24,617	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	n/a	n/a	n/a	n/a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	n/a	n/a	n/a	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\*Complete data for this schedule is not available prior to 2018.

See accompanying notes to the Required Supplemental Information.



**Schedule of Changes to the Net OPEB Liability\***

**Met Life Insurance Plan**

<b>For the Ten Years Ended June 30*</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Total OPEB liability (asset)</b>										
Service cost	\$ 862	\$ 821	\$ 3,672	\$ 3,497	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	31,490	36,570	42,038	43,135	-	-	-	-	-	-
Change of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(192,150)	-	-	-	-	-	-	-	-
Changes of assumptions	-	46,369	-	-	-	-	-	-	-	-
Benefit payments, including refund of employee Contributions	(82,634)	(78,699)	(83,650)	(79,667)						
<b>Net change in total OPEB liability (asset)</b>	<b>(50,282)</b>	<b>(187,089)</b>	<b>(37,940)</b>	<b>(33,035)</b>						
<b>Total OPEB liability (asset) - beginning</b>	<b>1,265,603</b>	<b>1,452,692</b>	<b>1,490,632</b>	<b>1,523,667</b>						
<b>Total OPEB liability (asset) - ending (a)</b>	<b>\$ 1,215,321</b>	<b>\$ 1,265,603</b>	<b>\$ 1,452,692</b>	<b>\$ 1,490,632</b>						
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 82,634	\$ 78,699	\$ 83,650	\$ 79,667	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - employee	-	-	-	-						
Service credit repurchase	-	-	-	-						
Net investment income	-	-	-	-						
Benefit payments, including refund of employee contributions	(82,634)	(78,699)	(83,650)	(79,667)						
Administrative expense	-	-	-	-						
<b>Net change in plan fiduciary net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>						
<b>Plan fiduciary net position - beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>						
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>						
<b>Net OPEB liability (asset) - ending (a) - (b)</b>	<b>\$ 1,215,321</b>	<b>\$ 1,265,603</b>	<b>\$ 1,452,692</b>	<b>\$ 1,490,632</b>						

\*Complete data for this schedule is not available prior to 2018. The 2021 information presented has a measurement date of July 1, 2020.

See accompanying notes to the Required Supplemental Information.

**Job Service North Dakota  
Notes to Required Supplementary Schedules  
June 30, 2021**

**NOTE 1 – Actuarial Assumptions and Methods**

**Pension Plan – North Dakota Public Employees Retirement System (PERS)**

Changes of benefit terms: 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 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, 2019 valuation:

- The investment return assumption was lowered from 7.50% to 7.0%
- The assumed rate of price inflation was lowered from 2.50% to 2.25% 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 and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

**Pension Plan – Retirement Plan for Employees of Job Service North Dakota**

Methods and Assumptions Used to Determine Actuarially Determined Contribution Rates:

Actuarial Cost Method: Frozen Initial Liability (Aggregate since no initial Liability remains)

Amortization Method: N/A

Asset Valuation Method: 5-year smoothed market

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 and June 30, 2019, mortality rates for active members, inactive members and healthy retirees were based on the RP-2000 Combined Healthy Mortality table, sex-distinct, with rates set back 2 years for males and 3 years for females. RP 2000 Disable Mortality table, sex-distinct, with rates set back 1 years for males (no set back for females), with rates multiplied by 125% for post-retirement disabled mortality. Mortality rates are projected from 2014 using Social Security Administration (SSA) Intermediate Cost scale.

Other Notes: There were no benefit changes during the year. The economic assumptions (excluding salary increases) were updated beginning with the actuarial valuation as of July 1, 2017 based on a review performed by GRS. The Board approved

lowering the investment return assumption from 5.70 percent to 4.75 percent 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. The System has assets in excess of the present value of future benefits. Therefore, no employer contributions are being made.

Methods and Assumptions Used to Determine GASB 67/68 Net Pension Liability:

Actuarial Cost Method: Entry Age Normal

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

Inflation: 2.50%

COLA: 2.50%

Salary Increases: 3.50%

Investment Rate of Return: 4.25%

Retirement Age: Age-based table of rates that are specific to the type of eligibility condition

Mortality: For June 30, 2020 and June 30, 2019, mortality rates for active members, inactive members and healthy retirees were based on the RP-2000 Combined Healthy Mortality table, sex-distinct, with rates set back 2 years for males and 3 years for females. RP 2000 Disable Mortality table, sex-distinct, with rates set back 1 years for males (no set back for females), with rates multiplied by 125% for post-retirement disabled mortality. Mortality rates are projected from 2014 using Social Security Administration (SSA) Intermediate Cost scale.

Other Notes: There were no benefit changes during the year. The assumptions were updated beginning with the actuarial valuation of July 1, 2020 based on an experience study covering the period July 1, 2014 through July 1, 2019. The System has assets in excess of the present value of future benefits. Therefore, no employer contributions are being made.

**OPEB Plan – North Dakota Public Employees Retirement System (PERS) – RHIC**

Changes of benefit terms: Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2019.

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

- The investment return assumption was lowered from 7.25% to 6.50%

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2019.

**OPEB Plan – 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 and Individual Fund Statements and Schedules**

**JOB SERVICE NORTH DAKOTA**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2021**

	<u>Special Revenue</u>		
	<u>362</u> <b>Job Service Special Fund</b>	<u>392</u> <b>Insurance Recovery Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>			
Cash in State Treasury	\$ 711,291	\$ 10,000	\$ 721,291
Cash Deposits At The Bank of North Dakota		-	-
Investments At The Bank of North Dakota		-	-
Accounts Receivable - Net:			
Refunds		-	-
Accrued Interest		-	-
Penalty and/or Interest		-	-
Due From:			
Other Funds	44,430	-	44,430
Other State Agencies	-	-	-
<b>Total Assets</b>	<u>\$ 755,721</u>	<u>\$ 10,000</u>	<u>\$ 765,721</u>
<b>Liabilities</b>			
Accounts Payable	\$ 17,305	\$ -	\$ 17,305
Accrued Payroll	2,088	-	2,088
Due To:			
Other Funds	-	-	-
Other State Agencies	3,741	-	3,741
<b>Total Liabilities</b>	<u>23,134</u>	<u>-</u>	<u>23,134</u>
<b>Deferred Inflows of Resources</b>			
Unpaid Penalty and Interest	-	-	-
<b>Total Deferred Inflows</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>			
Assigned	732,587	10,000	742,587
Unassigned	-	-	-
<b>Total Fund Balances</b>	<u>732,587</u>	<u>10,000</u>	<u>742,587</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<u>\$ 755,721</u>	<u>\$ 10,000</u>	<u>\$ 765,721</u>

**JOB SERVICE NORTH DAKOTA**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2020**

	Special Revenue			Total Nonmajor Governmental Funds
	362 Job Service Special Fund	392 Insurance Recovery Fund	Federal Advance Interest Repayment Account	
<b>Assets</b>				
Cash in State Treasury	\$ 41,207	\$ -	\$ -	\$ 41,207
Cash Deposits At The Bank of North Dakota		-	1,401,620	1,401,620
Investments At The Bank of North Dakota		-	5,000,000	5,000,000
Accounts Receivable - Net:				
Refunds		-	-	-
Accrued Interest		-	2,836	2,836
Penalty and/or Interest		-	827,434	827,434
Due From:				
Other Funds	743,518	-	-	743,518
Other State Agencies	-	-	-	-
<b>Total Assets</b>	<b>\$ 784,725</b>	<b>\$ -</b>	<b>\$ 7,231,890</b>	<b>\$ 8,016,615</b>
<b>Liabilities</b>				
Accounts Payable	\$ 65,356	\$ -	\$ -	\$ 65,356
Accrued Payroll	1,692	-	-	1,692
Due To:				
Other Funds	-	-	65,377	65,377
Other State Agencies	5,115	-	-	5,115
<b>Total Liabilities</b>	<b>72,163</b>	<b>-</b>	<b>65,377</b>	<b>137,540</b>
<b>Deferred Inflows of Resources</b>				
Unpaid Penalty and Interest	-	-	624,074	624,074
<b>Total Deferred Inflows</b>	<b>-</b>	<b>-</b>	<b>624,074</b>	<b>624,074</b>
<b>Fund Balances</b>				
Assigned	712,562	-	6,542,439	7,255,001
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>712,562</b>	<b>-</b>	<b>6,542,439</b>	<b>7,255,001</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 784,725</b>	<b>\$ -</b>	<b>\$ 7,231,890</b>	<b>\$ 8,016,615</b>

**JOB SERVICE NORTH DAKOTA****Combining Statement of Revenues, Expenditures, & Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2021**

	<u>Special Revenue</u>		
	<u>362</u> <b>Job Service Special Fund</b>	<u>392</u> <b>Insurance Recovery Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>			
Interest Earnings	\$ -	\$ -	\$ -
Penalty and/or Interest	-	-	-
Other Grants	\$ 82,557	\$ -	\$ 82,557
<b>Total Revenues</b>	<u>82,557</u>	<u>-</u>	<u>82,557</u>
<b>Expenditures</b>			
Current:			
Economic Development & Assistance	62,532	-	62,532
<b>Total Expenditures</b>	<u>62,532</u>	<u>-</u>	<u>62,532</u>
Excess of Revenues Over (Under) Expenditures	<u>20,025</u>	<u>-</u>	<u>20,025</u>
<b>Other Finance Sources</b>			
Transfers In	-	10,000	10,000
<b>Total Other Finance Sources</b>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Net Change in Fund Balances	20,025	10,000	30,025
Fund Balances at July 1, 2020	712,562	-	712,562
<b>Fund Balances at June 30, 2021</b>	<u>\$ 732,587</u>	<u>\$ 10,000</u>	<u>\$ 742,587</u>

**JOB SERVICE NORTH DAKOTA**

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

	<b>Special Revenue</b>			
	<u>362</u> <b>Job Service Special Fund</b>	<u>392</u> <b>Insurance Recovery Fund</b>	<b>Federal Advance Interest Repayment Account</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>				
Interest Earnings	\$ -	\$ -	44,874	\$ 44,874
Penalty and/or Interest	-	-	1,012,314	1,012,314
Other Grants	67,629	-	-	\$ 67,629
<b>Total Revenues</b>	<u>67,629</u>	<u>-</u>	<u>1,057,188</u>	<u>1,124,817</u>
<b>Expenditures</b>				
Current:				
Economic Development & Assistance	98,629	-	1,055,095	1,153,724
<b>Total Expenditures</b>	<u>98,629</u>	<u>-</u>	<u>1,055,095</u>	<u>1,153,724</u>
Excess of Revenues Over (Under) Expenditures	<u>(31,000)</u>	<u>-</u>	<u>2,093</u>	<u>(28,907)</u>
<b>Other Finance Sources</b>				
Transfers In	-	-	-	-
<b>Total Other Finance Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(31,000)	-	2,093	(28,907)
Fund Balances at July 1, 2019	743,562	-	6,540,346	7,283,908
<b>Fund Balances at June 30, 2020</b>	<u>\$ 712,562</u>	<u>\$ -</u>	<u>\$ 6,542,439</u>	<u>\$ 7,255,001</u>



# **Capital Assets Used in the Operation of Governmental Funds**

**JOB SERVICE NORTH DAKOTA**

**Capital Assets Used in the Operation of Governmental Funds  
Comparative Schedules By Source  
June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Governmental funds capital assets:</b>		
Land	\$ 1,202,406	\$ 1,202,406
Buildings	10,026,734	9,933,166
Infrastructure	383,211	334,156
Machinery and equipment	2,349,653	2,318,852
Intangible Assets	6,487,753	5,415,949
Work in Progress	-	26,644
<b>Total governmental funds capital assets</b>	<u>\$ 20,449,757</u>	<u>\$ 19,231,173</u>
 <b>Investments in governmental funds capital assets by source:</b>		
Special revenue funds	<u>\$ 20,449,757</u>	<u>\$ 19,231,173</u>

**JOB SERVICE NORTH DAKOTA**

**Capital Assets Used in the Operation of Governmental Funds  
Schedules By Function and Activity  
June 30, 2021 and 2020**

<b>June 30, 2021</b>							
<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Infrastructure</u>	<u>Equipment</u>	<u>Intangible Assets</u>	<u>Work in Progress</u>	<u>Total</u>
<b>General government:</b>							
Economic development and assistance	\$ 1,202,406	\$ 10,026,734	\$ 383,211	\$ 2,349,653	\$ 6,487,753	\$ -	\$ 20,449,757
Total general government	<u>1,202,406</u>	<u>10,026,734</u>	<u>383,211</u>	<u>2,349,653</u>	<u>6,487,753</u>	<u>-</u>	<u>20,449,757</u>
<b>Total governmental funds capital assets</b>	<u><u>\$ 1,202,406</u></u>	<u><u>\$ 10,026,734</u></u>	<u><u>\$ 383,211</u></u>	<u><u>\$ 2,349,653</u></u>	<u><u>\$ 6,487,753</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 20,449,757</u></u>
<b>June 30, 2020</b>							
<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Infrastructure</u>	<u>Equipment</u>	<u>Intangible Assets</u>	<u>Work in Progress</u>	<u>Total</u>
<b>General government:</b>							
Economic development and assistance	\$ 1,202,406	\$ 9,933,166	\$ 334,156	\$ 2,318,852	\$ 5,415,949	\$ 26,644	\$ 19,231,173
Total general government	<u>1,202,406</u>	<u>9,933,166</u>	<u>334,156</u>	<u>2,318,852</u>	<u>5,415,949</u>	<u>26,644</u>	<u>19,231,173</u>
<b>Total governmental funds capital assets</b>	<u><u>\$ 1,202,406</u></u>	<u><u>\$ 9,933,166</u></u>	<u><u>\$ 334,156</u></u>	<u><u>\$ 2,318,852</u></u>	<u><u>\$ 5,415,949</u></u>	<u><u>\$ 26,644</u></u>	<u><u>\$ 19,231,173</u></u>

**Job Service North Dakota**

**Capital Assets Used in the Operation of Governmental Funds  
Schedules of Changes By Function and Activity  
For the Fiscal Years Ended June 30, 2021 and 2020**

		<u>June 30, 2021</u>			
<u>Function and Activity</u>		<u>Governmental Funds Capital Assets July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets June 30, 2021</u>
<b>General government:</b>					
Economic development and assistance	\$ 19,231,173	\$ 1,272,653	\$ 54,069	\$ 20,449,757	
Total general government	19,231,173	1,272,653	54,069	20,449,757	
<b>Total governmental funds capital assets</b>	<b><u>\$ 19,231,173</u></b>	<b><u>\$ 1,272,653</u></b>	<b><u>\$ 54,069</u></b>	<b><u>\$ 20,449,757</u></b>	
		<u>June 30, 2020</u>			
<u>Function and Activity</u>		<u>Governmental Funds Capital Assets July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets June 30, 2020</u>
<b>General government:</b>					
Economic development and assistance	\$ 18,570,139	\$ 747,207	\$ 86,173	\$ 19,231,173	
Total general government	18,570,139	747,207	86,173	19,231,173	
<b>Total governmental funds capital assets</b>	<b><u>\$ 18,570,139</u></b>	<b><u>\$ 747,207</u></b>	<b><u>\$ 86,173</u></b>	<b><u>\$ 19,231,173</u></b>	

# **Internal Control and Compliance Section**

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

Governor Doug Burgum  
The Legislative Assembly  
State of North Dakota

Bryan Klipfel, Executive Director  
Job Service North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Job Service North Dakota, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Job Service North Dakota's basic financial statements, and have issued our report thereon dated October 15, 2021.

### Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

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

## Purpose of this Report

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



**BRADY, MARTZ & ASSOCIATES, P.C.**  
**BISMARCK, NORTH DAKOTA**

October 15, 2021

## INDEPENDENT AUDITOR'S SPECIFIC COMMENTS REQUESTED BY THE NORTH DAKOTA LEGISLATIVE AUDIT AND FISCAL REVIEW COMMITTEE YEAR ENDED JUNE 30, 2021

The Legislative Audit and Fiscal Review Committee require that certain items be addressed by independent certified public accountants performing audits of State agencies. The items and our responses regarding the June 30, 2021 audit of Job Service North Dakota are as follows:

### **Audit Report Communications:**

1. What type of opinion was issued on the financial statements?

Unmodified.

2. Was there compliance with statutes, laws, rules and regulations under which the agency was created and is functioning?

Yes.

3. Was internal control adequate and functioning effectively?

Yes.

4. Were there any indications of lack of efficiency in financial operations and management of the agency?

No.

5. Was action taken on prior audit findings and recommendations?

There were no prior year findings.

6. Was a management letter issued? If so, provide a summary below, including any recommendations and the management responses.

No

### **Audit Committee Communications:**

1. Identify any significant changes in accounting policies, any management conflicts of interest, any contingent liabilities, or any significant unusual transactions.

None



2. Identify any significant accounting estimates, the process used by management to formulate the accounting estimates, and the basis for the auditor's conclusions regarding the reasonableness of those estimates.

Job Service North Dakota estimates the amount of unemployment taxes, penalties, and interest that will be receivable and uncollectible. Management estimates the taxes, penalties, and interest at year end by determining the amount of collections from July 1, 2021 to August 15, 2021. The auditor's conclusion is based on the past history of collections and subsequent payment of the receivables after year end.

Management's estimate of its actuarially calculated pension liability is based on several factors including but not limited to, anticipated investment return rate, retirement age for active employees, life expectancy, salary increases, and form of annuity payment upon retirement. We evaluated the key factors and assumptions used to determine future liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of its actuarially calculated OPEB liability is based on several factors including but not limited to, anticipated investment return rate, retirement age for active employees, and life expectancy. We evaluated the key factors and assumptions used to determine future liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.

Job Service North Dakota also estimates the depreciation of fixed assets. Management determines the useful life of the assets based on planned use, and depreciates the cost of the asset over the useful life. The auditor's conclusion of the reasonableness of the useful lives is based on the past history of similar assets used by the organization.

3. Identify any significant audit adjustments.

None.

4. Identify any disagreements with management, whether or not resolved to the auditor's satisfaction, relating to a financial accounting, reporting, or auditing matter that could be significant to the financial statements.

None.

5. Identify any serious difficulties encountered in performing the audit.

None.

6. Identify any major issues discussed with management prior to retention.

None.

7. Identify any management consultations with other accountants about auditing and accounting matters.

None.

8. Identify any high-risk technology systems critical to operations based on the auditor's overall assessment of the importance of the system to the agency and its mission, or whether any exceptions identified in the six report questions to be addressed by auditors are directly related to the operations of an information technology system.

Based on the audit procedures performed, Job Service North Dakota's critical information technology system is mainframe (Unisys Libra 4390 and 470). There were no exceptions identified that were directly related to this application.

This report is intended solely for the information and use of the Governor, Legislative Audit and Fiscal Review Committee, and management, and is not intended to be and should not be used by anyone other than these specified parties.



**BRADY, MARTZ & ASSOCIATES, P.C.**  
**BISMARCK, NORTH DAKOTA**

October 15, 2021