

NORTH
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2021 ACFR

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

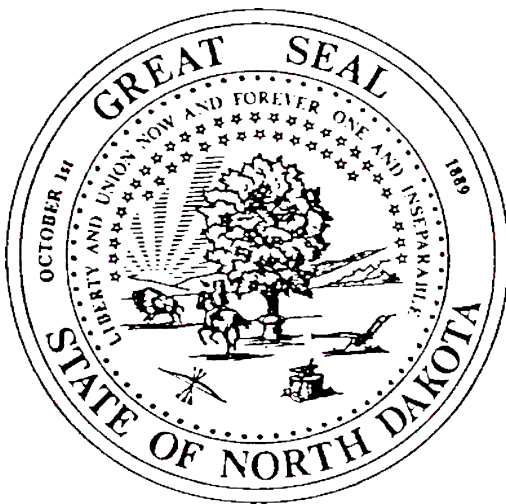
Photo Credit: ND Tourism

STATE OF NORTH DAKOTA

Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED

June 30, 2021



Prepared by the Office of Management and Budget

State of North Dakota
Office of Management and Budget Fiscal Management Division
600 East Boulevard Avenue Dept. 110
Bismarck, ND 58505-0400
701-328-2680

This ACFR is also available at our Fiscal Management website:

<https://www.omb.nd.gov/financial-transparency/annual-comprehensive-financial-reports-acfr>

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
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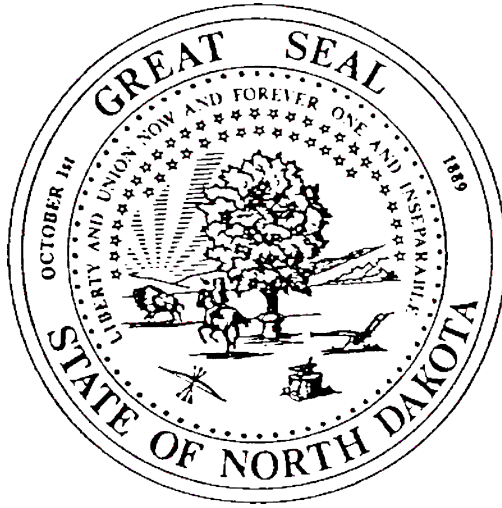
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STATISTICAL SECTION

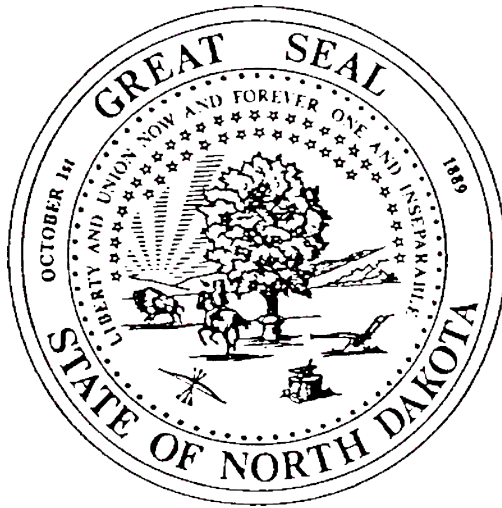
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Introductory Section



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December 16, 2021

To the governor, legislators and citizens of the state of North Dakota:

In accordance with North Dakota Century Code (NDCC) section 54-44-04(14), we are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the state of North Dakota for the fiscal year ended June 30, 2021. This report has been prepared by the Office of Management and Budget. The financial statements contained in the ACFR have been prepared in accordance with generally accepted accounting principles (GAAP) applicable to state and local governments, as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the state's management. To the best of our knowledge and belief, the information contained in the ACFR is accurate in all material respects, and reported in a manner that presents fairly the financial position and results of operations of the state's primary government and the component units for which it is financially accountable. All disclosures necessary to enable the reader to gain an understanding of the state of North Dakota's financial affairs have been included.

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

In compliance with state statute, the Office of the State Auditor audited the state's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the state for the fiscal year ended June 30, 2021 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and evaluating the overall financial statement presentation. Their examination was conducted in accordance with GAAP and the standards applicable to financial audits contained in *Government Auditing Standards* as published by the Comptroller General of the United States. The Office of the State Auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the state's financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report

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

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

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PROFILE OF THE GOVERNMENT

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

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

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

LOCAL ECONOMY

Although North Dakota's economy is increasingly diversified, the agricultural industry continues to play a key role in the state's economy. The North Dakota Agricultural Statistics report states: North Dakota led the nation in the production of all wheat, spring wheat, Durum wheat, all dry edible beans, pinto beans, canola, flaxseed, all sunflowers, non-oil sunflowers, rye and honey for 2020. North Dakota also ranked second in the production of black beans, navy beans, pink beans, small red beans, lentils and all dry edible peas.

The energy industry plays an important role in the state's economy. The development of wind and coal resources, the production of ethanol and bio diesel, and oil and natural gas extraction all contribute to the state's economy. North Dakota reached an all-time high for oil production which averaged over 1.52 million barrels of oil produced per day in November 2019. North Dakota's current crude oil production ranks third in the nation, behind first-ranked Texas and second-ranked New Mexico. Oil prices have rebounded since the crash at the end of fiscal year 2020 when North Dakota producers were receiving prices below \$15 per barrel. Prices are averaging around \$65 per barrel to start off the 2021-23 biennium which is above the estimated price of \$50 used for budgeting purposes.

According to the United States Census Bureau, the state's resident population for 2020 was approximately 779,000 people, which is an all-time high. Health care and social assistance jobs account for the highest percent of employment in the state. Other leading areas of employment are retail trade, accommodation and food services, educational services, construction and manufacturing. The unemployment rate for the state in September 2021 was 2.6%, compared to 4.6% for the U.S.

A listing of the state's 20 largest employers demonstrates the diversity of the economy. Top employers include: health care providers, educational services, social assistance, the U.S military, manufacturers, financial and banking companies, U.S. postal service and retail companies.

Uncertainty within international markets, resulted in a decrease in exporting in North Dakota in 2020. The United States Census Bureau showed that North Dakota's exports were down overall by about \$1.8 billion for a total of \$5.2 billion in 2020. This represents a decrease of 25.6% over 2019.

LONG-TERM FINANCIAL PLANNING

The long-term financial plan for the state of North Dakota was outlined by Governor Burgum as part of the 2021-23 executive budget address, presented to the legislature in December 2020. The governor's long-term financial plan includes the following key components:-

- Limiting growth in general fund spending.
- Maintaining healthy reserves.
- Avoiding any tax increases.
- Investing in priorities, like technology, education, and behavioral health.
- Ensuring solvency for the state pension fund.

North Dakota is required by its constitution to have a balanced budget. However, ongoing revenues and ongoing expenses have not always been in balance. In those instances where ongoing revenues did not meet the obligations of ongoing expenses of state government, one-time transfers from accumulated reserves and fund balances were used to fill the gap. In nearly all cases, those accumulated reserves and fund balances were directly attributable to oil and natural gas extraction and production tax revenue. In the 2021-23 biennium executive budget, the governor laid out a financial plan that not only balanced ongoing revenues and expenses, but did so by adding transparency to the use of oil tax revenue. In the executive budget, the state general fund allocation of oil and gas taxes increased from \$400 million to \$500 million per biennium.

The legislature did not approve the proposed transfer of \$500 million per biennium from oil tax revenues to the general fund, opting to continue it at the level of \$400 million per biennium. The legislature instead chose to balance the general fund budget with transfers from accumulated oil tax revenues. Although this approach provides less transparency, it ensures overall revenue sources are adequate to fund ongoing government expenses. It provides a conservative approach to funding the budget as the accumulated balances transferred to the general fund are balances on hand at the start of the biennium and not dependent on forecasted tax revenues.

The state's rainy-day fund, the Budget Stabilization Fund, was nearly depleted during the 2015-17 biennium economic downturn. The fund has been refilled to the maximum balance allowed by law. Due to conservative budget management and strong revenues, the fund was not used during the COVID-19 pandemic which began during the 2019-21 biennium. A critical component of ensuring the long-term financial well being of the state of North Dakota is a well-funded Budget Stabilization Fund that provides a necessary buffer against volatile commodity prices that drive ups and downs in the state's economy.

Another component of the state's long-term financial plan is ensuring the solvency of the state's pension fund. The governor proposed restoring solvency to the fund through an increase in employer and employee contributions. The legislature did not endorse this proposal but recognized the need to address the state's unfunded pension liability through a study that will develop proposals for the 2023 legislature.

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

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

RELEVANT FINANCIAL POLICIES

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

North Dakota experienced a significant revenue shortfall during the 2015-17 biennium due to decreases in oil and agriculture prices, resulting in a transfer of nearly the entire balance of the budget stabilization fund to the general fund prior to June 30, 2017. The 2017 legislature established an ongoing allocation of \$75 million per biennium from oil and gas tax revenues to the budget stabilization fund. North Dakota Century Code requires the transfer to the budget stabilization fund of any end-of-biennium general fund balance in excess of \$65 million. Pursuant to Section 54-27.2-01, the fund is limited to no more than 15% of current biennium general fund appropriations. Any deposits or interest that would otherwise be deposited or retained in the fund must instead be deposited in the general fund once the maximum balance is reached. The current cap on the fund is \$752 million.

The 2019-21 biennium ended with the budget stabilization fund meeting the cap so no general fund transfer was made to the fund.

In addition to accessing the budget stabilization fund, in the event of an economic downturn the governor can reduce general fund expenditure authority uniformly across state agencies through a process known as allotment. In the event of an allotment, the foundation aid stabilization fund was established to protect the state school aid program. Dollars from this fund would replace the amount of general fund dollars allotted, thus K-12 education would not experience a reduction in funding. The passage of Measure 2 in the 2016 general election allowed money in the fund to be appropriated for education-related purposes. Funding for the foundation aid stabilization fund comes from 10% of oil extraction tax collections. The foundation aid stabilization fund is expected to have a June 30, 2023 balance in excess of \$397 million.

MAJOR INITIATIVES

Major initiatives proposed by Governor Burgum and approved by the legislature for the 2021-23 biennium include the following:

- Investing in infrastructure and other priorities.
- Supporting K-12 education.
- Investing in behavioral health issues.
- Investing in cybersecurity and upgrading technology.
- Maintaining reserves and the rainy-day fund.

INFRASTRUCTURE INVESTMENTS

The 2021-23 biennial budget includes funding to rebuild and repair roads throughout the state, for water supply and flood control and capital projects for state parks. Funding for infrastructure improvements includes the following:

- \$1.13 billion to rebuild and repair state highways.
- \$220.0 million for city road projects.
- \$145.5 million dedicated to the repair and rebuilding of county and township roads.
- \$7.9 million for projects across the state park system.
- \$540.8 million for water-related projects, including \$125.0 million for water supply, \$59.6 million for rural water supply, \$48.0 million for flood control, \$14.2 million for general water projects, \$148.5 million for state-owned water projects and \$6.0 million for other new projects.

TECHNOLOGY UPDATES

The governor's budget included support for replacing outdated technology to better serve the citizens of the state and provide the most efficient use of resources.

- \$111.2 million for technology projects across numerous agencies for the 2021-23 biennium.
- \$19.5 million to enhance the state's cybersecurity program; and
- 29.0 FTE to support the growing need for cybersecurity.

EDUCATION

K-12 education initiatives include the following:

- \$2.13 billion in state funding for K-12 schools through integrated funding formula;
- \$58.1 million to assist districts in the provision of transportation services;
- \$27 million to go towards special education contracts.

Higher Education initiatives include the following:

- \$11.2 million in state funding to continue the North Dakota Higher Education Challenge Grant Program, to encourage philanthropy by providing a state match for private contributions to the state's colleges and universities.
- \$64.9 million to be invested for capital projects across the system, with funding from revenue bonds, private donations, capital building funds and carryover authority.

RESERVES

It is anticipated that by June 30, 2023, there will be a total ending balance of approximately \$1.63 billion in the budget stabilization fund, foundation aid stabilization fund, strategic investment and improvements fund, and tax relief fund. The general fund budget for the 2021-23 biennium totals \$4.99 billion.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the state of North Dakota for its ACFR for the fiscal year ended June 30, 2020. This was the 30th consecutive year that North Dakota has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the state of North Dakota received the GFOA's Award for Distinguished Budget Presentation for its 2021-2023 budget. In order to qualify for the Distinguished Budget Presentation Award, the state's budget document was judged to be proficient in several categories, including policy documentation, financial planning and organization.

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

Sincerely,

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

Joe Morrissette
Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

State of North Dakota

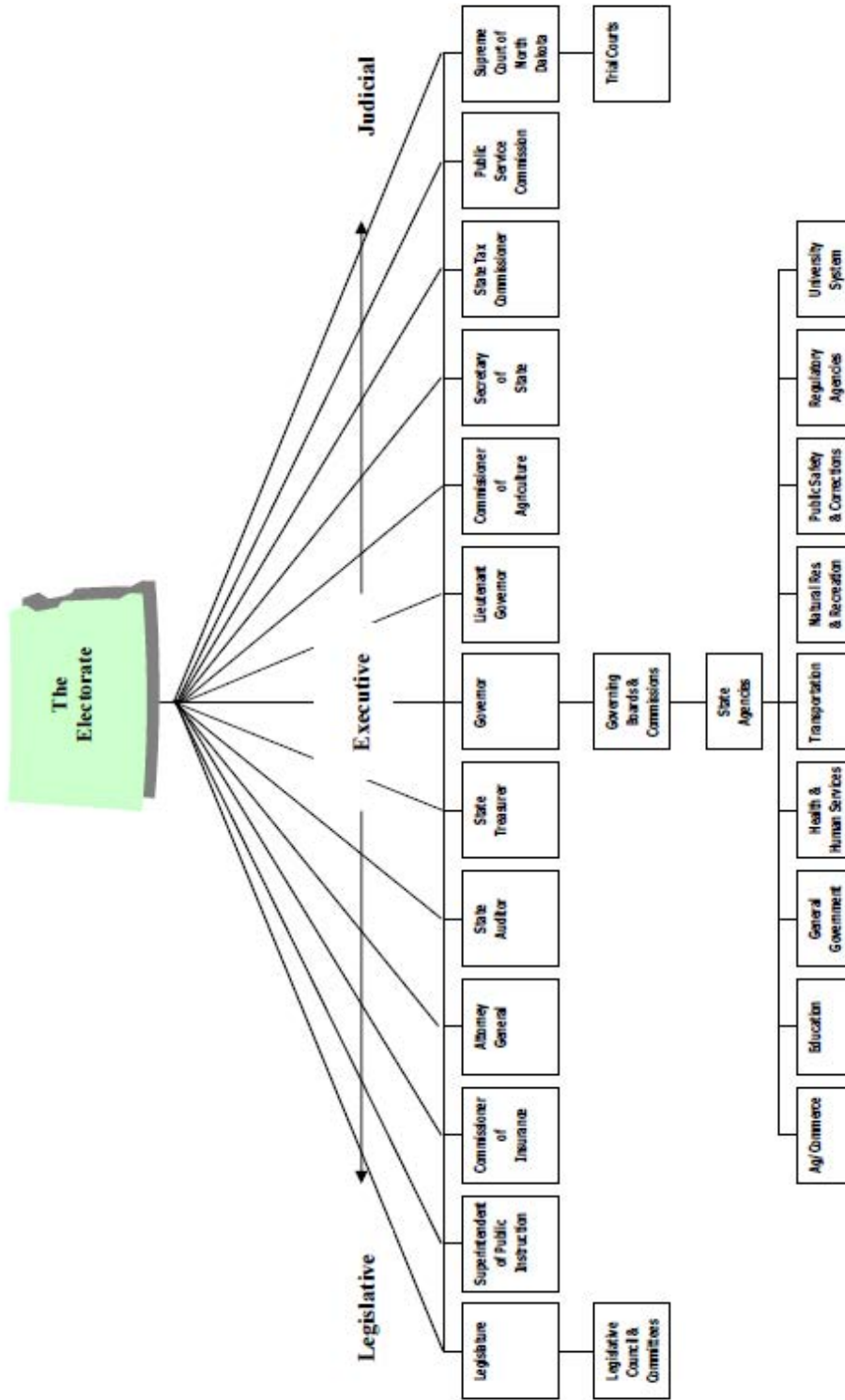
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

STATE OF NORTH DAKOTA ORGANIZATIONAL CHART



NORTH DAKOTA
PRINCIPAL STATE OFFICIALS
June 30, 2021

ELECTED OFFICIALS

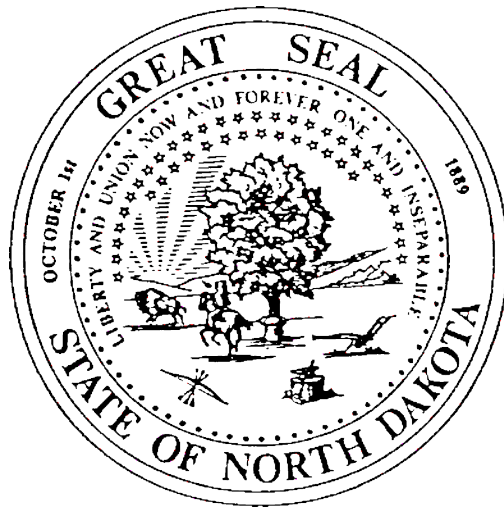
Doug Burgum, Governor
Brent Sanford, Lieutenant Governor
Alvin A. Jaeger, Secretary of State
Wayne Stenehjem, Attorney General
Julie Fedorchak, Public Service Commissioner
Randel Christmann, Public Service Commissioner
Brian Kroshus, Public Service Commissioner
Doug Goehring, Commissioner of Agriculture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

LEGISLATIVE

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

JUDICIAL

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



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Financial Section



Independent Auditor's Report

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

Members of the Legislative Assembly
of the State of North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of North Dakota as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

	<u>Percent of Assets</u>	<u>Percent of Net Position or Fund Balance</u>	<u>Percent of Revenues</u>
<u>Government-Wide Financial Statements</u>			
Governmental Activities	27%	29%	22%
Business-Type Activities	81%	65%	60%
Aggregate Discretely Presented Component Units	100%	100%	100%
<u>Fund Financial Statements</u>			
Major Governmental Funds			
General Fund	1%	0%	0%
Federal Fund	2%	93%	1%
State Special Revenue Fund	76%	79%	55%
Major Enterprise Funds			
Bank of North Dakota	100%	100%	100%
Housing Finance Agency	100%	100%	100%
University System	0%	0%	0%
Workforce Safety and Insurance	100%	100%	100%
Unemployment Compensation	100%	100%	100%
Aggregate Remaining Fund Statements	99%	100%	87%

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but

not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of North Dakota, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The actuary for the North Dakota Public Employees Retirement System has determined that the Fund's unfunded actuarial accrued liability is approximately \$1.44 billion as of July 1, 2021. The funding for the actuarial accrued liability is predicated on employer and employee funding rates mandated by North Dakota statutes. The actuary has determined that the current statutory rates are insufficient compared to the actuarially determined contribution rate needed to fund the actuarial accrued liability. Note 6 to the basic financial statements identifies the net pension liability as calculated using GASB 67 and 68 requirements. Our opinion is not modified with respect to this matter.

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

As described in Note 21 to the basic financial statements, the State of North Dakota adopted the provisions of GASB 84 *Fiduciary Activities*, GASB 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period*, GASB 90 *Majority Equity Interests*, and GASB 98 *The Annual Comprehensive Financial Report*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2021 on our consideration of the State of North Dakota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of North Dakota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of North Dakota's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor
Bismarck, North Dakota
December 16, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the State of North Dakota's (the State's) Annual Comprehensive Financial Report presents a discussion and analysis of the State's financial performance, providing an overview of the activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and with the State's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-wide:

Total assets and deferred outflows of resources of the State exceeded its liabilities and deferred inflows of resources at fiscal year-end by \$29.6 billion (reported as net position), an increase of \$3.5 billion from the previous year. The net position of governmental activities increased by 14.6% while the net position of the business-type activities showed an increase of 7.8%.

As a result of implementing GASB Statement 68, *Accounting and Financial Reporting for Pensions*, the State recorded \$31 million net pension asset, \$1 billion deferred outflows of resources, \$1.7 billion net pension liability, and \$268.7 million deferred inflows of resources for the primary government. The State increased its net pension liability by \$1.07 billion during the year. The increase in the pension liability is due to the fact that beginning in FY21 the state is no longer on a path to fully fund the pension plan. As long as the state is not on a path to fully fund the pension plan we are required to use a blended discount rate instead of our longer term rate of return.

Fund Level:

As of the close of fiscal year 2021 the State's governmental funds reported combined ending fund balances of \$19.7 billion, an increase of \$3.2 billion. Of this amount, \$144.1 million is non-spendable, primarily for Permanent Trust Funds. Spendable fund balance consists of \$7.5 billion restricted for specific purposes such as common schools, highway projects, and state education aid, \$2 billion committed and \$386.3 million assigned for specific functional expenditures such as education and health and human service operations, with the unassigned fund balance making up the remaining amount of \$9.7 billion, which is primarily made up of the legacy fund with a balance of \$8.2 billion.

The enterprise funds reported net position at year-end of \$4.9 billion, an increase of \$358.1 million during the year.

Long-term Debt:

The State's total debt (bonds, certificates of participation, and notes payable) decreased approximately 13.4% during the fiscal year to \$2.1 billion, a decrease of 329 million, which represents the net difference between new issuances and payments. During the year the State issued \$386.6 million in bonds, \$2.7 thousand in certificates of participation, and \$1.14 billion in notes.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Statements

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

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

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

Both statements report three activities:

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

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

Discretely Presented Component Units – These are operations for which the State has financial accountability but they have certain independent qualities as well. These entities operate similar to private- sector business and the business-type activities described above. The State has 4 discretely presented component units. Financial information for these entities is presented separately from the financial information presented for the primary government.

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

As noted previously, net position may serve over time as a useful indicator of a government's financial position. The State's combined net position (governmental and business-type activities) totaled \$29.6 billion at the end of fiscal year 2021. Net position increased \$3.5 billion from the prior fiscal year.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 22,565,246	\$ 18,654,826	\$ 12,569,352	\$ 11,623,390	\$ 35,134,598	\$ 27,051,115
Capital Assets	5,672,796	5,462,057	1,831,512	1,683,761	7,504,308	7,145,817
Total Assets	<u>28,238,042</u>	<u>24,116,882</u>	<u>14,400,864</u>	<u>13,307,151</u>	<u>42,638,906</u>	<u>34,196,932</u>
Deferred Outflows of Resources	818,346	227,184	324,902	122,739	1,143,249	349,923
Long-Term Liabilities						
Outstanding	1,499,474	576,130	3,578,253	3,783,572	5,077,728	4,359,702
Other Liabilities	2,643,749	1,966,512	6,162,443	4,979,632	8,802,964	3,719,043
Total Liabilities	<u>4,143,223</u>	<u>2,542,642</u>	<u>9,740,696</u>	<u>8,763,204</u>	<u>13,880,692</u>	<u>8,078,745</u>
Deferred Inflows of Resources	204,200	252,367	69,260	96,983	273,461	349,350
Net Position						
Net Investment in						
Capital Assets	5,558,197	5,427,965	1,339,863	1,243,098	6,898,060	6,671,063
Restricted	7,676,069	6,543,042	1,670,770	1,374,339	9,346,838	7,917,381
Unrestricted	11,474,698	9,578,050	1,905,178	1,952,266	13,379,876	11,530,316
Total Net Position	<u>\$ 24,708,964</u>	<u>\$ 21,549,057</u>	<u>\$ 4,915,810</u>	<u>\$ 4,569,703</u>	<u>\$ 29,624,775</u>	<u>\$ 26,118,760</u>

The largest component (45%) of the State's net position is unrestricted net position. Unrestricted net position may be used at the State's discretion, but often have limitations on use based on State statutes. Restricted net position makes up thirty-two percent (32%) of the state's net position. Restricted net position represents resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used.

Twenty-three percent (23%) of the State's net position reflects its investment in capital assets such as land, buildings, equipment, intangibles (software), and infrastructure (roads, bridges and other immovable assets) less any related debt outstanding that was needed to acquire or construct the assets. The State uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for Services	\$ 354,695	\$ 347,155	\$ 2,281,020	\$ 2,214,200	\$ 2,635,715	\$ 2,561,355
Operating Grants & Contributions	4,178,132	2,028,278	855,176	596,060	5,033,308	2,624,338
Capital Grants & Contributions	—	2	17,610	17,502	17,610	17,504
General Revenues:						
Income Taxes	581,766	513,419	—	—	581,766	513,419
Sales Taxes	1,327,568	1,364,665	—	—	1,327,568	1,364,665
Oil, Gas and Coal Taxes	1,746,983	1,949,036	—	—	1,746,983	1,949,036
Other Taxes	128,553	107,173	—	—	128,553	107,173
Investment Earnings	1,676,824	333,528	—	—	1,676,824	333,528
Tobacco Settlement	22,586	21,159	—	—	22,586	21,159
Other	185,658	190,047	337	3,577	185,995	193,624
Total Revenues	10,202,765	6,854,462	3,154,143	2,831,339	13,356,908	9,685,801
Expenses:						
General Government	1,214,720	1,034,053	—	—	1,214,720	1,034,053
Education	1,440,183	1,288,935	—	—	1,440,183	1,288,935
Health and Human Services	2,429,626	2,077,950	—	—	2,429,626	2,077,950
Regulatory	262,055	78,442	—	—	262,055	78,442
Public Safety and Corrections	303,434	249,751	—	—	303,434	249,751
Agriculture and Commerce	235,626	107,574	—	—	235,626	107,574
Natural Resources	292,876	217,546	—	—	292,876	217,546
Transportation	518,412	429,801	—	—	518,412	429,801
Interest on Long Term Debt	4,268	1,691	—	—	4,268	1,691
Bank of North Dakota	—	—	93,811	103,391	93,811	103,391
Housing Finance	—	—	60,546	56,537	60,546	56,537
Loan Programs	—	—	11,288	16,396	11,288	16,396
State Lottery	—	—	23,632	18,929	23,632	18,929
Unemployment Compensation	—	—	731,053	611,219	731,053	611,219
University System	—	—	1,349,698	1,227,858	1,349,698	1,227,858
Workforce Safety and Insurance	—	—	208,717	220,279	208,717	220,279
Other	—	—	652,042	616,265	652,042	616,265
Total Expenses	\$ 6,701,200	\$ 5,485,743	\$ 3,130,787	\$ 2,870,874	\$ 9,831,987	\$ 8,356,617
Increase (decrease) in Net Position Before Contributions, Loss & Transfers						
Transfers	3,501,565	1,368,719	23,356	(39,535)	3,524,921	1,329,184
Contributions to Permanent Fund						
Principal	11,163	9,516	—	—	11,163	9,516
Transfers	(365,979)	(440,250)	334,081	485,109	(31,898)	44,859
Change in Net Position	3,146,749	937,985	357,437	445,574	3,504,186	1,383,559
Net Position - Beginning	21,549,057	20,612,163	4,569,703	4,124,129	26,118,761	24,736,292
Prior Period Adjustment *	13,158	(1,091)	(11,330)	—	1,828	(1,091)
Net Position- Ending	\$24,708,964	\$21,549,057	\$ 4,915,810	\$ 4,569,703	\$29,624,774	\$26,118,760

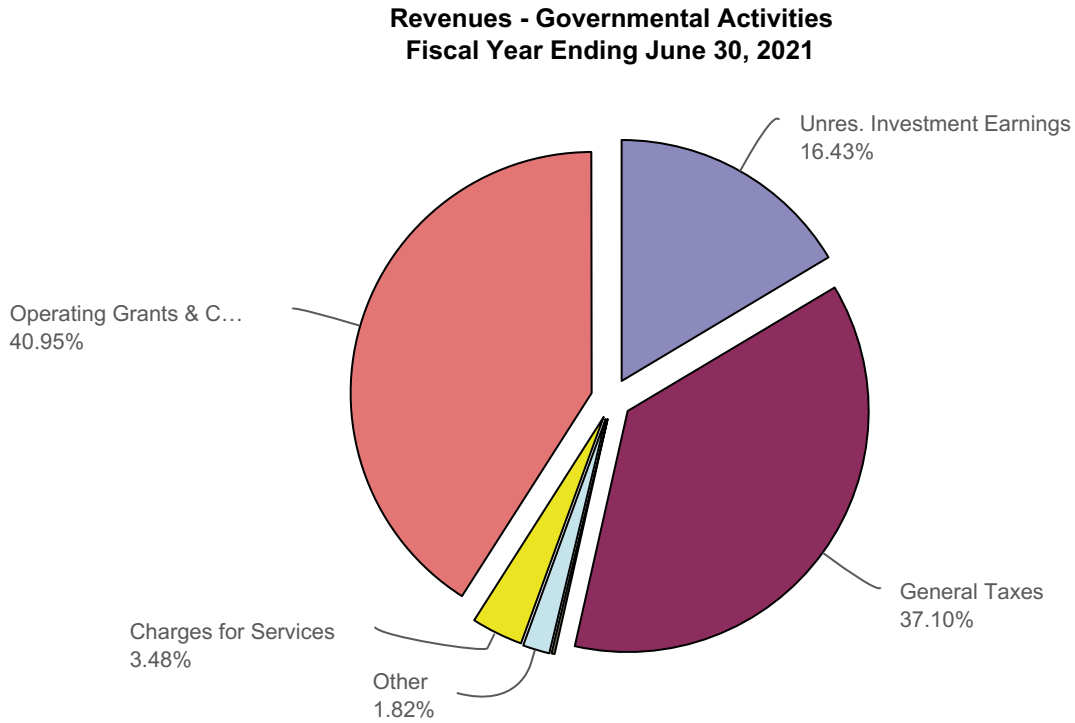
* More detailed information regarding the prior period adjustments can be found in Note 2.

Governmental Activities

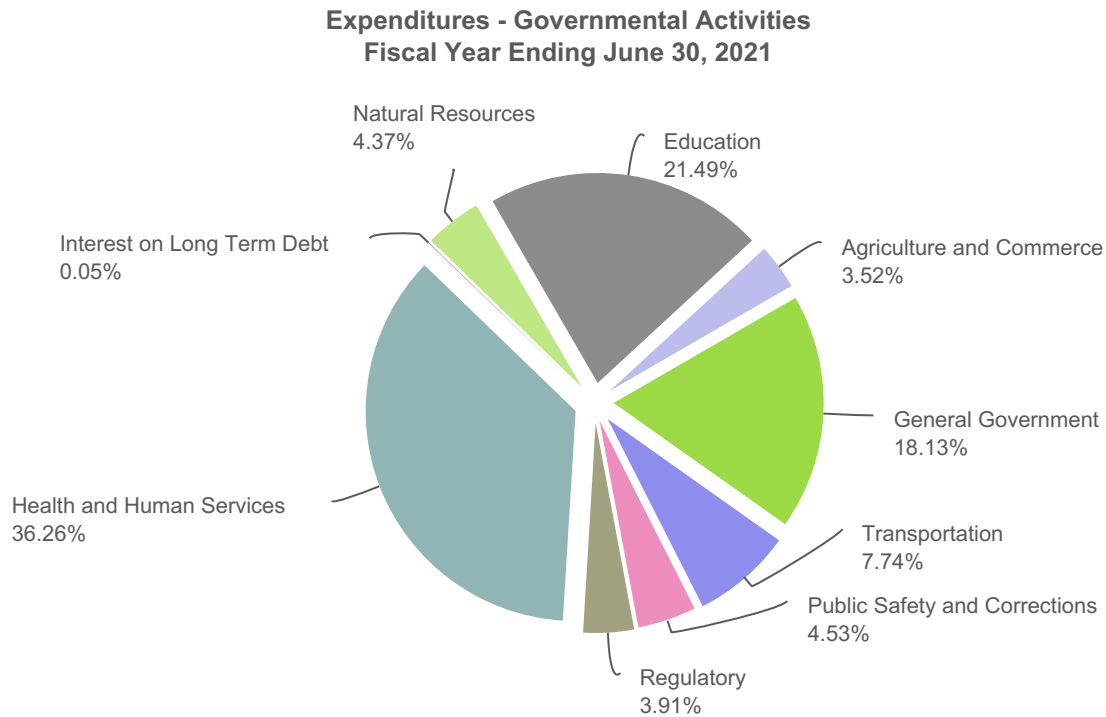
Governmental Activities increased the State's net position by \$3.1 billion. Revenues increased 48.8%, with the largest dollar increases in the State's revenues for fiscal year 2021 coming from operating grants and contributions with an increase of \$2.1 billion. This increase is mainly due to an increase in federal grants to the state due to the Covid-19 pandemic. The State did also see some slight increases in Individual and Corporate income taxes due to a change in the due date for 2019 tax returns from April 15th to July 15th, 2020 as a federal and state response to the global pandemic. This tax revenue would have been less in FY20 and made up for in FY21. We saw decreases in Sales and Use Tax as well as Oil, Gas and Coal Taxes. These decreases were primarily due to the nationwide recession caused by the global pandemic.

Expenses for governmental activities remained relatively consistent.

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



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



Business-type Activities

Net position of the business-type activities increased by \$357.4 million during the fiscal year.

Workforce Safety and Insurance's (WSI) net position increased \$225.4 million. Fiscal year 2021 shows decreases in earned premiums, incurred losses, and the number of filed claims. There was a slight increase in the number of policy holders. Policyholder count increased by 204 policies in fiscal year 2021. WSI's financial position remains stable. Earned premium net of discounts and reinsurance totaled \$176 million, \$221 million, and \$238 million for fiscal years 2021, 2020, and 2019, respectively. Total claims filed for fiscal year 2021 is 17,845. This is a decrease of 968 from the previous fiscal year 2020 total of 18,813. A dividend credit of 50% was declared in fiscal year 2021, 2020 and 2019. Net earned premium from fiscal year 2021 of \$176 million is down from the fiscal year 2020 total of \$221 million. The strong investment return in the past three years contributed to the positive change in net position.

The Bank of North Dakota net position increased \$17.6 million. The loan portfolio increased by \$205 million to \$4.6 billion at December 31, 2020. Interest-bearing deposits totaled \$5 billion at December 31, 2020 compared to \$4.5 billion at December 31, 2019. The increase in 2020 was primarily attributable to \$1.25 billion of Federal CARES Act dollars, higher bank deposits related to PPP loans and government issued COVID-19 relief payments. The Bank has a tier one capital leverage ratio of 11.97% as of December 31, 2020. The leverage ratio is a measure of strength. Well capitalized per federal regulations requires this percentage to be a minimum of 5%.

The University System's net position increased \$90.5 million. The increase in current assets is mainly attributed to increases in cash of \$55.3 million, current investments of \$12.6 million and grants and contracts receivable of \$44.7 million. Capital assets also increased due to several different building projects going on at the campuses. Grants and contracts revenue (operating revenues) increased mainly due to an increase in federal grants and contracts revenue associated with the unmanned aircraft system program at UND and an overall increase in grant revenue at NDSU spread over various programs. Non-operating federal grants and contracts increased as a result of the Covid related Higher Education Emergency Relief Act (HEERF) grants received by the institution.

Housing Finance net position increase of \$6.2 million as a result of the year's program operations and financing activities. Operating revenues in FY21 were down as a result of lower mortgage and investment rates than in prior years. In addition, prepayments on the outstanding mortgage loans have been at a very high rate. Between new loans funded and older loans paying off, the agency's portfolio stayed fairly even from last year to this year, however the interest rates are substantially lower on the new loans than those that are paying off early. Operating expenses were up from prior year operating expenses as a result of higher pension expense, bond admin expenses and higher SRP amortization expenses than incurred in the prior year.

Unemployment Compensation net position decreased by \$961.9 thousand. As of 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. As of June 30, 2021 operating grants decreased by \$28 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.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

As the State completed the year, its governmental funds reported combined fund balances of \$19.7 billion, an increase of \$3.2 billion from the prior fiscal year. Of the \$19.7 billion in net position, \$144.1 million is non-spendable, \$7.5 billion is restricted, \$2 billion is committed, \$386.3 million is assigned, and \$9.7 billion is unassigned. These fund balance categories are a result of GASB Statement 54. Note 1U provides definitions for these categories. The following analysis of funds provides the explanation for the overall change in net position for governmental funds.

The General Fund is the chief operating fund of the State. At the end of current fiscal year, unassigned fund balance of the General Fund was \$9.7 billion, non-spendable was \$7.6 million, and \$1 billion was committed for expenditure by various governmental functions.

Total General Fund balance increased during the fiscal year by \$2 billion. Revenues increased approximately 27.2%, due to an increase in interest and investment income of \$1.3 billion. This increase was primarily due to an increase in investment returns for the legacy fund which is part of the general fund in the governmental fund statements. The legacy fund was created by a constitutional amendment in 2010. The amendment provides that 30% of oil and gas gross production and oil extraction taxes on oil produced after June 30, 2011, be transferred to the legacy fund. The State Investment Board is responsible for the investment of the fund. This fund continues to grow with a current fund balance of \$8.2 billion. The state also saw increases in individual and corporate income taxes and decreases in sales and use taxes and oil, gas and coal taxes as previously discussed in the Governmental Activities Net Pension increase explanation.

General fund expenditures decreased by \$169.3 million or 8.3% with the largest decrease in Health and Human Services. However, total expenditures for the general fund and special revenue fund remained relatively consistent from FY20. The decrease in Health and Human Services was due to reallocating more expenses to the special revenue fund in the second year of the biennium as their overall expenses had a slight increase from FY20.

The State Special Revenue ending fund balance increased by \$1.1 billion resulting in \$8.8 billion fund balance. Revenues increased by 78.2% in the state special revenue fund primarily due to an increase in interest and investment income. This increase is primarily due to increased investment income as a result of a strong market rally after the country reopened following COVID restrictions as we saw with investments previously discussed in the general fund. Special fund expenditures increased by 11.2% primarily due to a increase in Health and Human Services spending. Increases to the special fund expenditures were previously discussed under the general fund expenditures.

The Federal Fund balance of \$31.9 million consists primarily of non-spendable items such as prepaids and inventory. Revenues increased by \$1 billion and expenditures increased by \$1 billion primarily due to the increase in federal funding for the global pandemic. The federal fund balance increased by \$20.0 million due to additional funding for the state to combat the global pandemic.

Proprietary Funds

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

General Fund Budgetary Highlights:

The general fund budgetary revenues and other financing sources were \$5.8 billion or 19.3% higher than the final budget, primarily because of actual legacy fund transfer was more than the final budgeted amount. The State has a biennial appropriated budget. The fiscal year ending June 30, 2021, was the second year of the 2019-21 budget cycle. The original budget increased \$251.9 million. The increases to the beginning appropriated budget are from authorized carryover of general fund appropriation authority and legislative changes of which the larger ones are noted below.

Several state agencies were authorized by appropriation laws to carryover a portion or all of their general fund appropriation for various purposes, including the University System, \$55.1 million, the Department of Human Services, \$5.8 million, Secretary of State, \$1.3 million, the Department of Commerce, \$30.8 million, the Parks and Recreation department, \$2.1 million, the Department of Transportation, \$13 million, Legislative Council and Assembly, \$4.7 million, and Office of Management & Budget, \$3.6 million.

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

During the 2021 Legislative Session the legislature increased budgets by \$123.2 million in several agencies for different reasons. The Office of Management and Budget received an increase in general fund budget of \$100 million in order to transfer \$100 million to the highway fund. The highway fund was to use the \$100 million for the purpose of matching federal discretionary funds received in excess of the regular federal funding amounts. The Bank of ND received an increase in general fund budget of \$17.5 million for a loan repayment for the Theodore Roosevelt presidential library endowment fund. Other increases were the Tax Commissioner of \$4 million for the homestead tax and disabled veterans tax credit and Mayville State of \$1.6 million for a natural gas boiler project.

There were no expenditures in excess of general fund authority.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: At the end of the fiscal year 2021, the State had invested \$6.9 billion, net of accumulated depreciation, in a broad range of capital assets. Depreciation charges for this fiscal year totaled \$283 million.

(Net of Depreciation, Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land and Land Improvements	\$ 162,417	\$ 163,127	\$ 25,710	\$ 25,552	\$ 188,127	\$ 188,679
Building & Building Improvements	424,808	421,917	1,224,720	1,143,267	1,649,528	1,565,184
Equipment	190,739	174,562	170,286	165,976	361,025	340,538
Intangibles						
Software	224,875	229,559	1,380	754	226,255	230,313
Other	10,957	9,653	10,229	10,031	21,186	19,685
Infrastructure	4,069,886	2,971,696	168,155	118,047	4,238,041	3,089,743
Construction in Progress	589,114	1,491,541	231,032	220,134	820,146	1,711,676
Total	\$ 5,672,796	\$ 5,462,055	\$ 1,831,512	\$ 1,683,761	\$ 7,504,308	\$ 7,145,816

* Beginning capital asset balances were adjusted for certain reclassifications for FY2020 in the Governmental activities.

The total increase in the State's investments in capital assets for the current fiscal year was 5% in terms of net book value. However, actual expenditures to purchase or construct capital assets were approximately \$2 billion for the year. A major portion of this amount was used to construct or reconstruct assets for highway construction. More detailed information on the State's capital assets can be found in Note 3H to the financial statements.

Long-term Debt: Article X, Section 13 of the Constitution of North Dakota provides that the state may issue or guarantee the payment of bonds provided that all bonds in excess of \$2 million are: secured by first mortgage upon property and no further indebtedness may be incurred by the state unless evidenced by a bond issue; authorized by law, for a certain purpose; provisioned to pay the interest semiannually, and pay the principal within 30 years. The law authorized the bond issue must specifically appropriate the provisions to the payment of the principal and interest of the bond. The State has no general obligation bonds outstanding at June 30, 2021.

The State does have a number of revenue bonds outstanding at June 30, 2021. Current state statutes empower certain state agencies and the Building Authority, a component unit of the State, to issue bonds as part of their activities. This debt is not backed by the full faith and credit of the State of North Dakota. The principal and interest on revenue bonds issued by state agencies is payable from designated revenue sources. The Building Authority's bonds generate revenue to finance the construction and improvements of State buildings. Revenues derived from leases on the buildings fund the debt service requirements.

The Bank of North Dakota has advances from the Federal Home Loan Bank in the amounts of \$186 million. The advances have a fixed rate of interest, ranging from 2.22 % to 5.56 %.

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenue Bonds	\$ 112,488	\$ 19,730	\$ 1,692,519	\$ 1,666,599	\$ 1,805,007	\$ 1,686,329
Certificate of Participation	—	—	104,123	104,120	104,123	104,120
Notes Payable	16,405	14,817,054	198,740	648,266	215,145	663,083
Total	\$ 128,893	\$ 34,547	\$ 1,995,382	\$ 2,418,985	\$ 2,124,275	\$ 2,453,532

The State's total debt decreased approximately 13.4% during the current fiscal year.

ECONOMIC CONDITION AND OUTLOOK

Moody's Analytics recently completed an analysis of the North Dakota economy for its *Précis U.S. State* October 2021 publication. The report depicts an economy in recovery, still coming out of the COVID-19 recession. The progress in the oil industry will help drive the recovery forward.

North Dakota's outlook is linked tightly to two major industries, energy and agriculture. The rebound in oil prices has stimulated oil drilling and led to high productivity per rig in the Bakken where the current active rig count is 29. The most recent North Dakota average price per barrel of oil was at \$64.97, which is above the estimated price of \$50.00 used for budgeting purposes. On the agriculture side, the transportation woes across the country have had an impact, but higher crop prices and the reopening of global chains will lead to increased farm income.

North Dakota's employment growth has slowed and continues to lag the national pace, but the pace is expected to pick up and match the national average by the end of the year. The unemployment rate in North Dakota hit a high in 2020 that hadn't been seen in decades, but is currently at 3.8% and is expected to continue to improve. Even though there has been a decline in the labor force the expectation for above-average population growth will help alleviate worker supply issues.

Per capita income for North Dakota remains slightly ahead of the national average while the median household income currently lags and saw a 9% decrease from 2020. For 2021, median household income in North Dakota was at \$63,657 compared to \$67,521 for the U.S. Per capita income for 2020 was \$61,530 for North Dakota, while \$59,510 for the U.S.

CONTACTING THE STATE'S OFFICE OF FINANCIAL MANAGEMENT

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

Basic Financial Statements

STATE OF NORTH DAKOTA

Statement of Net Position June 30, 2021

	Primary Government			Component Units (GASB Based)
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 217,131,148	\$ 1,422,568,070	\$ 1,639,699,218	\$ 21,380,835
Investments	16,160,215,455	4,223,883,900	20,384,099,355	250,000
Accounts Receivable - Net	174,826,832	123,033,649	297,860,481	135,212
Taxes Receivable - Net	601,869,033	—	601,869,033	—
Interest Receivable - Net	48,063,081	68,090,813	116,153,894	156,210
Intergovernmental Receivable - Net	359,281,167	34,727,813	394,008,980	—
Internal Receivable	4,692,776,501	—	997,335,849	—
Due from Component Units	—	36,746,290	36,746,290	—
Due from Primary Government	—	—	—	10,000
Prepaid Items	32,015,899	2,024,767	34,040,666	—
Inventory	38,487,897	38,372,432	76,860,329	—
Loans and Notes Receivable - Net	173,637,905	5,024,063,101	5,197,701,006	10,452,600
Pension Assets	31,122,000	—	31,122,000	—
Other Assets	5,965,000	25,719,569	31,684,569	—
Restricted Assets:				
Cash and Cash Equivalents	29,853,701	285,451,000	315,304,701	45,089,073
Investments	—	55,012,911	55,012,911	1,007,576,000
Interest Receivable - Net	—	5,499,000	5,499,000	5,530,000
Loans and Notes Receivable - Net	—	1,224,159,000	1,224,159,000	—
Capital Assets:				
Nondepreciable	751,531,988	256,742,236	1,008,274,224	1,115,389
Depreciable, Net	4,921,264,102	1,574,769,428	6,496,033,530	185,101
Total Assets	<u>28,238,041,709</u>	<u>14,400,863,979</u>	<u>38,943,465,036</u>	<u>1,091,880,420</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Bond Refunding	1,186,000	3,654,220	4,840,220	2,428,000
Decrease in Fair Value of Hedging Derivatives	—	497,649	497,649	—
Financial Derivative Instrument	—	10,361,000	10,361,000	—
Unrealized Loss on Interest Rate Swap	—	67,504,000	67,504,000	—
Derived from Pensions	805,332,890	239,278,330	1,044,611,220	258,000
Derived from OPEB	11,827,495	3,607,283	15,434,778	—
Total Deferred Outflows of Resources	<u>818,346,385</u>	<u>324,902,482</u>	<u>1,143,248,867</u>	<u>2,686,000</u>

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

STATE OF NORTH DAKOTA

Statement of Net Position

June 30, 2021

	Primary Government			Component Units (GASB Based)
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Accounts Payable	364,107,698	91,740,052	455,847,750	448,540
Accrued Payroll	81,412,241	52,398,304	133,810,545	—
Securities Lending Collateral	331,220,195	6,368,408	337,588,603	—
Interest Payable	1,964,898	23,214,715	25,179,613	4,293,000
Intergovernmental Payable	219,951,472	9,897,821	229,849,293	—
Tax Refunds Payable	156,871,900	—	156,871,900	—
Internal Payable	—	3,695,440,652	—	—
Due to Component Units	—	31,567,724	31,567,724	—
Contract Retainage Payable	15,264,707	9,244,463	24,509,170	—
Federal Funds Purchased	—	775,005,000	775,005,000	—
Other Deposits	—	1,219,820,743	1,219,820,743	—
Amounts Held In Custody for Others	—	19,428,000	19,428,000	—
Unearned Revenue	1,472,955,903	118,637,968	1,591,593,871	82,919
Financial Derivative Instrument	—	10,858,650	10,858,650	—
Other Liabilities	—	98,820,010	98,820,010	—
Long-Term Liabilities				
Due within one year	15,319,846	352,710,685	368,030,531	26,724,800
Due in more than one year	178,452,416	2,817,864,840	2,996,317,256	463,891,950
Net Pension Liability	1,273,761,612	397,502,658	1,671,264,270	431,000
Net OPEB Liability	31,940,576	10,174,964	42,115,540	—
Total Liabilities	4,143,223,464	9,740,695,657	10,188,478,469	495,872,209
DEFERRED INFLOWS OF RESOURCES				
Grant Received Prior to Time Requirements	—	947,298	947,298	—
Derived from Pensions	201,243,904	67,460,760	268,704,664	91,000
Derived from OPEB	2,956,434	852,376	3,808,810	—
Total Deferred Inflows of Resources	204,200,338	69,260,434	273,460,772	91,000
NET POSITION				
Net Investment in Capital Assets	5,558,196,905	1,339,862,982	6,898,059,887	185,101
Restricted for:				
General Government	5,672,860	—	5,672,860	—
Education	6,452,086,820	—	6,452,086,820	—
Health and Human Services	18,571,044	—	18,571,044	—
Regulatory Purposes	66,315,787	—	66,315,787	—
Public Safety & Corrections	4,528,676	—	4,528,676	—
Agriculture and Commerce	67,853,967	—	67,853,967	—
Cultural and Natural Resources	422,083,260	—	422,083,260	—
Transportation	466,882,040	—	466,882,040	—
Capital Projects	29,403,645	—	29,403,645	—
Debt Service	834,977	208,914,955	209,749,932	116,110,000
Loan Purposes	—	30,718,187	30,718,187	458,578,179
Pledged Assets	—	1,127,804,000	1,127,804,000	—
Unemployment Compensation	—	261,955,855	261,955,855	—
Pension Benefits	31,122,000	—	31,122,000	—
Permanent Fund and University System - Nonexpendable	78,885,101	20,943,249	99,828,350	2,155,492
University System - Expendable	—	18,425,969	18,425,969	—
Other	31,828,796	2,007,305	33,836,101	—
Unrestricted	11,474,698,414	1,905,177,868	13,379,876,282	21,574,439
Total Net Position	\$ 24,708,964,292	\$ 4,915,810,370	\$ 29,624,774,662	\$ 598,603,211

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 1,214,720,174	\$ 39,724,160	\$ 200,479,959	\$ —
Education	1,440,183,047	11,240,158	1,541,275,916	—
Health and Human Services	2,429,626,253	40,135,912	1,649,504,895	—
Regulatory	262,054,990	43,663,963	103,201,945	—
Public Safety and Corrections	303,434,122	18,539,074	175,927,758	—
Agriculture and Commerce	235,626,424	37,917,725	121,722,110	—
Natural Resources	292,875,625	41,529,095	36,157,754	—
Transportation	518,412,351	121,945,135	349,861,237	—
Interest on Long Term Debt	4,267,910	—	—	—
Total Governmental Activities	6,701,200,896	354,695,222	4,178,131,574	—
Business-Type Activities:				
Bank of North Dakota	93,811,024	248,655,000	—	—
Housing Finance	60,546,134	49,989,561	16,754,000	—
Loan Programs	11,287,518	15,543,719	192,563	—
State Lottery	23,631,524	30,501,286	7,049	—
Unemployment Compensation	731,052,695	549,743,788	180,346,984	—
University System	1,349,698,370	546,245,171	403,630,937	17,610,105
Workforce Safety & Insurance	208,717,011	185,328,576	248,456,646	—
Other	652,042,298	655,012,904	5,788,008	—
Total Business-Type Activities	3,130,786,574	2,281,020,005	855,176,187	17,610,105
Total Primary Government	\$ 9,831,987,470	\$ 2,635,715,227	\$ 5,033,307,761	\$ 17,610,105
Component Units (GASB Based):	\$ 32,047,203	\$ 6,817,876	\$ 45,118,760	\$ —

General Revenues:

Taxes:
Individual and Corporate Income Taxes
Sales and Use Taxes
Oil, Gas and Coal Taxes
Business and Other Taxes
Unrestricted Investment Earnings
Tobacco Settlement
Miscellaneous
Contributions to Perm Fund Principal
Transfers *
Total General Revenues and Transfers
Change in Net Position
Net Position, Beginning of Year, as Restated
Net Position, Ending

*Transfers will not zero out due to different year ends of agencies included in the ACFR. See Note 3G for detail.

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Net (Expense) Revenue and Change in Net Position

Primary Government

Primary Government			Component Units (GASB Based)
Governmental Activities	Business-Type Activities	Total	
\$ (974,516,055)		\$ (974,516,055)	
112,333,027		112,333,027	
(739,985,446)		(739,985,446)	
(115,189,082)		(115,189,082)	
(108,967,290)		(108,967,290)	
(75,986,589)		(75,986,589)	
(215,188,776)		(215,188,776)	
(46,605,979)		(46,605,979)	
(4,267,910)		(4,267,910)	
<u>(2,168,374,100)</u>		<u>(2,168,374,100)</u>	
	154,843,976	154,843,976	
	6,197,427	6,197,427	
	4,448,764	4,448,764	
	6,876,811	6,876,811	
	(961,923)	(961,923)	
	(382,212,157)	(382,212,157)	
	225,068,211	225,068,211	
	8,758,614	8,758,614	
<u>—</u>	<u>23,019,723</u>	<u>23,019,723</u>	
<u>(2,168,374,100)</u>	<u>23,019,723</u>	<u>(2,145,354,377)</u>	
			\$ <u>19,889,433</u>
581,766,062	—	581,766,062	—
1,327,568,100	—	1,327,568,100	—
1,746,983,327	—	1,746,983,327	—
128,552,656	—	128,552,656	—
1,676,824,486	—	1,676,824,486	—
22,586,170	—	22,586,170	—
185,658,136	336,679	185,994,815	—
11,162,710	—	11,162,710	—
(365,978,579)	334,080,678	(31,897,901)	—
<u>5,315,123,068</u>	<u>334,417,357</u>	<u>5,649,540,425</u>	<u>—</u>
3,146,748,968	357,437,080	3,504,186,048	19,889,433
21,562,215,324	4,558,373,290	26,120,588,614	578,713,778
<u>\$ 24,708,964,292</u>	<u>\$ 4,915,810,370</u>	<u>\$ 29,624,774,662</u>	<u>\$ 598,603,211</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Net Assets Component Units FASB Basis June 30, 2021

	Major University System Foundation	Nonmajor University System Foundation	State Historical Society Foundation
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 73,180,925	\$ 7,150,647	\$ 478,833
Receivable from Primary Institution	8,408,948	48,166	—
Investments	33,043,044	31,504,678	—
Accounts Receivable - Net	7,940,496	2,287,831	—
Notes receivable	64,368	246,194	—
Unconditional Promises to Give - Net	20,458,291	742,938	84,926
Net investment in Direct Financing Leases	1,572,399	—	—
Inventory	1,621,300	—	—
Other Assets	1,847,043	58,564	—
Total Current Assets	<u>148,136,814</u>	<u>42,039,018</u>	<u>563,759</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	6,739,005	393,513	—
Investments:			
Investments, Net of Current Portion	678,472,743	51,462,724	953,083
Investments, Restricted	3,651,000	—	—
Investments Held In Trust	29,714,820	3,869,216	—
Beneficial Interest In Trust	19,077,423	—	—
Charitable Gift Annuity Investments	6,454,383	—	—
Charitable Remainder Trust Account Investments	20,901,427	—	—
Real Estate and Equipment Held for Investment - Net	17,936,340	—	—
Other Long-Term Investments	23,062,180	225,641	—
Contracts for Deed & Notes Receivable, Net of Current Portion	647,572	—	—
Long-Term Pledges Receivable/ Unconditional Promises to Give - Net	61,569,908	9,091,340	45,680
Other Receivables	1,025,123	—	—
Receivable from Primary Institution	24,255,205	—	—
Net investment in Direct Financing Leases, Net of Current Portion	10,507,405	—	—
Other noncurrent assets	1,981,486	3,747,255	84,953
Notes Receivable - Net	8,585,000	—	—
Capital Assets - Net	138,254,460	35,874,692	1,221
Total Noncurrent Assets	<u>1,052,835,480</u>	<u>104,664,381</u>	<u>1,084,937</u>
Total Assets	<u>1,200,972,294</u>	<u>146,703,399</u>	<u>1,648,696</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	2,619,906	267,519	2,615
Compensated Absences Payable	—	—	11,783
Payable to Primary Institution	9,046,811	373,243	—
Accrued Payroll	1,348,653	7,829	5,850
Gift Annuities & Life Income Agreements	2,819,566	55,842	—
Unearned Revenue	11,312,633	1,602,500	55,928
Other Liabilities	3,040,305	—	—
Current Portion of Long-Term Liabilities	3,709,697	3,499,832	—
Total Current Liabilities	<u>33,897,571</u>	<u>5,806,765</u>	<u>76,176</u>
Noncurrent Liabilities:			
Deposits	22,970,033	—	—
Investments Held on Behalf of Institutions	—	3,869,216	—
Gift Annuities & Life Income Agreements, Net of Current Portion	17,230,547	852,128	—
Obligations Under Split-Interest Agreement	8,213,931	—	—
Payable to Primary Institution	—	34,011	—
Other Liabilities	623,346	—	66,669
Long-Term Liabilities	56,763,797	16,103,019	—
Total Noncurrent Liabilities	<u>105,801,654</u>	<u>20,858,374</u>	<u>66,669</u>
Total Liabilities	<u>139,699,225</u>	<u>26,665,139</u>	<u>142,845</u>
Net Assets			
With Donor Restriction	822,494,367	110,340,353	602,776
Without Donor Restriction	238,778,702	9,697,907	903,075
Total Net Asset	<u>1,061,273,069</u>	<u>120,038,260</u>	<u>1,505,851</u>
Total Liabilities and Net Assets	<u>\$ 1,200,972,294</u>	<u>\$ 146,703,399</u>	<u>\$ 1,648,696</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Revenues, Expenses and Changes in Fund Net Assets

Component Units

FASB Basis

For the Fiscal Year Ended June 30, 2021

	Major University System Foundation	Nonmajor University System Foundation	State Historical Society Foundation
Support and Revenue			
Gifts and Contributions	\$ 49,217,168	\$ 23,490,601	\$ 113,538
Investment Income	22,120,877	13,850,752	17,331
Grant Revenue	2,181,098	421,282	—
Net Realized and Unrealized Gains (Losses) on Investment Securities	91,892,178	2,694,692	176,507
Program and Event Income	39,007,125	1,809,513	118,871
SBA/PPP Loans Forgiven	—	—	111,650
Other Income	7,582,490	4,161,199	53,232
Total Support and Revenue	<u>212,000,936</u>	<u>46,428,039</u>	<u>591,129</u>
EXPENSES			
Program Services	\$ 46,840,098	\$ 8,638,376	\$ 48,981
Supporting Services	49,195,523	4,666,079	322,779
Fund Raising Expense	6,197,941	437,423	5,194
Total Expenses	<u>102,233,562</u>	<u>13,741,878</u>	<u>376,954</u>
Changes in Net Assets	\$ 109,767,374	\$ 32,686,161	\$ 214,175
Total Net Assets - Beginning of Year , as Restated	<u>\$ 951,505,695</u>	<u>\$ 87,352,099</u>	<u>\$ 1,291,676</u>
Total Net Assets - End of Year	<u>\$ 1,061,273,069</u>	<u>\$ 120,038,260</u>	<u>\$ 1,505,851</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Balance Sheet Governmental Funds June 30, 2021

	Special Revenue			Nonmajor	Total
	General	Federal	State	Governmental Funds	
ASSETS					
Cash Deposits at the Bank of ND	\$ 787,711,245	\$ 1,309,505,103	\$ 2,248,884,366	\$ 35,795,022	\$ 4,381,895,736
Cash and Cash Equivalents	194,290,816	7,717	22,411,702	64,834	216,775,069
Restricted Cash and Cash Equivalents	1,189,782	28,178,889	485,030	—	29,853,701
Investments at the Bank of ND	—	—	325,275,297	693,000	325,968,297
Investments	9,627,173,538	—	6,485,224,898	39,677,789	16,152,076,225
Accounts Receivable - Net	19,524,704	42,314,793	111,171,309	16	173,010,822
Taxes Receivable - Net	442,395,161	—	159,367,174	106,698	601,869,033
Interest Receivable - Net	30,544,656	—	17,384,981	81,284	48,010,921
Intergovernmental Receivable - Net	—	346,556,943	12,088,512	—	358,645,455
Due from Other Funds	194,211,231	41,793,899	85,769,529	20	321,774,679
Due from Fiduciary Funds	144,396	576,044	145,161	—	865,601
Prepaid Items	4,258,238	16,280,695	6,365,713	—	26,904,646
Inventory	3,236,355	24,671,532	10,456,305	—	38,364,192
Loans and Notes Receivable - Net	66,396	184,234	133,741,229	39,646,046	173,637,905
Other Assets	—	—	5,965,000	—	5,965,000
Total Assets	11,304,746,518	1,810,069,849	9,624,736,206	116,064,709	22,855,617,282
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 11,304,746,518	\$ 1,810,069,849	\$ 9,624,736,206	\$ 116,064,709	\$ 22,855,617,282
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	92,600,798	180,516,711	87,965,145	13,896	361,096,550
Accrued Payroll	54,838,227	9,917,215	13,227,064	105	77,982,611
Securities Lending Collateral	52,819,246	—	277,718,779	653,760	331,191,785
Interest Payable	458,984	—	1,025,360	—	1,484,344
Intergovernmental Payable	1,193,026	34,055,434	184,703,012	—	219,951,472
Tax Refunds Payable	136,084,158	—	20,787,742	—	156,871,900
Due to Other Funds	124,709,099	123,198,051	124,130,188	5,946,191	377,983,529
Contract Retainage Payable	275,561	5,922,230	9,066,916	—	15,264,707
Unearned Revenues	—	1,422,457,699	50,459,583	—	1,472,917,282
Total Liabilities	462,979,099	1,776,067,340	769,083,789	6,613,952	3,014,744,180
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	103,946,268	2,070,182	14,687,533	—	120,703,983
Unpaid Penalty and Interest	—	—	893,634	—	893,634
Total Deferred Inflows of Resources	103,946,268	2,070,182	15,581,167	—	121,597,617
Fund Balances:					
Nonspendable					
Inventory	3,236,355	24,671,532	10,456,305	—	38,364,192
Long - Term Receivables	66,396	—	—	—	66,396
Prepaid Expenditures	4,258,238	16,280,695	6,365,713	—	26,904,646
Permanent Trust Fund	—	—	—	78,777,587	78,777,587
Restricted	1,189,782	—	7,484,140,366	30,153,645	7,515,483,793
Committed	1,020,424,743	—	952,816,399	519,525	1,973,760,667
Assigned	—	—	386,292,467	—	386,292,467
Unassigned	9,708,645,637	(9,019,900)	—	—	9,699,625,737
Total Fund Balances	10,737,821,151	31,932,327	8,840,071,250	109,450,757	19,719,275,485
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 11,304,746,518	\$ 1,810,069,849	\$ 9,624,736,206	\$ 116,064,709	\$ 22,855,617,282

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2021

Total Fund Balances-Governmental Funds			\$ 19,719,275,485
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$9,489,750,758 and the accumulated depreciation is \$3,909,941,289.			
			5,579,809,469
Other assets not available in the current period and therefore are not reported in the governmental funds:			
Net Pension Asset			31,122,000
Deferred outflows of resources are not reported in the governmental funds:			
Loss on bond refunding		1,189,000	
Related to OPEB		10,926,762	
Related to pensions		755,188,351	
Total Deferred Outflows			767,304,113
Some of the state's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.			
			120,665,362
Internal service funds are used to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.			
			89,574,280
Deferred inflows of resources are not reported in the governmental funds:			
Unpaid penalty and interest		893,634	
Related to OPEB		(2,832,236)	
Related to pensions		(189,515,167)	
			(191,453,769)
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported as liabilities in the funds. Those liabilities consist of:			
Bonds Payable		(112,488,000)	
Notes Payable		(16,405,610)	
Accrued Interest on Long-Term Liabilities		(471,300)	
Compensated Absences		(49,117,376)	
Intergovernmental Payable		—	
Capital Leases		(1,320,264)	
Other Post-employment Benefit Obligation		(29,934,733)	
Net Pension Liability		(1,196,238,886)	
Claims and Judgments		(1,353,479)	
Total Long-Term Liabilities			(1,407,329,648)
Net Position of Governmental Activities			<u>\$ 24,708,967,292</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

For the Fiscal Year Ended June 30, 2021

	General	Special Revenue		Nonmajor Governmental Funds	Total
		Federal	State		
REVENUES					
Individual and Corporate Income Taxes	\$ 568,578,886	\$ —	\$ 12,054,349	\$ 25,391	\$ 580,658,626
Sales and Use Taxes	1,049,848,144	10,317	276,155,012	—	1,326,013,473
Oil, Gas, and Coal Taxes	557,025,690	—	1,188,141,758	1,468,023	1,746,635,471
Business and Other Taxes	64,971,188	—	60,084,554	—	125,055,742
Licenses, Permits and Fees	9,681,484	5,373	195,503,829	14,130	205,204,816
Intergovernmental	1,000,090	2,931,372,899	22,338,058	—	2,954,711,047
Sales and Services	3,651,026	5,463,658	51,986,954	7,430	61,109,068
Royalties and Rents	18,668,831	1,812	334,730,607	—	353,401,250
Fines and Forfeits	4,322,710	16,629	32,615,563	—	36,954,902
Interest and Investment Income	1,674,078,872	631,439	1,059,273,987	2,280,242	2,736,264,540
Tobacco Settlement	5,371	—	22,580,799	—	22,586,170
Commodity Assessments	—	—	27,911,971	—	27,911,971
Miscellaneous	3,838,655	4,525,647	19,282,317	25,365	27,671,984
Total Revenues	3,955,670,947	2,942,027,774	3,302,659,758	3,820,581	10,204,179,060
EXPENDITURES					
Current:					
General Government	170,464,495	175,079,062	75,996,947	82,049	421,622,553
Education	836,916,038	310,771,245	270,256,812	—	1,417,944,095
Health and Human Services	652,031,664	1,552,597,450	141,557,959	144,493	2,346,331,566
Regulatory	42,246,545	141,317,051	54,245,533	562,000	238,371,129
Public Safety and Corrections	87,369,878	144,970,498	16,062,647	—	248,403,023
Agriculture and Commerce	43,076,136	120,165,392	67,390,119	—	230,631,647
Natural Resources	17,886,009	24,739,403	221,801,399	—	264,426,811
Transportation	2,737,708	180,525,374	196,801,676	—	380,064,758
Intergovernmental - Revenue Sharing	4,613,494	—	756,718,531	—	761,332,025
Capital Outlay	13,854,725	217,722,190	165,320,818	4,928,000	401,825,733
Debt Service:					
Principal	970,014	813,873	30,128	4,620,000	6,434,015
Interest and Other Charges	701,785	8,309	17,780	3,300,000	4,027,874
Total Expenditures	1,872,868,491	2,868,709,847	1,966,200,349	13,636,542	6,721,415,229
Revenues over (under) Expenditures	2,082,802,456	73,317,927	1,336,459,409	(9,815,961)	3,482,763,831
OTHER FINANCING SOURCES (USES)					
Bonds and Notes Issued	1,793,686	—	669,575	87,265,006	89,728,267
Capital Lease Acquisitions	110,672	1,193,474	6,414	—	1,310,560
Sale of Capital Assets	6,326	—	185,486	—	191,812
Transfers In	498,325,328	1,825,303	237,207,989	5,309,000	742,667,620
Transfers Out	(573,995,531)	(56,312,898)	(430,069,662)	(48,322,977)	(1,108,701,068)
Total Other Financing Sources (Uses)	(73,759,519)	(53,294,121)	(192,000,198)	44,251,029	(274,802,809)
Net Change in Fund Balances	2,009,042,937	20,023,806	1,144,459,211	34,435,068	3,207,961,022
Fund Balances - Beginning of Year, as Restated	8,728,778,214	11,908,521	7,695,612,039	75,015,689	16,511,314,463
Fund Balances - End of Year	\$ 10,737,821,151	\$ 31,932,327	\$ 8,840,071,250	\$ 109,450,757	\$ 19,719,275,485

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2021

Net Change in Fund Balances-Total Governmental Funds \$ 3,207,961,022

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

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

Capital outlay	397,294,269	
Depreciation expense	(184,444,075)	
Excess of capital outlay over depreciation expense		212,850,194

In the statement of activities, only the gain(loss) on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets sold. (2,340,006)

Donations of capital assets increase net position in the statement of activities but do not appear in the governmental funds because they are not financial resources. 37,195

Some of the assets acquired this year were financed through capital leases. The amount financed is reported in the governmental funds as a source of financing. However, capital leases are reported as long-term liabilities in the statement of net position. (2,838,150)

Based on receipt dates, some revenues are not considered "available" revenues and are unavailable in the governmental funds. Unavailable revenues increased/decreased by this amount this year. 6,185,333

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of internal service funds is reported with governmental activities (7,459,560)

Bonds proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. (97,715,000)

Note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. (2,463,261)

The pension assets resulting from contributions in excess of annual required contribution are not financial resources and, therefore, are not reported in the funds. 115,694

Deferred outflows of resources do not provide current financial resources		
Amortization of deferred loss on bond refunding	(578,000)	
Related to OPEB	2,202,300	
Related to pension	550,985,390	
Total deferred outflows		552,609,690

Deferred pension inflows are not considered current cash expenses and are not reported as an expenditure in the funds		
Unpaid penalty and interest	269,560	
Related to OPEB	(445,500)	
Related to pension	46,267,517	
Total deferred outflows		46,091,577

The net OPEB liability relating to retirement plans (1,161,097)

The net pension liability relating to retirement plans (772,582,207)

Repayment of long-term debt is reported as an expenditure in governmental funds but the repayment reduces long-term liabilities in the statement of net position.

In the current year, these amounts consist of:

Bond principal retirement	4,957,000	
Note payments	874,705	
Capital lease payments	744,310	
Total long-term debt repayment		6,576,015

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

Accrued Interest	(245,017)	
Compensated Absences	761,768	
Claims and Judgments	364,778	
Total additional expenditures		881,529

Change in Net Position of Governmental Activities \$ 3,146,748,968

STATE OF NORTH DAKOTA

Statement of Net Position Proprietary Funds June 30, 2021

	Business-Type Activities - Enterprise Funds						Governmental
	Bank of	Housing	University	Workforce	Unemployment	Other	Activities
	North Dakota	Finance	System	Safety and Insurance	Compensation	Enterprise Funds	Internal Service Funds
						Total	
ASSETS							
Current Assets:							
Cash Deposits at the Bank of ND	\$ 13,600,000	\$ 290,026,665	\$ 3,337,285	\$ 15,051	\$ 202,510,010	\$ 509,489,011	\$ 37,822,766
Cash and Cash Equivalents	—	4,735,182	—	248,165,203	6,187,685	259,088,070	356,079
Investments at the Bank of ND	—	158,303,604	—	—	2,000,000	160,303,604	188,710
Investments	—	71,084	2,307,795,839	—	55,292,875	2,363,159,798	8,139,231
Accounts Receivable - Net	625,000	28,397,190	17,059,888	22,305,944	54,645,627	123,033,649	950,410
Interest Receivable - Net	30,000	—	9,871,271	1,465,529	2,531,013	13,897,813	52,160
Intergovernmental Receivable - Net	215,000	33,376,370	—	1,131,814	4,629	34,727,813	635,712
Due from Other Funds	57,000	45,089,941	67,432	—	676,808	45,891,181	12,636,866
Due from Component Units	—	12,673,623	—	—	—	12,673,623	—
Prepaid Items	66,000	—	547,115	—	1,411,652	2,024,767	5,111,253
Inventory	—	6,194,993	—	—	32,177,439	38,372,432	123,705
Loans and Notes Receivable - Net	—	5,254,632	—	—	31,114,721	36,369,353	—
Other Assets	1,095,000	5,180,373	—	—	105,582	6,380,955	—
Restricted Cash at the Bank of ND	19,428,000	—	—	—	7,424,412	26,852,412	—
Restricted Cash and Cash Equivalents	284,916,000	—	—	—	535,000	285,451,000	—
Restricted Investments at the Bank of ND	—	—	—	—	1,000,000	1,000,000	—
Restricted Interest Receivable - Net	5,499,000	—	—	—	—	5,499,000	—
Restricted Loans Receivable - Net	30,801,000	—	—	—	189,000	30,990,000	—
Total Current Assets	356,332,000	589,303,657	2,338,678,830	273,083,541	397,806,453	3,955,204,481	66,016,892
Noncurrent Assets:							
Restricted Cash at the Bank of ND	—	19,266,668	—	—	—	19,266,668	—
Restricted Investments at the Bank of ND	—	3,071,460	—	—	—	3,071,460	—
Restricted Investments	54,215,000	797,911	—	—	—	55,012,911	—
Investments at the Bank of ND	—	104,946,000	—	—	—	104,946,000	—
Investments	—	11,115,102	—	—	—	11,115,102	—
Due from Component Units	—	24,072,667	—	—	—	24,072,667	—
Loans and Notes Receivable - Net	—	12,614,426	—	—	448,895,322	461,509,748	—
Restricted Loans Receivable - Net	1,193,169,000	—	—	—	—	1,193,169,000	—
Other Noncurrent Assets	6,093,000	99,017	—	—	2,190,597	8,382,614	—
Capital Assets:							
Nondepreciable	—	215,632,791	3,394,745	—	35,265,700	254,293,236	154,838
Depreciable, Net	11,000	1,422,755,808	15,189,276	—	129,703,344	1,567,659,428	92,831,783
Total Noncurrent Assets	1,253,488,000	1,814,371,850	18,584,021	—	616,054,963	3,702,498,834	92,986,621
Bank Related Assets:							
Cash and Cash Equivalents	\$ 1,163,480,000	—	—	—	—	1,163,480,000	—
Investments	1,849,609,000	—	—	—	—	1,849,609,000	—
Interest Receivable - Net	54,193,000	—	—	—	—	54,193,000	—
Due from Other Funds	107,491,000	—	—	—	—	107,491,000	—
Loans and Notes Receivable - Net	4,526,184,000	—	—	—	—	4,526,184,000	—
Other Assets	10,956,000	—	—	—	—	10,956,000	—
Capital Assets:							
Nondepreciable	2,449,000	—	—	—	—	2,449,000	—
Depreciable, Net	7,110,000	—	—	—	—	7,110,000	—
Total Bank Related Assets	7,721,472,000	—	—	—	—	7,721,472,000	—
Total Assets	7,721,472,000	1,609,820,000	2,403,675,507	2,357,262,851	273,083,541	1,013,861,416	159,003,513
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Loss on Bond Refunding	—	—	3,654,220	—	—	3,654,220	—
Decrease in Fair Value of Hedging Derivatives	—	—	—	—	—	497,649	497,649
Financial Derivative Instrument	—	10,361,000	—	—	—	10,361,000	—
Unrealized Loss on Interest Rate Swap	67,504,000	—	—	—	—	67,504,000	—
Derived from Pensions	18,327,000	4,086,000	169,014,970	26,496,389	—	21,353,971	50,144,539
Derived from OPEB	227,000	61,000	2,517,025	398,988	—	403,270	900,733
Total Deferred Outflows of Resources	86,058,000	14,508,000	175,186,215	26,895,377	—	22,254,890	51,045,272

STATE OF NORTH DAKOTA

	Business-Type Activities - Enterprise Funds							Governmental
	Bank of			Workforce		Other	Total	Activities
	North	Housing	University	Safety and	Unemployment	Enterprise		Internal
Dakota	Finance	System	Insurance	Compensation	Funds		Service Funds	
LIABILITIES								
Current Liabilities:								
Accounts Payable		921,000	48,700,738	7,586,893	7,565,107	26,966,314	91,740,052	3,023,421
Accrued Payroll		339,000	50,635,542	—	—	1,423,762	52,398,304	3,432,134
Securities Lending Collateral		—	—	6,288,417	—	79,991	6,368,408	28,410
Interest Payable	17,826,000	—	4,310,300	—	—	23,418	22,159,718	9,254
Intergovernmental Payable	68,000	—	734,092	—	3,422,906	6,411,451	10,636,449	—
Due to Other Funds	14,000	—	3,286,360	180,524	139,673	95,910,942	99,531,499	979,289
Due to Component Units	—	—	5,204,489	—	—	—	5,204,489	—
Contract Retainage Payable	—	—	9,244,463	—	—	—	9,244,463	—
Other Deposits	—	—	5,665,354	—	—	—	5,665,354	—
Others	19,428,000	—	—	—	—	—	19,428,000	—
Claims/Judgments Payable	—	—	—	120,011,880	—	1,942,910	121,954,790	889,372
Dividends Payable	—	—	—	92,172,920	—	—	92,172,920	—
Compensated Absences Payable	—	—	3,096,466	1,606,723	—	179,585	4,882,774	326,643
Notes Payable	—	—	1,217,002	—	—	—	1,217,002	—
Capital Leases Payable	—	—	3,878,493	—	—	—	3,878,493	834,882
Bonds Payable	36,524,000	—	12,403,078	—	—	130,000	49,057,078	—
Unearned Revenue	57,000	—	26,275,268	92,039,810	—	265,890	118,637,968	—
Other Current Liabilities	—	—	—	—	—	—	—	—
Total Current Liabilities	75,177,000	174,651,645	319,887,167	11,127,686	133,334,263	714,177,761	9,523,405	
Noncurrent Liabilities:								
Intergovernmental Payable	—	—	19,346,785	—	—	—	19,346,785	—
Due to Component Units	—	—	26,353,235	—	—	—	26,353,235	—
Claims/Judgments Payable	—	—	—	880,087,120	—	—	880,087,120	6,321,908
Compensated Absences Payable	361,000	—	32,072,360	261,559	—	1,289,644	33,984,563	3,569,106
Notes Payable	—	—	11,475,616	—	—	—	11,475,616	—
Capital Leases Payable	—	—	31,566,482	—	—	—	31,566,482	1,145,623
Bonds Payable	1,308,683,000	—	421,674,000	—	—	2,297,274	1,732,654,274	—
Financial Derivative Instrument	10,361,000	—	—	—	—	497,650	10,858,650	—
Net Pension Liability	6,775,000	—	281,834,777	43,558,302	—	34,422,579	366,590,658	77,522,726
Net OPEB Liability	178,000	—	7,143,671	1,148,141	—	876,152	9,345,964	2,005,843
Other Noncurrent Liabilities	4,659,000	—	74,034	—	—	23,337,976	28,071,010	—
Total Noncurrent Liabilities	1,331,017,000	831,540,960	925,055,122	—	62,721,275	3,150,334,357	90,565,206	
Bank Related Liabilities:								
Interest Payable	1,052,076	—	—	—	—	—	1,052,076	—
Due to Other Funds	1,452,924	—	—	—	—	—	1,452,924	—
Due to Component Units	10,000	—	—	—	—	—	10,000	—
Federal Funds Purchased	775,005,000	—	—	—	—	—	775,005,000	—
Deposits Held for Other Funds	4,641,873,215	—	—	—	—	—	4,641,873,215	—
Other Deposits	1,153,598,785	—	—	—	—	—	1,153,598,785	—
Other Liabilities	70,749,000	—	—	—	—	—	70,749,000	—
Long Term Liabilities:								
Due within one year	78,809,000	—	—	—	—	—	78,809,000	—
Due in more than one year	108,750,000	—	—	—	—	—	108,750,000	—
Net Pension Liability	30,912,000	—	—	—	—	—	30,912,000	—
Net OPEB Liability	829,000	—	—	—	—	—	829,000	—
Total Bank Related Liabilities	6,863,041,000	—	—	—	—	—	6,863,041,000	—
Total Liabilities	6,863,041,000	1,406,194,000	1,006,192,605	1,244,942,289	11,127,686	196,055,538	10,727,553,118	100,088,611
DEFERRED INFLOWS OF RESOURCES								
Requirements	—	—	947,298	—	—	—	947,298	—
Derived from Pensions	4,862,000	1,200,000	48,417,938	7,536,303	—	5,444,519	67,460,760	11,728,737
Derived from OPEB	55,000	23,000	629,618	108,111	—	36,647	852,376	124,198
Total Deferred Inflows of Resources	4,917,000	1,223,000	49,994,854	7,644,414	—	5,481,166	69,260,434	11,852,935
NET POSITION								
Net Investment in Capital Assets	9,559,000	11,000	1,148,167,191	18,584,021	—	163,541,770	1,339,862,982	90,946,461
Restricted for:								
Debt Service	—	201,116,000	7,074,955	—	—	724,000	208,914,955	—
Loan Purposes	—	—	30,718,187	—	—	—	30,718,187	—
Pledged Assets	1,127,804,000	—	—	—	—	—	1,127,804,000	—
Unemployment Compensation	—	—	—	—	261,955,855	—	261,955,855	—
Nonexpendable	—	—	20,943,249	—	—	—	20,943,249	—
University System-Expendable	—	—	18,425,969	—	—	—	18,425,969	—
Other	—	—	637,899	—	—	1,369,406	2,007,305	—
Unrestricted	(197,791,000)	15,784,000	296,706,813	1,112,987,504	—	668,944,426	1,896,631,743	7,160,778
Total Net Position	\$ 939,572,000	\$ 216,911,000	\$ 1,522,674,263	\$ 1,131,571,525	\$ 261,955,855	\$ 834,579,602	\$ 4,907,264,245	\$ 98,107,239

Reconciliation of the Proprietary Funds Statement of Net Position to the Statement of Net Position
June 30, 2021

Total Net Position - Enterprise Funds	4,907,264,245
Amounts reported for business-type activities in the statement of net position are different because:	
Prior year net position restatement and reduction of current year expenses based on the allocation of internal service fund's net income	8,546,125
Net Position of Business-Type Activities	<u>4,915,810,370</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds						Governmental	
	Bank of North Dakota	Housing Finance	University System	Workforce Safety and Insurance	Unemployment Compensation	Other Enterprise Funds	Internal Service Funds	
						Total		
OPERATING REVENUES								
Sales and Services	\$ 29,541,000	\$ 4,362,561	\$ 80,239,071	\$ 180,029,445	\$ 549,743,788	\$692,000,307	\$1,535,916,172	\$ 117,480,526
Auxiliary Sales Pledges for Tuition and Fees	—	—	89,614,904	—	—	—	89,614,904	—
Grants and Contributions	—	—	369,794,806	—	—	—	369,794,806	—
Royalties and Rents	—	—	205,221,513	856,698	174,157,345	221,961	380,457,517	—
Fines and Forfeits	—	—	—	891,835	—	180,283	1,072,118	—
Interest and Investment	219,114,000	45,627,000	—	1,507,979	—	—	1,507,979	—
Miscellaneous	—	—	536,669	2,899,317	—	357,320	3,793,306	72,636
Total Operating Revenues	248,655,000	49,989,561	745,406,963	186,185,274	723,901,133	701,048,752	2,655,186,683	117,553,162
OPERATING EXPENSES								
Cost of Sales and Services	—	—	22,551,690	—	—	219,307,371	241,859,061	1,073,995
Salaries and Benefits	22,855,000	4,971,000	830,035,563	31,639,328	—	31,518,866	921,019,757	53,998,807
Operating Claims	29,171,000	7,250,000	325,682,001	798,348	—	420,619,780	783,521,129	58,936,688
Scholarships and Fellowships	—	—	—	95,769,984	731,052,695	4,348,731	831,171,410	1,889,643
Interest	41,017,000	32,069,000	—	—	—	8,000	73,094,000	—
Depreciation	470,000	6,000	74,825,948	2,619,013	—	9,306,453	87,227,414	11,573,556
Miscellaneous	—	—	—	—	—	78,393	78,393	40,876
Total Operating Expenses	93,513,000	44,296,000	1,308,671,030	130,826,673	731,052,695	685,187,594	2,993,546,992	127,513,565
Operating Income (Loss)	155,142,000	5,693,561	(563,264,067)	55,358,601	(7,151,562)	15,861,158	(338,360,309)	(9,960,403)
NONOPERATING								
Grants and Contracts	—	16,697,000	130,698,395	—	—	634,710	148,030,105	—
Gifts	—	—	51,179,994	—	—	—	51,179,994	—
Interest and Investment	—	57,000	16,531,035	247,599,948	6,189,639	5,124,187	275,501,809	1,291,411
Interest Expense	—	—	(20,027,738)	(5,182,163)	—	(1,673,978)	(26,883,879)	(42,721)
Dividends Expense	—	—	—	(72,370,330)	—	—	(72,370,330)	—
Gain (Loss) on Sale of Tax Revenue	—	—	(3,468,828)	—	—	7,981	(3,460,847)	1,021,285
Grant Expense	—	(16,233,000)	(7,270,192)	—	—	—	(23,503,192)	—
Other	—	—	(10,079,691)	—	—	256,309	(9,823,382)	264,038
Total Nonoperating Revenues	—	521,000	163,622,696	170,047,455	6,189,639	4,349,209	344,729,999	2,534,013
Income (Loss) Before Transfers	155,142,000	6,214,561	(399,641,371)	225,406,056	(961,923)	20,210,367	6,369,690	(7,426,390)
Capital Grants and Transfers In	—	—	17,610,105	—	—	—	17,610,105	—
Transfer Out	(137,550,000)	(33,000)	475,411,987	—	—	15,000,000	490,421,426	221,933
Changes in Net Position	17,592,000	6,191,000	90,456,721	225,406,056	(961,923)	19,376,619	358,060,473	(7,204,457)
Total Net Position - Beginning of Year, as restated	921,980,000	210,720,000	1,432,217,542	906,165,469	262,917,778	815,202,983	4,549,203,772	105,311,696
Total Net Position - End of Year	\$ 939,572,000	\$ 216,911,000	\$ 1,522,674,263	\$ 1,131,571,525	\$ 261,955,855	\$ 834,579,602	\$ 4,907,264,245	\$ 98,107,239

Reconciliation of Statement of Revenues, Expenses and Changes in Fund Net Position of Proprietary Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2021

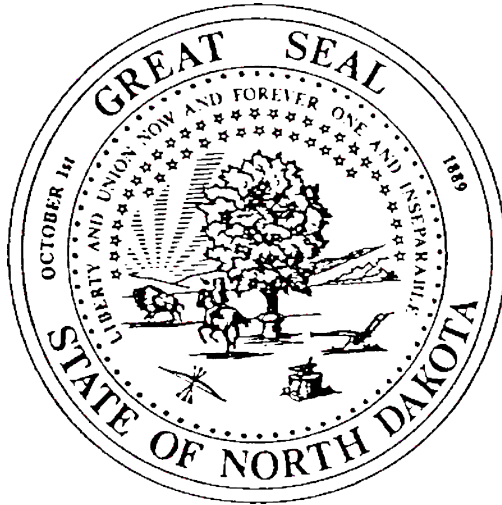
Net Change in Net Position-Total Enterprise Funds \$ 358,060,473

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

Expenses were reduced based on the allocation of internal service fund's net income (623,393)

Change in Net Position of Business-Type Activities \$ 357,437,080

The Accompanying Notes are an Integral Part of the Financial Statements



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STATE OF NORTH DAKOTA

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds		
	Bank of North Dakota	Housing Finance	Unemployment Compensation
Cash Flows from Operating Activities:			
Receipts from Customers and Users	\$ 10,566,000	\$ 464,557,000	\$ 312,090,790
Receipts from Tuition and Fees	—	—	—
Interest Income on Loans	—	—	—
Receipts from Loan Principal Repayments	—	—	—
Receipts from Federal and Local Agencies	—	(52,000)	44,171,208
Receipts from Other Funds	—	—	—
Receipts from Grants and Contracts	—	—	—
Receipts from Others	—	—	792,380
Payments to Other Funds	—	13,004,000	—
Payments for Loan Funds	—	—	—
Payments for Scholarships and Fellowships	—	—	—
Payments to Suppliers	(18,560,000)	(377,638,000)	(19,954,898)
Payments to Employees	(17,869,000)	(3,746,000)	(4,526,150)
Claim Payments	—	—	(240,489,284)
Payments to Others	—	(166,000)	(754,217)
Other	—	—	—
Net Cash Provided by (Used for) Operating Activities	(25,863,000)	95,959,000	91,329,829
Cash Flows from Noncapital Financing Activities:			
Proceeds from Bonds	—	252,694,000	—
Proceeds from Sale of Notes and Other Borrowings	1,125,001,000	—	—
Principal Payments - Bonds	—	(233,210,000)	—
Principal Payments - Notes and Other Borrowings	(1,570,021,000)	—	—
Interest Payments - Bonds	—	(33,530,000)	—
Interest Payments - Notes and Other Borrowings	(14,274,000)	—	—
Tax Collections	—	—	—
Transfers In	—	—	—
Transfers Out	(137,550,000)	(33,000)	—
Net Decrease in Non-Interest Bearing Deposits	122,485,000	—	—
Net Increase in Interest Bearing Deposits	583,895,000	—	—
Payments of Interest on Deposits	(24,912,000)	—	—
Interest Paid on Federal Funds and Reverse Repurchase Agreements	(2,026,000)	—	—
Net Increase in Federal Funds and Reverse Repurchase Agreements	409,670,000	—	—
Collection of Advances Made	4,339,000	—	—
Loan Proceeds from Due To Other Funds	—	17,289,000	—
Principal Payments on Due To Other Funds	—	(17,289,000)	—
Grants and Gifts Received for Other than Capital Purposes	—	16,697,000	—
State Appropriations	—	—	—
Grants Given for Other than Capital Purposes	—	(16,233,000)	—
Net Cash Provided by (Used for) Noncapital Financing Activities	496,607,000	(13,615,000)	—
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(256,000)	—	—
Proceeds from Sale of Capital Assets	—	—	—
Proceeds from Sale of Notes and Other Borrowings	—	—	—
Principal Payments - Bonds	—	—	—
Principal Payments - Notes and Other Borrowings	—	—	—
Interest Payments - Bonds	—	—	—
Interest Payments - Notes and Other Borrowings	—	—	—
Capital Appropriations	—	—	—
Capital Contributions	—	—	—
Payment of Bond Issue Costs	—	—	—
Payment on Capital Leases	—	—	—
Interest Payments - Capital Leases	—	—	—
Operating Transfers In from Other Funds	—	—	—
Capital Grants and Gifts Received	—	—	—
Insurance Proceeds	—	—	—
Net Cash Provided by (Used for) Capital and Related Financing Activities	(256,000)	—	—
Cash Flows from Investing Activities:			
Proceeds from Sale and Maturities of Investment Securities	709,298,000	20,778,000	—
Purchase of Investment Securities	(517,843,000)	(30,806,000)	—
Interest and Dividends on Investments	42,174,000	150,000	5,712,256
Proceeds from Sale of Other Real Estate	2,571,000	—	—
Term Federal Funds Sold	—	—	—
Net Decrease in Loans	(225,073,000)	—	—
Disbursements for Loans and Loan Purchases	—	—	—
Receipt of Loan Principal Repayments	—	—	—
Proceeds from Collection of Loans and Notes Receivable	—	—	—
Loan Income Received	183,491,000	—	—
Net Cash Provided by (Used for) Investing Activities	194,618,000	(9,878,000)	5,712,256

The Accompanying Notes are an Integral Part of the Financial Statements

Business-Type Activities - Enterprise Funds				Governmental Activities	
University System	Workforce Safety and Insurance	Other Enterprise	Total	Internal Service Funds	
\$ 173,811,625	\$ 101,117,499	\$ 749,719,274	\$ 1,811,862,188	\$ 4,200,960	
370,222,530	—	—	370,222,530	—	
—	—	37,779	37,779	—	
5,442,325	—	2,089,829	7,532,154	—	
—	—	—	44,119,208	—	
—	—	(234,955)	(234,955)	111,801,481	
163,242,622	—	—	163,242,622	—	
1,351,700	384,785	—	2,528,865	—	
—	(3,023,803)	(234,853)	9,745,344	(2,726,806)	
(11,618,378)	—	(1,939,158)	(13,557,536)	—	
(44,782,242)	—	—	(44,782,242)	—	
(319,601,264)	—	(688,881,758)	(1,424,635,920)	(60,501,572)	
(788,989,942)	(23,873,044)	(25,512,681)	(864,516,817)	(41,687,457)	
—	(128,645,124)	(3,645,040)	(372,779,448)	(639,705)	
(7,668,515)	(680,412)	(961,105)	(10,230,249)	—	
—	—	(243,361)	(243,361)	—	
(458,589,539)	(54,720,099)	30,193,971	(321,689,838)	10,446,901	
—	—	—	252,694,000	—	
—	—	77,349,165	1,202,350,165	—	
—	—	—	(233,210,000)	—	
—	—	(62,598,807)	(1,632,619,807)	—	
—	—	(8,000)	(33,538,000)	—	
—	—	(1,268,465)	(15,542,465)	—	
6,059,722	—	—	6,059,722	—	
13,124,102	—	15,000,000	28,124,102	—	
(2,924,000)	—	(12,697,351)	(153,204,351)	—	
—	—	—	122,485,000	—	
—	—	—	583,895,000	—	
—	—	—	(24,912,000)	—	
—	—	—	(2,026,000)	—	
—	—	—	409,670,000	—	
—	—	—	4,339,000	—	
210,951,912	—	—	228,240,912	—	
(210,942,139)	—	(2,738,249)	(230,969,388)	—	
177,967,329	—	634,710	195,299,039	—	
384,428,078	—	—	384,428,078	—	
(7,270,193)	—	—	(23,503,193)	—	
571,394,811	—	13,673,003	1,068,059,814	—	
(178,601,806)	(2,664,724)	(34,163,036)	(215,685,566)	(12,499,628)	
4,651,736	—	—	4,651,736	4,760,408	
42,518,803	—	—	42,518,803	—	
—	—	(125,000)	(125,000)	—	
(26,018,512)	—	—	(26,018,512)	(793,622)	
—	—	(52,700)	(52,700)	—	
(20,177,507)	—	—	(20,177,507)	—	
74,666,155	—	—	74,666,155	—	
—	—	—	—	20,000	
—	—	(12,923)	(12,923)	—	
—	—	—	—	(57,982)	
—	—	—	—	(22,602)	
(10,255,000)	—	—	(10,255,000)	213,286	
11,281,215	—	—	11,281,215	—	
(111,719)	—	—	(111,719)	—	
(102,046,635)	(2,664,724)	(34,353,659)	(139,321,018)	(8,380,140)	
134,082,062	57,500,000	(233,722,245)	687,935,817	1,777,485	
(149,763,774)	(5,139)	228,649,682	(469,768,231)	—	
15,406,152	—	5,066,553	68,508,961	442,778	
—	—	—	2,571,000	—	
—	—	14,731	14,731	—	
—	—	—	(225,073,000)	—	
—	—	(80,087,547)	(80,087,547)	—	
—	—	26,503,000	26,503,000	—	
—	—	16,421,025	16,421,025	—	
—	—	8,115,982	191,606,982	—	
(275,560)	57,494,861	(29,038,819)	218,632,738	2,220,263	

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Cash Flows Proprietary Funds (Continued) For the Fiscal Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds		
	Bank of North Dakota	Housing Finance	Unemployment Compensation
Net Change In Cash:			
Net Increase (Decrease) in Cash and Cash Equivalents	665,106,000	72,466,000	97,042,085
Cash and Cash Equivalents at June 30, 2020	498,374,000	245,478,000	151,138,169
Cash and Cash Equivalents at June 30, 2021	<u>\$ 1,163,480,000</u>	<u>\$ 317,944,000</u>	<u>\$ 248,180,254</u>
Reconciliation:			
Current:			
Cash Deposits at the Bank of North Dakota	—	13,600,000	15,051
Cash and Cash Equivalents	1,163,480,000	—	248,165,203
Restricted Cash Deposits at the Bank of North Dakota	—	19,428,000	—
Restricted Cash and Cash Equivalents	—	284,916,000	—
Noncurrent:			
Restricted Cash Deposits At The Bank of North Dakota	—	—	—
Restricted Cash and Cash Equivalents	—	—	—
Cash and Cash Equivalents	<u>\$ 1,163,480,000</u>	<u>\$ 317,944,000</u>	<u>\$ 248,180,254</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	155,142,000	5,703,000	(7,151,562)
Adjustments to Reconcile Operating			
Income to Net Cash Provided by Operating Activities:			
Depreciation	471,000	6,000	—
Amortization/Accretion	—	(4,111,000)	—
Reclassification of Interest Revenue/Expense	(178,098,000)	32,036,000	—
(Gain) Loss on Sale of Real Estate	867,000	—	—
Net Increase in Fair Value of Investments	(24,938,000)	343,000	—
Interest Received on Program Loans	—	—	—
Dividend Credit Applied to Receivable	—	—	—
Receipt of Loan Principal Repayments	—	—	—
Provision for Losses	16,800,000	—	—
Other	—	—	—
Deferred Outflows	—	(2,800,000)	—
Deferred Inflows	—	(269,000)	—
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	—	61,965,000	15,129,861
(Increase) Decrease in Interest Receivable	—	(321,000)	—
(Increase) Decrease in Due From	4,222,000	(54,000)	82,443,049
(Increase) Decrease in Intergovernmental Receivable	—	17,000	10,088,796
(Increase) Decrease in Notes Receivable	—	—	—
(Increase) Decrease in Prepaid Items	—	(4,000)	—
(Increase) Decrease in Inventories	—	—	—
(Increase) Decrease in Other Assets	(41,484,000)	(2,675,000)	—
Increase (Decrease) in Accounts Payable	—	—	(5,342,847)
Increase (Decrease) in Interest Payable	—	—	—
Increase (Decrease) in Claims/Judgments Payable	—	—	—
Increase (Decrease) in Intergovernmental Payable	—	48,000	(1,836,064)
Increase (Decrease) in Accrued Payroll	—	—	—
Increase (Decrease) in Compensated Absences Payable	—	42,000	—
Increase (Decrease) in Amounts Held for Others	—	2,029,000	—
Increase (Decrease) in Other Deposits	—	—	—
Increase (Decrease) in Due To	—	21,000	(2,001,404)
Increase (Decrease) in Unavailable Revenue	—	—	—
Increase (Decrease) in Net Pension Liability	—	4,004,000	—
Increase (Decrease) in Net OPEB Liability	—	—	—
Increase (Decrease) in Other Liabilities	41,155,000	(21,000)	—
Increase (Decrease) in Dividends Payable	—	—	—
Total Adjustments	<u>(181,005,000)</u>	<u>90,256,000</u>	<u>98,481,391</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (25,863,000)</u>	<u>\$ 95,959,000</u>	<u>\$ 91,329,829</u>
Noncash Transactions:			
Net Change in Fair Value of Investments	24,938,000	(432,000)	—
Transfers from Net Position to Transfers Payable	128,614,000	—	—
Reduction in pension and OPEB liability	—	—	—
Reinstatement of Debt Expense	—	—	—
Change in Securities Lending Collateral	—	—	—
Investment Income	—	—	—
Dividends Credited to Premium Billing	—	—	—
Accounts Receivable Premium Reduction	—	—	—
Assets Acquired Through Capital Lease	—	—	—
Assets Acquired Through Special Assessments	—	—	—
Expenses Paid by Capital Lease	—	—	—
Value Received on Trade of Capital Asset	—	—	—
Gifts of Capital Assets	—	—	—
Total Noncash Transactions	<u>\$ 153,552,000</u>	<u>\$ (432,000)</u>	<u>\$ —</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Business-Type Activities - Enterprise Funds				Governmental
University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
10,483,077	110,038	(19,525,504)	825,681,696	4,287,024
283,631,083	3,227,247	236,182,611	1,418,031,110	33,891,821
<u>\$ 294,114,160</u>	<u>\$ 3,337,285</u>	<u>\$ 216,657,107</u>	<u>\$ 2,243,712,806</u>	<u>\$ 38,178,845</u>
270,112,310	3,337,285	202,510,010	489,574,656	37,822,766
4,735,182	—	6,187,685	1,422,568,070	356,079
—	—	7,424,412	26,852,412	—
—	—	535,000	285,451,000	—
19,266,668	—	—	19,266,668	—
—	—	—	—	—
<u>\$ 294,114,160</u>	<u>\$ 3,337,285</u>	<u>\$ 216,657,107</u>	<u>\$ 2,243,712,806</u>	<u>\$ 38,178,845</u>
(563,264,074)	55,358,600	15,745,468	(338,466,568)	(9,960,403)
74,825,954	2,619,013	9,306,453	87,228,420	11,573,556
—	—	—	(4,111,000)	—
—	—	(6,055,677)	(152,117,677)	—
—	—	—	867,000	—
—	—	—	(24,595,000)	—
—	—	(2,094,000)	(2,094,000)	—
—	(72,370,330)	—	(72,370,330)	—
—	—	159,000	159,000	—
—	—	6,279,610	23,079,610	—
(5,800,097)	20,015	361,366	(5,418,716)	—
(118,226,658)	(17,406,490)	(4,474,683)	(142,907,831)	(38,552,476)
(14,172,792)	(1,810,305)	(366,423)	(16,618,520)	(2,344,501)
6,437,148	7,992,955	1,723,250	93,248,214	(677,551)
—	—	(2,426)	(323,426)	—
—	133,203	(240,457)	86,503,795	(690,614)
—	—	(4,628)	10,101,168	(218,140)
(38,402,568)	—	1,352,650	(37,049,918)	—
—	(117,368)	397,495	276,127	(989,460)
903,064	—	(2,644,025)	(1,740,961)	24,293
(2,405,091)	—	(193,971)	(46,758,062)	—
24,682,099	1,349,183	6,624,225	27,312,660	163,541
—	—	—	—	(254,407)
—	(29,693,000)	777,676	(28,915,324)	(1,473,811)
—	—	230,644	(1,557,420)	—
(50,017)	—	1,232,944	1,182,927	73,852
1,753,691	109,973	(33,866)	1,871,798	540,845
—	—	(7,687,798)	(5,658,798)	—
1,351,694	—	—	1,351,694	—
—	(10,029)	121,474	(1,868,959)	638,403
1,250,688	(12,175,531)	—	(10,924,843)	—
172,420,657	26,139,150	9,987,930	212,551,737	52,222,405
106,763	2,443	4,009	113,215	371,369
—	—	(312,269)	40,821,731	—
—	(14,861,581)	—	(14,861,581)	—
104,674,535	(110,078,699)	14,448,503	16,776,730	20,407,304
<u>\$ (458,589,539)</u>	<u>\$ (54,720,099)</u>	<u>\$ 30,193,971</u>	<u>\$ (321,689,838)</u>	<u>\$ 10,446,901</u>
1,358,291	90,030,253	1,427,318	117,321,862	832,695
—	—	—	128,614,000	—
—	—	(371,767)	(371,767)	—
—	—	316,792	316,792	—
—	(204,381)	—	(204,381)	11,072
—	(157,482,406)	—	(157,482,406)	—
—	87,231,911	—	87,231,911	—
—	(87,231,911)	—	(87,231,911)	—
3,965,126	—	—	3,965,126	—
13,228,764	—	—	13,228,764	—
5,214,638	—	—	5,214,638	—
—	—	17,919	17,919	—
439,126	—	—	439,126	—
<u>\$ 24,205,945</u>	<u>\$ (67,656,534)</u>	<u>\$ 1,390,262</u>	<u>\$ 111,059,673</u>	<u>\$ 843,767</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Fiduciary Net Position Fiduciary Funds June 30, 2021

	Pension and Other Employee Funds Benefit Trust	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
ASSETS				
Cash Deposits at the Bank of ND	\$ 43,681,802	\$ —	\$ 5,813,602	\$ 41,764,975
Cash and Cash Equivalents	93,147	—	1,087,606	1,354,833
Receivables:				
Contributions Receivable	43,471,500	—	—	—
Accounts Receivable - Net	—	—	303,753	1,189,793
Taxes Receivable for Other Governments - Net	—	—	—	39,505,854
Interest Receivable - Net	19,716,147	552,059	5,333	37
Due from Other Funds	282	—	—	6,792
Due from Component Units	—	—	—	591
Total Receivables	<u>63,187,929</u>	<u>552,059</u>	<u>309,086</u>	<u>40,703,067</u>
Investments, at Fair Value:				
Investments at the Bank of ND	—	—	—	50,000
Equities	1,843,851,776	166,944,221	—	—
Equity Pool	2,561,562,701	—	—	—
Fixed Income Pool	1,943,983,191	104,836,072	1,436,653	—
Cash and Cash Pool	67,124,776	2,221,380	—	—
Real Estate Pool	1,106,178,889	55,332,913	—	—
Mutual Funds	199,982,730	—	599,892,315	—
Total Investments	<u>7,722,684,063</u>	<u>329,334,586</u>	<u>601,328,968</u>	<u>50,000</u>
Invested Securities Lending Collateral	<u>29,798,783</u>	<u>1,298,472</u>	<u>48,796</u>	<u>—</u>
Capital Assets (Net of Depreciation)	230,148	—	—	—
Total Assets	<u>7,859,675,872</u>	<u>331,185,117</u>	<u>608,588,058</u>	<u>83,872,875</u>
DEFERRED OUTFLOWS OF RESOURCES				
Derived from Pensions	1,547,047	—	—	—
Total deferred outflows of resources	<u>1,547,047</u>	<u>—</u>	<u>—</u>	<u>—</u>
LIABILITIES				
Accounts Payable	10,906,823	277,684	1,478,970	4,383,605
Accrued Payroll	187,807	—	—	178,294
Securities Lending Collateral	29,798,783	1,298,472	48,796	—
Due to Local Governments	—	—	—	65,913,957
Tax Refunds Payable	—	—	—	3,971
Due to Other Funds	39,532	—	—	865,681
Amounts Held in Custody for Others	3,322	—	—	—
Other Deposits	—	—	—	164,146
Compensated Absences Payable	185,798	—	—	—
Total Liabilities	<u>41,122,065</u>	<u>1,576,156</u>	<u>1,527,766</u>	<u>71,509,654</u>
DEFERRED INFLOWS OF RESOURCES				
Derived from Pensions	442,740	—	—	—
Unavailable Revenue	—	—	—	5,308,407
Total deferred inflows of resources	<u>442,740</u>	<u>—</u>	<u>—</u>	<u>5,308,407</u>
NET Position				
Net Position Restricted for:				
Pension Benefits	7,818,836,128	—	—	—
Other Employee Benefits	821,986	—	—	—
External Investment Pool Participants	—	329,608,961	—	—
Individuals, Organizations, and Other Governments	—	—	—	7,054,814
Other Purposes	—	—	607,060,292	—
Total Net Position Restricted for Pension Benefits and Other Purposes	<u>7,819,658,114</u>	<u>329,608,961</u>	<u>607,060,292</u>	<u>7,054,814</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Changes in Fiduciary Net Position Fiduciary Funds For the Fiscal Year Ended June 30, 2021

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS				
Contributions:				
Child Support Collections	\$ —	\$ —	\$ —	\$ 135,601,990
Collections for District Courts	—	—	—	2,246,695
Employer	205,415,831	—	—	—
Employee	198,387,050	—	—	—
From Participants	—	—	50,478,295	18,569
Student, Patient, and Inmate Accounts	—	—	—	5,847,154
Tax Collections for Local Governments	—	—	—	296,399,300
Transfers from Other Funds	633,418	—	—	—
Transfers from Other Plans	2,057,007	—	—	—
Donations	—	—	—	2,471,794
Total Contributions	<u>406,493,306</u>	<u>—</u>	<u>50,478,295</u>	<u>442,585,502</u>
Investment Income:				
Net Change in Fair Value of Investments	1,533,207,551	58,626,824	50,223,647	—
Interest and Dividends	121,628,377	5,579,022	12,184,771	37
Less Investment Expense	<u>20,672,858</u>	<u>885,729</u>	<u>2,286</u>	<u>—</u>
Net Investment Income	<u>1,634,163,070</u>	<u>63,320,117</u>	<u>62,406,132</u>	<u>37</u>
Securities Lending Activity:				
Securities Lending Income	445,789	21,490	125	—
Less Securities Lending Expense	44,740	4,298	—	—
Net Securities Lending Income	<u>401,049</u>	<u>17,192</u>	<u>125</u>	<u>—</u>
Repurchase Service Credit	10,464,179	—	—	—
Miscellaneous Income	1,080,825	—	2,906	807,359
Total Additions	<u>2,052,602,429</u>	<u>63,337,309</u>	<u>112,887,458</u>	<u>443,392,898</u>
DEDUCTIONS				
Benefits Paid to Participants	478,721,424	—	—	8,413
Child Support Distributions	—	—	—	135,601,990
Distributions to District Courts	—	—	—	2,143,061
Distributions of Taxes to Local Governments	—	—	—	294,974,626
Student, Patient, and Inmate Accounts	—	—	—	5,259,232
Refunds	18,892,975	—	—	42,691
Prefunded Credit Applied	12,879,074	—	—	—
Transfer to Other Plans	633,418	—	—	—
Payments in Accordance with Trust Agreements	—	—	45,000,803	—
Administrative Expenses	6,993,957	—	3,709,855	4,514,649
Total Deductions	<u>518,120,848</u>	<u>—</u>	<u>48,710,658</u>	<u>442,544,662</u>
Redemption of Units at \$1.00 Per Unit	—	(8,866,005)	—	—
Net Increase in Fiduciary Net Position	<u>1,534,481,581</u>	<u>54,471,304</u>	<u>64,176,800</u>	<u>848,236</u>
Net Position - Beginning of Year, as Restated	<u>6,285,176,533</u>	<u>275,137,657</u>	<u>542,883,492</u>	<u>6,206,578</u>
Net Position - End of Year	<u>\$ 7,819,658,114</u>	<u>\$ 329,608,961</u>	<u>\$ 607,060,292</u>	<u>\$ 7,054,814</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Combining Statement of Net Position Component Units - Proprietary Funds (Excludes FASB Based Component Units) June 30, 2021

	CHAND	Public Finance Authority	ND Development Fund	State Fair Foundation	Total
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 1,443,850	\$ —	\$ 19,653,987	\$ 282,998	\$ 21,380,835
Accounts Receivable - Net	85,212	—	—	50,000	135,212
Interest Receivable - Net	—	—	156,210	—	156,210
Due from Primary Government	—	10,000	—	—	10,000
Loans and Notes Receivable - Net	—	—	3,156,924	—	3,156,924
Restricted Cash and Cash Equivalents	—	45,077,000	—	12,073	45,089,073
Restricted Investments	—	127,442,000	—	—	127,442,000
Restricted Interest Receivable - Net	—	5,530,000	—	—	5,530,000
Total Current Assets	1,529,062	178,059,000	22,967,121	345,071	202,900,254
Noncurrent Assets:					
Restricted Investments	—	880,134,000	—	—	880,134,000
Investments	—	—	250,000	—	250,000
Loans and Notes Receivable - Net	—	—	7,260,676	35,000	7,295,676
Capital Assets:					
Nondepreciable	—	—	—	1,115,389	1,115,389
Depreciable, Net	—	—	185,101	—	185,101
Total Noncurrent Assets	—	880,134,000	7,695,777	1,150,389	888,980,166
Total Assets	1,529,062	1,058,193,000	30,662,898	1,495,460	1,091,880,420
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on bond refunding	—	2,428,000	—	—	2,428,000
Derived from Pensions	—	258,000	—	—	258,000
Total Deferred Outflows of Resources	—	2,686,000	—	—	2,686,000
LIABILITIES					
Current Liabilities:					
Accounts Payable	408,000	34,000	6,540	—	448,540
Interest Payable	—	4,293,000	—	—	4,293,000
Notes Payable	—	—	—	4,800	4,800
Bonds Payable	—	26,720,000	—	—	26,720,000
Unearned Revenue	32,926	—	—	49,993	82,919
Total Current Liabilities	440,926	31,047,000	6,540	54,793	31,549,259
Noncurrent Liabilities:					
Notes Payable	—	—	—	64,950	64,950
Bonds Payable	—	463,827,000	—	—	463,827,000
Net Pension Liability	—	431,000	—	—	431,000
Total Noncurrent Liabilities	—	464,258,000	—	64,950	464,322,950
Total Liabilities	440,926	495,305,000	6,540	119,743	495,872,209
DEFERRED INFLOWS OF RESOURCES					
Derived from Pensions	—	91,000	—	—	91,000
Total Deferred Inflows of Resources	—	91,000	—	—	91,000
Net Position					
Net Investment in Capital Assets	—	—	185,101	—	185,101
Restricted for:					
Debt Service	—	116,110,000	—	—	116,110,000
Loan Purposes	—	447,432,000	11,146,179	—	458,578,179
Endowment Funds-Nonexpendable	—	—	—	2,155,492	2,155,492
Unrestricted	1,088,136	1,941,000	19,325,078	(779,775)	21,574,439
Total Net Position	\$ 1,088,136	\$ 565,483,000	\$ 30,656,358	\$ 1,375,717	\$ 598,603,211

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Combining Statement of Activities
 Component Units - Proprietary Funds
 (Excludes FASB Based Component Units)
 For the Fiscal Year Ended June 30, 2021

Functions/Programs	Program Revenues			Net (Expense) Revenue	Change in Net Position	Net Position Beginning of Year	Net Position End of Year
	Expenses	Charges for Services	Operating Grants and Contributions				
CHAND	\$ 2,617,580	\$ 1,896,172	\$ 1,009,037	\$ 287,629	\$ 287,629	\$ 800,507	\$ 1,088,136
Public Finance Authority	27,773,000	3,875,000	44,032,000	20,134,000	20,134,000	545,349,000	565,483,000
ND Development Fund	1,597,497	988,616	45,330	(563,551)	(563,551)	31,219,909	30,656,358
State Fair Foundation	59,126	58,088	32,393	31,355	31,355	1,344,362	1,375,717
Total Component Units	<u>\$ 32,047,203</u>	<u>\$ 6,817,876</u>	<u>\$ 45,118,760</u>	<u>\$ 19,889,433</u>	<u>\$ 19,889,433</u>	<u>\$ 578,713,778</u>	<u>\$ 598,603,211</u>

The Accompanying Notes are an Integral Part of the Financial Statements

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STATE OF NORTH DAKOTA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

BLENDED COMPONENT UNITS

These component units are entities that are legally separate from the State, but are so intertwined with the State that they are, in substance, the same as the State. The following entity is included as a blended component unit, as the State has the ability to impose its will on this organization and the organization provides services entirely to the State. They are reported as part of the State and blended into the appropriate fund types.

Building Authority (Debt Service Fund and Capital Projects Fund) - The Building Authority was created by the Legislature as a separate instrumentality of the State. Its purpose is to promote the general welfare of the citizens of the State by providing financing for use by the State in altering, repairing, maintaining or constructing buildings and making any improvements connected to State buildings. The Industrial Commission, which consists of the governor, the attorney general, and the commissioner of agriculture, is the governing board of the Building Authority. The funds of the Building Authority were audited by other independent auditors for the fiscal year ended June 30, 2021, and their report has been previously issued under a separate cover.

DISCRETELY PRESENTED COMPONENT UNITS

These component units are entities that are legally separate from the State, but are financially accountable to the State. The following entities are included as blended component units, as the State has the ability to impose its will on this organization, however the State has no financial obligation to these organizations. The component units' columns of government-wide financial statements include the financial data of these entities.

MAJOR COMPONENT UNITS

Comprehensive Health Association (Proprietary Fund Type) – The Association was established by the Legislature with participating membership consisting of those insurance companies, licensed or authorized to do business in the State. It provides low cost access to health insurance coverage for residents of the State who are denied adequate health insurance and are considered uninsurable. Under North Dakota Century Code, the Majority Leader of the Senate appoints one member of the Senate and the House of Representatives appoints one member of the House to the eight-member board. The Association was audited by other independent auditors for the calendar year ended December 31, 2020, and their report has been previously issued under a separate cover.

Public Finance Authority (Proprietary Fund Type) – The Finance Authority was created by the Legislature as a separate agency of the State. The purpose of the Finance Authority is to make funds available for borrowing by North Dakota political subdivisions through the issuance of its bonds and the purchase of municipal securities of the political subdivisions. The Finance Authority has been granted all powers required in order to accomplish this purpose and is under the control and management of the Industrial Commission. The Fund was audited by other independent auditors for the calendar year ended December 31, 2020, and their report has been previously issued under a separate cover.

STATE OF NORTH DAKOTA

North Dakota Development Fund, Inc. (Proprietary Fund Type) – The Development Fund was established as a statewide nonprofit development corporation with the authority to take equity positions in; to provide loans to; or to use other innovative financing mechanisms to provide capital for new or expanding businesses in North Dakota or relocating businesses to North Dakota. A board of directors consisting of eight members, all of whom are appointed by the governor, manages the corporation. The deputy director of the Department of Commerce (a State agency) is the corporation's chief executive officer. The director of the Department of Commerce (governor-appointed cabinet position) is responsible for developing rules, subject to the approval of the board of directors, necessary to implement the administration of the corporation. The Fund was audited by other independent auditors for the fiscal year ended June 30, 2021, and their report has been previously issued under a separate cover.

North Dakota State Fair Foundation – The mission of the North Dakota State Fair Foundation is to develop lifelong relationships with donors to secure philanthropic gifts that will enhance and support the work of the North Dakota State Fair. The Fund of the North Dakota State Fair Foundation were audited by other independent auditors for the fiscal year ended September 30, 2020, and their report has been previously issued under a separate cover.

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

Non-major State Historical Society of North Dakota Foundation – The mission of the State Historical Society of North Dakota Foundation is to provide fundraising and membership development activities to support the State Historical Society of North Dakota which preserves and promotes the heritage of North Dakota and its people. The Fund of the State Historical Society of North Dakota Foundation were audited by other independent auditors for the fiscal year ended June 30, 2021, and their report has been previously issued under a separate cover. The component unit financial statements are presented under Financial Accounting Standards Board (FASB) standards. As such, certain disclosures are not reflected for the Foundation and no disclosures are included for the Foundation.

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

Building Authority

600 E. Boulevard Ave., 14th Floor

Bismarck, ND 58505-0840

Public Finance Authority

1200 Memorial Highway

Bismarck ND 58504

Comprehensive Health Associations

4510 13th Ave. South

Fargo, ND 58121

North Dakota Development Fund, Inc.

1600 E. Century Ave., #2

Bismarck, ND 58503

State Historical Society of North Dakota Foundation

P.O. Box 1976

Bismarck, ND 58502-1976

North Dakota State Fair Foundation

P.O. Box 1796

Minot, ND 58702-1796

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

STATE OF NORTH DAKOTA

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

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

STATE OF NORTH DAKOTA

FINANCIAL STATEMENT PRESENTATION

The State reports the following major governmental funds:

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

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

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

The State reports the following major enterprise funds:

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

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

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

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

The Unemployment Compensation Fund accounts for State unemployment taxes collected from employers and federal funds for the purpose of paying unemployment benefits.

Additionally, the State reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

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

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

PROPRIETARY FUND TYPES

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

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

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FIDUCIARY FUND TYPES

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

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

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

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

D. GENERAL BUDGETARY POLICIES AND PROCEDURES

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

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

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

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

During the 2019-2021 biennium, there were general, federal and other funds supplemental appropriations totaling \$3,966,192,100.

E. CASH AND CASH EQUIVALENTS

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

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

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

The State had no cash overdrafts from pooled cash and investments at June 30, 2021.

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

F. INVESTMENTS

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

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

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

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

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

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

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

G. SECURITIES LENDING

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

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The Agent lends securities of the type on loan at June 30, 2021, for collateral in the form of cash, U.S. government securities and irrevocable letters of credit. U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus accrued interest. Non-U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus accrued interest.

Non-cash collateral cannot be pledged or sold unless the borrower defaults. All securities can be terminated on demand by either the lender or the borrower, although the average term of the State's loans was approximately 139 days as of June 30, 2021. Cash open collateral is invested in a short term investment pool, which had an interest sensitivity of 19 days as of this statement date. This pool is valued based on amortized cost. There were no violations of legal or contractual provisions, no borrower or lending agent default losses known to the securities lending agent. There are no dividends or coupon payments owing on the securities lent. Securities lending earnings are credited to participating clients on approximately the fifteenth day of the following month.

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

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

H. INTERFUND ACTIVITY AND BALANCES

INTERFUND ACTIVITY

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

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

INTERFUND BALANCES

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

I. INVENTORIES AND PREPAID ITEMS

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

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

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

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

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

J. BOND PREMIUMS / DISCOUNTS

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

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

K. CAPITAL ASSETS

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

All other capital assets with an original cost of \$5,000 or more per unit and an estimated useful life in excess of one year are capitalized and reported in the applicable government or business-type activities columns in the government-wide financial statements. Exceptions include: infrastructure reported by the Department of Transportation, the threshold is \$100,000 and intangible assets such as easements, water rights, patents and trademarks, the threshold is \$25,000. Capital asset costs include the purchase price or construction cost, plus the costs necessary to place the asset in its intended location and condition for use. In governmental activities. Normal maintenance and repair costs that do not materially add to the value or extend the life of the asset are not capitalized.

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

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

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

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

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

L. DEFERRED OUTFLOWS OF RESOURCES

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

M. LEASE COMMITMENTS

The State leases land, office facilities, office and computer equipment, and other assets. Leases are classified according to GASB 62. Many of these leases have fiscal funding clauses; however, these clauses have no effect on classifying these leases for accounting purposes. Leases which represent acquisitions are classified as capital leases, and the related assets and liabilities

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are recorded in the financial statements at the inception of the lease. Other leases are classified as operating leases with the lease payments recorded as expenditures or expenses during the life of the lease.

N. FEDERAL FUNDS PURCHASED

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

O. CLAIMS/JUDGMENTS PAYABLE

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

P. COMPENSATED ABSENCES

ANNUAL LEAVE

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

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

SICK LEAVE

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

Q. DEPOSITS

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

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

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

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

R. NET PENSION LIABILITY (ASSET)

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

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S. NET OTHER POST EMPLOYMENT BENEFITS LIABILITY

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

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

T. DEFERRED INFLOWS OF RESOURCES

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

U. NET POSITION/FUND BALANCE

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

CLASSIFICATIONS

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

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

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

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

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

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

BUDGET STABILIZATION FUND

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

NDCC section 54-27.2-03 states that if general fund revenue projections for the biennium will be at least two and one-half percent less than estimated by the most recently adjourned special or regular session of the legislative assembly, and if the governor orders a transfer, which must be reported to the budget section of the legislative management, the state treasurer shall transfer

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the appropriate funds from the budget stabilization fund to the state general fund to offset the decrease in general fund revenues. The amount transferred upon order of the governor may not exceed the difference between an amount two and one-half percent below the general fund revenue projections for the biennium. The Budget Stabilization Fund, fund balance at June 30, 2021 was \$749,374,748.

V. REVENUES AND EXPENDITURES/EXPENSES

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

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

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

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

W. ESTIMATES

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

NOTE 2 - RESTATEMENTS

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

	Government-wide Governmental Activities	Government-wide Business Type Activities	Governmental Fund - State Fund	Proprietary Funds - University Systems	Proprietary Funds - Other Funds	Custodial Funds
June30,2020, net position,as previously reported	\$ 21,549,057	\$ 4,569,703	\$ 7,682,454	\$ 1,430,582	\$ 828,168	\$ —
Prior period adjustments:						
GASB 84	193	1,635	193	1,635	—	6,207
Change in accounting method	12,965	(12,965)	12,965	—	(12,965)	—
June30,2020, net position, as restated	<u>\$ 21,562,215</u>	<u>\$ 4,558,373</u>	<u>\$ 7,695,612</u>	<u>\$ 1,432,217</u>	<u>\$ 815,203</u>	<u>\$ 6,207</u>

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A. GASB 84 IMPLEMENTATION

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, the State reclassified funds based on the guidance of GASB 84. The School for Deaf Scholarship Trust fund and School for Deaf Student Trust fund were reclassified to the State Fund. This resulted in an increase of \$193,000 to the State Fund and Governmental Activities. Several Funds were reclassified to the Proprietary Fund - University Systems. The resulted in an increase of \$1,635,000 to the Proprietary Fund - University Systems net position and Government-Wide Business Type Activities net position.

In addition, Agency Funds were reclassified to Custodial Funds. This resulted in an increase of \$6,207,000 to Fiduciary Net Position for the following funds: District Court Collection Fund, Prisoner's Accounts, Youth Correctional Center Student Accounts, Developmental Center Residents' Funds, State Hospital Patients, Veteran's Home-Custodial, School for the Deaf Students.

B. CORRECTION OF ERRORS

The Beginning Farmer Revolving Loan fund was reclassified from a proprietary fund to a governmental fund. This resulted in a decrease in the Proprietary Fund - Other Funds fund balance and Government Wide Business-type Activities net position of \$12,965,000 and an increase in Governmental Fund - State fund balance and Government Wide Governmental Activities net position of \$12,965,000.

NOTE 3 - DETAILED NOTES ON ACCOUNT BALANCES

A. DEPOSITS

CUSTODIAL CREDIT RISK

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

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

At June 30, 2021, the bank balance of the primary government's deposits was \$1,441,850,614. Of the bank amount, \$954,513,000 was uncollateralized and uninsured.

There were significant concentrations of uninsured and uncollateralized deposits in the Bank of North Dakota and University System at June 30, 2021. Their uninsured and uncollateralized deposits totaled \$954.5 million and \$274 thousand, and their bank deposits totaled \$955.9 million and \$5.8 million, respectively.

At June 30, 2021, the bank balance of the major component units' deposits was \$66,469,908. Of the bank amount, \$64,730,987 was uncollateralized and uninsured.

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

B. INVESTMENTS

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

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

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

The State Investment Board's investment policy allows investment managers to use derivative securities to hedge or replicate underlying exposures but not for speculation. All derivatives are considered investment derivative investments. The SIB had four types of derivative securities at June 30, 2021: futures, options, swaps and currency forwards.
2. North Dakota Department of Trust Lands – The Century Code states that the Department of Trust Lands shall apply the prudent investor rule in investing its funds. The investment policies of the Board allow the use of derivative securities to hedge or replicate underlying exposures but not for speculation. All derivatives are considered investment derivative investments.
3. The Bank of North Dakota – NDCC 6-09 authorizes the Bank of North Dakota. The Bank is owned and operated by the State of North Dakota under the supervision of the North Dakota Industrial Commission. The Bank may have investments in anything that any bank lawfully may do, except what is restricted by NDCC 6-09.
4. The North Dakota State Treasurer's Office – The North Dakota Constitution and various sections of the Century Code authorize the State Treasurer to invest all State funds deposited with the State Treasury. However, the State Treasurer must invest the public funds with the Bank of North Dakota unless there is statutory authority to do otherwise. Generally, the State Treasurer pools deposits and invests in money market accounts and Bank of North Dakota certificates of deposit.
5. University System – NDCC 15-55-05 and 15-55-06 govern the investment of proceeds of revenue bonds and revenues pledged to bondholders. Such proceeds must be invested in the Bank of North Dakota, in a separate fund in the State Treasury or in a duly authorized depository for the state funds that is a member of the federal deposit insurance corporation. The University System may invest such funds in direct obligation of, or in obligations where the United States of America guarantees the principal and interest, or obligations of the State of North Dakota or any municipality as defined in NDCC Section 21-03-01.

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

INTEREST RATE RISK

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

STATE OF NORTH DAKOTA

At June 30, 2021, the following tables show the debt securities of the primary government and major component units by investment type and maturity (expressed in thousands).

Primary Government (includes Pension and Investment Trust Funds)

Investment Type	Total Fair Value	Less Than 1 Year	1 - 6 Years	6 - 10 Years	More Than 10 Years	Maturity Undetermined
Asset Backed Securities	\$ 623,569	\$ 980	\$ 182,079	\$ 158,052	\$ 282,458	\$ —
Bank Loans	5,593	—	—	5,593	—	—
Bonds	5,029	—	—	2,930	2,099	—
Commercial Mortgage-Backed	1,092,951	5	742,637	7,144	343,165	—
Commercial Paper	12,998	12,998	—	—	—	—
Corporate Bonds	3,052,827	208,121	1,574,401	671,312	598,993	—
Corporate Convertible Bonds	22,924	—	12,756	159	10,009	—
Government Agencies	1,288,040	83,882	1,186,756	8,024	9,378	—
Government Bonds	1,134,683	83,379	327,603	265,024	458,677	—
Government Issued CMB	30,923	16	5,421	21,953	3,533	—
Government Mortgage-Backed	746,561	3	6,671	34,260	705,627	—
Repurchase Agreements	25,300	25,300	—	—	—	—
Index-Linked Government Bonds	848,500	77,720	283,042	286,237	201,501	—
Municipal/Provincial Bonds	129,086	20,911	73,173	12,738	22,264	—
Government-Backed CMOs	254,415	10,844	14,548	63,768	165,255	—
Short Term Bills and Notes	303,306	303,306	—	—	—	—
Pooled Investments	1,814,562	28,877	940,491	490,666	354,528	—
Funds - Other Fixed Income	732,625	(127,967)	490,243	136,191	231,584	2,574
Funds - Short Term	22,974	22,974	—	—	—	—
Total Debt Securities	\$ 12,146,866	\$ 751,349	\$ 5,839,821	\$ 2,164,051	\$ 3,389,071	\$ 2,574

Major Component Units

Investment Type	Total Fair Value	Less Than 1 Year	1 - 6 Years	6 - 10 Years	More Than 10 Years
Commercial Paper	\$ 23,634	\$ 23,634	\$ —	\$ —	\$ —
Corporate Notes	18,181	12,301	5,880	—	—
Government Agencies	11,079	1,044	10,035	—	—
Government Bonds	14,127	4,904	9,223	—	—
Short Term Bills and Notes	12,272	12,272	—	—	—
Total Debt Securities	\$ 79,293	\$ 54,155	\$ 25,138	\$ —	\$ —

STATE OF NORTH DAKOTA

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

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

Interest-only (IO) and principal-only (PO) strips are transactions which involve the separation of the interest and principal components of a security. They are highly sensitive to prepayments by mortgagors, which may result from a decline in interest rates. The State held PO's valued at \$6.5 million and held IOs valued at \$26.4 million. The State has no policy regarding IO or PO strips.

CONCENTRATION OF CREDIT RISK

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

The Bank of North Dakota had the following concentrations at June 30, 2021 (expressed in thousands):

	<u>Amount</u>	<u>Percent</u>
Federal Agency		
Federal Home Loan Bank	\$ 167,666	9.2 %
Small Business Administration	176,672	9.6 %
Farm Credit	277,693	15.1 %
Freddie Mac	20,039	1.1 %
Fannie Mae	45,557	2.5 %
Mortgage-backed		
Fannie Mae	714,495	39.0 %
Freddie Mac	380,364	20.7 %
Others less than 5%	51,213	2.8 %
	<u>\$ 1,833,699</u>	<u>100.0 %</u>

CREDIT RISK

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

STATE OF NORTH DAKOTA

As of June 30, 2021, the following tables present the debt securities of the primary government and major component units and their respective ratings (expressed in thousands).

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

	Total Fair Value	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Not Rated
Asset Backed Securities	623,569	\$ 302,166	\$ 62,525	\$ 61,185	\$ 56,636	\$ 3,515	\$ 2,927	\$ 5,413	\$ 1,909	\$—	\$ 889	\$ 126,404
Bank Loans	5,592	—	—	—	—	2,002	1,049	—	—	—	—	2,541
Collateralized Bonds	5,029	2,930	—	—	—	—	—	—	—	—	—	2,099
Commercial Mortgage-Backed	1,092,951	980,185	10,311	14,175	9,431	5,090	4,316	1,885	160	27	—	67,371
Commercial Paper	12,998	—	—	—	—	—	—	—	—	—	—	12,998
Corporate Bonds	3,052,827	17,004	97,461	791,871	1,635,388	318,993	125,301	40,974	97	—	—	25,738
Corporate Convertible Bonds	22,924	—	—	172	3,108	6,661	2,338	3,139	—	—	—	7,506
Government Agencies	1,268,000	1,102,792	134,149	12,998	14,532	1,712	—	422	—	—	—	1,395
Government Bonds	121,718	—	9,987	5,697	52,361	34,007	9,234	2,026	—	—	—	8,406
Government Mortgage Backed	547,468	—	516,452	—	9,049	13,368	7,671	—	—	—	—	928
Government Issued CMB	30,698	1,813	27,945	—	940	—	—	—	—	—	—	—
Index Linked Government Bonds	19,224	19,224	—	—	—	—	—	—	—	—	—	—
Municipal/Provincial Bonds	128,086	25,948	74,244	15,936	4,366	1,583	—	—	218	—	800	4,991
Non-Government Backed CMOs	254,415	43,233	19,603	31,423	21,306	8,123	2,589	1,258	1,116	—	47	125,717
Repurchase Agreements	25,300	—	25,300	—	—	—	—	—	—	—	—	—
Short-Term Investment Funds	10,817	—	9,339	1,478	—	—	—	—	—	—	—	—
Funds - Other Fixed Income	732,567	—	—	—	—	—	—	—	—	—	—	732,567
Funds - Short Term Investment	23,030	23,028	—	—	—	—	—	—	—	—	—	2
Pooled Investments	1,727,181	504,809	300,577	613,389	214,815	12,949	41,080	—	—	—	—	39,562
Total Credit Risk Debt Securities	9,704,394	\$3,023,132	\$1,287,893	\$1,548,324	\$2,021,932	\$408,003	\$196,505	\$55,117	\$ 3,500	\$ 27	\$ 1,736	\$1,158,225
US Gov't & Agencies**	2,189,751											
Mutual Funds	252,721											
Total Debt Securities	\$12,146,866											

STATE OF NORTH DAKOTA

Major Component Units

	Total Fair Value	AA	A	BBB
Commercial Paper	\$ 23,634	\$ —	\$ 23,634	0
Short Term Bills & Notes	12,272	—	12,272	—
Government Agencies	11,079	11,079	—	—
Corporate Notes	18,181	920	11,629	5,632
Total Credit Risk Debt Securities	65,166	\$ 11,999	\$ 47,535	\$ 5,632
US Gov't & Agencies	14,127			
Total Debt Securities	\$ 79,293			

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

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

FOREIGN CURRENCY RISK

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

STATE OF NORTH DAKOTA

At June 30, 2021, foreign currency risk exposure on investments managed by the Department of Trust Lands and State Investment Board were as follows (expressed in thousands).

Primary Government (includes Pension and Investment Trust Funds)

Currency	Short-Term	Debt	Equity	Real Estate	Total
Argentine peso	\$ 65	\$ 364	\$ —	\$ —	\$ 429
Australian dollar	1,305	322	145,410	—	147,037
Brazilian real	(10,006)	18,335	14,798	—	23,127
British pound sterling	(45,730)	52,698	387,477	—	394,445
Canadian dollar	(624)	561	104,843	—	104,780
Chilean peso	822	9,562	749	—	11,133
Chinese yuan renminbi	427	119	72,331	—	72,877
Columbian peso	(508)	4,135	216	—	3,843
Czech koruna	—	—	917	—	917
Danish krone	575	—	108,609	—	109,184
Egyptian pound	—	—	51	—	51
Euro	(35,762)	46,160	859,425	651	870,474
Greed drachma	—	—	254	—	254
Hong Kong dollar	816	—	212,060	—	212,876
Hungarian forint	(335)	3,658	3,167	—	6,490
Indian rupee	—	427	17,575	—	18,002
Indonesian rupiah	—	229	9,822	—	10,051
Israeli shekel	—	—	5,582	—	5,582
Japanese yen	1,604	—	495,477	—	497,081
Kenyan shiling	—	—	1,496	—	1,496
Malaysian ringgit	—	4,334	1,980	—	6,314
Mexican peso	(825)	9,619	7,932	—	16,726
New Israeli shekel	(492)	491	3,605	—	3,604
New Taiwan dollar	334	—	7,660	—	7,994
New Zealand dollar	(245)	—	10,342	—	10,097
Norwegian krone	232	—	32,173	—	32,405
Peruvian nuevo sol	(2,183)	2,065	89	—	(29)
Philippine peso	(224)	—	990	—	766
Polish zloty	—	9,701	1,463	—	11,164
Qatari riyal	—	—	343	—	343
Russian ruble	7	4,234	1,167	—	5,408
Saudi Arabian riyal	—	—	3,350	—	3,350
Singapore dollar	303	—	21,410	—	21,713
South African rand	638	417	8,488	—	9,543
South Korean won	—	—	36,343	—	36,343
Swedish krona	237	—	142,888	—	143,125
Swiss franc	4	—	247,775	—	247,779
Taiwan dollar	—	—	34,081	—	34,081
Thai baht	—	974	6,755	—	7,729
Turkish lira	—	—	1,892	—	1,892
UAE dirham	—	—	482	—	482
International commingled funds (various currencies)	—	—	1,353,624	34,534	1,388,158
Total international investment securities	\$ (89,565)	\$ 168,405	\$ 4,365,091	\$ 35,185	\$ 4,479,116

STATE OF NORTH DAKOTA

Derivative Securities – Derivatives are financial arrangements between two parties whose payments are based on, or “derived” from, the performance of some agreed upon benchmark. The investment policies of the States’ clients allow the use of derivative securities to hedge or replicate underlying exposures but not for speculation. All derivatives are considered investment derivative instruments. The fair value of all derivative securities is reported in the Statement of Net Position. At June 30, 2021, the State had four types of derivative securities: futures, options, swaps and currency forwards.

Futures – Futures represent commitments to purchase (asset) or sell (liability) securities at a future date and at a specific price. Futures contracts are traded on organized exchanges (exchange traded) thereby minimizing the States’ counterparty risk. The net change in the futures contracts’ value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included in net change in fair value of investments in the Statement of Changes in Fiduciary Net Position and totaled \$232.5 million for the year ended June 30, 2021. At June 30, 2021, the State investment portfolio had the notional futures shown below (expressed in thousands).

Futures	Notional Value
Cash and cash equivalent derivative futures	
Long	\$ 172,043
Short	(653,875)
Commodity Derivatives Futures	
Long	—
Short	(31,463)
Equity derivative futures	
Long	662,160
Short	—
Fixed income derivative futures	
Long	771,100
Short	(1,213,556)
Total futures	\$ (293,591)

Options – Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. Options are traded on organized exchanges (exchange traded) thereby minimizing the States’ counterparty credit risk. The option’s price is usually a small percentage of the underlying asset’s value. As a seller of a financial option, the State, through its investment manager, receives a premium at the beginning of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a buyer of a financial option, the State, through its investment manager, pays a premium at the beginning of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. Gains and losses on options are determined based on fair values and recorded with the net change in fair value of investments in the Statement of Changes in Fiduciary Net Position and totaled \$0.6 million. At June 30, 2021, the State had the following option balances (expressed in thousands):

Options	Fair Value
Cash & Other Options	
Call	\$ 99
Put	767
Fixed Income Options	
Call	(220)
Put	(170)
Total options	\$ 476

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

STATE OF NORTH DAKOTA

Gains and losses on swaps are determined based on fair values and are recorded with the net change in fair value of investments in the Statement of Changes in Fiduciary Net Position and totaled \$(3.0) million for the year ended June 30, 2021. The maximum loss that would be recognized at June 30, 2021, if all counterparties failed to perform as contracted is \$2.3 million. Swap fair values are determined by a third party pricing source.

At June 30, 2021, the States' investment portfolio had the swap fair value balances as shown below (expressed in thousands).

Credit Default Swaps

Counterparty/Moody's Rating	Notional Amount	Expiration Date	Fair Value
Bank of America / Aa2 (3 contracts)	\$ (3,400)	2021	\$ 10
Citibank / Aa3 (27 contracts)	(3,000)	2023 - 2024	(12)
Citigroup Global Markets / A1 (5 contracts)	(6,804)	2024 - 2026	623
Credit Suisse First Boston / A1 (12 contracts)	(18,361)	2022 - 2026	1,505
Goldman Sachs / A2 (4 contracts)	(1,700)	2023 - 2024	8
JP Morgan Chase / Aa2 (1 contract)	26,110	2026	(667)
Morgan Stanley / A1 (1 contract)	(100)	2024	1
Total credit default swaps	<u>\$ (7,255)</u>		<u>\$ 1,468</u>

Interest Rate Swaps

Counterparty/Moody's Rating	Notional Amount	Expiration Date Range	Fair Value
Citigroup Global Markets / A1 (17 contracts)	\$ 55,438	2022 - 2051	\$ (41)
Credit Suisse First Boston / A1 (13 contracts)	132,778	2023 - 2051	1,145
JP Morgan Chase / Aa2 (129 contracts)	160,807	2023 - 2035	(4,026)
Total Interest Rate Swaps	<u>\$ 349,023</u>		<u>\$ (2,922)</u>

Inflation Swaps

Counterparty/Moody's Rating	Notional Amount	Expiration Date Range	Fair Value
Citigroup Global Markets / A1 (4 contracts)	\$ 13,240	2026	\$ (402)
JP Morgan Chase / Aa2 (21 contracts)	17,220	2026 - 2031	(369)
Total Interest Rate Swaps	<u>\$ 30,460</u>		<u>\$ (771)</u>

Total Return Swaps

Counterparty/Moody's Rating	Notional Amount	Expiration Date	Fair Value
Credit Suisse International / Aa3 (2 contracts)	\$ 2,764	2041	\$ 7
Total Return Swaps	<u>\$ 2,764</u>		<u>\$ 7</u>

Currency Forwards – Currency forwards represent forward exchange contracts that are entered into in order to manage the exposure to changes in currency exchange rates on the currency denominated portfolio holdings. A forward exchange contract is a commitment to purchase (positive) or sell (negative) a currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in the net change in fair value of investments in the Statement of Changes in Fiduciary Net Position and totaled (\$3.9 million). At June 30, 2021, the States' investment portfolio included the currency forwards balances shown below (expressed in thousands).

STATE OF NORTH DAKOTA

Currency	Cost	Purchases	Sales	Fair Value
Australian dollar	\$ (131)	\$ —	\$ (131)	\$ (128)
Brazilian real	(8,393)	6,733	(15,126)	(9,541)
British pound sterling	(66,012)	24,676	(90,688)	(64,811)
Canadian dollar	(399)	—	(399)	(404)
Columbian peso	1,733	1,733	—	1,702
Euro	(151,358)	89,763	(240,998)	(147,854)
Great Britain pound sterling	(24,366)	—	(24,150)	(24,150)
Japanese yen	(521)	—	(521)	(516)
New Israeli shekel	(1,953)	—	(1,953)	(1,970)
Peruvian nuevo sol	(2,236)	—	(2,236)	(2,183)
Russian ruble	6	6	—	7
South African rand	(1,032)	—	(1,032)	(986)
United States dollar	254,662	377,588	(122,926)	254,662
Total forwards subject to currency risk				<u>\$ 3,828</u>

Derivative Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the value of an interest rate-based derivative investment. The State does not have a formal investment policy regarding such derivative investments. At June 30, 2021, the tables below show the States' derivative investments subject to interest rate risk (expressed in thousands).

	Total Notional Value	3 Months or Less	3 to 6 Months	6 to 12 Months	1-5 Years	Greater Than 5 Years
Futures-interest rate contracts	\$ (924,288)	\$ (675,150)	\$ (403,466)	\$ (17,715)	\$ 172,043	\$ —
Total	<u>\$ (924,288)</u>	<u>\$ (675,150)</u>	<u>\$ (403,466)</u>	<u>\$ (17,715)</u>	<u>\$ 172,043</u>	<u>\$ —</u>

	Total Fair Value	3 Months or Less	3 to 6 Months	6 to 12 Months	1-5 Years	5-10 Years	Greater Than 10 Years
Options - Interest rate contracts	\$ 818	\$ (20)	\$ —	\$ —	\$ —	\$ —	\$ 838
Options on futures	(342)	(371)	—	29	—	—	—
Swaps - interest rate contracts	(3,693)	—	—	—	(760)	(3,095)	162
Swaps - credit contracts	1,468	—	10	—	1,458	—	—
Total	<u>\$ (1,749)</u>	<u>\$ (391)</u>	<u>\$ 10</u>	<u>\$ 29</u>	<u>\$ 698</u>	<u>\$ (3,095)</u>	<u>\$ 1,000</u>

Mill and Elevator Derivative Financial Instruments – The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2021, and the changes in fair value of such derivative instruments for the year then ended as reported in the State's financial statements are \$497,650, classified as derivative instrument (one contract equals 5,000 bushels) and \$497,650, classified as deferred inflow of resources – accumulated increase in fair value of hedging derivatives. The fair value of the grain futures contracts was determined on the Minneapolis Grain Exchange. The margin requirement is \$0.60 per bushel, unless the market price changes the limit for two consecutive days, then the margin requirement is \$0.90 per bushel. The Mill has entered into futures contracts for spring wheat to lock in a price for a future delivery or settlement period. These contracts are entered into to protect the Mill against price fluctuation of the commodity. The price protection is needed to cover any long or short positions compared to flour sales. The table below shows the cost and market values of these spring wheat futures as of June 30, 2021.

STATE OF NORTH DAKOTA

Month	# of Contracts Long (Short)	Average Cost	Fair Value	Average Cost	Market Value
Sept 2021	-353	\$ 7.7650	\$ 8.4975	\$ (13,684,038)	\$ (14,998,088)
Dec 2021	193	7.7137	8.4075	7,391,675	8,113,238
Mar 2022	22	7.8850	8.3300	867,350	916,300
May 2022	15	7.6770	8.2475	575,775	618,563
July 2022	1	7.5300	8.1500	37,650	40,750
				<u>\$ (4,811,588)</u>	<u>\$ (5,309,237)</u>

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

The Mill is exposed to rollover risk on grain futures trades whenever the hedge ratio (defined in aggregate of the size across all futures months relative to the underlying net cash position) does not equal 1.0. At June 30, 2021, the table below shows the hedge ratio by futures month going forward:

Period	Hedge Ratio
Sept 2021	1.0
Dec 2021	1.1
Mar 2022	1.0
May 2022	1.0
July 2022	1.2
Net Position	1.0

C. SECURITIES LENDING

The following represents the balances relating to the securities lending transactions at June 30, 2021 (expressed in thousands).

Primary Government (includes Pension and Investment Trust Funds)

	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Securities Lent			
Lent for cash collateral:			
US agency securities	\$ 45,457	\$ —	\$ 46,301
US government securities	125,937	9,525	128,438
US corporate fixed income securities	94,863	2,012	97,221
US equities	72,801	11,018	75,024
Global government fixed income securities	3,551	—	3,781
Global government securities	1,137	—	1,207
Global equities	16,043	—	17,218
Lent for non-cash collateral:			
Fair value of securities on loan against non-cash collateral	231,921	216,842	—
Total	<u>\$ 591,710</u>	<u>\$ 239,397</u>	<u>\$ 369,190</u>

D. ENDOWMENT FUNDS

UNIVERSITY SYSTEMS

The endowment funds reported herein are institutional funds under the terms of the gift instrument and are not wholly expendable by the institution. NDCC Section 59-21, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) applies to the investment of endowments governed by a gift instrument. NDUS SBHE policy 810 stipulates endowment funds shall be invested according to the intent of the donor provided such intent is consistent with applicable laws. Absent terms expressing donor intent

STATE OF NORTH DAKOTA

in a gift instrument, NDUS institution officers initially shall deposit the funds in institution accounts at the Bank of North Dakota. Thereafter, the funds may be invested according to NDCC 59-21. Subject to the intent of the donor, NDUS institution officers are delegated authority to manage and invest these institutional funds as provided by UPMIFA. NDCC Section 59-21-02.5a(7) applies to standard of conduct in the administration of powers to make and retain investments. It states that in managing and investing an institutional fund, the needs of the institution and the fund to make distributions and to preserve capital must be considered. Given the flexibility in NDCC 59-21-02, institutions have differing policies with respect to spending investment income and net appreciation on endowment funds. For UND, distributions for spending endowments each year will be calculated once annually with the quarter ended December 31 unitized fair value and is based on the set spending rate, currently 3.75 percent, applied to the average fair value for the preceding twelve quarter average. All endowment in existence at December 31 for one year will receive a distribution spending allocation. The available amount will be forecast to UND for planning purposes by February 1, and these distributions will be available for spending in the upcoming fiscal year. NDSU determines the spending of endowment earnings based on an annual evaluation.

Net appreciation on investments are available for expenditure and consist of the following at June 30, 2021:

			<u>Reflected in net position as:</u>
North Dakota State University	\$	566,447	Expendable scholarships & fellowships
University of North Dakota		608,224	Non-expendable scholarships & fellowships
Total NDUS	\$	<u>1,174,671</u>	

Endowment funds reported herein do not include the Federal Land Grant Fund held by the State Department of Trust Lands. The annual proceeds from assets held by the Commissioner of the State Department of Trust Lands and are deposited into each college/university's operating fund at the State Treasury and are used for current operating purposes. Bismarck State College, Lake Region State College and Williston State College do not participate in the proceeds allocated by the State Land Department. Total assets held by the State Land Department and proceeds for the fiscal year ended June 30, 2021 are approximately \$223.7 million and \$7.3 million respectively.

NORTH DAKOTA STATE FAIR FOUNDATION

The North Dakota State Fair Association Foundation had the following activity in their endowment as of September 30, 2020.

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

E. RECEIVABLES

Receivables at June 30, 2021, consist of the following (expressed in thousands):

	General	Federal	State	Other Governmental Funds	Bank of North Dakota	Housing Finance
Receivables:						
Accounts	\$ 30,834	\$ 59,160	\$ 323,967	\$ —	\$ —	\$ 625
Less Allowance	(11,309)	(16,845)	(212,796)	—	—	—
Taxes	575,014	—	161,006	107	—	—
Less Allowance	(132,619)	—	(1,638)	—	—	—
Interest	30,545	—	27,171	81	54,193	5,529
Less Allowance	—	—	(9,786)	—	—	—
Intergovernmental	—	346,557	12,089	—	—	215
Less Allowance	—	—	—	—	—	—
Current Loans and Notes	—	—	8,556	39,646	768,721	30,801
Less Allowance	—	—	(482)	—	—	—
Noncurrent Loans and Notes	66	184	125,667	—	3,863,766	1,193,169
Less Allowance	—	—	—	—	(106,303)	—
Net Receivables	<u>\$ 492,531</u>	<u>389,056</u>	<u>\$ 433,754</u>	<u>\$ 39,834</u>	<u>\$ 4,580,377</u>	<u>\$ 1,230,339</u>

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	University System	Workforce Safety & Insurance	Unemployment Compensation	Other Enterprise Funds	Internal Service Funds	Major Component Units	Total
Receivables:							
Accounts	\$ 35,166	\$ 24,060	43,526	\$ 57,474	\$ 950	\$ 135	\$ 575,898
Less Allowance	(6,769)	(7,000) ^f	(21,220)	(2,829)	—	—	(278,768)
Taxes	—	—	—	—	—	—	736,127
Less Allowance	—	—	—	—	—	—	(134,258)
Interest	—	9,871	1,466	2,531	52	5,686	137,125
Less Allowance	—	—	—	—	—	—	(9,786)
Intergovernmental and Notes	33,376	—	1,132	5	636	—	394,009
Less Allowance	—	—	—	—	—	—	—
	6,010	—	—	31,304	—	3,157	888,195
Less Allowance	(755)	—	—	—	—	—	(1,238)
Noncurrent Loans and Notes	15,119	—	—	459,448	—	27,912	5,685,332
Less Allowance	(2,504)	—	—	(10,552)	—	(20,617)	(139,976)
Net Receivables	<u>\$ 79,643</u>	<u>\$ 26,931</u>	<u>24,903</u>	<u>\$ 537,381</u>	<u>\$ 1,638</u>	<u>\$ 16,273</u>	<u>\$7,852,660</u>

F. REVERSE REPURCHASE AGREEMENTS

State statutes permit the State to enter into reverse repurchase agreements, that is, the sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The fair value of the securities underlying reverse repurchase agreements normally exceeds the cash received, providing the dealers a margin against a decline in fair value of the securities. All sales of investments under these agreements are for fixed terms. In investing the proceeds of these agreements, State policy is for the term to maturity of the investment to be the same as the term of the agreement. Such matching existed at year end. These agreements are secured by Fed book-entry securities held in the State's name. At June 30, 2021, the State had an average daily balance of \$3,000 of repurchase agreements with a 0.00% interest rate and a 0.00% weighted average interest rate paid during the year.

G. INTERFUND ACCOUNTS AND TRANSFERS

DUE FROM OTHER FUNDS/DUE TO OTHER FUNDS

Interfund balances at June 30, 2021 of the following (expressed in thousands):

Due To General Fund From:	
Federal Fund	\$ 99,524
State Fund	65,394
Bank of North Dakota	506
Nonmajor Enterprise Funds	28,470
All Others	462
Total Due To General Fund	<u>\$ 194,356</u>

Included in the Nonmajor Enterprise Funds amount is a loan to the Rebuilder's Loan Program for \$15,619,484. This is not expected to be repaid within one year.

Due To Federal Fund From:		Due To State Fund From:	
General Fund	\$ 6,074	General Fund	\$ 69,238
State Fund	35,669	Federal Fund	15,503
All Others	627	Internal Service Funds	167
Total Due To Federal Fund	<u>\$ 42,370</u>	Nonmajor Enterprise Funds	687
		All Others	320
		Total Due To State Fund	<u>\$ 85,915</u>

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Due To Internal Service Funds From:		Due To Bank of North Dakota From:	
General Fund	\$ 5,940	State Fund	\$ 14,572
State Fund	4,230	Nonmajor Enterprise Funds	55,815
University System	1,135	University System	2,046
Federal Fund	879	All Others	42
All Others	453	Total Due To Bank of North Dakota	<u>\$ 107,491</u>
	<u>\$ 12,637</u>		

Included in the Nonmajor Enterprise Funds amount is a loan to the Rebuilder's Loan Program for \$3,606,486 of which \$1,890,691 is not expected to be repaid within one year.

Due To University System From:	
General Fund	\$ 25,818
Federal Fund	7,291
State Fund	5,316
Bank of North Dakota	784
Building Authority	5,796
All Others	85
Total Due To University System	<u>\$ 45,090</u>

Due To All Other Funds From:	
All Other	<u>\$ 807</u>

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

These balances are a result of a time lag between the dates that (1) services are provided and goods received or reimbursable expenditures occur, (2) the payments are made, (3) the transactions are entered into the accounting system, and (4) because of transactions occurring between funds with a fiscal year other than June 30, 2021.

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

Due From's		\$ 488,666
General Fund/Bank of ND	(18,022)	
Bank of ND/ Mill and Elevator	12,200	
Bank of ND/Rebuilder's Loan	(1,380)	
Bank of ND/University System	(861)	
Bank of ND/Guaranteed Student Loan	97	
Governmental Agencies/Bank of ND	45	
Bank of ND/Enterprise Funds	107	
Total Differences		(7,814)
Due To's		<u>\$ 480,852</u>

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

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INTERFUND TRANSFERS

A summary of interfund transfers for the fiscal year ended June 30, 2021, follows (expressed in thousands):

	General	Special Revenue Federal	Special Revenue State	Bank Of North Dakota	University System	Housing Finance	Non- major Governmental	Non- major Enterprise	Internal Service Fund	Total
Transfers Out										
General	\$ —	\$ 1,798	\$ 170,823	\$ —	\$ 399,590	\$ —	\$ 1,784	\$ —	\$ —	\$ 573,995
Special Revenue-Federal	15,574	—	40,454	—	—	—	285	—	—	56,313
Special Revenue-State	399,258	24	—	4,704	25,589	9	264	—	222	430,070
Non-major Governmental	800	—	1,028	—	46,443	—	52	—	—	48,323
Bank of North Dakota	70,000	—	18,860	—	3,790	—	—	44,900	—	137,550
Housing Finance	—	—	33	—	—	—	—	—	—	33
University System	—	—	—	—	—	—	2,924	—	—	2,924
Non-Major Enterprise	12,694	—	1,840	1,300	—	—	—	—	—	15,834
Total	\$ 498,325	\$ 1,822	\$ 233,038	\$ 6,004	\$ 475,412	\$ 9	\$ 5,309	\$ 44,900	\$ 222	\$1,265,042

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

Transfers are used for the following purposes:

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

For the year ended June 30, 2021, legislatively-mandated transfers were made to the general fund of \$6,300,000 from the State Lottery, \$6,393,652 from Mill and Elevator, \$4,716,224 from the Insurance Regulatory Trust Fund, \$382,200,000 from Strategic Investment and Improvement Fund, \$70,000,000 from BND, \$2,240,479 from the Multistate Audit Fund, \$871,687,384 from the Legacy Fund, \$5,944,245 from the Budget Stabilization Fund, \$90,275,000 from the Tax Relief Fund and \$9,052,998 from the Securities Dept. Special Fund.

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

	\$ (1,233,311)
Differences:	
Special Rev - Housing Finance Agency	(20)
Special Rev - Ag PACE / Bank of North Dakota	250
Special Rev - PACE / Bank of North Dakota	1,200
Beginning Farmer Revolving Loan Fund / Bank of North Dakota	1,000
Ag PACE / Beginning Farmer Revolving Loan Fund	1,740
Small Employer Loan Fund (SELF) / Bank of North Dakota	(20,000)
Innovation Loan Fund / Bank of North Dakota	(9,900)
School Construction Assistance Loan Fund / Bank of North Dakota	(1,300)
State Water Commission Revolving Loan Fund / Bank of North Dakota	(4,704)
Federal fund	3
Total Differences	(31,731)
Transfers Out	\$ (1,265,042)

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The above timing differences of (31,730,837) result from transactions between agencies that have different fiscal year ends. The Bank of North Dakota (BND) has a different fiscal year end, they have a December year end. This difference is also the total net transfers on the Government-wide Statement of Activities.

H. CAPITAL ASSETS

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

Primary Government

Description	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 163,127	\$ 1,023	\$ (1,733)	\$ 162,417
Construction in Progress	1,491,541	275,567	(1,177,994)	589,114
Total Capital Assets Not Being Depreciated	<u>1,654,668</u>	<u>276,590</u>	<u>(1,179,727)</u>	<u>751,531</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	759,573	22,736	(148)	782,161
Equipment	353,500	45,457	(22,389)	376,568
Intangibles				
Software	379,781	23,013	(2,084)	400,710
Other	39,322	2,114	—	41,436
Infrastructure	6,108,976	1,221,382	(2,018)	7,328,340
Total Capital Assets Being Depreciated	<u>7,641,152</u>	<u>1,314,702</u>	<u>(26,639)</u>	<u>8,929,215</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(337,656)	(19,818)	121	(357,353)
Equipment	(178,938)	(24,515)	17,624	(185,829)
Intangibles				
Software	(150,222)	(27,692)	2,079	(175,835)
Other	(29,669)	(810)	—	(30,479)
Infrastructure	(3,137,279)	(123,183)	2,008	(3,258,454)
Total Accumulated Depreciation	<u>(3,833,764)</u>	<u>(196,018)</u>	<u>21,832</u>	<u>(4,007,950)</u>
Total Capital Assets Being Depreciated, Net	<u>3,807,388</u>	<u>1,118,684</u>	<u>(4,807)</u>	<u>4,921,265</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,462,056</u>	<u>\$ 1,395,274</u>	<u>\$ (1,184,534)</u>	<u>\$ 5,672,796</u>

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Description	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Business-Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 25,552	\$ 158	\$ —	\$ 25,710
Construction in Progress	220,134	167,332	(156,434)	231,032
Total Capital Assets Not Being Depreciated	245,686	167,490	(156,434)	256,742
Capital Assets Being Depreciated:				
Buildings and Improvements	1,856,639	134,916	(18,735)	1,972,820
Equipment	554,972	35,436	(14,321)	576,087
Intangibles				
Software	28,985	951	(56)	29,880
Other	27,713	3,432	(63)	31,082
Infrastructure	243,363	58,194	(20)	301,537
Total Capital Assets Being Depreciated	2,711,672	232,929	(33,195)	2,911,406
Less Accumulated Depreciation for:				
Buildings and Improvements	(713,372)	(46,151)	11,423	(748,100)
Equipment	(388,996)	(29,496)	12,691	(405,801)
Intangibles				
Software	(28,231)	(325)	56	(28,500)
Other	(17,682)	(3,171)	—	(20,853)
Infrastructure	(125,316)	(8,086)	20	(133,382)
Total Accumulated Depreciation	(1,273,597)	(87,229)	24,190	(1,336,636)
Total Capital Assets Being Depreciated, Net	1,438,075	145,700	(9,005)	1,574,770
Business-Type Activities Capital Assets, Net	\$ 1,683,761	\$ 313,190	\$ (165,439)	\$ 1,831,512

Major Component Units

Description	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital Assets Not Being Depreciated				
Land	\$ 7,074	\$ —	\$ (5)	\$ 7,069
Construction in Progress	146	1,992	(146)	1,992
Total Capital Assets Not Being Depreciated	7,220	1,992	(151)	9,061
Capital Assets Being Depreciated:				
Buildings and Improvements	171,668	2,130	(71)	173,727
Equipment	55,498	2,853	(4,960)	53,391
Intangibles	78	174	(48)	204
Infrastructure	12,642	21	—	12,663
Total Capital Assets Being Depreciated	239,886	5,178	(5,079)	239,985
Less Accumulated Depreciation for:				
Buildings and Improvements	(77,346)	(5,587)	71	(82,862)
Equipment	(24,302)	(4,280)	2,682	(25,900)
Intangibles	(78)	\$ (25)	85	(18)
Infrastructure	(672)	(38)	—	(710)
Total Accumulated Depreciation	(102,398)	(9,930)	2,838	(109,490)
Total Capital Assets Being Depreciated, Net	137,488	(4,752)	(2,241)	130,495
Major Component Unit Capital Assets, Net	\$ 144,708	\$ (2,760)	\$ (2,392)	\$ 139,556

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

Governmental Activities:	
General Government	\$ 10,006
Education	1,127
Health and Human Services	25,857
Regulatory	1,134
Public Safety and Corrections	14,336
Agriculture and Commerce	136
Natural Resources	18,550
Transportation	124,872
Total Governmental Activities Depreciation Expense	<u>\$ 196,018</u>

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

Project Description:

<u>Governmental Activities</u>	Amount Expended		
	Amount Authorized	Through June 30, 2021	Balance Authorized
Attorney General	\$ 667	\$ 366	\$ 301
Office of Management and Budget	62	55	7
Secretary of State	1,869	1,177	692
Department of Health	4,142	2,946	1,196
Department of Human Services	19,421	4,670	14,751
Industrial Commission	5,650	5,173	477
Adjutant General	36,456	32,752	3,704
State Historical Society	48	19	29
Game and Fish	1,094	111	983
Department of Transportation	662,947	537,660	125,287
Parks & Recreation	5,638	1,395	4,243
ND School for the Deaf	334	264	70
Total Governmental Activities	<u>\$ 738,328</u>	<u>\$ 586,588</u>	<u>\$ 151,740</u>

<u>Business-Type Activities</u>	Amount Expended		
	Amount Authorized	Through June 30, 2021	Balance Authorized
Mill and Elevator	\$ 36,360	\$ 22,370	\$ 13,990
University System*	430,102	199,435	230,667
Workforce Safety and Insurance	31,700	10,600	21,100
Total Business-Type Activities	<u>\$ 498,162</u>	<u>\$ 232,405</u>	<u>\$ 265,757</u>

I. OPERATING LEASES

PAYMENTS ON OPERATING LEASES

The State is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore, the resulting expenditures are recognized as incurred. Lease expenditures for the year ended June 30, 2021, amounted to \$23.3 million for governmental activities and \$17.4 million for business-type activities.

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Future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2021, for all fund types are as follows (expressed in thousands):

Year Ending June 30	Governmental Activities	Business-type Activities
2022	\$ 10,603	\$ 10,583
2023	8,773	8,063
2024	5,160	4,772
2025	4,667	2,883
2026	2,447	1,675
2027-2031	4,809	1,950
2032-2036	3,138	646
2037-2041	—	—
Total Minimum Lease Payments	<u>\$ 39,597</u>	<u>\$ 30,572</u>

J. CAPITAL LEASES

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

The schedule below lists the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2021 (expressed in thousands):

Year Ending June 30	Governmental Activities	Business-type Activities	Major Component Units
2022	\$ 1,354	\$ 7,011	\$ 128
2023	1,245	6,680	128
2024	416	6,335	128
2025	351	6,512	128
2026	198	5,251	128
2027-2031	23	17,776	638
2032-2036	—	8,162	319
2037-2041	—	2,104	—
2042-2046	—	1,711	—
2047-2051	—	1,983	—
2052-2056	—	9	—
Total Minimum Lease Payments	<u>3,587</u>	<u>63,534</u>	<u>1,597</u>
Less: Amount Representing Interest	<u>(286)</u>	<u>(13,584)</u>	<u>(410)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 3,301</u>	<u>\$ 49,950</u>	<u>\$ 1,187</u>

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The historical costs of assets acquired under capital leases, and included as capital assets on the government-wide Statement of Net Position at June 30, 2021, is as follows (expressed in thousands):

	Governmental Activities	Business-Type Activities	Major Component Units
Infrastructure	\$ —	\$ 60	\$ —
Buildings	—	52,438	1,979
Intangibles	24	188	—
Equipment	7,453	19,667	—
Less: Accumulated Depreciation	(2,844)	(22,402)	(1,159)
Total	<u>\$ 4,633</u>	<u>\$ 49,951</u>	<u>\$ 820</u>

K. DEFERRED OUTFLOWS OF RESOURCES

FINANCIAL DERIVATIVE INSTRUMENT

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

DEFERRED LOSS ON BOND REFUNDING

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

L. LONG-TERM DEBT

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

1. REVENUE BONDS

Bonds payable at June 30, 2021, consisted of bonds issued by the State and are accounted for by the respective state agencies in the government-wide financial statements that issued the bonds.

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

Primary Government

Building Authority

The 2010 Series A and B, the 2012 Series A, the 2017 Series A bonds and the 2020 Series A have interest payable semiannually on June 1 and December 1 of each year. The 2010 Series A bonds are subject to optional redemption in whole or in part. The 2010 Series B, the 2012 Series A, the 2017 Series A bonds and the 2020 Series A are not subject to optional and/or extraordinary optional redemption prior to maturity upon the occurrence of certain events. The Authority shall issue bonds to refund the note on or before maturity. All bonds are independently secured by the funds, certain mortgaged property, and all rights, titles, and interests of the Building Authority as lessor, including all basic rent payments, investment earnings on the funds and any other income derived by the Building Authority with respect to the lease. Total net revenue pledges for fiscal year 2021 were \$101.6 million. For fiscal year 2021, principal and interest paid by the Authority on the bonds was \$16.1 million. The total principal and interest remaining to be paid as of June 30, 2021, is \$153.2 million payable through December 2040.

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

Student Loan Trust

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

The total principal and interest remaining to be paid on the outstanding bond is \$1 million payable through June 2029. For fiscal year 2021, revenue pledged and total principal and interest paid by Student Loan Trust were \$30,000 and \$8,000, respectively.

Housing Finance

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

Revenues Pledged – The agency has homeownership bonds outstanding in the amount of \$1.35 billion maturing at various times from July 1, 2021 through January 1, 2052. The bonds have been issued to provide financing to purchase mortgage loans. Annual principal and interest payments on the bonds are expected to require 98 percent of net revenues. Principal and interest paid for the current year and total customer net revenues were \$100.5 million and \$30.0 million, respectively. Bond principal was reduced through customer revenues and the refunding of older bonds with proceeds from new bond issues.

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

University System

Revenue bonds are limited obligations of the University System. The principal and interest on the bonds are payable generally from the net income of specific auxiliary activities, designated student fees, interest subsidies and debt service reserve funds. These revenues are generally pledged to the payment of bonds in accordance with the specific terms of the specific indenture. Net pledged revenues for fiscal year 2021 were \$30.2 million. Principal and interest paid for the current fiscal year were \$30.2 million, with total remaining principal and interest of \$423.63 million payable through fiscal year 2050.

State Fair Association

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

Major Component Units

Public Finance Authority

The bonds of the Public Finance Authority were issued to provide financing to purchase municipal securities in order to provide local political subdivisions with funds to finance local projects. The bonds are direct obligations of the Public Finance Authority and are secured by municipal securities purchased under the applicable resolutions, interest earnings and certain accounts established pursuant to the applicable bond resolutions. Net pledged revenues for fiscal year 2021 were \$21.2 million. Principal and interest paid for the current fiscal year were \$49.0 million, with total remaining principal and interest of \$634.7 million payable through June 2045.

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Revenue Bonds outstanding (expressed in thousands):

Primary Government

	Maturities	Interest Rates	Balance 6/30/21
Governmental-Type Activities:			
Building Authority	2022-2041	1.50-6.25	\$ 112,488
Business-Type Activities:			
Student Loan Trust	6/1/2029	0.83	1,000 ¹⁾
Housing Finance:			
Homeownership	2022-2052	0.10-4.5	1,345,207 ¹⁾
University System:			
BSC—Bismarck	2022-2033	2.00-4.00	6,764 ²⁾
MaSU—Mayville	2022-2030	1.25-6.63	2,652
MiSU—Minot	2022-2041	2.00-6.60	10,779
NDSCS—Wahpeton	2022-2037	3.76	6,725
NDSU—Fargo	2022-2047	1.50-5.00	119,634
UND—Grand Forks	2022-2050	0.75-5.00	187,948
VCSU—Valley City	2022-2046	3.35-4.00	5,035
Williston State College	2022-2041	3.10	5,347
State Fair Association	2022-2029	3.00	1,427
Total Revenue Bonds Payable— Primary Government			<u>\$ 1,805,006</u>

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

2) At June 30, 2021, NDSU had pledged \$12.0 million of assets as collateral for bonds payable issued at the Research I and Research II buildings.

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

The BSC 2012 and the MISU bond issues are subject to redemption in the event of any loss, damage or destruction.

The MiSU 2010 bonds contain an additional provision that bonds are subject to extraordinary redemption at a redemption price equal to 104 percent of the outstanding principal amount plus accrued interest on or after the occurrence of a determination of ineligibility.

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

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

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

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

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Major Component Units

	Maturities	Interest Rates	Balance 6/30/21
Public Finance Authority	2022-2045	0.24-6.00	\$ 490,547
University System Foundation	2022-2040	0.75-5.25	41,308
Total Revenue Bonds Payable— Major Component Units			<u>\$ 531,855</u>

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

Primary Government

Governmental Activities			Business-type Activities		
	Principal	Interest		Principal	Interest
2022	\$ 6,443	\$ 4,633	2022	\$ 44,518	\$ 50,422
2023	5,625	4,327	2023	61,570	50,322
2024	5,465	4,035	2024	56,510	48,872
2025	2,900	3,822	2025	57,561	47,455
2026	3,055	3,662	2026	58,958	45,986
2027 - 2031	18,070	15,616	2027 - 2031	287,872	205,670
2032 - 2036	22,500	10,376	2032 - 2036	291,363	163,136
2037 - 2041	30,311	3,839	2037 - 2041	296,965	116,670
2042 - 2046	—	—	2042 - 2046	292,102	68,622
2047 - 2051	—	—	2047 - 2051	217,255	17,941
2052 - 2056	—	—	2052 - 2056	4,850	88,500
Bond Premium	18,119	(18,119)	Bond Premium	22,994	(22,994)
Total	<u>\$112,488</u>	<u>\$32,191</u>	Total	<u>\$1,692,518</u>	<u>\$880,602</u>

Major Component Units

	Principal	Interest
2022	\$ 27,520	\$ 21,530
2023	29,144	20,975
2024	29,845	19,644
2025	29,215	18,280
2026	30,056	16,919
2027 - 2031	143,832	61,521
2032 - 2036	142,405	30,115
2037 - 2041	42,980	7,226
2042 - 2046	11,176	1,356
Bond Premium	45,682	(45,682)
Total	<u>\$ 531,855</u>	<u>\$ 151,884</u>

Refunding and Defeased Bonds

Valley City State University

VCSU issued \$3.2 million of Housing and Auxiliary Facilities bonds with an interest rate of 6.98 percent. The bonds were used to recall \$3.125 million of outstanding 2010 Housing and Auxiliary Facilities bonds. The bonds were refunded to reduce total debt service payments over the next twelve years by \$50,000. The economic gain realized as a result of the refunding was \$63,000.

Williston State College

WSC issued \$5.3 million of Housing and Auxiliary Facilities bonds with an interest rate of 6.33 percent. The bonds were used to recall \$7.2 million of outstanding 2010 Housing and Auxiliary Facilities bonds. The bonds were refunded to reduce total debt service payments over the next twenty years by \$578,000. The economic gain realized as a result of the refunding was \$578,000.

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2. NOTES PAYABLE

The following is a schedule of notes payable outstanding at June 30, 2021 (expressed in thousands):

Primary Government

	Maturities	Interest Rates	6/30/2021
<u>Governmental Activities:</u>			
Office of Management and Budget	2022-2034	2.43	\$ 10,804
Department of Human Services	2022-2035	3.00	2,084
Health Department	2022-2035	3.65	580
Environmental Quality	2022-2035	3.65	475
Attorney General's Office	2022-2035	2.05	203
Human Services	2022-2036	2.05	413
Veteran's Home	2022-2036	2.05	670
Corrections	2022-2036	2.05	999
Historical Foundation	2022-2033	2.05	178
<u>Proprietary Activities:</u>			
Bank of North Dakota	2022-2024	2.22-5.56	186,000 ¹⁾
University System	2022-2035	1.75-5.15	12,740
Total Revenue Bonds Payable— Primary Government			<u>\$ 212,683</u>

Major Component Units

	Maturities	Interest Rates	Balance 6/30/21
University System Foundation	2022-2036	1.00-4.35	\$ 17,419
State Fair Foundation	2022-2022	4.22	70
Total Revenue Bonds Payable— Major Component Units			<u>\$ 17,489</u>

- 1) These notes payable represent FHLB long-term advances. The advances must be secured by minimum qualifying collateral maintenance levels. Residential, agriculture and commercial loans with carrying values of \$1.3 billion are currently being used as security to meet these minimum levels.

Short Term Borrowings:

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

The ND Housing Finance Agency maintains a collateral pledge agreement with the FHLB covering secured advances whereby the Agency has agreed to retain residential real estate loans and marketable securities, free of all other pledges, liens and encumbrances. The pledged loans and securities are discounted by FHLB when determining their borrowing capacity. The aggregate borrowing capacity of eligible collateral was approximately \$21.3 million as of June 30, 2021. In addition, borrowings are collateralized by \$30.56 million of loans receivable and \$145,000 of cash and investments.

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

Primary Government

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 953	\$ 437	\$ 79,311	\$ 6,022
2023	1,035	386	54,336	3,383
2024	1,084	361	48,506	9,399
2025	1,121	332	15,762	1,000
2026	1,160	304	403	544
2027 - 2031	6,418	1,052	414	1,213
2032 - 2036	4,539	236	8	316
2037 - 2041	95	2	—	—
Total	<u>\$ 16,405</u>	<u>\$ 3,110</u>	<u>\$ 198,740</u>	<u>\$ 21,877</u>

Major Component Units

	Principal	Interest
2022	\$ 5	\$ 264
2023	1,079	389
2024	7,252	318
2025	1,361	197
2026	1,624	163
2027 - 2031	1,964	127
2032 - 2036	4,047	180
2037 - 2041	159	18
Total	<u>\$ 17,491</u>	<u>\$ 1,656</u>

3. CERTIFICATES OF PARTICIPATION

Primary Government

University System

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

The Series 2018A certificates were issued at a par value of \$76.6 million, with a net premium of \$3.8 million. In fiscal year 2019, UND began making semi-annual interest-only payments through fiscal year 2040. The first principal payment will be due in fiscal year 2041. The certificates mature in fiscal year 2057.

The Series 2018B certificates were issued at a par value of \$16.5 million, with no premium or original issue discount. In fiscal year 2019, UND began making semi-annual interest-only payments through fiscal year 2023. The first principal payment will be due in 2024. The certificates mature in fiscal year 2041.

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

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

The following is a schedule of certificates of participation outstanding at June 30, 2021 (expressed in thousands):

Primary Government

	Maturities	Interest Rates	Balance 6/30/21
<u>Proprietary Activities:</u>			
University System	2022-2057	3.55 – 5.00	<u>\$104,123</u>

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

Primary Government

	Business-type Activities			Principal	Interest
	Principal	Interest			
2022	\$120	\$4,493	2032 - 2036	\$5,658	\$21,323
2023	170	4,489	2037 - 2041	12,884	19,473
2024	237	4,484	2042 - 2046	14,694	16,378
2025	343	4,476	2047 - 2051	25,376	12,247
2026	448	4,464	2052 - 2056	33,033	5,905
2027 - 2031	2,985	22,020	2057 - 2061	8,175	345
			<u>Total</u>	<u>\$104,123</u>	<u>\$120,097</u>

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Changes in General Long-Term Liabilities

Changes in Long-Term Liabilities for the year ended June 30, 2021, are summarized as follows (expressed in thousands):

Primary Government

	Beginning Balance	Additions	Reductions*	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Notes Payable	\$ 14,817	\$ 2,463	\$ (875)	\$ 16,405	\$ 952
Bonds Payable	19,730	97,715	(4,957)	112,488	6,443
Capital Leases Payable	834	3,269	(802)	3,301	1,203
Compensated Absences	51,711	38,228	(36,925)	53,014	4,648
Claims/Judgments Payable	9,674	2,254	(3,363)	8,565	2,074
Net Pension Liability (Note 6)	448,957	824,805	—	1,273,762	—
Net OPEB Liability (Note 7)	30,408	1,533	—	31,941	—
Total Long-Term Liabilities	\$ 576,131	\$ 970,267	\$ (46,922)	\$ 1,499,476	\$ 15,320

Business-Type Activities:

Notes Payable	\$ 648,266	\$ 1,142,290	\$ (1,591,816)	\$ 198,740	\$ 79,264
Bonds Payable	1,666,599	288,932	(263,012)	1,692,519	50,767
Certificates of Participation	104,120	3	—	104,123	120
Capital Leases Payable	51,662	4,072	(5,784)	49,950	5,130
Intergovernmental Payable	4,441	18,450	(2,806)	20,085	739
Compensated Absences	38,222	5,563	(3,358)	40,427	5,692
Dividends Payable	1,037,035	92,173	(1,037,035)	92,173	92,173
Claims/Judgments Payable	1,030,957	5,351	(34,266)	1,002,042	121,955
Net Pension Liability (Note 6)	154,931	242,572	—	397,503	—
Net OPEB Liability (Note 7)	10,036	139	—	10,175	—
Total Long-Term Liabilities	\$ 4,746,269	\$ 1,799,545	\$ (2,938,077)	\$ 3,607,737	\$ 355,840

Major Component Units

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Notes Payable	\$ 14,407	\$ 6,566	\$ (3,484)	\$ 17,489	\$ 343
Bonds Payable	567,928	119	(36,193)	531,854	29,984
Capital Leases Payable	1,253	—	(68)	1,185	71
Intergovernmental Payable	546	50	(34)	562	36
Compensated Absences	—	—	—	—	—
Net Pension Liability (Note 6)	191	240	—	431	—
Total Long-Term Liabilities	\$ 584,325	\$ 6,975	\$ (39,779)	\$ 551,521	\$ 30,434

* Bonds payable reductions include amortization of premium and discount of \$337,000.

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

	Business-Type Activities		Major Component Units	
	Total	Current	Total	Current
Notes Payable	\$ 47	\$ 47	\$ 17,419	\$ 339
Bonds Payable	14,930	1,830	41,308	3,264
Capital Leases Payable	14,505	1,252	1,185	71
Intergovernmental Payable	—	—	562	36
Total	\$ 29,482	\$ 3,129	\$ 60,474	\$ 3,710

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Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, internal service funds included in the above amounts consist of \$1,980,506 of capital leases payable, \$3,895,749 of compensated absences and \$7,211,280 of claims and judgments. In addition, payments on long term debt (notes payable, bonds payable and capital leases payable) for capital leases payable for internal service funds of \$57,982 is included above along with additions to capital leases for internal service funds of \$1,958,783.

Other governmental activities compensated absences generally have been liquidated by the General Fund (64.4%), the Highway Fund (13.5%), the Federal Fund (10.7%), and other various funds. Other governmental activities claims and judgments have all been liquidated by the Petroleum Release Compensation Fund.

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

M. ARBITRAGE REBATE PAYABLE

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

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

The State had no arbitrage rebate payable to the federal government as of June 30, 2021.

N. DEFERRED INFLOWS OF RESOURCES

GRANTS RECEIVED PRIOR TO TIME REQUIREMENTS

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

INCREASE IN FAIR VALUE OF HEDGING DERIVATIVES

This amount represents the changes in fair value of futures.

O. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

FAIR VALUE HIERARCHY

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

Level 1: Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

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

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DETERMINATION OF FAIR VALUE

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

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

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

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

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

Distressed Debt — These include investments in the debt instruments of companies which may be publicly traded or privately held that are financially distressed and are either in bankruptcy or likely candidates for bankruptcy. Typical holdings are senior and subordinated debt instruments, mortgages and bank loans. The State is including these types of investments in its global fixed income allocations. As of June 30, 2021, unfunded commitments in one of its two distressed debt funds totaled \$75.0 million. This fund is not eligible for redemptions. The other fund is eligible for redemptions with quarterly liquidity and 60 days notice, and has no unfunded commitment.

Equity Long/Short — This strategy is a combination of long and short positions, primarily in publicly traded equities. The State utilizes this strategy, through a limited partnership structure, within its global equity allocations. This is an open-ended fund with monthly liquidity with a notice period of 15 days. There was no unfunded commitment as of June 30, 2021.

Mezzanine Debt — This strategy is a hybrid of debt and equity financing. It is essentially debt capital that gives the lender the rights to convert to an ownership or equity interest in the company if the loan is not paid back in time and in full. It is generally subordinated to senior debt. The State utilizes this strategy, through a limited partnership structure, in its global fixed income allocation. The two funds in this category are not eligible for redemptions, have remaining lives of 1-2 years, and unfunded commitments of \$8.5 million as of June 30, 2021.

Private Credit – These investments include loans to private companies, privately placed debt of public companies, or loans backed by real assets. Loan repayment can be derived from either cash flows from an operating company or cash flows generated by a physical or esoteric asset. Private debt is typically secured and has various protections/covenants in place. The debt is customized to the borrower's requirement, thus rendering it illiquid. The State includes these strategies within its global fixed income allocation through limited partnership-type structures. Private credit issuers may be investment grade but are typically below-investment grade and similar in some respect to the syndicated bank loan and high yield markets. The State participates in two senior private credit funds, commonly referred to as direct lenders, which are structured as custom managed accounts that are not eligible for redemptions during remaining investment lives, and the unfunded commitments totaled \$181.2 million as of June 30, 2021.

Private Equity - Private Equity investments are typically private interests in corporations across different areas of the capital structure and in different stages of the corporations' development via limited partnership vehicles. Private Equity investments are illiquid and long term in nature (10-12 years), typically held until maturity. Private Equity portfolios generally have a "J-Curve

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Effect” whereby there are low to negative returns in the initial years due to the payment of investment management fees and initial funding of investments made by the General Partner during a period when investments are typically carried at cost and returns have not been realized. To diversify the program, Private Equity investments are made across business cycles, vintage years, and different strategies. The State has a dedicated sub-asset class for private equity investments within its global equity allocation in the pension pool. The State does not have the option to request redemptions from its private equity funds. The General Partner distributes earnings and proceeds from the sale of the underlying investments as transactions occur. The State has \$862.0 million in unfunded private equity commitments as of June 30, 2021.

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

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

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

Real Estate – includes investments in private vehicles through limited partnerships or commingled vehicles that have an ownership interest in direct real estate properties. The investment strategies may include “value added” strategies, which derive their return from both income and appreciation, “opportunistic”, which derive their return primarily through appreciation, and “alternative” which invest in less traditional types of property. Both domestic and international real estate funds are utilized. The State has a dedicated sub-asset class for these types of investments within global real assets. There are currently 10 different real estate funds in the portfolio. Four of those funds are open-ended vehicles that accept redemption requests quarterly with a 30-90 day notification period. There were no unfunded commitments in the open-ended funds as of June 30, 2021. Two of the four open-ended funds had unfunded commitments totaling \$45 million as of June 30, 2021. The remaining five funds are closed-ended limited partnerships that are not eligible for redemptions. Those five funds have a combined unfunded commitment of \$263.3 million as of June 30, 2021.

Timberland – includes investments in limited liability companies that have an ownership interest in properties where the value of the property is derived mainly from income-producing timber but also from the “higher and better use” value of the underlying land. The State includes these assets within its global real asset allocations. There are three funds in the portfolio and they have no unfunded commitments. The funds are not eligible for redemption other than distributions of income and/or proceeds as determined by the investment manager. The funds have remaining lives of 1-5 years.

Infrastructure – includes investments in limited partnerships that have an ownership interest in transportation assets such as toll roads, tunnels and bridges; and regulated assets such as electricity transmission, gas and oil distribution and wastewater collection. Other possible investments would include communication assets and social infrastructure. The State includes these assets within its global real assets allocations. The infrastructure investments in the portfolio as of June 30, 2021, include both open and closed-ended funds. The open-ended funds have no unfunded commitments and are eligible for redemptions quarterly with 90 days notice. There may be a 3-12 month queue for receiving redemptions. The closed- ended funds have unfunded commitments of \$167.1 million at June 30, 2021 and are not eligible for redemptions.

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

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

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Fair Value

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

Primary Government

INVESTMENTS MEASURED AT FAIR VALUE	Fair Value 6/30/21	Level 1	Level 2	Level 3
Short term securities:				
Commercial paper	\$ 12,998	\$ —	\$ 12,998	\$ —
Short term bills and notes	318,955	15,649	303,306	—
Total short term securities	331,953	15,649	316,304	—
Fixed income investments:				
Asset backed securities	573,163	—	572,065	1,098
Bank loans	21,715	—	21,715	—
Collateralized bonds	2,930	—	2,930	—
Collateralized mortgage obligations	94,612	—	92,260	2,352
Commercial mortgage-backed	359,795	—	356,088	3,707
Corporate bonds	3,038,244	—	3,037,821	423
Corporate convertible bonds	17,733	—	17,733	—
Funds - Fixed Income ETF	141,240	18,595	122,645	—
Government Agencies	842,010	734,518	107,492	—
Government Bonds	1,223,643	111	1,223,532	—
Government MBS	1,921,989	—	1,921,989	—
Government - issued Commercial Mortgage-Backed	30,923	—	30,923	—
Index Linked Government Bonds	683,160	—	683,160	—
Municipal / Provincial Bonds	40,237	—	35,000	5,237
Non- Government Backed C.M.O.s	157,823	—	156,720	1,103
Sukak	2,787	—	2,787	—
Collateralized Debt	49,266	—	48,080	1,186
Total fixed income investments	9,201,270	753,224	8,432,940	15,106
Equity Investments:				
Common stock	6,556,870	6,556,721	149	—
Convertible equity	12,908	12,908	—	—
Funds - Equities ETF	358,649	110,129	248,520	—
Preferred stock	3,946	2,047	1,899	—
Rights / Warrants	87	87	—	—
Stapled securities	3,360	3,360	—	—
Total equity investments	6,935,820	6,685,252	250,568	—
Other Investments:				
Currency	1,192	1,192	—	—
FX Contracts	307	307	—	—
Global Tactical Asset Allocation MF	878,936	—	878,936	—
Master Limited Partnership	1,086	1,086	—	—
REITs	12,543	12,543	—	—
Real Estate	9,949	—	—	9,949
Total other investments	904,013	15,128	878,936	9,949
Derivative Investments:				
Exchange cleared swaps	(1,441)	—	(1,441)	—
Options	476	(341)	817	—
Swaps	(57,920)	—	(57,920)	—
Grain future contracts	498	498	—	—
Total derivative investments	(58,387)	157	(58,544)	—
Total investments measured at fair value	\$ 17,314,669	\$ 7,469,410	\$ 9,820,204	\$ 25,055

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INVESTMENTS MEASURED AT THE NET ASSET VALUE (NAV)	Fair Value 6/30/21	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Commingled Funds - Debt	\$ 1,708,277	\$ —	Daily, monthly	1 - 15 days
Commingled Funds - Equities	3,271,765	—	Daily, monthly	1 - 15 days
Commingled Funds - Fixed Income	138,536	—	Daily	< 5 days
Distressed Debt	225,536	75,000	Quarterly, not eligible	60 days
Long / short	365,032	—	Monthly	15 days
Mezzanine Debt	205	8,499	Not eligible	Not eligible
Private Credit	476,410	181,200	Not eligible	Not eligible
Private Equity	562,244	1,110,976	Not eligible	Not eligible
Real Assets	2,817,597	430,427	Quarterly, not eligible	30 - 90 days
Private Debt Fund	283,256	296,000		
Total investments measured at the NAV	9,848,858	\$ 2,102,102		
Total investments	\$ 27,163,527			

Major Component Units

INVESTMENTS MEASURED AT FAIR VALUE	Fair Value 6/30/21	Level 1	Level 2	Level 3
Short term securities				
Certificates of deposit	\$ 12,272	\$ —	\$ 12,272	\$ —
Short term bills and notes	41,815	—	41,815	—
Total short term securities	54,087	—	54,087	—
Fixed income investments:				
Gov't Agencies	25,206	25,206	—	—
Other Fixed Income	318	318	—	—
Total fixed income investments	25,524	25,524	—	—
Equity Investments:				
Stock	30	30	—	—
Other equities	605	605	—	—
Total equity investments	635	635	—	—
Other Investments:				
Mineral acres	18	—	—	18
Total other Investments	18	—	—	18
Total investments	\$ 80,264	\$ 26,159	\$ 54,087	\$ 18

NOTE 4 - NET POSITION

The government-wide Governmental Activities Statement of Net Position reports \$7,673,701,786 of restricted net position, of which \$947,491,232 is restricted by enabling legislation.

NOTE 5 - FUND BALANCE

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

Included in the General Fund, unassigned fund balance is \$8,215,164,936 for the North Dakota Legacy Fund. The Legacy Fund was established with thirty percent of total revenue derived from taxes on oil and gas production or extraction. The principal and earnings of the Legacy Fund may not be spent until after June 30, 2017, and an expenditure of principal after that date requires a vote of at least two-thirds of the members elected of each house of the legislative assembly. No more than fifteen percent of the principal of the Legacy Fund can be expended during a biennium.

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Governmental Fund Balances - By Purpose (Expressed in Thousands)

	Special Revenue			Nonmajor Governmental	Total
	General	Federal	State		
Fund Balances:					
Nonspendable:					
Inventory	\$ 3,236	\$ 24,671	\$ 10,456	\$ —	\$ 38,363
Long - Term Receivables	66	—	—	—	66
Prepaid Expenditures	4,258	16,281	6,366	—	26,905
Permanent Trust Fund for Veteran's Postwar	—	—	—	7,767	7,767
Permanent Trust Fund for Coal Dev.	—	—	—	71,010	71,010
Total Nonspendable	7,560	40,952	16,822	78,777	144,111
Restricted for:					
Distribution to Common Schools	—	—	6,057,564	—	6,057,564
State Education Aid	—	—	388,940	—	388,940
Lignite Research	—	—	20,592	—	20,592
Water Projects and Energy Conservation	—	—	377,908	—	377,908
Well Plugging and Site Reclamation	—	—	14,242	—	14,242
Agriculture & Commerce	—	—	68,606	—	68,606
Natural Resources	—	—	31,818	—	31,818
Highway Projects	—	—	429,202	—	429,202
Transportation	—	—	34,551	—	34,551
Petroleum Tank Release Compensation	—	—	6,568	—	6,568
Debt Service	—	—	—	750	750
Capital Improvement Projects	1,190	—	—	29,404	30,594
Other	—	—	54,149	—	54,149
Total Restricted	1,190	—	7,484,140	30,154	7,515,484
Committed to:					
Strategic Investments & Improvements	—	—	641,685	—	641,685
Oil and Gas Impact Grants	—	—	1,257	—	1,257
Buydown Interest Programs	—	—	78,447	—	78,447
Human Services & Health Operations	—	—	39,875	—	39,875
Outdoor Heritage Grants	—	—	34,465	—	34,465
Water Development & Management Projects	—	—	23,836	—	23,836
Oil, Gas, and Energy Research	—	—	16,804	—	16,804
Judicial & Legal	—	—	14,556	—	14,556
Public Safety & Corrections	15,047	—	2,692	—	17,739
Agriculture & Commerce	1,064	—	8,247	—	9,311
State Rail and Special Roads	—	—	17,518	—	17,518
Insurance Regulatory Operations	—	—	7,536	—	7,536
Parks and Recreation Operations	—	—	8,574	—	8,574
Economic Assistance & Social Services	10,604	—	—	—	10,604
Tax Relief	200,199	—	—	—	200,199
Stabilization	749,353	—	—	—	749,353
Theodore Roosevelt Presidential Library & Museum	38,447	—	—	—	38,447
Veteran's Postwar	—	—	—	412	412
Other	5,711	—	57,324	108	63,143
Total Committed	1,020,425	—	952,816	520	1,973,761

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	Special Revenue				Total
	General	Federal	State	Nonmajor Governmental	
Assigned to:					
Education	\$ —	\$ —	\$ 4,126	\$ —	\$ 4,126
Human Services & Health Operations	—	—	130,173	—	130,173
Judicial & Legal	—	—	9,458	—	9,458
Correction and Rehabilitation Operations	—	—	6,138	—	6,138
Strategic Investments & Improvements	—	—	218,780	—	218,780
Agriculture & Commerce	—	—	2,475	—	2,475
Environmental Quality	—	—	2,179	—	2,179
Securities Regulations	—	—	3,077	—	3,077
Other	—	—	9,887	—	9,887
Total Assigned	—	—	386,293	—	386,293
Unassigned	9,708,646	(9,020)	—	—	9,699,626
Total Fund Balances	<u>\$ 10,737,821</u>	<u>\$ 31,932</u>	<u>\$ 8,840,071</u>	<u>\$ 109,451</u>	<u>\$ 19,719,275</u>

NOTE 6 - RETIREMENT SYSTEMS

A. DESCRIPTION OF PLANS

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

NORTH DAKOTA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

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

At June 30, 2021 number of participating political subdivisions in PERS was:

Cities	98
Counties	51
School Districts	131
Other	88
Total Participating Local Political Subdivisions	<u>368</u>

Administration

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

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

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

Benefits

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

Supreme and district court judges are entitled to unreduced monthly pension benefits beginning at the normal retirement age (65) or Rule of 85. The monthly pension benefit for Supreme and district court judges is equal to a percentage of average monthly salary using the highest 36 consecutive months out of the last 180 months of service. The percentage is equal to 3.5% of final average monthly salary multiplied by the first 10 years of service, plus 2.80% of the average monthly salary times the second 10 years of service, plus 1.25% of average monthly salary times years of service in excess of 20 years. The judicial retirement formula is only applied to eligible judicial service. Non-judicial service benefits are calculated using the 2.00% multiplier. The plan permits early retirement at ages 55-64, with five or more years of service.

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

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

Death and Disability Benefits

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

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

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

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

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Refunds of Member Contributions

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

Contributions

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

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

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

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

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

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

NORTH DAKOTA HIGHWAY PATROLMEN'S RETIREMENT SYSTEM (NDHPRS)

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

Administration

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

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

Benefits

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

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

Death and Disability Benefits

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

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

Refunds of Member Contributions

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

Contributions

Contribution rates for NDHPRS are set by state statute and are a percentage of covered compensation. The State is paying 4.0% of the member contribution. The member contribution rate is 13.3% and the employer rate is 19.7%. Both the member and the employer contribution rate will increase by 0.5% in January 2022, 2023, 2024 and 2025.

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

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

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

Administration

On August 1, 2003, the administrative authority and the net position of the Retirement Plan for Employees of Job Service North Dakota were transferred from the agency to the Public Employees Retirement System Board. This action was based on the passage of House Bill 1064 by the Fifty-eighth Legislative Assembly of North Dakota. The Retirement Plan for Employees of Job

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Service has an Actuarial Valuation Report produced annually. Requests to obtain or review this report should be addressed to the Executive Director, NDCERS, 400 East Broadway, Suite 505, Bismarck, North Dakota 58501.

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

Benefits

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

- 1.5% times years of credited service up to 5 plus;
- 1.75% times years of credited service between 6 and 10 plus;
- 2.0% times years of credited service in excess of 10.

Death and Disability Benefits

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

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

Refunds of Member Contributions

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

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

Contributions

Member contributions are 3% and employer contributions are 4% of covered compensation. The funding policy of the plan provides for employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. Effective July 1, 1999, the "scheduled contribution" will be zero as long as the plan's actuarial value of assets exceeds the actuarial present value of projected benefits. The "scheduled contribution" and amortization will be determined when the plan is not in surplus and will be based on a funding policy adopted by the Employer.

TEACHERS' FUND FOR RETIREMENT (TFFR)

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

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

At June 30, 2021, the number of participating employer units in TFFR was:

Type	Number
Public School Districts	173
County Superintendents	6
Special Education Units	20
Vocational Education Units	4
Other	9
Total	212

Administration

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

Benefits

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

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

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

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

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

Tier 2 – A Tier 2 member is entitled to receive unreduced benefits when five or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and has reached age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with

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benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

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

Death and Disability Benefits

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

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

Contributions

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

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

EMPLOYEE MEMBERSHIP DATA

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

	PERS	NDHPRS	JSND	TFFR
Retirees and beneficiaries currently receiving benefits:	13,575	135	177	9,262
Terminated Employees:				
Vested	7,877	28	—	1,754
Inactive	7,094	21	—	1,213
Active Employees:				
Vested	17,160	73	3	8,306
Nonvested	7,434	78	—	3,321
Total plan membership	<u>53,140</u>	<u>335</u>	<u>180</u>	<u>23,856</u>
Date of annual valuation	July 1, 2021	July 1, 2021	July 1, 2021	July 1, 2021

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

BASIS OF ACCOUNTING

The public employee retirement systems described above are considered part of the State of North Dakota's reporting entity and are included in the State's financial statements as pension trust funds. The financial statements of these systems are prepared using the accrual basis of accounting. Employee contributions are recognized as revenues in the period in which they are due.

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Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

INVESTMENT POLICY

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

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

The following was the asset allocation policy as of June 30, 2021:

	Target Allocation			
	PERS and NDHPRS	JSND	TFFR	RHIC*
Domestic equities	30.0 %	2.0 %	— %	39.0 %
International equities	21.0 %	18.0 %	— %	26.0 %
Private equity	7.0 %	6.0 %	— %	— %
Domestic fixed income	23.0 %	74.0 %	— %	35.0 %
International fixed income	— %	— %	— %	— %
Global real assets	19.0 %	— %	18.0 %	— %
Global equity	— %	— %	55.0 %	— %
Global fixed income	— %	— %	26.0 %	— %
Cash equivalents	— %	— %	1.0 %	— %
Total	100.0 %	100.0 %	100.0 %	100.0 %

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

INVESTMENT RATE OF RETURN

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return on pension plan and OPEB plan investments, net of pension plan and OPEB plan investment expense, was as follows for June 30, 2021:

PERS	27.43 %
NDHPRS	23.90 %
JSND	6.81 %
TFFR	26.36 %
RHIC*	25.58 %

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

METHOD USED TO VALUE INVESTMENTS

Investments are recorded at fair value determined by reference to published market data for publicly traded securities and through the use of independent valuation services and appraisals for other investments. The net increase in fair value of investments consists of the realized gains or losses and the unrealized increase or decrease in fair value of investments during the year.

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Realized gains and losses on sales of investments are computed based on the difference between the sales price and the original cost of the investment sold. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current fiscal year were included as a change in the fair value of investments reported in the prior year(s) and the current year. Unrealized gains and losses are computed based on changes in the fair value of investments between years. Security transactions are accounted for on a trade date basis. Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date.

REALIZED GAINS AND LOSSES

Realized gains and losses on sales of investments are components of net change in fair value of investments and are computed as described in note 1. For the year ended June 30, 2021, the following are the net realized gains (losses):

PERS	\$301,304,554
NDHPRS	7,191,804
JSND	2,375,571
TFFR	236,376,522
Retiree Health Insurance Credit (RHIC)	6,384,582
Defined Contribution Plan	401,039
Deferred Compensation Plan	7,861,634

C. FUNDING STATUS AND PROGRESS

NET PENSION LIABILITY OF THE PLANS

The components of the net pension liability of the Plans at June 30, 2021 were as follows (expressed in thousands):

	PERS	NDHPRS	JSND	TFFR
Total pension liability	\$ 4,991,543	\$ 123,371	\$ 64,844	\$ 4,336,060
Plan fiduciary net position	(3,949,723)	(100,076)	(96,603)	(3,282,405)
Net pension liability (asset)	<u>\$ 1,041,820</u>	<u>\$ 23,295</u>	<u>\$ (31,759)</u>	<u>\$ 1,053,655</u>
Plan fiduciary net position as a percentage of the total pension liability	79.13 %	81.12 %	148.98 %	75.70 %

ACTUARIAL ASSUMPTIONS

PERS

The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions:

Actuarial Cost Method: Entry Age Normal

Asset Valuation Method: 5-Year smoothed marked

Inflation: 2.25%

Salary Increase: 3.50% to 17.75% including inflation

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

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

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

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

The actuarial assumptions used in the actuarial valuation as of July 1, 2021 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for use commencing with the actuarial valuation as of July 1, 2020.

HPRS

The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions:

Actuarial Cost Method: Entry Age Normal

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

Inflation: 2.25%

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

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

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

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

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

The employer rate to the System is the statutory contribution rate of 19.70% of payroll. The statutory employer and employee contributions will each increase by 0.5% of pay every year from January 1, 2022 to January 1, 2025, ultimately increasing both by 2.0% of pay.

JSND

The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions:

Actuarial Cost Method: Entry Age Normal

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

Inflation: 2.25%

Salary Increase: 3.50%

Retirement Age: Age-based table of rates that specify to the type of eligible condition. Investment Rate of Return: 4.25%

Cost of Living Adjustment: 2.25%

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

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

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The assumptions were updated beginning with the actuarial valuation as of July 1, 2020 based on an experience study covering the period July 1, 2014 through July 1, 2019. The Board approved lowering the investment return assumption from 4.25% to 3.75%, first effective July 1, 2021.

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

TFFR

The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions:

Actuarial Cost Method: Entry Age Normal

Asset Valuation Method: 5 year smoothed market

Inflation: 2.30%

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

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

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

Cost of Living Adjustment: None

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

INVESTMENT RATE OF RETURN

The long-term expected rate of return on investments was determined using a building-block method in which best- estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates to return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the pension plan's target asset allocation as of July 1, 2021 is summarized in the following tables:

PERS and NDHPRS Asset Class	Long-Term Expected Real Rate of Return	JSND Asset Class	Long-Term Expected Real Rate of Return	TFFR Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	6.00 %	Domestic equities	5.50 %	Global equity	6.90 %
International equity	6.70 %	Core fixed income	0.07 %	Global fixed income	0.70 %
Private equity	9.50 %	Limited duration fixed income	(0.34)%	Global real assets	4.80 %
Domestic fixed income	0.73 %	Global equity	5.24 %	Cash equivalents	(1.00)%
International fixed income	0.00 %	Diversified short-term fixed income	(0.21)%		
Global real assets	4.77 %	Short-term corporate fixed income	(0.89)%		
Cash equivalents	0.00 %	US high yield	3.11 %		
		Emerging market debt	5.26 %		

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DISCOUNT RATE

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 1.92%; and the resulting Single Discount Rate is 7.00%.

For HPRS, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 1.92%; and the resulting Single Discount Rate is 7.00%.

For JSND, the discount rate was 3.75% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates equal to those based on the July 1, 2021 Actuarial Valuation Reports. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions (for JSND it is assumed no future contribution will be made), the pension plans' fiduciary net position were projected to be available to make all projected future benefit payments for current plan members as of June 30, 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.

For TFFR, the discount rate was 7.25% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates equal to those based on the July 1, 2021 Actuarial Valuation Reports. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions TFFR's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of July 1, 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.

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SENSITIVITY OF NET PENSION LIABILITY

The following presents the net pension liability of the Plans as of June 30, 2021, calculated using the discount rate of 7.00% for PERS, 7.00% for NDHPRS, 3.75% for JSND and 7.25% for TFFR, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate

Net Pension Liability (Asset) As of June 30, 2021	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
PERS	\$ 1,686,774,453	\$ 1,041,820,297	\$ 505,489,341
Net Pension Liability (Asset) As of June 30, 2021	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
NDHPRS	\$ 40,084,617	\$ 23,295,192	\$ 9,514,031
Net Pension Liability (Asset) As of June 30, 2021	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
JSND	\$ (25,814,168)	\$ (31,759,726)	\$ (38,151,410)
Net Pension Liability (Asset) As of June 30, 2021	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
TFFR	\$ 1,582,102,595	\$ 1,053,655,311	\$ 614,833,478

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D. SINGLE EMPLOYER PENSION PLANS

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

**Single-employer Plans
Changes in Net Pension Liability
Increases (Decreases)
For the Year June 30, 2021***

	JSND	NDHPRS
Total pension liability (asset)		
Service cost	\$ 57,560	\$ 2,877
Interest	3,038,156	7,870
Change of benefit terms	—	—
Difference between expected and actual experience	(1,122,296)	729
Changes of assumptions	539,852	66,143
Benefit payments, including refund of employee contributions	(4,581,575)	(5,705)
Net change in total pension liability (asset)	(2,068,303)	71,914
Total pension liability (asset) - beginning	66,196,940	106,315
Total pension liability (asset) - ending (a)	\$ 64,128,637	\$ 178,229
Plan fiduciary net position		
Contributions - employer	\$ —	\$ 2,177
Contributions - employee	27,047	1,470
Contributions - service credit repurchase	—	205
Transfers and other income	—	—
Net investment income	2,621,067	2,667
Benefit payments, including refund of employee contributions	(4,581,575)	(5,705)
Administrative expense	(19,148)	(46)
Net change in plan fiduciary net position	(1,952,609)	768
Plan fiduciary net position - beginning	97,203,246	81,416
Plan fiduciary net position - ending (b)	\$ 95,250,637	\$ 82,184
Net pension liability (asset) - ending (a) - (b)	\$ (31,122,000)	\$ 96,045
Plan fiduciary net position as a percentage of the total pension liability (asset)	148.53 %	46.11 %
Covered payroll	\$ 314,607	\$ 11,410
Plan net pension liability (asset) as a percentage of covered payroll	-9892.34 %	841.78 %

*The 2021 information presented has a measurement date of June 30, 2020.

JOB SERVICE NORTH DAKOTA (JSND)

Net Pension Asset

At June 30, 2021, the State recorded a net pension asset of \$31,122,000 for all of the Job Service North Dakota pension plan. The net pension asset was measured as of June 30, 2020 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date.

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Deferred Inflows and Outflows of Resources

For the year ended June 30, 2021 the State recognized pension expense of (\$865,905). At June 30, 2021 the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Discrete Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ —	\$ —	\$ —
Changes of assumptions	—	—	—	—
Net difference between projected and actual earnings on pension plan investments	1,703,699	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	—	—	—	—
Employer contributions subsequent to the measurement date	—	—	—	—
Total	\$ 1,703,699	\$ —	\$ —	\$ —

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

Year ended June 30:

	Primary Government	Component Units
2022	\$ 790,196	\$ —
2023	517,517	—
2024	18,243	—
2025	377,743	—
Total	\$ 1,703,699	\$ —

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

The following presents the State's proportionate share of the net pension asset calculated using the discount rate of 4.25 percent, as well as what the State's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
State's proportionate share of the net pension asset	(24,661,696)	(31,122,000)	(36,644,730)

NORTH DAKOTA HIGHWAY PATROLMEN'S RETIREMENT SYSTEM (NDHPRS)

Net Pension Liability

At June 30, 2021, the State recorded a net pension liability of \$96,044,891 for all of the North Dakota Highway Patrolmen's Retirement System pension plan. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

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Deferred Inflows and Outflows of Resources

For the year ended June 30, 2021 the State recognized pension expense of \$17,728,227. At June 30, 2021 the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Discrete Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 791,647	\$ (365,625)	\$ —	\$ —
Changes of assumptions	57,689,027	—	—	—
Net difference between projected and actual earnings on pension plan investments	2,690,731	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	—	—	—	—
Employer contributions subsequent to the measurement date	2,292,521	—	—	—
Total	\$ 63,463,926	\$ (365,625)	\$ —	\$ —

\$2,292,521 reported as deferred outflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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:

	Primary Government	Component Units
2022	\$ 13,671,438	\$ —
2023	14,013,115	—
2024	13,619,206	—
2025	13,150,967	—
2026	6,351,054	—
Total	\$ 60,805,780	\$ —

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

The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 4.09 percent, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.09 percent) or 1-percentage-point higher (5.09 percent) than the current rate:

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
State's proportionate share of the net pension liability	\$ 127,280,387	\$ 96,044,891	\$ 71,396,917

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E. COST SHARING EMPLOYER PENSION PLANS

NORTH DAKOTA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Proportionate Share of Net Pension Liability

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

At June 30, 2021, the State recorded a net pension liability of \$1,566,154,858 for all of the PERS system. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on the State's share of covered payroll in the PERS pension plan relative to the covered payroll of all participating employers. At June 30, 2020 the State's proportion was 49.782089 percent, which is an increase of 1.14209 percent from the prior year.

The State's discrete component unit, North Dakota Public Finance Authority, also participates in the PERS system. At June 30, 2021, the discrete component units recorded a net pension liability of \$431,000 for all of the PERS system. The net pension liability was measured as of June 30, 2020 and the total pension liability and asset used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discrete component units' proportion of the net pension liability was based on their share of covered payroll in the PERS pension plan relative to the covered payroll of all participating employers. At June 30, 2020 the discrete component unit's proportion was 0.013698 percent, which is a decrease of 0.002611 percent from the prior year.

Deferred Inflows and Outflows of Resources

For the year ended June 30, 2021 the State recognized pension expense of \$272,302,193 and the component unit recognized pension expense of \$67,000. At June 30, 2021 the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Discrete Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,685,783	\$ (79,664,147)	\$ 2,000	\$ (21,000)
Changes of assumptions	850,885,274	(140,410,251)	231,000	(39,000)
Net difference between projected and actual earnings on pension plan investments	52,176,289	—	14,000	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,691,112	(46,885,612)	—	(31,000)
Employer contributions subsequent to the measurement date	42,131,183	—	11,000	—
Total	<u>\$ 977,569,641</u>	<u>\$ (266,960,010)</u>	<u>\$ 258,000</u>	<u>\$ (91,000)</u>

\$42,131,183 and \$11,000 reported as deferred outflows of resources related to pensions resulting from State and component unit contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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:

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Year ended June 30:

	Primary Government	Component Units
2022	\$ 195,440,803	\$ 46,000
2023	170,970,192	40,000
2024	140,798,699	32,000
2025	160,281,996	38,000
2026	869,238	—
Thereafter	117,520	—
Total	<u>\$ 668,478,448</u>	<u>\$ 156,000</u>

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

The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 4.64 percent, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.64 percent) or 1-percentage-point higher (5.64 percent) than the current rate:

	1% Decrease (3.64%)	Current Discount Rate (4.64%)	1% Increase (5.64%)
State's proportionate share of the net pension liability	\$ 2,037,570,604	\$ 1,566,154,858	\$ 1,180,336,929
Component's proportionate share of the net pension liability	559,000	431,000	326,000

NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

Proportionate Share of Net Pension Liability

The North Dakota Teachers' Fund for Retirement (TFFR) provides retirement benefits to North Dakota public teachers and certain other teachers who meet various requirements. At June 30, 2021, the State recorded a net pension liability of \$9,064,521 for all of the TFFR. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on the State's share of covered payroll in the TFFR pension plan relative to the covered payroll of all participating employers. At June 30, 2020 the State's proportion was 0.59226 percent, which is a decrease of 0.0344 percent from the prior year.

Deferred Inflows and Outflows of Resources

For the year ended June 30, 2021 the State recognized pension expense of \$894,408. At June 30, 2021 the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Discrete Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,869	\$ (340,172)	\$ —	\$ —
Changes of assumptions	407,982	—	—	—
Net difference between projected and actual earnings on pension plan investments	559,564	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	361,370	(1,038,857)	—	—
Employer contributions subsequent to the measurement date	543,169	—	—	—
Total	<u>\$ 1,873,954</u>	<u>\$ (1,379,029)</u>	<u>\$ —</u>	<u>\$ —</u>

STATE OF NORTH DAKOTA

\$543,169 reported as deferred outflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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:

	Primary Government	Component Units
2022	\$ 104,633	\$ —
2023	(22,363)	—
2024	40,146	—
2025	2,525	—
2026	(132,737)	—
Thereafter	(40,448)	—
Total	<u>\$ (48,244)</u>	<u>\$ —</u>

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

The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
State's proportionate share of the net pension liability	\$ 12,073,455	\$ 9,064,521	\$ 6,563,943

F. PENSION SUMMARY

The following is a summary of the pension related items for all plans of the State as of and for the year ended June 30, 2021.

Pension Plan	Net Pension Asset	Deferred Outflows of Resources Pension	Net Pension Liability	Deferred Inflows of Resources Pension	Pension Expense
Job Service ND	\$ (31,122,000)	\$ 1,703,699	\$ —	\$ —	\$ (865,905)
ND Highway Patrolmen's Retirement System	—	63,463,926	96,044,891	365,625	17,728,227
ND Public Employees' Retirement System	—	977,569,641	1,566,154,858	266,960,010	272,302,193
ND Teachers' Fund for Retirement	—	1,873,954	9,064,521	1,379,029	894,408
Total	<u>\$ (31,122,000)</u>	<u>\$ 1,044,611,220</u>	<u>\$ 1,671,264,270</u>	<u>\$ 268,704,664</u>	<u>\$ 290,058,923</u>

G. DEFINED CONTRIBUTION PLAN

The North Dakota Defined Contribution Retirement Plan was established on January 1, 2000, and is administered in accordance with chapter 54-52.6 of the North Dakota Century Code. The Defined Contribution Plan was available to state employees who are in positions not classified by the Human Resource Management Services division of the State of North Dakota. Employees under the judicial branch or the Board of Higher Education and State Institutional under jurisdiction of the Board of Higher Education are not eligible to participate in the plan. The 2013 Legislative Assembly passed legislation to expand eligibility to the plan to include all new state employees hired on or after October 1, 2013 through July 31, 2017. The Defined Contribution Plan had 89 participants as of June 30, 2021.

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

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Benefits

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

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

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

Death and Disability Benefits

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

Contributions

Contributions are set by state statute and are a percentage of covered compensation. The State is paying 4% of the member contribution. The member contribution rate is 7.00% and the employer rate is 7.12% for members first enrolled prior to January 1, 2020. For members first enrolled after January 1, 2020 the member contribution rate is 7.00% and the employer rate is 8.26%. Pension expense totaled \$481,934 for the year ended June 30, 2021.

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

H. TEACHERS' INSURANCE ANNUITY ASSOCIATION

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

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

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

Plan contributions are made on a tax-deferred basis in accordance with section 414(h)(2) of the Internal Revenue Code. All contributions are applied as premiums to retirement annuity contracts owned by the participant. The State has no further liability once annual contributions are made. The State contributed \$44.1 million to TIAA-CREF during the fiscal year ending June 30, 2021.

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NOTE 7 - POST-RETIREMENT

A. **RETIREE HEALTH INSURANCE CREDIT – PLAN INFORMATION**

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

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

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

Employee membership is as follows:

Retirees receiving benefit	13,697
Active participants	21,067
Total Membership	<u>34,764</u>

OPEB Contributions

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

OPEB Benefits

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

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

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Net OPEB Liability of the Plan

The components of the net OPEB liability of the plan at June 30, 2021 is as follows (expressed in thousands):

	RHIC
Total OPEB liability	\$ 237,952
Plan fiduciary net position	(182,335)
Net OPEB liability (asset)	<u>\$ 55,617</u>
RHIC fiduciary net position as a percentage of the total OPEB liability	<u>73.63 %</u>

Actuarial Assumptions

Actuarial Cost Method: Entry Age Normal

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

RHIC Inflation: 2.25%

Salary Increase: Not applicable

Investment Rate of Return: 6.50%.

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

Other Notes: RHIC is for the most part a closed plan. There were no benefit changes during the year. The employer rate to the System is the statutory contribution rate of 1.14% of payroll.

Investment Rate of Return

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of RHIC investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2021 is summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	5.85 %
Small Cap Domestic Equities	6.75 %
International equities	6.25 %
Core-Plus Fixed Income	0.50 %

Discount Rate

The discount rate used to measure the total OPEB liability was 6.5%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2021 PERS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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Sensitivity of Net OPEB Liability

The following presents the net OPEB liability of the Plan as of June 30, 2021, calculated using the single discount rate of 6.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Net OPEB Liability (Asset) As of June 30, 2021	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
RHIC	\$ 82,487,616	\$ 55,617,289	\$ 32,880,996

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

B. RETIREE HEALTH INSURANCE CREDIT – STATE’S SHARE

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

Proportionate Share of Net OPEB Liability

At June 30, 2021, the State reported a liability of \$40,900,219 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The State’s proportion of the net OPEB liability was based on the State’s share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2020, the State’s proportion was 51.92239 percent, which is an increase of 2.14404 percent from the prior year.

Deferred Inflows and Outflows of Resources

For the year ended June 30, 2021 the State recognized OPEB expense of \$5,677,788. At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Discrete Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 907,898	\$ (980,444)	\$ —	\$ —
Changes of assumptions	5,465,669	—	—	—
Net difference between projected and actual earnings on OPEB plan investments	1,405,879	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,262,075	(2,828,366)	—	—
Employer contributions subsequent to the measurement date	6,393,257	—	—	—
Total	<u>\$ 15,434,778</u>	<u>\$ (3,808,810)</u>	<u>\$ —</u>	<u>\$ —</u>

\$6,393,257 reported as deferred outflows of resources related to OPEB resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022.

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

Year ended June 30:

	Primary Government	Component Units
2022	\$ 1,069,778	\$ —
2023	1,396,074	—
2024	1,338,380	—
2025	990,994	—
2026	400,344	—
Thereafter	37,141	—
Total	\$ 5,232,711	\$ —

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

The following presents the net OPEB liability of the Plans as of June 30, 2021, calculated using the discount rate of 6.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
State's proportionate share of the net OPEB liability	\$ 51,843,221	\$ 40,891,219	\$ 31,542,244

C. JOB SERVICE NORTH DAKOTA – MET LIFE INSURANCE BENEFIT

MET LIFE INSURANCE BENEFIT

Job Service North Dakota engaged an actuary to determine the Agency's liability for post-employment benefits other than pensions as of July 1, 2020. The actuary determined the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense the Agency has to record as of June 30, 2021. Requests to obtain or review the actuary report should be addressed to the Finance Manager – P.O. Box 5507 Bismarck, North Dakota, 58506-5507.

Plan Description

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

Membership of the Other Post Retirement Benefit plan consisted of the following at July 1, 2020, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	155
Terminated employees entitled to benefits but not yet receiving them	—
Current vested employees	5
Total	<u>160</u>

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

The Employer reported a liability of \$1,215,321 at June 30, 2021 for its net OPEB liability. The net OPEB liability was measured as of July 1, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2021, the Employer recognized OPEB expense of \$32,352. The Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following:

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

Actuarial Assumptions

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

	<u>July 1, 2021</u>
Inflation	none
Salary increases	5%
Discount rate	2.66% per annum

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

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

The following presents the net OPEB liability of the Plans as of June 30, 2021, calculated using the discount rate of 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.66 percent) or 1-percentage-point higher (3.66 percent) than the current rate:

Net OPEB Liability As of June 30, 2021	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
Met Life	\$ 1,351,583	\$ 1,215,321	\$ 1,100,247

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Schedule of Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at 7/1/20	\$ 1,265,603	\$ —	\$ 1,265,603
Changes for the Year:			
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)	(165,268)
Administrative expenses	—	—	—
Net changes	<u>(50,282)</u>	<u>—</u>	<u>(50,282)</u>
Balances at 6/30/21	<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.

D. OPEB SUMMARY

The following is a summary of the OPEB related items for all plans of the State as of and for the year ended June 30, 2021.

OPEB Plan	Deferred Outflows of Resources - OPEB	Net OPEB Liability	Deferred Inflows of Resources - OPEB	OPEB Expense
ND Public Employees' Retirement System	\$ 15,434,778	\$ 40,900,219	\$ 3,808,810	\$ 5,677,788
JSND Met Life Insurance Benefit	—	1,215,321	—	(32,352)
Total	<u>\$ 15,434,778</u>	<u>\$ 42,115,540</u>	<u>\$ 3,808,810</u>	<u>\$ 5,645,436</u>

NOTE 8 - DEFERRED COMPENSATION PLAN

The ND Public Employees Retirement System was given authority by Chapter 54-52.2 to administer an employee deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan allows employees of the State of North Dakota or any of its political subdivisions, institutions, departments, or agencies to participate, providing that the employee has signed a participation agreement, which permits them to defer a portion of their current salary until future years. Each participant may defer the lesser of \$19,500 or 100% of gross annual compensation for calendar year 2021. Participation in the plan is optional. The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency.

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

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

The deferred compensation plan had 14,559 active participants as of June 30, 2021.

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

Plan Participation By:		
State of North Dakota	\$ 173,169	93 %
Other Jurisdictions	13,397	7 %
Total Value	<u>\$ 186,566</u>	<u>100 %</u>

NOTE 9 - PERS UNIFORM GROUP INSURANCE PROGRAM

The PERS Uniform Group Insurance Program, an enterprise fund, contracts with Sanford Health Plan to provide health care insurance to the employees of the State of North Dakota, or any of its political subdivision, institutions, departments or agencies. The contract for the 2019-2021 biennium provides for an accounting of premiums paid and claims incurred during the biennium. The final gain or loss is determined two years after the end of the biennium, which for the 2019-2021 biennium will occur in 2023 with an initial settlement coming in 2022. In the event of a loss, the system does not have any risk. For this period claims exceed premiums, therefore, no gain is being returned to the State.

The State again entered into a similar contract with Sanford Health Plan for the 2021-2023 biennium. The contract for the 2021-2023 biennium provides for an accounting of premiums paid and claims incurred during the biennium. The final gain or loss is determined two years after the end of the biennium, which for the 2021-2023 biennium will occur in 2025. In the event of a loss, the system does not have any risk. No other insurance contracts have a gain sharing provision.

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NOTE 10 - SEGMENT INFORMATION

North Dakota Housing Finance Agency maintains two separate funds which account for general agency operations and provide loans to finance construction of rental residential housing and single-family ownership. The two funds are accounted for in a single fund, but investors in home ownership bonds rely solely on the revenue generated by the mortgage loans and assets acquired for repayment. Segment information for the year ended June 30, 2021, was as follows (expressed in thousands):

	Home-Ownership Bond Funds
Condensed Statement of Net Position	
Current assets – other	\$ 323,826
Noncurrent assets – other	1,242,287
Total Assets	<u>1,566,113</u>
Deferred outflow of resources	10,361
Current liabilities – other	56,314
Noncurrent liabilities – other	1,319,044
Total Liabilities	<u>1,375,358</u>
Net position – restricted	201,116
Total Net Position	<u><u>\$ 201,116</u></u>
Condensed Statement of Revenues, Expenses and Change in Fund Net Position	
Operating revenues	\$ 45,677
Operating expenses	(40,912)
Operating income	<u>4,765</u>
Change in net position	4,765
Total net position, beginning of year, restated	196,441
Equity transfer out	(90)
Total net position, end of year	<u><u>\$ 201,116</u></u>
Condensed Statement of Cash Flows	
Net cash provided by operating activities	\$ 91,997
Net cash used for noncapital financing activities	(14,620)
Net cash used for investing activities	(9,450)
Net change in cash and cash equivalents	<u>67,927</u>
Cash and cash equivalents, beginning of year	216,924
Cash and cash equivalents, end of year	<u><u>\$ 284,851</u></u>

NOTE 11 - MAJOR COMPONENT UNIT TRANSACTIONS

BISMARCK STATE COLLEGE AND BISMARCK STATE COLLEGE FOUNDATION

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

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

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

	BSC	BSC Foundation
NECE Building	\$ 9,548,989	\$ 10,846,116
Accumulated Depreciation	(2,797,407)	(3,476,230)
Net Value of NECE Building	<u>\$ 6,751,582</u>	<u>\$ 7,369,886</u>

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

On August 13, 2015, BSC and Student Housing, LLC entered into a five-year lease agreement to operate student housing services in the two newly constructed housing units (Ritchie Hall and Gate City Bank Hall). On August 28, 2020, an agreement was signed to extend the lease term until August 12, 2025. Under the agreement, BSC is responsible for payment of all rent, maintenance, and daily repair/maintenance of the facility, and restrictions of use of the facility as set forth in the lease. Student Housing, LLC is responsible for major repairs/maintenance and property and liability insurance on the facilities. The lease is classified as an operating lease on BSC financial statements and Student Housing, LLC financial statements includes the capitalized asset.

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

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

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

During fiscal year 2017, NDSU and NDSU RTP entered into renewed agreements, whereby NDSU leases the Research Buildings I and II through June 30, 2032. During fiscal year 2021, total annual rent of \$312,000 was paid by NDSU for these two buildings, in addition to the \$1.78 million of principal and interest paid by NDSU directly to the bond trustee. NDSU reimbursed NDSU RTP \$36,644 for property insurance on the two buildings and directly pays the utility costs under these agreements. The annual rent will be re-adjusted by mutual agreement every two years. These agreements are subject to funding and legislative appropriations.

NDSU FOUNDATION

Fargodome Lease and Improvements

In fiscal year 2006, the Foundation financed the construction and equipping of office space, locker rooms, meetings rooms, and related facilities in the Fargodome for use by NDSU through the sale of revenue bonds issued by Cass County. The Foundation has leased the space in the Fargodome from the City of Fargo and subleased the space, furniture, fixtures and equipment to NDSU. Under the agreement, NDSU will pay rent to the NDSUFAA for use of the premises. The amount of the rent is tied to the \$3.5 million debt service retirement plus the Fargodome annual space rent and all costs incurred by the Foundation incident to the lease, less any contributions received by the Foundation for the project. Under this agreement in fiscal year 2021, the Foundation paid the debt service and other fees on behalf of NDSU in the amount of \$331,567.

The facility is included in long-term investments and the debt is included in long-term liabilities on the financial reports of the Foundation. Since the foundation is a discretely presented component unit of the System and the component unit and the System are reporting the same assets and debt for the Fargodome improvements, a reclassification entry was made to ending balances in the component unit consolidating financial statements to show the appropriate due from primary institution.

Renaissance Hall

The former Northern School Supply building was donated to the Foundation by NDSU alum in December of 2001. During fiscal year 2003 and 2004, the Foundation renovated the building with the intent to lease the facility to NDSU beginning fall 2004. The Foundation transferred nearly the entire ownership of the building to 650 NP Avenue, LLC and Kilbourne Design Group, LLC, for a five-year period in order to achieve tax credits that would ultimately reduce the cost of the building to NDSU. During the five-year tax credit period, NDSU leased the building from the two LLCs, with the lease payments composed of interest and fees. With the five-year tax credit period ending December 31, 2010 (as extended), and the ownership was transferred back to the Foundation,

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permanent financing was put in place on December 17, 2010, with the issuance of \$5.65 million of 20-year University Facilities Lease Revenue Bonds, Series 2010 (Renaissance Hall Project). The financing structure involving the five-year temporary ownership transfer resulted in achieving tax credits of \$4.9 million which directly lowered the leasing cost to NDSU.

Under this refinanced debt issuance and lease agreement, as approved by the SBHE on December 16, 2010, the property is leased to NDSU for rent equal to the semi-annual principal and interest on the bonds, plus all costs incurred by the Foundation incident to ownership of the property. Ownership of the property will transfer to NDSU when the bonds are repaid in full. NDSU paid the Foundation \$414,000 in fiscal year 2021 for debt service under this agreement. As of June 30, 2020, the outstanding balance on the bonds, reflected as "Due to Component Units" by NDSU, is \$3.3 million.

Barry Hall Business Building and Klai Hall Architecture Building

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

In May 2012, the Foundation refinanced the original bonds issued in November 2007. As a result, new leases were executed. Under the terms of the new leases, NDSU pays and recognizes a liability for entire amount of the previously issued bonds. During fiscal year 2021, NDSU paid \$767,000 to the bond trustee on-behalf of the Foundation under the new leases for debt service on Barry Hall & Klai Hall. NDSU has an option to acquire the property upon full payment of the bonds. As of June 30, 2021, the outstanding balance on the bonds, reflected as "Due to Component Units" by NDSU, is \$7.7 million.

Other Transactions

The Foundation provides meeting space rental and database support service to NDSU for an annually negotiated fee. NDSU paid the foundation \$831,000 for the fiscal year ending December 31, 2020.

In addition to the debt service payments on the Fargodome, Renaissance, Barry and Klai Halls, NDSU reimburses the Foundation for other operating expenses related to those buildings, such as property insurance, flood insurance, boiler inspection fees, real estate taxes and bond administrative fees. Those costs totaled \$115,000 during the fiscal year ending December 31, 2020.

Based on an agreement that began January 1, 2015, and automatically renewed annually since then, NDSU pays \$87,592 of annual building rent to the Foundation for use the Criminal Justice and Public Policy building next to the NDSU main campus. This rent was paid again by NDSU during the fiscal year ending June 30, 2021.

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

UNIVERSITY OF NORTH DAKOTA AND UND AEROSPACE FOUNDATION

The UND Aerospace Foundation (UND AF) recorded expenses reimbursed to UND for salaries, building rent, aircraft rental, and goods and services under an operating agreement aggregating \$7.3 million in fiscal year 2021. This operating agreement has no specific term and is intended to memorialize various operating agreements, rate structures, duties, and obligations each party has to the other. Expenses reimbursed to UND represent actual costs incurred and are included in training expenses in the consolidated statements of activities.

The UND AF recorded revenue for service and hangar, CRJ, 360-degree tower, and aircraft rental to UND of \$4.7 million in fiscal year 2021, which is included in program and event revenue in the Statement of Revenue, Expenses and Changes in Fund Net Assets for Component Units (FASB Basis) – University System Foundation.

As of June 30, 2021, the UND AF had recorded accounts payable to UND of \$1.8 million for reimbursable costs and services. As of June 30, 2021, the UND AF had recorded accounts receivable from UND of approximately \$1.5 million, which are included in accounts receivable in the statement of net assets for component units (FASB Basis) – University System Foundation.

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The UND AF entered into a sublease with UND to lease the aircraft storage hangar/ground support equipment facility. The lease term is for 20 years, commencing on July 7, 2003, until July 6, 2023. For the first fifteen years of the sublease, UND will pay the Foundation's monthly minimum payment of \$12,672, beginning on October 1, 2003, subject to actual cost adjustments. At the end of the 15 years of the sublease, rent will be adjusted based upon the interest rate adjustments of the debt incurred by the Foundation in the construction of the hangar. Under this noncancellable sublease with UND, UND AF will receive future minimum rentals of \$1.6 million over the next five years.

UNIVERSITY OF NORTH DAKOTA AND RE ARENA, INC.

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

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

In fiscal year 2021, gross tickets sales were \$701,000 of which RE Arena, Inc. recognized revenue of \$365,000 with a net due to UND \$337,000.

At the end of the fiscal year 2021 UND owed REA \$776,000 due to the prepayment of their ticket sales allocation. Gross tickets sales for the next athletic season year are recorded in deferred revenue at gross by REA for a total of \$3.5 million.

RE Arena, Inc. recognized net sponsorship (advertising) revenue of approximately \$81,000 and the net due UND in sponsorship (advertising) income of approximately \$45,000. REA allocated \$0 of net income to UND athletic department. REA expensed \$699,000 to UND for utilities, maintenance staff, phone service and other. At the end of the fiscal year REA owed UND \$44,798 for monthly services. At the end of the fiscal year REA, owed UND \$5,600 for revenue for the 50/50 settlement.

Amounts are reported on the accrual basis of accounting, which may or may not be the same as that used by UND. RE Arena Inc.'s fiscal year end is May 31st, UND's fiscal year end is June 30th. Amounts may differ between entity financial statement because of timing differences due to different year ends.

UNIVERSITY OF NORTH DAKOTA AND UNIVERSITY OF NORTH DAKOTA FOUNDATION

UND is leasing space in the Gorecki Alumni Center in the amount of \$75,000 per year. Additional rental payments consisting of UND's share of the operating and maintenance costs for space used in the Gorecki Alumni Center are calculated annually.

During the year ended June 30, 2021, UND provided approximately \$1.5 million of institutional support for event and database support, annual giving campaign and shared positions. The UND Alumni Association and Foundation (Foundation) manages UND's endowment investments and charged them \$251,000 in investment management fees during the year ended June 30, 2021. These fees and support are reported as operations, fees and miscellaneous revenue on the Statement of Revenue, Expenses and Changes in Fund Net Assets for Component Units (FASB Basis) – University System Foundation.

The Foundation has accounts payable due to UND related to miscellaneous services and payments of approximately \$235,000.

The Foundation is leasing 45,000 square feet of land for the Gorecki Alumni Center from UND. Starting in 2016, the rate is \$0.10 per square foot, per year. The cost in fiscal year 2021 was \$4,500.

The UND Foundation has other receivables from UND related to the renovation of an existing building for the Energy and Environmental Research Center (EERC) and the construction of the Minot Center for Family Practice for \$2.9 million and \$1.6 million, respectively.

On July 24, 2002, the UND Foundation issued \$8.6 million of tax-exempt lease revenue bonds to finance the construction of an office building and the renovation of an existing building for the EERC of UND. The UND Foundation recorded a receivable from UND of \$8.6 million due under the direct-financing lease arrangement. On October 18, 2012, the UND Foundation issued Taxable

STATE OF NORTH DAKOTA

Refunding Lease Revenue Bonds, Series 2012 in the amount of \$6.4 million to refund its outstanding Lease Revenue Bonds, Series 2002.

The UND Foundation also amended the related lease agreement with UND. Interest accrues on the bonds at rates from 0.75 percent to 4.20 percent depending upon maturity. Annual principal and semiannual interest payments are due through fiscal year 2027 and as of June 30, 2021 were \$3.4 million. The bonds are secured by a lease with UND. The terms for the repayment are the same as the payment terms of the related bonds. During fiscal year ended June 30, 2021, the UND Foundation recorded payment of principal and interest of \$430,000 and approximately \$132,436, respectively. The interest is included in program and event income on the statement of activities.

On October 24, 2003, the UND Foundation issued \$4.4 million of tax-exempt lease revenue bonds to finance the purchase of land and the construction of a facility for occupancy by the Minot Center for Family Practice in Minot, North Dakota. The center is a department of the School of Medicine & Health Sciences at UND. The UND Foundation recorded a receivable from UND of \$4.4 million due under the direct-financing lease agreement. In June 2008, the \$3.7 million remaining balance of the 2003 bonds was refinanced with Lease Revenue Refunding Bonds, Series 2008. In April 2018, the \$2.2 million remaining balance of the 2008 bonds was refinanced with Lease Revenue Refunding Bonds, Series 2018. The bond matures as of April 1, 2028. The interest rate is fixed at 3.50 percent until 2028. Payments of \$133,333 are required semi-annually through 2028. The bonds are secured by a lease with UND. Annual principal and semiannual interest payments as of June 30, 2021 was \$266,669.

NOTE 12 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

BANK OF NORTH DAKOTA

The State, through the Bank of North Dakota, is a party to credit related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, financial standby letters of credit and guarantees related to loan programs. Those instruments involve varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the statement of net position. The contract amounts of those instruments reflect the extent of involvement the State has in particular classes of off-balance-sheet financial instruments.

The State's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and financial standby letters of credit is represented by the contractual amount of those instruments. The State uses the same credit policies in making commitments and conditional obligations as it does for on- balance-sheet instruments.

	Contract Amount (in thousands)
Commitments to extend credit	\$ 1,242,214
Financial standby letters of credit	442,641
Guarantees provided	8,515

Commitments to extend credit are agreements to lend as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained by the State upon extension of credit is based on management's credit evaluation of the customer. Collateral held may include accounts receivable, inventory, property, plant and equipment, and income-producing commercial properties.

Financial standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank has segmented this category into three components: (1) letters of credit, (2) confirming letters of credit, and (3) letters of credit pledged for public deposits to North Dakota financial institutions.

Letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party which require this type of facility. The maturities for these letters range from one month to ten years, and the likelihood of funding any of these letters of credit is considered to be remote. The Bank holds collateral supporting those commitments. The Bank also has letters of credit with the North Dakota Public Finance Authority with maturities ranging from seventeen months to twenty nine years. If the letters issued to Public Finance Authority were ever drawn upon, Public Finance Authority is legally obligated to reimburse the Bank from funds legally available, or from any appropriation made available to the Legislative Assembly after

STATE OF NORTH DAKOTA

certification by the Industrial Commission. The likelihood of funding any of these letters of credit is also considered to be remote. Outstanding issued letters of credit as of December 31, 2020 were \$104,150,000.

Confirming letters of credit are issued to North Dakota financial institutions to support letters of credit they have issued but are still in need of backing from an institution with a long-term, high quality bond rating. In the event these letters were to be drawn upon, based on the terms of the agreement, the Bank would immediately withdraw funds from the institution's correspondent bank account held at the Bank to cover the amount drawn. These agreements generally have terms of 12 months or less. The likelihood of funding any of these confirming letters of credit is also considered to be remote. Outstanding issued confirming letters of credit as of December 31, 2020 were \$4,746,000.

Letters of credit pledged for public deposit to North Dakota financial institutions are issued to support public borrowing arrangements. These letters are fully collateralized by a pool of loans pledged to the Bank. These agreement generally have terms of 12 months or less. Financial standby letters for public deposits by North Dakota banks totaled \$333,745,000 at December 31, 2020. The likelihood of funding any of these letters of credit is also considered to be remote. These letters of credit are authorized form of collateral for public deposits per North Dakota Century Code 21-04-09.

The Bank has not recorded a contingent liability related to off-balance sheet activity as of December 31, 2020.

INFRASTRUCTURE REVOLVING LOAN PROGRAM

In the normal course of business, the Loan Fund makes various commitments that are not reflected in the financial statements. These commitments include commitments to extend credit of \$47,333,000 at June 30, 2021.

MEDICAL FACILITY INFRASTRUCTURE LOAN FUND

The Fund's exposure to loan loss is represented by the contractual amount of these commitments. There was one pending loan commitment totaling \$3,000,000 as of June 30, 2021.

NORTH DAKOTA HOUSING FINANCE AGENCY

In the normal course of business, the Agency makes various commitments that are not reflected in the financial statements. These include commitments to extend credit and the debt reduction required when related loan acquisition funds are not drawn down within prescribed time frames set by the specific bond resolution.

Commitments to extend credit are agreements to fund loans as long as there is no violation of any condition established in the contracts. Commitments require the payment of a reservation fee and generally have a fixed expiration date. Commitments to extend credit total \$90,155,000 at June 30, 2021.

The bond resolutions require that the funds in the loan acquisition accounts be expended within 42 months of the related bond delivery date. Any remaining funds must be used for debt reduction. The loan acquisition funds totaled \$102,833,000 at June 30, 2021.

PUBLIC FINANCE AUTHORITY

In the normal course of business, the Finance Authority (a component unit) makes various commitments that are not reflected in the financial statements. These commitments include commitments to extend credit of \$187,872,000 at December 31, 2020.

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NOTE 13 - INTEREST RATE SWAP

BANK OF NORTH DAKOTA

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

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

Either the Bank or its counterparties may terminate the interest rate swap if the other party fails to perform under the terms of the contract. Termination could result in the Bank being required to make a payment of the fair value of the swap to counterparty.

The following table summarizes the derivative financial instrument utilized at December 31, 2020:

Swap	National Amount	Fair Value		Changes in Fair Value	
		Classification	Amount	Classification	Amount
June 2014	\$ 50,000,000	Other liabilities	\$ (9,461,000)	Deferred outflow	\$ (3,993,000)
April 2015	50,000,000	Other liabilities	(5,717,000)	Deferred outflow	(4,439,000)
August 2016	50,000,000	Other liabilities	(3,274,000)	Deferred outflow	(4,996,000)
April 2017	50,000,000	Other liabilities	(8,223,000)	Deferred outflow	(5,050,000)
June 2017	50,000,000	Other liabilities	(6,492,000)	Deferred outflow	(4,892,000)
March 2018	50,000,000	Other liabilities	(9,509,000)	Deferred outflow	(5,016,000)
June 2018	50,000,000	Other liabilities	(9,895,000)	Deferred outflow	(5,069,000)
April 2019	50,000,000	Other liabilities	(9,248,000)	Deferred outflow	(5,247,000)
Sept 2019	50,000,000	Other liabilities	(1,288,000)	Deferred outflow	(5,291,000)
Oct 2019	50,000,000	Other liabilities	(2,851,000)	Deferred outflow	(5,313,000)
Dec 2019	45,000,000	Other liabilities	(1,546,000)	Deferred outflow	(1,740,000)

At December 31, 2020, the Bank was not exposed to material credit risk because each counterparty is required to fully collateralize the fair value of the swaps within \$250 of daily mark-to-market valuations by depositing funds with the other counterparty.

The Bank is exposed to interest rate risk on its swap agreements. On its pay-fixed, receive variable interest rate swaps, the Bank's net payment increases as the USD-FEDERAL FUNDS-H.15 and USD-1 MONTH LIBOR-BBA interest rates decrease.

STATE OF NORTH DAKOTA

Using rates as of December 31, 2020, the interest expense of the variable rate federal funds, variable rate 1 month LIBOR and the net swap payments are as follows. As rates vary, the federal fund and 1 month LIBOR interest expense and the net swap payments will vary.

Year Ended December 31:	Pay Fixed	Receive Variable		Interest Rate Swap, net
	Contract Interest	Federal Fund Interest	1-Month LIBOR Interest	
2021	\$ 10,856,000	\$ 401,000	\$ 154,000	\$ 10,301,000
2022	10,856,000	401,000	154,000	10,301,000
2023	10,706,000	391,000	154,000	10,161,000
2024	10,258,000	360,000	154,000	9,744,000
2025	10,258,000	360,000	154,000	9,744,000
2026-2030	48,474,000	4,934,000	770,000	42,770,000
2031-2035	18,239,000	3,252,000	154,000	14,833,000
	<u>\$ 119,647,000</u>	<u>\$ 10,099,000</u>	<u>\$ 1,694,000</u>	<u>\$ 107,854,000</u>

NORTH DAKOTA HOUSING FINANCE AGENCY

As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance, the Agency entered into several cash flow hedges or swaps in connection with various variable-rate housing bond series. The Agency cash flow hedges are pay-fixed. All Agency cash flow hedges are pay-fixed. The intention of these swaps was to effectively change the Agency's interest rate on the bonds to a fixed rate. The Agency also has cash flow hedges that were entered into in connection with variable-rate housing bond series that no longer have bonds outstanding as those bonds have been called. The cash flow hedges that are not connected to a specific bond series hedge the risk related to the Agency's other variable-rate housing bonds that are unhedged.

The bonds and the related swap agreements have a stated issuance and maturity date. Some of the swaps have optional termination dates. Under the swaps, the Agency pays the counterparty a fixed payment and receives a variable payment computed as a percent of the London Interbank Offered Rate (LIBOR) plus a fixed percentage on the swap notional amount. On the other hand, the bond's variable-rate coupons are determined by the remarketing agent. If for any reason the remarketing agent fails to act, the rate shall be the lesser of (i) the TBMA Index plus 0.25% or (ii) the Maximum Rate as defined within the applicable series resolution.

As of June 30, 2021, the Agency no swaps with a positive fair value. Of the swaps with negative fair value, the Agency is not exposed to credit risk. However, the swap exposes the Agency to basis risk should the relationship between LIBOR and TBMA converge, changing the synthetic rate on bonds. The swap counterparty has guaranteed all payments and is rated AAa/AA+/AAA by Moody's Investor Services, Standard & Poor's, and Fitch, respectively. To mitigate potential credit risk, the counterparty has entered into Credit Support Agreements with Bank of New York Mellon, the Royal Bank of Canada and Wells Fargo as a credit enhancement.

The Agency has entered into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements netting provisions permit each party to net the transactions' fair values so that a single sum will be owed by, or owed to, the other party. At June 30, 2021, the Agency owed the swap providers a fixed rate on the notional amount of the swaps of \$2,367,000 and the swap providers owed the Agency a variable rate on the notional amounts of \$140,000 making the net payment that the Agency owed the swap providers \$2,227,000.

Due to the difference in the variable rate indices, the swaps had a net negative fair value of \$10,361,000 as of June 30, 2021. Accordingly, the financial derivative instrument is reported as a liability and the accumulated changes in fair value of the swaps are reported as a deferred outflow at June 30, 2021. The coupon on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. All valuations are as of the valuation date indicated. Mid-Market or indicative unwind valuations may be derived from broker quotations or from proprietary models that take into consideration estimates about relevant present and future market conditions as well as the size and liquidity of the position and any related actual or potential hedging transactions. Valuations based on other models or different assumptions may yield different results.

The swap exposes the Agency to basis risk should the relationship between LIBOR and the actual variable rates converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rate and the synthetic rate as of June 30, 2021. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized.

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The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination event." That is, the swap may be terminated if counterparty's credit quality rating falls below "A3" as issued by Moody's Investors Service or "A-" as issued by Fitch Ratings or Standard & Poor's. The swap may be terminated at any time by the Agency or the counterparty with 30 days written notice up to limits specified in the swap agreement. If the swap or swaps were terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Agency would be liable to the counterparty for payment equal to the swap's fair value, but in the event the fair value is positive, the counterparty would be liable to the Agency.

The Agency is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the Agency will be re-exposed to the risks being hedged by the hedging derivative instrument. The Agency also is exposed to rollover risk on the swaps that mature and the Agency does not call the related variable rate debt.

The terms of the interest rate swaps at June 30, 2021 are as follows:

1. Bond Series	2014 B		2015 C		2015 E		2015 F	
2. Issuance Date	6/24/2014		6/23/2015		5/1/2016		12/8/2015	
3. Maturity Date	7/1/2044		1/1/2046		7/1/2036		1/1/2047	
4. Notional Amount	\$	27,055,000	\$	17,700,000	\$	22,410,000	\$	17,435,000
5. Variable-rate Bonds	\$	27,055,000	\$	17,700,000	\$	22,410,000	\$	17,435,000
6. Fixed Rate	2.890 %		2.486 %		2.257 %		2.320 %	
7. LIBOR Percentage	65.80 %		66.20 %		66.40 %		100.00 %	
8. Additional Percentage	0.17 %		0.10 %		0.22 %		0.00 %	
9. Bonds Variable-rate	0.00400 %		0.02000 %		0.02000 %		0.09000 %	
10. Fair Value	\$	(357,000)	\$	(299,000)	\$	(744,000)	\$	(866,000)
11. Percentage of LIBOR	0.23613 %		0.16653 %		0.28673 %		10.05000 %	
12. Synthetic Rate	2.69387 %		2.33947 %		1.99027 %		2.30950 %	
13. Actual Synthetic Rate	2.79407 %		3.05960 %		2.02055 %		2.30046 %	
14. Change in Fair Value	\$	520,000	\$	379,000	\$	(154,000)	\$	650,000
15. Optional Termination Date	N/A		N/A		N/A		1/1/2025	

1. Bond Series	2017 C		2017 H		2018 C		2019 B		2019E	
2. Issuance Date	5/10/2017		12/21/2017		6/14/2018		2/13/2019		6/25/2019	
3. Maturity Date	7/1/2047		7/1/2039		1/1/2049		1/1/2043		1/1/1950	
4. Notional Amount	\$	20,545,000	\$	28,250,000	\$	9,355,000	\$	25,000,000	\$	12,265,000
5. Variable-rate Bonds	\$	20,545,000	\$	28,250,000	\$	9,355,000	\$	25,000,000	\$	12,265,000
6. Fixed Rate	2.783 %		2.266 %		3.515 %		2.693 %		3.171 %	
7. LIBOR Percentage	100.00 %		66.40 %		100.00 %		70.00 %		100.00 %	
8. Additional Percentage	0.00 %		0.09 %		0.00 %		0.00 %		0.00 %	
9. Bonds Variable-rate	2.73904 %		0.03000 %		0.08000 %		0.43000 %		0.08000 %	
10. Fair Value	\$	(2,070,000)	\$	(1,687,000)	\$	(1,451,000)	\$	(1,395,000)	\$	(1,492,000)
11. Percentage of LIBOR	0.10050 %		0.15673 %		0.10050 %		0.07035 %		10.05000 %	
12. Synthetic Rate	5.42104 %		2.13927 %		3.49450 %		3.05215 %		3.15050 %	
13. Actual Synthetic Rate	2.74587 %		2.22825 %		3.49081 %		3.09063 %		3.18969 %	
14. Change in Fair Value	\$	1,208,000	\$	813,000	\$	638,000	\$	734,000	\$	983,000
15. Optional Termination Date	7/1/2027		7/1/2023		7/1/2027		1/1/2024		7/1/2028	

STATE OF NORTH DAKOTA

Using rates as of June 30, 2021, debt service requirements of the variable-rate debt and net swap payments are as follows. Interest calculations were based on rates as of June 30, 2021. As rates vary, variable-rate bond interest payments and net swap payments will vary. (Expressed in thousands.)

Fiscal Year Ending June 30	Variable-Rate Bond		Interest Rate Swap, Net	Total
	Principal	Interest		
2022	\$ 1,670	\$ 730	\$ 4,437	\$ 6,837
2023	1,530	728	4,393	6,651
2024	1,405	727	4,361	6,493
2025	2,330	711	4,318	7,359
2026	3,125	656	4,238	8,019
2027-2031	24,535	2,589	19,642	46,766
2032-2036	46,415	1,718	15,603	63,736
2037-2041	56,825	922	8,747	66,494
2042-2046	35,595	238	2,630	38,463
2047-2051	6,585	14	356	6,955
	<u>\$ 180,015</u>	<u>\$ 9,033</u>	<u>\$ 68,725</u>	<u>\$ 257,773</u>

NOTE 14 - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

Most of the State's business is with customers within the state. Concentrations of credit are present in the construction and operation of community water facilities, loans to medical facilities for health care construction, loans to students for post-secondary education, loans to owners of homes damaged in the 2011 floods in Barnes, Benson, Burleigh, McHenry, Morton, Ramsey, Renville, Richland and Ward counties, loans to political subdivisions in the state for infrastructure, single-family and multifamily mortgage loans, loans to assist local financial institutions in providing loans to assist very small businesses in their recovery from the impacts caused by the COVID-19 pandemic, loans to provide financing for commercialization of intellectual technology within the State and the agricultural industry. Due to the pervasive nature of agriculture in the economy of the state, all loans, regardless of type, are impacted by agriculture.

NOTE 15 - RISK MANAGEMENT

Several funds accumulate assets to cover risks that the State may incur. Specifically, the State assumes a portion or substantially all risks associated with the following:

THE STATE FIRE AND TORNADO FUND

The State Fire and Tornado Fund, an Enterprise Fund, is financed by premiums charged to the participating funds of the State. All monies collected must be paid into the fund for use only for the purpose outlined in NDCC 26.1-22.02.

All losses occasioned by the hazards provided for in the North Dakota Century Code must be paid out of the fund, with the fund being reimbursed by a third-party insurance carrier for all losses in excess of \$1,000,000 per occurrence. The limit of liability of such reinsurance contract is no less than \$1,000,000 during each twelve month period.

STATE BONDING FUND

The State Bonding Fund, an Enterprise Fund, is financed by premiums charged to each State agency for the bonding of public employees and public officials.

FLEET SERVICES

Fleet Services, an Internal Service Fund, represents the State's fleet of automobiles and is administered by the Department of Transportation. The State is self-insured for substantially all automobile insurance (e.g., comprehensive, collision), with the exception of liability, which is provided by the State's Risk Management Fund (RMF). State agencies are charged premiums to cover Fleet Service's RMF assessment and to pay for those losses that are not covered by RMF. These premium charges are factored into the fees agencies are charged when renting the cars.

STATE OF NORTH DAKOTA

WORKFORCE SAFETY & INSURANCE

Workforce Safety & Insurance (WSI), an Enterprise Fund, is a State insurance fund and a “no fault” insurance system, covering the State’s employers and employees. WSI is financed by premiums assessed to employers. The rate of such premiums is periodically adjusted to assure the solvency of WSI. The premiums are available primarily for the payment of claims to employees injured in the course of employment. During fiscal year 2021, a total of \$94,913,286 in claims was recognized. The liability of \$1,000,099,000 is the present value of the unpaid claim liability discounted at 4% as determined by the actuarial.

RISK MANAGEMENT FUND

Due to the loss of sovereign immunity, the 1995 Legislature established the Risk Management Fund (RMF) to pay money damages for tort claims for which the State is liable. The statutory liability of the State is limited to a total of \$250,000 per person and \$1,000,000 per occurrence. The State purchases commercial insurance for claims in excess of coverage provided by the Fund and continues to transfer liabilities for medical malpractice and aviation to private insurance carriers. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

Revenues to the RMF are generated from contributions required from state agencies, boards and commissions, and the University System. The need for and amount of funding is determined using a projected cost allocation approach. The premise of this plan is that the agencies with greater expected loss costs should contribute more to the funding of the RMF than those agencies with lesser costs. The underlying logic is that contributions should roughly equal loss costs plus the expenses of administering the program over the long term.

The RMF liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Unpaid claim liabilities are based on an actuarial study of the outstanding loss reserve need for the fund and a forecast of ultimate loss and loss expense. These liabilities were determined on an undiscounted expected level of ultimate loss. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrines, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities will be re- evaluated periodically to take in consideration settled claims, the frequency of claims, and other economic and social factors.

The following table presents the changes in claims liabilities balance for the fiscal years ending June 30, 2021 and 2020:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims and Changes In Estimates</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2021	\$ 3,746,363	\$ 641,476	\$ (639,530)	3,748,309
2020	3,767,002	979,298	(999,937)	3,746,363

The Risk Management Workers Compensation Program (WCP) was established to consolidate all state entities under one workers compensation account, allowing for transitional duty between entities. The statutory liability of the fund is limited to \$100,000 per claim with Workforce Safety & Insurance, providing excess insurance for claims that exceed the \$100,000 cap. WCP pays separately for this coverage. Since the inception of WCP on July 1, 2001, fifty claims exceeded coverage by \$14,982,091.

Revenues to WCP are generated from contributions required from state agencies, boards, commissions, and the University System. The amount contributed from each agency is actuarially determined by Workforce Safety & Insurance and based upon the number of employees, the type of work done, and claims history of each entity. Each entity also pays a deductible of \$250 per claim.

The WCP liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrine, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities will be re- evaluated periodically to take into consideration settled claims, the frequency of claims, and other economic and social factors. An actual study was performed for Workforce Safety & Insurance. The liability estimates are based on that study.

STATE OF NORTH DAKOTA

The following table presents the changes in claims liabilities balance for the fiscal years ending June 30, 2021 and 2020:

Fiscal Year	Beginning Balance	Current Year Claims and Changes In Estimates	Claims Payments	Ending Balance
2021	\$ 4,938,728	\$ 1,248,167	\$ (2,723,924)	\$ 3,462,971
2020	4,358,636	3,669,716	(3,089,624)	4,938,728

NOTE 16 - PUBLIC ENTITY RISK POOLS

A. GENERAL

FIRE AND TORNADO AND BONDING FUND

The Fire and Tornado Fund provides property insurance to state agencies, political subdivisions, the International Peace Garden and the Winter Show. The Fire and Tornado Fund has issued 1,197 policies to participating entities for a total building and content coverage of \$17.4 billion. The Bonding Fund is used to provide fidelity bonding of public employees and officials. The Fund has issued 2,102 policies to participating entities. The total coverage for the Bonding Fund is \$791.9 million. If the assets of these funds were exhausted, fund participants would not be responsible for the funds' liabilities.

The Fire and Tornado and Bonding Fund are accounted for on the accrual basis. The Fire and Tornado Fund establishes claim liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims incurred but not reported. The Bonding Fund establishes claim liabilities based on actual judgments obtained against the fund but not paid prior to fiscal year end. Liabilities for incurred but not reported losses have not been established based on prior year activity. Neither fund incurred any acquisition costs, which should have been capitalized, nor were any liabilities recognized that were discounted. Investment income was not considered in determining the existence of premium deficiencies.

The Fire and Tornado Fund uses reinsurance agreements to reduce its on covered losses in excess of \$2.0 million. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Fund as direct insurer of the risks that are reinsured. The Fire and Tornado Fund does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. There were no pending losses at June 30, 2021 that would reduce the fund's liability.

WORKFORCE SAFETY & INSURANCE

Workforce Safety & Insurance (WSI), an Enterprise Fund, is a state insurance fund and a "no fault" insurance system covering the State's employers and employees. At June 30, 2021, coverage extended to the following employers:

Annual Premium	
\$250 - \$5,000	20,269
\$5,001 - \$50,000	3,896
\$50,001 - \$100,000	329
Over \$100,000	284
Total Employers	<u>24,778</u>

WSI is financed by premiums assessed to the employers doing business in North Dakota. The premiums are available primarily for the payment of claims to employees injured in the course of employment.

The operations of WSI are accounted for on the accrual basis. Liability for incurred loss and loss adjustment expense (LAE) is estimated by WSI's actuary. The estimate is developed by WSI's actuary, taking into consideration past experience of WSI in paying claims, and general conditions of the environment in which WSI operates. The liability is based on the estimated ultimate costs to settle both reported and incurred but not report (IBNR) losses and LAE, and includes the effects of inflation and other societal and economic factors. The actuarial computations also include a 4% discount to report this liability at its present value.

Management believes the estimated liability for losses and loss adjustment expense is sufficient to cover the ultimate net cost of incurred losses, but such loss reserves are necessarily based on estimates and the ultimate liability may be greater or less than the amounts estimated. As adjustments to this estimated liability become necessary, such adjustments are reflected in current operations.

STATE OF NORTH DAKOTA

For the year ended June 30, 2021, the consulting actuaries presented an estimate in the form of a range to emphasize the uncertainty for a “long-tailed” liability insurer such as workers’ compensation. These ranges are as follows (expressed in thousands):

	Low	Central Value	High
Full value basis, undiscounted	\$ 1,386,532	\$ 1,508,257	\$ 1,602,757
Present value basis, discounted at 4%	922,493	1,000,099	1,060,916

WSI has adjusted the estimated liability for unpaid loss and loss adjustment expense to the actuary’s 4 percent discounted expected value of \$1,000,099,000 at June 30, 2021.

While management has recorded amounts that fall within the ranges of estimated liabilities as computed under actuarial assumptions, the high level of uncertainty indicates that actual losses and expenses could be materially higher than the recorded estimated liability.

WSI has entered into a contract with an intermediary for reinsurance coverage for catastrophic coverage. Historically, WSI has had up to four coverage levels, with varying retention limits of \$3 million, \$5 million, \$10 million and \$20 million. Terms, limits and pricing are re-evaluated annually. WSI’s current 2021 calendar year has two coverage levels, with retention limits of \$10 million and \$20 million. For the year ended June 30, 2021 WSI recorded ceded losses of \$(8,595,236) and ceded premiums of (\$767,031).

B. RECONCILIATION OF CLAIMS LIABILITIES

The following is a reconciliation of total claims liabilities, including an analysis of changes in aggregate liabilities for claims and claim adjustment expenses for the current fiscal year and the prior year (expressed in thousands):

	Fire And Tornado		Bonding		Workforce Safety & Ins	
	2021	2020	2021	2020	2021	2020
Unpaid claims and claims adjustment expenses at the beginning of the year	\$ 1,031	\$ 678	\$ 134	\$ 98	\$1,029,792	\$1,090,944
Incurred claims and claims adjustment expenses:						
Provision for current fiscal year	3,511	2,576	59	(2)	144,856	176,999
Change in provision for prior fiscal year	(2,645)	30	—	—	(141,790)	(88,508)
Payments and claims and adjustment expenses attributable to:						
Current fiscal year insured events	(3,705)	(2,253)	(193)	136	(32,823)	(41,898)
Prior fiscal years’ insured events	—	—	134	(98)	(91,783)	(143,212)
Total Payments	(3,705)	(2,253)	(59)	38	(124,606)	(185,110)
Change in provision for discount	—	—	—	—	91,847	35,467
Total unpaid claims and claims adjustment expenses at the end of the year	<u>\$ (1,808)</u>	<u>\$ 1,031</u>	<u>\$ 134</u>	<u>\$ 134</u>	<u>\$1,000,099</u>	<u>\$1,029,792</u>

NOTE 17 - BANK OF NORTH DAKOTA

GASB Statement No. 34 requires assets and liabilities of enterprise funds be presented in a classified format to distinguish between current and long-term assets and liabilities. The Bank of North Dakota is the only government-owned bank in the United States. Banks do not present a classified statement of net position because current assets are not matched with current liabilities. Presentation of a classified statement of net position would give the false impression that there is a liquidity problem at the bank. Presentation of a classified statement of net position for the Bank of North Dakota would be misleading to the extent that the financial statements may be materially misstated. Therefore, the statement of net position of the Bank of North Dakota presents assets and liabilities in order of their relative liquidity, rather than in a classified format.

STATE OF NORTH DAKOTA

NOTE 18 - COMMITMENTS AND CONTINGENCIES

A. *LONG-TERM COMMITMENTS*

INDUSTRIAL COMMISSION

The Industrial Commission has entered into various contracts with third parties for the following programs regarding lignite research, oil and gas research, renewable energy and for the outdoor heritage program. As of June 30, 2021, the total outstanding balance on these contracts was \$74.9 million.

MILL AND ELEVATOR

As of June 30, 2021, the Mill had commitments to purchase 4,417,779 bushels of spring wheat and 518,161 bushels of durum.

JOB SERVICE NORTH DAKOTA

As of June 30, 2021, 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 of which are federally funded.

HOUSING INCENTIVE FUND

The Fund makes various commitments relating to construction projects to meet unmet housing needs across North Dakota. The Fund had \$5,607,792 of signed commitments for construction projects as of June 30, 2021. The Fund had an \$10,265,335 of HIF funds awarded for construction projects as of June 30, 2021. The total paid on these commitments as of June 30, 2020 was \$4,657,543.

DEPARTMENT OF HUMAN SERVICES

As of June 30, 2021, the Department of Human Services had significant commitments for the purchase of various types of services totaling \$701,375,803.

NORTH DAKOTA LOTTERY

The Lottery contracts with a third party to provide an online gaming system and related services through June 30, 2022. Total payment for these services during the year ended June 30, 2021 were \$3.2 million based on 10.473% of ticket sales. The Lottery's future obligation through June 30, 2022 is based on 10.473% of ticket sales, there is no minimum fee or retainer fee.

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION

At June 30, 2021, the North Dakota Department of Transportation (Special Revenue Fund) had non-construction contract commitments of approximately \$79 million. Construction commitments at June 30, 2021 totaled approximately \$277 million, of which \$212 million represents federal programs which are cost reimbursable. These commitments will be funded with future appropriations as work is performed.

NORTH DAKOTA DEVELOPMENT FUND

The board of directors has approved equity investments, loans, grants, and guaranty of collections at June 30, 2021, for which funds have not been disbursed or written agreements entered into in the amount of \$1,783,362.

NORTH DAKOTA SOYBEAN COUNCIL

As of June 30, 2021, the North Dakota Soybean Council had significant commitments of approximately \$2.8 million. This amount mainly consists of grants for the research and development of soybeans.

STATE WATER COMMISSION

As of June 30, 2021, the State Water Commission had long-term commitments of \$288.1 million for various water projects.

STATE OF NORTH DAKOTA

UNIVERSITY SYSTEMS

Contracts for the construction of various projects on behalf of the University System have been let as follows (expressed in thousands):

	Original Issue	Paid To Date	Amount To Be Paid
DCB	\$ 3,283	\$ 1,267	\$ 2,016
DSU	4,274	3,510	764
LRSC	—	—	—
MaSU	651	187	464
MiSU	429	155	274
NDSCS	1,011	660	351
NDSU	101,691	55,333	46,358
UND	246,070	189,948	56,122
VCSU	30,608	19,098	11,510
WSC	8,433	8,432	1
Total	<u>\$ 396,450</u>	<u>\$ 278,590</u>	<u>\$ 117,860</u>

OTHER CONSTRUCTION COMMITMENTS

That State has entered into construction commitments. As of June 30, 2021, the following commitment exists on other construction contracts, in thousands:

Office of Management and Budget	\$ 10
Secretary of State	892
Attorney General	301
School for the Deaf	70
Health Department	843
Department of Human Services	14,751
Industrial Commission	477
Corrections and Rehab	267
Adjutant General	3,704
Game and Fish	983
Parks and Recreation	2,248
Department of Transportation	121,953

B. LITIGATION

The State is liable for two judgements in the amount \$876,000. These judgements will be satisfied by funds appropriated by the 2021 Legislature.

C. QUESTIONED COSTS

The State receives federal financial assistance which is subject to review and audit by the Office of the State Auditor and the federal government. This assistance is generally conditioned upon compliance with certain laws and regulations. Disallowed and questioned costs relating to federal assistance could become a liability to the State. The State estimates that the ultimate disallowances pertaining to federal assistance, if any, will be immaterial to its overall financial condition. The single audit of the State of North Dakota for the two-year period ending June 30, 2020, was completed and issued in March of 2021. As a result of this audit, approximately \$178,000 of identifiable questioned costs were noted. Also, there were several findings which had potentially significant, unknown, questioned costs. The State is cooperating with the federal government to resolve the findings and is optimistic these findings will not have a material impact on the State.

STATE OF NORTH DAKOTA

NOTE 19 – TOBACCO SETTLEMENT

In November 1998, the North Dakota Attorney General joined forty-five other states and five territories in a settlement agreement against the nation's largest tobacco manufacturer. The settlement money is intended to compensate the State for costs it has incurred in providing health and other services to its citizens that were necessitated by the use of tobacco products. The Master Settlement Agreement includes base payments to states totaling \$220.6 billion for the next 25 years, and continues in perpetuity. The State has received total payments of \$539.87 million as of June 30, 2021. The State recognized revenue of \$22.6 million of tobacco settlement revenue during the year ended June 30, 2021. The amount of the annual payment is subject to a number of modifications, including adjustments for inflation and usage volumes. Some of the adjustments may result in increases in the payments (inflation, for example), or other adjustments will likely cause decreases in the payments (e.g., volume adjustments). The net effect of these adjustments on future payments is unclear.

NOTE 20 - SUBSEQUENT EVENTS

PUBLIC FINANCE AUTHORITY

Subsequent to year end, the Authority issued \$2.13 million of capital financing program bonds payable. The bonds have an interest rate ranging from 2.125% to 5.00% and mature between 2022 and 2041.

WATER INFRASTRUCTURE REVOLVING LOAN FUND

As of July 1, 2021, the Community Water Facility Loan Program merged with the State Water Commission Revolving Loan Fund to create the Water Infrastructure Revolving Loan Fund. The outstanding loans total \$35.4 million to 57 borrowers.

MEDICAL FACILITY INFRASTRUCTURE LOAN FUND

The Fund has \$3.0 million of outstanding loan commitments.

FUEL PRODUCTION GUARANTEE PROGRAM

The 2019 legislature approved \$50 million from the Strategic Investment and Improvement Fund to be used to guarantee loans made under this program. The Bank of North Dakota received loan applications from 4 borrowers totaling \$49.9 million due to the impact the pandemic had on ethanol production facilities in North Dakota. The 2021 legislature Special Session approved \$21 million of debt reduction for the 4 borrowers that were provided loans in this program. These funds are to be distributed in December 2021.

UNIVERSITY SYSTEMS

In August 2021, MiSU refunded its Student Services Facilities Revenue Bonds, Series 2010, with a current outstanding principal balance of \$8.4 million. The principal balance for the new Student Services Facilities Revenue Refunding Bonds, Series 2021, is \$7.4 million. In addition, using funds on hand, MiSU established an escrow fund with the Bank of North Dakota sufficient to defease the Student services Facilities Revenue Refunding bonds, Series 2015. The 2015 issue has a current outstanding principal balance of \$2.3 million. The escrow agent will use the funds to pay principal and interest for the 2022 through 2024 maturities and then, redeem the bonds on the optional redemption date of August 1, 2025.

In August, 2021, UND issued Tax Exempt Certificates of Participation, Series 2021A for \$133 million and Taxable Refunding Certificates of Participation, Series 2021B for \$18.3 million.

The proceeds of Series 2021A will be used to fund the cost of major renovations to Brannon Hall, and minor renovations to Noren Hall and Selke Hall; demolition of the following residence halls (based upon student demand): Bek Hall, Hancock Hall, Squires Hall, Walsh Hall, Fulton Hall, Johnston Hall, Smith Hall, McVey Hall, and West Hall; demolition of certain University-owned apartments representing up to 548 total units (based upon student demand), constructing a 400-bed student housing facility to be named McVey Hall, which will replace the existing McVey Hall; and constructing a 477-bed student housing facility to be called West Hall, which will replace the University's existing West Hall. The certificates mature in 2061 with a net interest cost of 2.972 percent.

The proceeds of the Series 2021B will advance refund the outstanding principal and accrued interest of UND's Housing and Auxiliary Facilities Revenue Bonds, Series 2012 (Wellness Center) and Series 2013 bonds (Hamline Square). The 2021B matures in 2023 with a net interest cost of 1.996 percent.

STATE OF NORTH DAKOTA

NOTE 21 - NEW PRONOUNCEMENTS

The State implemented the following new pronouncement for fiscal year 2021:

GASB Statement No. 84, *Fiduciary Activities*, provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

GASB Statement No. 90, *Majority Equity Interests*, provides guidance for reporting when a government has majority equity interest in legally separate organizations. An equity interest is explicit and measurable if the government has a present or future claim to the net resources of the entity and the method for measuring the government's share of the entity's net resources is determinable. If government's holding of that equity interest meets the definition of an investment, as defined by GASB No. 72, the equity interest should be reported as an investment and measured using the equity method and not as a component unit of the government. If a government's holding of a majority interest in a legally separate organization does not meet the definition of an investment, the holding of the majority equity interest results in the government being financially accountable for the organization and therefore, the government should report the legally separate organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, was implemented during fiscal year 2021 by renaming the State's annual report to the "Annual Comprehensive Financial Report" or "ACFR" for short.

Management has not yet determined the effect these Statements will have on the State's financial statements.

The State will implement the following new pronouncements for fiscal years ending after 2021:

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.

STATE OF NORTH DAKOTA

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.

Required Supplementary Information

STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule General Fund For the Biennium Ended June 30, 2021

	Approved Budget 2019-2021 Biennium	Appropriation Adjustments 2019-2021 Biennium	Adjusted Budget 2019-2021 Biennium	Actual Biennium To Date Thru 6-30-21	Difference Uncollected/ Unspent Thru 6-30-21
Budgetary Fund Balance, July 1	\$ 65,000,000	\$ —	\$ 65,000,000	\$ 801,236,291	\$ 736,236,291
Resources (Inflows):					
Sales and Use Tax	1,868,262,000	(83,262,000)	1,785,000,000	1,823,991,775	38,991,775
Income Tax	935,573,000	18,427,000	954,000,000	1,055,963,854	101,963,854
Oil And Gas Production Tax	198,930,000	38,925,277	237,855,277	238,369,403	514,126
Oil Extraction Tax	201,070,000	(38,925,277)	162,144,723	161,630,597	(514,126)
Insurance Premium Tax	72,944,050	21,576,169	94,520,219	102,357,095	7,836,876
Cigarette, Cigar and Tobacco Tax	47,838,000	1,194,505	49,032,505	49,907,878	875,373
Wholesale Liquor Tax	18,703,000	(730,266)	17,972,734	18,727,698	754,964
Coal Conversion Tax	41,438,000	960,724	42,398,724	42,665,908	267,184
Gaming Tax	7,511,200	19,293,038	26,804,238	30,860,614	4,056,376
Lottery	12,245,000	(2,022,500)	10,222,500	10,400,000	177,500
Department Fees and Collections	91,521,566	(11,606,684)	79,914,882	89,199,565	9,284,683
Mineral Leasing Fees	38,000,000	(1,589,632)	36,410,368	41,163,048	4,752,680
Motor Vehicle Excise Tax	249,951,800	(3,951,800)	246,000,000	259,690,121	13,690,121
Interest on Public Funds	10,000,000	34,244,338	44,244,338	22,170,598	(22,073,740)
Gas Tax Administration	1,991,024	394	1,991,418	1,991,418	—
Transfers In	1,026,981,000	572,505,764	1,599,486,764	1,802,814,750	203,327,986
Total Revenue Inflows	4,822,959,640	565,039,050	5,387,998,690	5,751,904,322	363,905,632
Amounts Available for Appropriation	4,887,959,640	565,039,050	5,452,998,690	6,553,140,613	1,100,141,923
Charges to Appropriations (Outflows):					
General Government:					
Governor's Office	4,492,106	10,817	4,502,923	4,321,617	181,306
Secretary of State	5,365,785	1,258,207	6,623,992	5,975,997	647,995
Secretary of State Public Printing	257,278	—	257,278	242,566	14,712
Office of Management and Budget	33,215,852	103,454,674	136,670,526	132,107,957	4,562,569
Information Technology	28,565,311	15,000	28,580,311	28,527,799	52,512
State Auditor	10,122,860	(5,528)	10,117,332	8,903,745	1,213,587
State Treasurer	1,746,370	20,000	1,766,370	1,649,119	117,251
Attorney General	45,804,596	198,890	46,003,486	45,477,859	525,627
Tax Department	54,071,616	4,040,000	58,111,616	54,264,250	3,847,366
Legislative Assembly	15,825,515	814,987	16,640,502	15,488,334	1,152,168
Legislative Council	13,045,074	3,897,587	16,942,661	10,352,291	6,590,370
Supreme Court	107,503,043	—	107,503,043	105,059,878	2,443,165
Legal Counsel for Indigents	18,384,627	—	18,384,627	17,538,788	845,839
Ethics Commission	517,155	—	517,155	432,135	85,020
Education:					
Public Instruction	1,721,361,137	860,137	1,722,221,274	1,636,490,559	85,730,715
State Library	5,781,419	—	5,781,419	5,323,325	458,094
School for the Deaf	7,528,850	209,115	7,737,965	7,612,182	125,783
School for the Blind	4,717,989	—	4,717,989	4,664,512	53,477
Vocational Education	40,064,988	—	40,064,988	39,147,971	917,017
Health & Human Services:					
Dept. of Health	36,360,590	(10,197)	36,350,393	34,306,043	2,044,350
Dept. of Environmental Quality	12,480,922	—	12,480,922	11,863,682	617,240
Veteran's Home	5,679,324	—	5,679,324	5,678,768	556
Indian Affairs Commission	1,098,639	—	1,098,639	983,298	115,341
Veteran's Affairs	1,416,430	50,000	1,466,430	1,294,987	171,443
Dept. of Human Services-Management	64,690,274	7,318,313	72,008,587	68,009,046	3,999,541
Dept. of Human Services-Program and Policy	1,182,910,545	23,184,506	1,206,095,051	1,044,096,077	161,998,974
Dept. of Human Services-Centers	127,690,608	(26,632,924)	101,057,684	97,428,114	3,629,570
Dept. of Human Services-Institutions	87,372,060	7,529,264	94,901,324	94,729,502	171,822
Protection and Advocacy	3,312,565	—	3,312,565	3,303,334	9,231
Job Service	430,624	—	430,624	417,567	13,057
Regulatory:					
Industrial Commission	27,449,198	—	27,449,198	24,377,997	3,071,201
Labor Commission	2,395,169	—	2,395,169	2,014,578	380,591
Public Service Commission	6,714,928	—	6,714,928	6,184,746	530,182
Public Safety and Corrections:					
Highway Patrol	44,295,405	—	44,295,405	23,039,821	21,255,584
Corrections & Rehab	229,678,076	2,249,968	231,928,044	178,796,637	53,131,407
Adjutant General	27,571,197	1,034,626	28,605,823	24,529,590	4,076,233
Agriculture & Commerce:					
Department of Commerce	40,191,721	30,934,701	71,126,422	56,162,884	14,963,538
Department of Agriculture	10,910,429	1,400	10,911,829	10,667,235	244,594
State Fair	542,833	—	542,833	271,417	271,416
Racing Commission	399,072	3,958	403,030	403,030	—
Natural Resources:					
Historical Society	18,965,691	673,342	19,639,033	18,461,458	1,177,575
Council on the Arts	1,606,204	21,588	1,627,792	1,627,772	20
Parks and Recreation	14,343,129	2,937,368	17,280,497	16,181,001	1,099,496
Transportation:					
Aeronautics Commission	500,000	—	500,000	500,000	—
Department of Transportation	2,500,000	13,000,000	15,500,000	15,500,000	—
Transfers Out	773,685,962	74,808,401	848,494,363	811,547,780	36,946,583
Total Charges to Appropriations	4,843,563,166	251,881,943	5,095,445,109	4,675,957,248	419,487,861
Ending Budgetary Fund Balance	\$ 44,396,474	\$ 313,157,107	\$ 357,553,581	\$ 1,877,183,365	\$ 1,519,629,784

STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule Budget to GAAP Reconciliation General Fund For the Biennium Ended June 30, 2021

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and for the General Fund Expenditures

Sources/Inflows of resources

Actual Amounts (budgetary basis) "total revenue inflows" from the budgetary comparison schedule	5,751,904,322
Backing out 2020 Activity	(2,549,891,716)
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	(882,649,954)
Funds considered General funds for GAAP but not for Budget	2,122,200,523
Certain due from other funds are recorded under GAAP, but not Budget	1,368,459
Reimbursement activity between state agencies is eliminated only for GAAP	(3,619,773)
Proceeds are recorded for new capital leases on GAAP, but not for Budget	110,672
Repayment received on loan receivable are revenue for Budget to GAAP	16,484,426
Total revenues, capital lease acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 4,455,906,959</u>

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	4,675,957,248
Backing out Expenditures from FY2020	(2,347,140,466)
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	42,805,752
Funds considered General funds for GAAP but not for Budget	102,335,220
New capital leases are recorded as expenditures for GAAP, but not for Budget	110,672
Certain due to other funds are recorded under GAAP, but not for Budget	(27,204,404)
Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 2,446,864,022</u>

STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule Federal Fund For the Biennium Ended June 30, 2021

	Approved Budget 2019-2021 Biennium	Appropriation Adjustments 2019-2021 Biennium	Adjusted Budget 2019-2021 Biennium	Actual Biennium To Date Thru 6-30-21	Difference Uncollected/ Unspent Thru 6-30-21
Budgetary Fund Balance, July 1	\$ —	\$ —	\$ —	\$ —	\$ —
Resources (Inflows):					
Other Budgeted Income	3,860,384,849	3,352,626,163	7,213,011,012	4,850,532,685	(2,362,478,327)
Total Revenue Inflows	3,860,384,849	3,352,626,163	7,213,011,012	4,850,532,685	(2,362,478,327)
Amounts Available for Appropriation	3,860,384,849	3,352,626,163	7,213,011,012	4,850,532,685	2,362,478,327
Charges to Appropriations (Outflows):					
General Government:					
Governor's Office	—	18,083	18,083	18,083	—
Secretary of State	3,000,000	3,049,216	6,049,216	3,050,992	2,998,224
Office of Management and Budget	—	15,686,416	15,686,416	11,251,261	4,435,155
Information Technology	2,078,179	61,868,226	63,946,405	60,551,742	3,394,663
State Auditor	1,337,614	10,866	1,348,480	1,307,823	40,657
State Treasurer	—	173,440,257	173,440,257	123,240,515	50,199,742
Attorney General	15,052,872	5,270,743	20,323,615	9,199,807	11,123,808
Legislative Council	—	100,000	100,000	38,627	61,373
Supreme Court	1,659,596	672,212	2,331,808	1,602,300	729,508
Education:					
Public Instruction	322,916,553	601,973,428	924,889,981	461,853,406	463,036,575
Land Department	—	97,145	97,145	95,521	1,624
State Library	2,287,102	2,586,726	4,873,828	2,284,063	2,589,765
School for the Deaf	100,512	—	100,512	70,293	30,219
School for the Blind	11,498,147	593,675	12,091,822	10,820,353	1,271,469
Health & Human Services:					
Dept. of Health	102,021,319	449,730,068	551,751,387	300,281,661	251,469,726
Dept. of Environmental Quality	28,085,602	(252,756)	27,832,846	21,414,527	6,418,319
Veteran's Home	—	3,312,771	3,312,771	1,682,397	1,630,374
Indian Affairs Commission	—	20,915	20,915	20,915	—
Veteran's Affairs	1,377,157	402,860	1,780,017	1,235,642	544,375
Dept. of Human Services-Management	95,048,395	49,253,281	144,301,676	124,334,080	19,967,596
Dept. of Human Services-Program and Policy	2,093,626,737	798,767,718	2,892,394,455	2,231,264,429	661,130,026
Dept. of Human Services-Centers	57,430,698	4,951,287	62,381,985	56,748,551	5,633,434
Dept. of Human Services-Institutions	29,584,449	2,269,085	31,853,534	31,834,564	18,970
Dept. of Human Services-County Social Service	—	251,600	251,600	250,949	651
Protection and Advocacy	3,994,135	—	3,994,135	3,235,876	758,259
Job Service	64,364,900	14,081,213	78,446,113	61,456,955	16,989,158
Regulatory:					
Insurance Department	177,500	21,916,924	22,094,424	22,091,204	3,220
Industrial Commission	238,004	71,553,761	71,791,765	54,067,832	17,723,933
Labor Commission	480,681	49,000	529,681	529,514	167
Public Service Commission	10,894,458	—	10,894,458	7,419,752	3,474,706
Public Safety and Corrections:					
Highway Patrol	6,610,415	22,008,003	28,618,418	27,865,282	753,136
Corrections & Rehab	16,663,970	55,421,558	72,085,528	70,724,198	1,361,330
Adjutant General	105,408,847	271,477,217	376,886,064	244,375,124	132,510,940
Agriculture & Commerce:					
Department of Commerce	44,070,416	182,277,282	226,347,698	128,037,701	98,309,997
Department of Agriculture	12,213,665	20,907,550	33,121,215	23,099,799	10,021,416
Racing Commission	—	1,000	1,000	1,000	—
Natural Resources:					
Historical Society	3,194,252	18,999	3,213,251	1,372,768	1,840,483
Council on the Arts	1,675,407	1,980,760	3,656,167	2,695,117	961,050
Game and Fish	36,873,632	502,993	37,376,625	33,455,266	3,921,359
Parks and Recreation	7,321,876	250,985	7,572,861	3,779,441	3,793,420
Water Commission	39,123,284	—	39,123,284	26,242,316	12,880,968
Transportation:					
Aeronautics Commission	935,000	—	935,000	121,525	813,475
Department of Transportation	738,914,475	512,975,973	1,251,890,448	682,530,537	569,359,911
Total Charges to Appropriations	3,860,259,849	3,349,497,040	7,209,756,889	4,847,553,708	2,362,203,181.00
Ending Budgetary Fund Balance	\$ 125,000	\$ 3,129,123	\$ 3,254,123	\$ 2,978,977	\$ (275,146)

STATE OF NORTH DAKOTA

Required Supplemental Information
Budgetary Comparison Schedule
Budget to GAAP Reconciliation
Federal Fund
For the Biennium ended June 30, 2021

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and for the Federal Fund Expenditures

Sources/Inflows of resources

Actual Amounts (budgetary basis) "total revenue inflows" from the budgetary comparison schedule	4,850,532,685
Backing out 2020 activity	(1,888,466,071)
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	(17,020,063)
Total revenues, capital lease acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 2,945,046,551</u>

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	4,850,532,685
Backing out Expenditures from FY2020	(1,888,466,071)
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	1,005,221,438
New Loans issued are expenditures for Budget but not for GAAP	(12,683,928)
GAAP, but not Budget expenditures are reduced by year end inventory balances	11,596,697
Intrafund activity eliminated for GAAP	(1,041,747,857)
Certain due to other funds are recorded under GAAP, but not for Budget	569,781
Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 2,925,022,745</u>

STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule State Fund For the Biennium Ended June 30, 2021

	Approved Budget 2019-2021 Biennium	Appropriation Adjustments 2019-2021 Biennium	Adjusted Budget 2019-2021 Biennium	Actual Biennium To Date Thru 6-30-21	Difference Uncollected/ Unspent Thru 6-30-21
Budgetary Fund Balance, July 1	\$ —	\$ —	\$ —	\$ —	\$ —
Resources (Inflows):					
Other Budgeted Income	3,236,641,019	361,683,994	3,598,325,013	2,441,692,736	(1,156,632,277)
Total Revenue Inflows	3,236,641,019	361,683,994	3,598,325,013	2,441,692,736	(1,156,632,277)
Amounts Available for Appropriation	3,236,641,019	361,683,994	3,598,325,013	2,441,692,736	(1,156,632,277)
Charges to Appropriations (Outflows):					
General Government:					
Governor's Office	—	375,448	375,448	348,944	26,504
Secretary of State	12,431,641	—	12,431,641	9,565,895	2,865,746
Office of Management & Budget	17,136,515	(1,240,983)	15,895,532	11,693,711	4,201,821
Information Technology	318,954,155	43,555,133	362,509,288	213,818,468	148,690,820
State Auditor	2,835,564	—	2,835,564	2,390,091	445,473
State Treasurer	35,000	—	35,000	20,537	14,463
Attorney General	24,051,368	1,026,695	25,078,063	19,562,722	5,515,341
Tax Department	—	17,540	17,540	17,540	—
Administrative Hearings	2,830,664	—	2,830,664	2,365,257	465,407
Legislative Assembly	140,000	—	140,000	129,277	10,723
Legislative Council	70,000	—	70,000	48,664	21,336
Supreme Court	1,452,701	—	1,452,701	1,382,617	70,084
Legal Counsel for Indigents	1,990,035	—	1,990,035	1,701,676	288,359
Education:					
Public Instruction	494,637,190	—	494,637,190	494,454,815	182,375
Land Department	10,458,401	42,589,772	53,048,173	34,130,629	18,917,544
State Library	87,259	—	87,259	85,714	1,545
School for the Deaf	2,599,846	116,912	2,716,758	1,597,419	1,119,339
School for the Blind	1,332,815	—	1,332,815	860,119	472,696
Vocational Education	3,204,974	—	3,204,974	3,049,621	155,353
Health & Human Services:					
Dept. of Health	21,897,914	3,562,000	25,459,914	20,843,441	4,616,473
Dept. of Environmental Quality	18,147,972	1,197,914	19,345,886	13,407,490	5,938,396
Veteran's Home	19,275,822	165,500	19,441,322	17,773,517	1,667,805
Dept. of Human Services-Management	8,758,351	6,940,217	15,698,568	9,441,873	6,256,695
Dept. of Human Services-Program and Policy	138,941,401	237,050	139,178,451	135,810,861	3,367,590
Dept. of Human Services-Centers	19,579,837	(1,531,395)	18,048,442	11,655,169	6,393,273
Dept. of Human Services-Institutions	27,490,636	(113,211)	27,377,425	13,727,564	13,649,861
Dept. of Human Services-County Social Service	173,700,000	—	173,700,000	163,095,815	10,604,185
Job Service	890,670	—	890,670	161,161	729,509
Regulatory:					
Insurance Department	28,557,203	(428,574)	28,128,629	26,671,080	1,457,549
Industrial Commission	17,755,786	2,124,810	19,880,596	18,381,053	1,499,543
Public Service Commission	1,714,018	—	1,714,018	579,006	1,135,012
Financial Institutions	9,135,872	—	9,135,872	8,148,978	986,894
Securities Commission	2,757,119	—	2,757,119	2,666,114	91,005
Public Safety and Corrections:					
Highway Patrol	10,588,283	80,000	10,668,283	7,356,873	3,311,410
Corrections & Rehab	25,291,919	935,907	26,227,826	19,510,873	6,716,953
Adjutant General	15,076,195	44,606,512	59,682,707	13,953,517	45,729,190
Agriculture & Commerce:					
Department of Commerce	14,352,877	2,660,636	17,013,513	7,872,872	9,140,641
Department of Agriculture	18,108,741	342,071	18,450,812	9,197,632	9,253,180
Racing Commission	165,965	—	165,965	87,478	78,487
Natural Resources:					
Historical Society	85,000	—	85,000	85,000	—
Council of Arts	63,515	62,500	126,015	67,349	58,666
Game and Fish	48,430,000	2,270,311	50,700,311	40,882,899	9,817,412
Parks and Recreation	21,369,977	3,654,276	25,024,253	13,703,336	11,320,917
Water Commission	929,030,807	(33,136,750)	895,894,057	367,924,601	527,969,456
Transportation:					
Aeronautics Commission	47,896,082	2,362,337	50,258,419	10,214,320	40,044,099
Department of Transportation	723,330,929	239,251,366	962,582,295	711,249,148	251,333,147
Total Charges to Appropriations	3,236,641,019	361,683,994	3,598,325,013	2,441,692,736	1,156,632,277
Ending Budgetary Fund Balance	\$ —	\$ —	\$ —	\$ —	\$ —

STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule Budget to GAAP Reconciliation State Fund For the Biennium ended June 30, 2021

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and for the State Fund Expenditures

Sources/Inflows of resources

Actual Amounts (budgetary basis) "total revenue inflows" from the budgetary comparison schedule	2,441,692,736
Backing out 2020 activity	(1,121,500,763)
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	2,220,537,247
Total revenues, capital lease acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 3,540,729,220</u>

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	2,441,692,736
Backing out Expenditures from FY2020	(1,121,500,763)
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	1,551,240,889
New Loans issued are expenditures for Budget but not for GAAP	(8,746,419)
GAAP, but not Budget expenditures are reduced by year end inventory balances	27,709
Intrafund activity eliminated for GAAP	(470,361,568)
Certain due to other funds are recorded under GAAP, but not for Budget	3,917,427
Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 2,396,270,011</u>

STATE OF NORTH DAKOTA

Note To Required Supplemental Information - Budgetary Reporting For the Biennium Ended June 30, 2021

The Budgetary Comparison Schedules present comparisons of the original and revised legally adopted budgets with actual data on a budgetary basis for major funds. The only major fund with a legally adopted budget is the General Fund. All other funds are budgeted together as "Other Budgeted Funds." A budgetary schedule has been done for these other funds because they include budgeted amounts for the Federal Fund and State Funds, which are major special revenue funds. These amounts are reported on the schedules entitled "Federal Funds" and "State Funds".

North Dakota's Appropriation Acts include a dual legal level of budgetary control - one at the General Fund versus Other Budget Income level for each agency and one at the line item level for each agency. Line items are not separate between General Fund and Other Budgeted Income so that control is not presented in our budgetary comparison schedule for major funds. The legal level of control for all agencies is reported in a publication titled "State of North Dakota 2019-2021 Biennium Budget and Actual Detail (Budgetary Basis) For the Biennium Ended June 30, 2021." This budget information is available through the Office of Management and Budget, 600 East Boulevard Ave Dept. 110, Bismarck, ND 58505. For the 2019-2021 biennium there were general, federal, and special fund supplemental appropriations of \$3,966,192,100.

The Budgetary Comparison Schedule reports expenditures on a budgetary basis. The accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present the financial statements in accordance with GAAP. Reconciliations of the three for the Biennium ended June 30, 2021, for the General Fund, Federal Fund, and State Fund is on the previous pages.

STATE OF NORTH DAKOTA

Required Supplementary Information Schedule of State's Share of Net Pension Liability North Dakota Public Employee Retirement System Last 10 Fiscal Years*

(Dollars in thousands)

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Plan fiduciary net position	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	49.782079%	\$ 1,566,155	\$ 589,042	\$ 1,570,261	265.88%	49.44%
2020	48.640060%	570,358	569,875	1,506,252	100.08%	72.53%
2019	50.378759%	859,160	569,979	1,496,340	150.74%	63.53%
2018	51.879909%	833,182	588,960	1,415,199	141.47%	62.65%
2017	53.421343%	520,338	566,915	1,290,070	91.78%	71.10%
2016	54.824190%	365,845	494,732	1,300,271	73.95%	77.70%
2015	55.154588%	348,760	477,406	1,258,398	73.05%	78.17%

*Complete data for this schedule is not available prior to 2015. Amounts presented for each fiscal year have a measurement date of the previous fiscal year end.

Required Supplementary Information Schedule of State's Contributions North Dakota Public Employee Retirement System Last 10 Fiscal Years*

(Dollars in thousands)

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2021	\$ 42,920	\$ (42,906)	\$ 14	\$ 619,117	6.93 %
2020	40,941	(41,030)	(89)	589,042	6.95%
2019	40,036	(40,022)	14	569,875	7.02%
2018	39,824	(39,815)	9	569,979	6.99%
2017	41,089	(41,034)	55	588,960	6.98%
2016	39,895	(40,330)	(435)	566,915	7.11%
2015	37,076	(37,571)	(495)	494,732	7.59%

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

STATE OF NORTH DAKOTA

Required Supplementary Information
Schedule of State's Share of Net Pension Liability
North Dakota Highway Patrolmen's Retirement System
Last 10 Fiscal Years*
(Dollars in thousands)

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Plan fiduciary net position	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	100.00%	\$ 96,045	\$ 11,038	\$ 82,184	841.78%	46.11%
2020	100.00%	24,900	10,608	81,416	240.48%	76.58%
2019	100.00%	19,457	10,929	78,929	181.21%	80.22%
2018	100.00%	20,711	10,934	73,336	189.42%	77.98%
2017	100.00%	22,111	10,527	65,811	210.04%	74.85%
2016	100.00%	13,436	10,146	66,676	132.43%	83.23%
2015	100.00%	9,766	9,348	65,667	104.47%	87.05%

*Complete data for this schedule is not available prior to 2015. Amounts presented for each fiscal year have a measurement date of the previous fiscal year end.

Required Supplementary Information
Schedule of State's Contributions
North Dakota Highway Patrolmen's Retirement System
Last 10 Fiscal Years*
(Dollars in thousands)

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2021	\$ 2,293	\$ (2,293)	\$ —	\$ 11,637	19.70 %
2020	2,175	(2,175)	—	11,038	19.70 %
2019	2,091	(2,091)	—	10,608	19.71 %
2018	2,153	(2,153)	—	10,929	19.70 %
2017	2,154	(2,154)	—	10,934	19.70 %
2016	2,127	(2,127)	—	10,527	20.21 %
2015	2,002	(2,002)	—	10,146	19.73 %

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

STATE OF NORTH DAKOTA

Required Supplementary Information
Schedule of State's Share of Net Pension Liability
Retirement Plan for the Employees of Job Service North Dakota
Last 10 Fiscal Years*
(Dollars in thousands)

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Plan fiduciary net position	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	100.00%	\$ (31,122)	\$ 386	\$ 95,251	(9892)%	148.53 %
2020	100.00%	(31,006)	417	97,203	(7,443.56) %	146.84 %
2019	100.00%	(27,459)	471	95,588	(6,590.37) %	140.30 %
2018	100.00%	(33,636)	563	97,265	(5,974.42) %	152.86 %
2017	100.00%	(35,329)	565	96,534	(6,252.92) %	157.72 %
2016	100.00%	(32,893)	674	96,283	(4,880.27) %	151.89 %
2015	100.00%	(32,650)	753	97,697	(4,335.99) %	150.20 %

*Complete data for this schedule is not available prior to 2015. Amounts presented for each fiscal year have a measurement date of the previous fiscal year end.

Required Supplementary Information
Schedule of State's Contributions
Retirement Plan for the Employees of Job Service North Dakota
Last 10 Fiscal Years*
(Dollars in thousands)

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2021	\$ —	\$ —	\$ —	200	0.00%
2020	—	—	—	386	0.00%
2019	—	—	—	417	0.00%
2018	—	—	—	471	0.00%
2017	—	—	—	563	0.00%
2016	—	—	—	565	0.00%
2015	—	—	—	674	0.00%

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

STATE OF NORTH DAKOTA

Required Supplementary Information
Schedule of State's Share of Net Pension Liability
North Dakota Teachers' Fund for Retirement
Last 10 Fiscal Years*
(Dollars in thousands)

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Plan fiduciary net position	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.592257%	\$ 9,065	\$ 4,196	\$ 15,698	216.04%	63.40%
2020	0.626693%	8,631	4,252	16,395	202.99%	65.50%
2019	0.665791%	8,874	4,397	16,849	201.82%	65.50%
2018	0.652945%	8,968	4,294	15,413	208.85%	63.20%
2017	0.666339%	9,762	4,329	14,155	225.50%	59.20%
2016	0.678409%	8,873	4,173	14,531	212.63%	62.10%
2015	0.616525%	6,460	3,576	12,891	180.65%	66.60%

*Complete data for this schedule is not available prior to 2015. Amounts presented for each fiscal year have a measurement date of the previous fiscal year end.

Required Supplementary Information
Schedule of State's Contributions
North Dakota Teachers' Fund for Retirement
Last 10 Fiscal Years*
(Dollars in thousands)

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2021	\$ 543	\$ (543)	\$ —	4,260	12.75%
2020	535	(535)	—	4,196	12.75%
2019	542	(542)	—	4,252	12.75%
2018	561	(561)	—	4,397	12.75%
2017	547	(547)	—	4,294	12.75%
2016	528	(528)	—	4,329	12.75%
2015	532	(532)	—	4,173	12.75%

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

STATE OF NORTH DAKOTA

Required Supplementary Information
Schedule of State's Share of OPEB Liability
Retiree Health Insurance Credit
Last 10 Fiscal Years*
(Dollars in thousands)

	Employer's proportion of the net OPEB (asset)	Employer's proportionate share of the net OPEB liability (asset)	Employer's covered payroll	Plan fiduciary net position	Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	51.922391 %	\$ 40,900	\$ 571,617	\$ 75,610	7.16 %	63.38 %
2020	49.778349 %	39,178	561,580	68,451	6.98 %	63.13 %
2019	50.731122 %	39,954	563,479	64,888	7.09 %	61.89 %
2018	51.545839 %	40,877	574,972	60,615	7.11 %	59.78 %

*Complete data for this schedule is not available prior to 2018. Amounts presented for each fiscal year have a measurement date of the previous fiscal year end.

Required Supplementary Information
Schedule of State's Contributions
Retiree Health Insurance Credit
Last 10 Fiscal Years*
(Dollars in thousands)

	Statorily required contribution	Contributions in relation to the statorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2021	\$ 6,563	\$ (6,549)	\$ 14	\$ 571,568	1.15 %
2020	6,631	(6,626)	5	571,617	1.16 %
2019	6,425	(6,413)	12	561,580	1.14 %
2018	6,434	(6,424)	10	563,479	1.14 %

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

STATE OF NORTH DAKOTA

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
North Dakota Public Employee Retirement System
Last 10 Fiscal Years*
(Dollars in thousands)

	2021	2020	2019	2018
Total pension liability (asset)				
Service cost	\$ 242,751	\$ 135,139	\$ 172,184	\$ 164,018
Interest	296,285	317,129	294,701	279,835
Change of benefit terms	—	—	—	—
Difference between expected and actual experience	47,336	213,457	(210,896)	(65,346)
Changes of assumptions	(1,743,329)	1,663,289	(464,473)	125,225
Benefit payments, including refund of employee contributions	(231,300)	(218,554)	(197,758)	(182,522)
Net change in total pension liability (asset)	(1,388,257)	2,110,460	(406,242)	321,210
Total pension liability (asset) - beginning	6,379,800	4,269,340	4,675,582	4,354,372
Total pension liability (asset) - ending (a)	\$ 4,991,543	\$ 6,379,800	\$ 4,269,340	\$ 4,675,582
Plan fiduciary net position				
Contributions - employer	\$ 91,266	\$ 85,504	\$ 81,588	\$ 80,727
Contributions - employee	85,915	81,478	78,213	77,486
Contributions - service credit repurchase	7,129	10,819	7,220	19,985
Contributions - other	—	—	—	—
Net investment income	844,933	101,106	159,824	249,165
Transfers from other plans	(2)	(3)	(5)	(24)
Benefit payments, including refund of employee contributions	(231,300)	(218,554)	(197,758)	(182,522)
Administrative expense	(2,569)	(2,730)	(2,531)	(2,473)
Net change in plan fiduciary net position	795,372	57,620	126,551	242,344
Plan fiduciary net position - beginning	3,154,351	3,096,731	2,970,180	2,727,836
Plan fiduciary net position - ending (b)	\$ 3,949,723	\$ 3,154,351	\$ 3,096,731	\$ 2,970,180
Net pension liability (asset) - ending (a) - (b)	\$ 1,041,820	\$ 3,225,449	\$ 1,172,609	\$ 1,705,402
Plan fiduciary net position as a percentage of the total pension liability (asset)	79.13%	49.44%	72.53%	63.53%
Covered payroll	\$ 1,213,676	\$ 1,167,768	\$ 1,098,416	\$ 1,075,958
Plan net pension liability (asset) as a percentage of covered payroll	85.84%	276.21%	106.75%	158.50%

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

STATE OF NORTH DAKOTA

2017	2016	2015	2014
\$ 113,148	\$ 126,444	\$ 104,158	\$ 94,611
269,771	243,285	236,420	218,719
—	—	2	—
(3,612)	15,915	4,396	25,783
741,492	108,139	(76,152)	—
(162,992)	(149,664)	(134,930)	(119,886)
957,807	344,119	133,894	219,227
3,396,565	3,052,446	2,918,552	2,699,325
<u>\$ 4,354,372</u>	<u>\$ 3,396,565</u>	<u>\$ 3,052,446</u>	<u>\$ 2,918,552</u>
\$ 78,934	\$ 77,080	\$ 70,842	\$ 61,661
76,007	74,219	68,392	59,394
11,805	9,179	6,652	8,325
—	—	—	—
311,761	11,334	81,537	316,630
32	23,575	—	—
(162,992)	(149,664)	(134,930)	(119,886)
(2,607)	(2,538)	(2,365)	(2,211)
312,940	43,185	90,128	323,913
2,414,896	2,371,711	2,281,583	1,957,670
<u>\$ 2,727,836</u>	<u>\$ 2,414,896</u>	<u>\$ 2,371,711</u>	<u>\$ 2,281,583</u>
<u>\$ 1,626,536</u>	<u>\$ 981,669</u>	<u>\$ 680,735</u>	<u>\$ 636,969</u>
62.65%	77.70%	77.70%	78.18%
\$ 1,063,372	\$ 973,536	\$ 973,536	\$ 888,452
152.96%	69.92%	69.92%	71.69%

STATE OF NORTH DAKOTA

Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios North Dakota Highway Patrolmen's Retirement System Last 10 Fiscal Years*

(Dollars in thousands)

	2021	2020	2019	2018
Total pension liability (asset)				
Service cost	\$ 6,693	\$ 2,878	\$ 2,818	\$ 2,738
Interest	7,305	7,869	7,527	7,203
Change of benefit terms	(135)	—	—	—
Difference between expected and actual experience	(2,197)	729	(68)	(621)
Changes of assumptions	(60,572)	66,142	3,043	—
Benefit payments, including refund of employee contributions	(5,952)	(5,704)	(5,391)	(4,981)
Net change in total pension liability (asset)	(54,858)	71,914	7,929	4,339
Total pension liability (asset) - beginning	178,229	106,315	98,386	94,047
Total pension liability (asset) - ending (a)	\$ 123,371	\$ 178,229	\$ 106,315	\$ 98,386
Plan fiduciary net position				
Contributions - employer	\$ 2,294	\$ 2,177	\$ 2,091	\$ 2,153
Contributions - employee	1,548	1,470	1,412	1,453
Contributions - service credit repurchase	401	205	168	282
Contributions - other	—	—	—	—
Net investment income	19,638	2,667	4,251	6,716
Benefit payments, including refund of employee contributions	(5,952)	(5,705)	(5,391)	(4,981)
Administrative expense	(37)	(46)	(44)	(30)
Net change in plan fiduciary net position	17,892	768	2,487	5,593
Plan fiduciary net position - beginning	82,184	81,416	78,929	73,336
Plan fiduciary net position - ending (b)	\$ 100,076	\$ 82,184	\$ 81,416	\$ 78,929
Net pension liability (asset) - ending (a) - (b)	\$ 23,295	\$ 96,045	\$ 24,899	\$ 19,457
Plan fiduciary net position as a percentage of the total pension liability (asset)	81.12%	46.11%	76.58%	80.22%
Covered payroll	\$ 11,516	\$ 11,410	\$ 10,354	\$ 10,737
Plan net pension liability (asset) as a percentage of covered payroll	202.28%	841.78%	240.48%	181.21%

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

STATE OF NORTH DAKOTA

	2017	2016	2015	2014
\$	2,701	\$ 2,226	\$ 2,038	\$ 1,894
	6,951	6,311	6,008	5,750
	—	—	—	—
	22	40	984	(300)
	1,257	3,946	395	—
	(4,806)	(4,713)	(4,746)	(3,784)
	<u>6,125</u>	<u>7,810</u>	<u>4,679</u>	<u>3,560</u>
	87,922	80,112	75,433	71,873
\$	<u>94,047</u>	<u>87,922</u>	<u>80,112</u>	<u>75,433</u>
\$	2,156	\$ 2,127	\$ 2,002	\$ 1,865
	1,456	1,436	1,352	1,243
	249	—	97	87
	—	—	—	—
	8,500	317	2,335	9,240
	(4,806)	(4,713)	(4,746)	(3,784)
	(30)	(32)	(31)	(28)
	<u>7,525</u>	<u>(865)</u>	<u>1,009</u>	<u>8,623</u>
	65,811	66,676	65,667	57,044
\$	<u>73,336</u>	<u>65,811</u>	<u>66,676</u>	<u>65,667</u>
\$	<u>20,711</u>	<u>22,111</u>	<u>13,436</u>	<u>9,766</u>
	77.98 %	74.85 %	83.23 %	87.05 %
\$	10,629	\$ 10,527	\$ 10,146	\$ 9,348
	194.84 %	210.04 %	132.44 %	104.47 %

STATE OF NORTH DAKOTA

Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios Retirement Plan for the Employees of Job Service North Dakota Last 10 Fiscal Years*

(Dollars in thousands)

	2021	2020	2019	2018
Total pension liability (asset)				
Service cost	\$ 58	\$ 57	\$ 70	\$ 80
Interest	2,629	3,038	3,130	3,501
Change of benefit terms	—	—	—	—
Difference between expected and actual experience	(201)	(1,122)	(505)	(310)
Changes of assumptions	2,899	540	—	5,812
Benefit payments, including refund of employee contributions	(4,669)	(4,582)	(4,627)	(4,583)
Net change in total pension liability (asset)	<u>716</u>	<u>(2,069)</u>	<u>(1,932)</u>	<u>4,500</u>
Total pension liability (asset) - beginning	<u>64,128</u>	<u>66,197</u>	<u>68,129</u>	<u>63,629</u>
Total pension liability (asset) - ending (a)	<u><u>\$ 64,844</u></u>	<u><u>\$ 64,128</u></u>	<u><u>\$ 66,197</u></u>	<u><u>\$ 68,129</u></u>
Plan fiduciary net position				
Contributions - employer	\$ —	\$ —	\$ —	\$ —
Contributions - employee	14	27	29	33
Contributions - service credit repurchase	—	—	—	—
Contributions - other	—	—	—	—
Net investment income	6,025	2,621	6,230	2,919
Benefit payments, including refund of employee contributions	(4,669)	(4,582)	(4,627)	(4,583)
Administrative expense	(17)	(19)	(17)	(46)
Net change in plan fiduciary net position	<u>1,353</u>	<u>(1,953)</u>	<u>1,615</u>	<u>(1,677)</u>
Plan fiduciary net position - beginning	<u>95,250</u>	<u>97,203</u>	<u>95,588</u>	<u>97,265</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 96,603</u></u>	<u><u>\$ 95,250</u></u>	<u><u>\$ 97,203</u></u>	<u><u>\$ 95,588</u></u>
Net pension liability (asset) - ending (a) - (b)	<u><u>\$ (31,759)</u></u>	<u><u>\$ (31,122)</u></u>	<u><u>\$ (31,006)</u></u>	<u><u>\$ (27,459)</u></u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	148.98 %	148.53 %	146.84 %	140.30 %
Covered payroll	\$ 175	\$ 315	\$ 417	\$ 417
Plan net pension liability (asset) as a percentage of covered payroll	-18130.18%	-9892.34%	-7443.56%	-6590.37%

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

STATE OF NORTH DAKOTA

2017	2016	2015	2014
\$ 56	\$ 71	\$ 128	\$ 88
4,130	4,281	5,026	5,107
—	—	—	—
(1,648)	(2,007)	(1,806)	(1,607)
4,421	70	(310)	—
(4,534)	(4,601)	(4,694)	(4,595)
2,425	(2,186)	(1,656)	(1,007)
61,204	63,390	65,046	66,053
<u>\$ 63,629</u>	<u>\$ 61,204</u>	<u>\$ 63,390</u>	<u>\$ 65,046</u>

\$ —	\$ —	\$ —	\$ —
39	44	50	56
—	—	—	—
—	—	—	—
5,239	4,840	3,260	11,888
(4,534)	(4,601)	(4,694)	(4,595)
(13)	(32)	(30)	(31)
731	251	(1,414)	7,318
96,534	96,283	97,697	90,379
<u>\$ 97,265</u>	<u>\$ 96,534</u>	<u>\$ 96,283</u>	<u>\$ 97,697</u>

<u>\$ (33,636)</u>	<u>\$ (35,330)</u>	<u>\$ (32,893)</u>	<u>\$ (32,651)</u>
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152.86 %	157.72 %	151.89 %	150.20 %
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\$ 499	\$ 567	\$ 791	\$ 843
-6746.56 %	-6256.45 %	-4160.24 %	-3874.93 %

STATE OF NORTH DAKOTA

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
North Dakota Teachers' Fund for Retirement
Last 10 Fiscal Years*
(Dollars in thousands)

	2021	2020	2019	2018
Total pension liability (asset)				
Service cost	\$ 87,088	\$ 80,591	\$ 77,756	\$ 78,041
Interest	300,698	306,791	296,876	287,375
Change of benefit terms	—	—	—	—
Difference between expected and actual experience	8,366	(20,732)	(23,495)	(27,939)
Changes of assumptions	—	51,813	—	—
Benefit payments, including refund of employee contributions	(241,128)	(230,851)	(221,228)	(207,979)
Net change in total pension liability (asset)	<u>155,024</u>	<u>187,612</u>	<u>129,909</u>	<u>129,498</u>
Total pension liability (asset) - beginning	<u>4,181,036</u>	<u>3,993,424</u>	<u>3,863,515</u>	<u>3,734,017</u>
Total pension liability (asset) - ending (a)	<u><u>\$ 4,336,060</u></u>	<u><u>\$ 4,181,036</u></u>	<u><u>\$ 3,993,424</u></u>	<u><u>\$ 3,863,515</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 98,264	\$ 93,032	\$ 89,445	\$ 86,676
Contributions - employee	90,557	85,735	82,429	79,878
Contributions - service credit repurchase	2,559	2,175	1,917	2,181
Contributions - other	126	159	159	194
Net investment income	684,173	86,206	135,043	211,345
Benefit payments, including refund of employee contributions	(241,128)	(230,851)	(221,228)	(207,979)
Administrative expense	(2,678)	(2,095)	(2,251)	(2,129)
Net change in plan fiduciary net position	<u>631,873</u>	<u>34,361</u>	<u>85,514</u>	<u>170,166</u>
Plan fiduciary net position - beginning	<u>2,650,532</u>	<u>2,616,171</u>	<u>2,530,657</u>	<u>2,360,491</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 3,282,405</u></u>	<u><u>\$ 2,650,532</u></u>	<u><u>\$ 2,616,171</u></u>	<u><u>\$ 2,530,657</u></u>
Net pension liability (asset) - ending (a) - (b)	<u><u>\$ 1,053,655</u></u>	<u><u>\$ 1,530,504</u></u>	<u><u>\$ 1,377,253</u></u>	<u><u>\$ 1,332,858</u></u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	75.70 %	63.40 %	65.50 %	65.50 %
Covered payroll	\$ 770,700	\$ 729,661	\$ 701,528	\$ 679,809
Plan net pension liability (asset) as a percentage of covered payroll	136.70 %	209.80 %	196.10 %	196.10 %

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

**Restated in 2015 due to GASB 68 implementation.

STATE OF NORTH DAKOTA

2017	2016	2015	2014
\$ 75,476	\$ 68,239	\$ 60,618	\$ 56,752
276,412	265,440	249,064	237,821
—	—	—	—
(10,749)	(8,093)	2,209	9,347
—	—	171,325	—
(196,516)	(185,969)	(172,239)	(162,259)
<u>144,623</u>	<u>139,617</u>	<u>310,977</u>	<u>141,661</u>
3,589,394	3,449,777	3,138,800	2,997,139
<u>\$ 3,734,017</u>	<u>\$ 3,589,394</u>	<u>\$ 3,449,777</u>	<u>\$ 3,138,800</u>
\$ 86,059	\$ 82,840	\$ 78,422	\$ 62,355
79,309	76,343	72,268	56,555
2,553	2,768	1,601	2,034
236	45	172	48
266,688	8,239	73,205	294,246
(196,516)	(185,969)	(172,239)	(162,259)
(2,173)	(1,852)	(1,923)	(1,586)
<u>236,156</u>	<u>(17,586)</u>	<u>51,506</u>	<u>251,393</u>
<u>2,124,335</u>	<u>2,141,921</u>	<u>2,090,415</u>	<u>1,839,584</u>
<u>\$ 2,360,491</u>	<u>\$ 2,124,335</u>	<u>\$ 2,141,921</u>	<u>\$ 2,090,977</u>
<u>\$ 1,373,526</u>	<u>\$ 1,465,059</u>	<u>\$ 1,307,856</u>	<u>\$ 1,047,823</u>
63.20 %	59.20 %	62.10 %	66.60 %
\$ 674,971	\$ 649,725	\$ 615,105	\$ 580,053
203.50 %	225.50 %	212.60 %	180.60 %

STATE OF NORTH DAKOTA

Required Supplementary Information Schedule of Changes in Net Other Post Employment Benefit Liability and Related Ratios Retiree Health Insurance Credit Fund Last 10 Fiscal Years* (Dollars in thousands)

	2021	2020	2019	2018
Total OPEB liability (asset)				
Service cost	\$ 4,273	\$ 4,042	\$ 3,828	\$ 3,767
Interest	14,658	15,498	15,217	14,485
Change of benefit terms	—	—	—	—
Difference between expected and actual experience	2,165	315	(1,374)	2,732
Changes of assumptions	—	4,372	5,002	—
Benefit payments, including refund of employee contributions	(12,885)	(12,317)	(11,505)	(11,016)
Net change in total OPEB liability (asset)	8,211	11,910	11,168	9,968
Total OPEB liability (asset) - beginning	229,741	217,831	206,663	196,695
Total OPEB liability (asset) - ending (a)	\$ 237,952	\$ 229,741	\$ 217,831	\$ 206,663
Plan fiduciary net position				
Contributions - employer	\$ 13,111	\$ 13,392	\$ 12,977	\$ 12,834
Contributions - employee	16	16	16	16
Contributions - service credit repurchase	375	557	377	747
Net investment income	36,527	6,905	8,178	8,211
Benefit payments, including refund of employee contributions	(12,885)	(12,317)	(11,505)	(11,016)
Administrative expense	(431)	(454)	(437)	(480)
Other	—	10	—	—
Net change in plan fiduciary net position	36,713	8,109	9,606	10,312
Plan fiduciary net position - beginning	145,621	137,512	127,906	117,594
Plan fiduciary net position - ending (b)	\$ 182,334	\$ 145,621	\$ 137,512	\$ 127,906
Net OPEB liability (asset) - ending (a) - (b)	\$ 55,618	\$ 84,120	\$ 80,319	\$ 78,757
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	76.63 %	63.38 %	63.13 %	61.89 %
Covered payroll	\$ 1,090,258	\$ 1,139,971	\$ 1,115,858	\$ 1,094,217
Plan net OPEB liability (asset) as a percentage of covered employee payroll	5.10 %	7.38 %	7.20 %	7.20 %

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

STATE OF NORTH DAKOTA

2017

\$	3,430
	14,327
	—
	(2,231)
	8,861
	(10,014)
	<u>14,373</u>

182,322

\$	<u>196,695</u>
----	----------------

\$	12,576
	16
	464
	12,074
	(10,014)
	(443)
	—

14,673

102,921

\$	<u>117,594</u>
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\$	<u>79,101</u>
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59.78 %

\$	1,081,841
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7.31 %

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

STATE OF NORTH DAKOTA

Required Supplementary Information Schedule of Changes in Net Other Post Employment Benefit Liability and Related Ratios Met Life Insurance Plan Last 10 Fiscal Years* (Dollars in thousands)

	2021	2020	2019	2018
Total OPEB liability (asset)				
Service cost	\$ —	\$ —	\$ 4	\$ 4
Interest	32	37	42	43
Change of benefit terms		—	—	—
Difference between expected and actual experience		(192)	—	—
Changes of assumptions		46	—	—
Benefit payments, including refund of employee contributions	(83)	(78)	(84)	(80)
Net change in total OPEB liability (asset)	(51)	(187)	(38)	(33)
Total OPEB liability (asset) - beginning	1,266	1,453	1,491	1,524
Total OPEB liability (asset) - ending (a)	<u>\$ 1,215</u>	<u>\$ 1,266</u>	<u>\$ 1,453</u>	<u>\$ 1,491</u>
Plan fiduciary net position				
Contributions - employer	\$ 83	\$ 78	\$ 84	\$ 80
Contributions - employee	—	—	—	—
Contributions - service credit repurchase	—	—	—	—
Contributions - other	—	—	—	—
Net investment income	—	—	—	—
Benefit payments, including refund of employee contributions	(83)	(78)	(84)	(80)
Administrative expense	—	—	—	—
Net change in plan fiduciary net position	—	—	—	—
Plan fiduciary net position - beginning	—	—	—	—
Plan fiduciary net position - ending (b)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Net OPEB liability (asset) - ending (a) - (b)	<u>\$ 1,266</u>	<u>\$ 1,266</u>	<u>\$ 1,453</u>	<u>\$ 1,491</u>
Plan fiduciary net position as a percentage of the total OPEB	0.00 %	0.00 %	0.00 %	0.00 %
Covered payroll	n/a	n/a	n/a	n/a
Plan net OPEB liability (asset) as a percentage of covered payroll	n/a	n/a	n/a	n/a

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

STATE OF NORTH DAKOTA

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

ND Public Employees Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$157,543	\$140,537	\$127,129	\$125,714	\$116,564	\$124,336	\$107,514	\$107,864	\$97,985	\$91,458
Contribution in relation to the actuarially determined contribution	91,266	85,504	81,588	80,727	78,934	77,081	70,843	61,661	48,847	38,006
Contribution deficiency (excess)	<u>\$66,277</u>	<u>\$55,033</u>	<u>\$45,541</u>	<u>\$44,987</u>	<u>\$37,630</u>	<u>\$47,255</u>	<u>\$36,671</u>	<u>\$46,203</u>	<u>\$49,138</u>	<u>\$53,452</u>
Covered payroll	1,213,676	1,167,768	1,098,416	1,075,958	1,063,372	1,048,548	973,536	888,452	800,878	804,169
Contributions as a percentage of covered payroll	7.52 %	7.32 %	7.43 %	7.50 %	7.42 %	7.35 %	7.28 %	6.94 %	6.10 %	4.73 %

Highway Patrolmen's Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 4,081	\$ 3,256	\$ 2,936	\$ 2,949	\$ 3,060	\$ 2,307	\$ 2,201	\$ 2,348	\$ 2,191	\$ 2,171
Contribution in relation to the actuarially determined contribution	2,293	2,177	2,091	2,153	2,156	2,127	2,002	1,865	1,586	1,423
Contribution deficiency (excess)	<u>\$ 1,788</u>	<u>\$ 1,079</u>	<u>\$ 845</u>	<u>\$ 796</u>	<u>\$ 904</u>	<u>\$ 180</u>	<u>\$ 199</u>	<u>\$ 483</u>	<u>\$ 605</u>	<u>\$ 748</u>
Covered payroll	11,516	11,410	10,354	10,737	10,629	10,527	10,146	9,348	8,167	8,002
Contributions as a percentage of covered payroll	19.91 %	19.08 %	20.20 %	20.05 %	20.28 %	20.21 %	19.73 %	19.95 %	19.42 %	17.78 %

Job Service North Dakota

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Contribution in relation to the actuarially determined contribution	—	—	—	—	—	—	—	—	—	—
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	200	386	417	417	499	565	674	843	1,011	1,163
Contributions as a percentage of covered payroll	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

STATE OF NORTH DAKOTA

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

ND Teachers' Fund for Retirement

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$101,655	\$93,688	\$90,778	\$88,307	\$89,231	\$84,724	\$71,168	\$59,513	\$52,396	\$69,374
Contribution in relation to the actuarially determined contribution	98,264	93,032	89,445	86,676	86,059	82,840	78,422	62,355	59,301	46,126
Contribution deficiency (excess)	\$ 3,391	\$ 656	\$ 1,333	\$ 1,631	\$ 3,172	\$ 1,884	\$(7,254)	\$(2,842)	\$(6,905)	\$23,248
Covered payroll	770,700	729,661	701,528	679,809	674,971	649,725	615,105	580,053	551,656	527,156
Contributions as a percentage of covered payroll	12.75 %	12.75 %	12.75 %	12.75 %	12.75 %	12.75 %	12.75 %	10.75 %	10.75 %	8.75 %

Retiree Health Insurance Credit Plan

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$13,340	\$12,145	\$12,707	\$12,252	\$11,696	\$ 7,544	\$ 6,439	\$ 7,014	\$ 7,411	\$ 7,263
Contribution in relation to the actuarially determined contribution	13,111	13,392	12,977	12,835	12,575	12,350	11,479	10,710	9,960	9,388
Contribution deficiency (excess)	\$ 229	\$(1,247)	\$ (270)	\$ (583)	\$ (879)	\$(4,806)	\$(5,040)	\$(3,696)	\$(2,549)	\$(2,125)
Covered payroll	1,090,258	1,139,971	1,115,858	1,094,217	1,081,841	1,142,375	1,052,657	1,001,204	914,368	824,855
Contributions as a percentage of covered payroll	1.20 %	1.17 %	1.16 %	1.17 %	1.16 %	1.08 %	1.09 %	1.07 %	1.09 %	1.14 %

STATE OF NORTH DAKOTA

Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2021

ND Public Employees Retirement System

Benefit Changes	The interest rate earned on member contributions decreased from 7.00 percent to 6.50 percent effective January 1, 2021 (based on the adopted decrease in the investment return assumption). There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.
Changes of Assumptions	All actuarial assumptions used in the July 1, 2021 valuation are the same as the last actuarial valuation as of July 1, 2020.

Highway Patrolmen's Retirement System

Benefit Changes	There were no benefit changes during the year.
Changes of Assumptions	All actuarial assumptions used in the July 1, 2021 valuation are the same as the last actuarial valuation as of July 1, 2020.

Job Service North Dakota

Benefit Changes	There were no changes made in the plan provisions since the prior valuation.
Changes of Assumptions	<p>The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2021 actuarial valuation:</p> <ul style="list-style-type: none">• The investment return assumption was lowered from 4.25 to 3.75 percent for the July 1, 2020 valuation. <p>All other actuarial assumptions used in the July 1, 2021 are the same as the last actuarial valuation as of July 1, 2020.</p>

ND Teachers' Fund for Retirement

Changes of Assumptions	<p>In 2020, amounts reported as changes of assumptions resulted primarily from a decrease in the investment return assumption from 7.75% to 7.25%, the inflation assumption lowered from 2.75% to 2.30%, lower individual salary increases, and an updated mortality improvement scale.</p> <p>In 2015, amounts reported as changes of assumptions resulted primarily from a decrease in the investment return assumption from 8% to 7.75% and an updated mortality improvement scale.</p>
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Retiree Health Insurance Credit Plan

Benefit Changes	Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC.
Changes of Assumptions	All other actuarial assumptions used in the July 1, 2021 are the same as the last actuarial valuation as of July 1, 2020.

STATE OF NORTH DAKOTA

Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2021

Schedule of Employer Contributions

PERS

Valuation Date	July 1, 2020
Actuarial Cost Method	Entry Age Normal Method
Amortization Method	Level Percentage of Payroll, Open Period Assumed annual payroll growth of 3.50% (3.00% for Judges)
Remaining Amortization Period	20 Years
Asset Valuation Method	5-Year smoothed marked
Inflation	2.50%
Salary Increases	3.50% to 17.75% including inflation
Investment Rate of Return	7.0%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	Sex-distinct Pub-2010 tables for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.
Other Notes	<p>The interest rate on member contributions decreased from 7.00% to 6.50% effective January 1, 2021.</p> <p>The benefit accrual rate for members first enrolled on or after January 1, 2020 in the Main and Public Safety Systems is 1.75% (compared to 2.00% for members enrolled before January 1, 2020).</p> <p>The benefit accrual rate for members first enrolled on or after January 1, 2020 in the Main and Public Safety Systems is 1.75% (compared to 2.00% for members enrolled before January 1, 2020).</p> <p>The investment return assumption was updated from 7.50% to 7.00% beginning with the actuarial valuation as of July 1, 2020. Other updates to actuarial assumptions since the July 1, 2019 valuation include changes to mortality tables used for the valuation as well as changes to rates of annual salary increases, separation for active membership, disability, and retirement. The actuarial assumptions were based on an experience review for the period from July 1, 2014 to July 1, 2019</p> <p>The employer rates to the System are the statutory/Board approved contribution rates of 7.12% of payroll for the Main System (8.26% for members enrolled on or after January 1, 2020), 17.52% for the Judges System, 9.81% for Public Safety with prior Main System service System and 7.93% for Public Safety without prior Main System service System.</p>

STATE OF NORTH DAKOTA

Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2021

HPRS

Valuation Date	July 1, 2021
Actuarial Cost Method	Entry Age Normal Method
Amortization Method	Level Percentage of Payroll, Open Period Assumed annual payroll growth of 3.75%
Remaining Amortization Period	20 Years
Asset Valuation Method	5-Year smoothed marked
Inflation	2.25%
Salary Increases	Service-based table for members with less than five years of service and age-based table for members with more than five years of service.
Investment Rate of Return	For June 30, 2021, 7.0%. For June 30, 2020, 7.5%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.
Other Notes	<p>There were no benefit changes during the year.</p> <p>The economic assumptions were updated beginning with the actuarial valuation as of July 1, 2020 based on a review performed by GRS. The investment return assumption was decreased from 7.50% to 7.00% beginning with the actuarial valuation as of July 1, 2020. All other actuarial assumptions were adopted by the Board based on an experience study covering the period July 1 2014 through June 30 2019.</p> <p>The employer rate to the System is the statutory contribution rate of 19.70% of payroll.</p>

STATE OF NORTH DAKOTA

Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2021

JSND

Valuation Date	July 1, 2021
Actuarial Cost Method	Frozen Initial Liability (Aggregate since no initial Liability remains)
Amortization Method	Not Applicable
Asset Valuation Method	5-Year smoothed marked
Inflation	As of June 30, 2021, 2.25. As of June 30, 2020, 2.5%.
COLA	As of June 30, 2021, 2.25%. As of June 30, 2020, 2.5%.
Salary Increases	3.50%
Investment Rate of Return	As of June 30, 2021, 4.25%. As of June 30, 2020, 4.75%.
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Healthy Retiree Mortality table (for General Employees), sex distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.
Other Notes	<p>There were no benefit changes during the year.</p> <p>The assumptions were updated beginning with the actuarial valuation as of July 1, 2020 based on an experience study covering the period July 1, 2014 through July 1, 2019.</p> <p>The System has assets in excess of the present value of future benefits. Therefore, no employer contributions are being made</p>

STATE OF NORTH DAKOTA

Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2021

TFFR:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization Period	22 years
Asset valuation method	5-year smoothed market
Inflation	2.30%; decrease from 2.75% prior to 7/1/2020 and from 3% prior to 7/1/2015.
Salary increases	3.80% - 14.80% including inflation and productivity; 4.25% - 14.5% prior to 7/1/2020; 4.5% - 14.75% prior to 7/1/2015.
Investment rate of return	7.25%, net of investment expenses, including inflation; rate decreased from 7.75 beginning 7/1/2020 and decreased from 8% beginning 7/1/2015.
Retirement age	In the 2020 and 2015 valuation, rates of retirement were changed to better reflect anticipated future experience.
Mortality	<p>In the 2020 valuation, the PubT-2010 pre-retirement, retiree and contingent survivor tables were adopted and for disabled members, PubNS-2010 tables were adopted; all with generational improvement.</p> <p>In the 2015 valuation, assumed life expectancies were adjusted as a result of adopting the RP-2014 mortality tables with generational improvement. In prior years, those assumptions were based on percentages of GRS post termination non-disabled tables and RP-2000 disabled-life tables.</p>

STATE OF NORTH DAKOTA

Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2021

RHIC

Valuation Date	July 1, 2020
Actuarial Cost Method	Entry Age Normal Method
Amortization Method	N/A
Asset Valuation Method	5-Year smoothed marked
Inflation	2.25%
Salary Increases	Not Applicable
Investment Rate of Return	6.50%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Healthy Retiree Mortality table (for General Employees), sex distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.
Other Notes	<p>Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.</p> <p>The investment return assumption was decreased from 7.25% to 6.5% beginning with the actuarial valuation as of July 1, 2020. All other actuarial assumptions were adopted by the Board based on an experience study covering the period July 1, 2015, through June 30, 2019.</p> <p>The determination of the actuarial rate was changed effective July 1, 2019 to equal the rate needed to pay off the unfunded liability and future NC contributions at the end of 20 years as a level percent of closed group (decreasing) payroll</p> <p>The employer rate to the System is the statutory contribution rate of 1.14% of payroll.</p>

Schedule of Investment Returns

	Public Employees Retirement System	Highway Patrolmen's Retirement System	Job Service North Dakota	Teachers' Fund for Retirement	Retiree Health Insurance Credit Fund
2021	27.43 %	23.90 %	6.81 %	26.36 %	25.58 %
2020	3.57 %	3.28 %	3.09 %	3.37 %	5.37 %
2019	5.69 %	5.39 %	7.00 %	5.46 %	6.75 %
2018	9.21 %	9.16 %	3.32 %	9.15 %	7.01 %
2017	13.01 %	12.93 %	5.85 %	12.81 %	11.75 %
2016	0.49 %	0.48 %	5.14 %	0.39 %	0.83 %
2015	3.61 %	3.66 %	3.41 %	3.56 %	0.00 %
2014	16.29 %	16.20 %	13.46 %	16.35 %	0.00 %
2013	13.52 %	13.38 %	12.07 %	13.60 %	0.00 %

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

STATE OF NORTH DAKOTA

Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2021

Met Life Insurance Plan:

Actuarial Cost Method	Entry age normal actuarial cost method was used in the valuation.
Changes of Assumptions	<p>The following changes were made to the actuarial assumptions and methods effecting July 1, 2020:</p> <ul style="list-style-type: none">• The discount rate is 2.66 percent based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2020, compared to the prior discount rate of 2.98%.• Mortality was updated from table RP-2-14 adjusted to 2006 and projected using scale MP-2017 to table RP-2014 adjusted to 2006 and projected using scale MP-2019.

Combining Financial Statements

Nonmajor Governmental Funds

Permanent Fund

A permanent fund is used to report resources that are legally restricted to the extent than only earnings, and not principal, may be used to for the benefit of the government or its citizens.

956-Coal Development Permanent Fund

The Coal Development Fund reports resources that are constitutionally committed for distribution to other state funds and for making loans to energy impacted entities and school districts.

410-Veterans' Postwar Trust Fund

The Veterans' Postwar Trust Fund reports resources that are constitutionally committed to be utilized for programs which must be of benefit and service to veterans, who are defined by legislative enactment, or their dependents.

Capital Projects Fund

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

BUILDING AUTHORITY

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

Debt Service Funds

A debt service fund is used to account for accumulation for resources for, and the payment of, principal and interest on long-term debt.

BUILDING AUTHORITY

919 - Building Authority Debt Service Fund

Account for accumulation of resources for, and the payment of, principal and interest on bonds issued by the North Dakota Building Authority.

STATE OF NORTH DAKOTA

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2021

	Perm Trust Fund			Debt Service Funds	Capital Proj. Fund	Total Nonmajor Governmental Funds
	Coal Development Trust Fund	Veteran's Postwar Trust Fund	Total	Building Authority	Building Authority	
ASSETS						
Cash Deposits at the Bank of ND	\$ 326,192	\$ 182,185	\$ 508,377	\$ 87,000	\$35,199,645	\$ 35,795,022
Cash and Cash Equivalents	—	64,834	64,834	—	—	64,834
Investments at the Bank of ND	—	30,000	30,000	663,000	—	693,000
Investments	31,776,485	7,901,304	39,677,789	—	—	39,677,789
Accounts Receivable - Net	—	16	16	—	—	16
Taxes Receivable - Net	106,344	354	106,698	—	—	106,698
Interest Receivable - Net	66,970	14,314	81,284	—	—	81,284
Due from Other Funds	—	20	20	—	—	20
Loans and Notes Receivable - Net	39,646,046	—	39,646,046	—	—	39,646,046
Total Assets	71,922,037	8,193,027	80,115,064	750,000	35,199,645	116,064,709
DEFERRED OUTFLOWS OF RESOURCES						
Total Deferred Outflows of Resources	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 71,922,037	\$ 8,193,027	\$80,115,064	\$ 750,000	\$35,199,645	\$ 116,064,709
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	310	13,586	13,896	—	—	13,896
Accrued Payroll	105	—	105	—	—	105
Securities Lending Collateral	653,760	—	653,760	—	—	653,760
Due to Other Funds	150,191	—	150,191	—	5,796,000	5,946,191
Total Liabilities	804,366	13,586	817,952	—	5,796,000	6,613,952
DEFERRED INFLOWS OF RESOURCES						
Total Deferred Inflows of Resources	—	—	—	—	—	—
Fund Balances:						
Nonspendable	71,010,157	7,767,430	78,777,587	—	—	78,777,587
Restricted	—	—	—	750,000	29,403,645	30,153,645
Committed	107,514	412,011	519,525	—	—	519,525
Total Fund Balances	71,117,671	8,179,441	79,297,112	750,000	29,403,645	109,450,757
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 71,922,037	\$ 8,193,027	\$80,115,064	\$ 750,000	\$35,199,645	\$ 116,064,709

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2021

	Perm Trust Fund			Debt Service Funds	Capital Proj. Fund	Total Nonmajor Governmental Funds
	Coal Development Trust Fund	Veteran's Postwar Trust Fund	Total	Building Authority	Building Authority	
REVENUES						
Individual and Corporate Income Taxes	\$ —	\$ 25,391	\$ 25,391	\$ —	\$ —	\$ 25,391
Oil, Gas, and Coal Taxes	1,468,023	—	1,468,023	—	—	1,468,023
Licenses, Permits and Fees	—	14,130	14,130	—	—	14,130
Sales and Services	—	7,430	7,430	—	—	7,430
Interest and Investment Income	746,814	1,473,428	2,220,242	5,000	55,000	2,280,242
Miscellaneous	—	25,365	25,365	—	—	25,365
Total Revenues	2,214,837	1,545,744	3,760,581	5,000	55,000	3,820,581
EXPENDITURES						
Current:						
General Government	20,127	61,922	82,049	—	—	82,049
Health and Human Services	—	144,493	144,493	—	—	144,493
Regulatory	—	—	—	562,000	—	562,000
Capital Outlay	—	—	—	—	4,928,000	4,928,000
Debt Service:						
Principal	—	—	—	4,620,000	—	4,620,000
Interest and Other Charges	—	—	—	3,300,000	—	3,300,000
Total Expenditures	20,127	206,415	226,542	8,482,000	4,928,000	13,636,542
Revenues over (under) Expenditures	2,194,710	1,339,329	3,534,039	(8,477,000)	(4,873,000)	(9,815,961)
OTHER FINANCING SOURCES (USES)						
Bonds and Notes Issued	—	—	—	3,215,000	84,050,006	87,265,006
Transfers In	—	—	—	5,309,000	—	5,309,000
Transfers Out	(1,827,616)	—	(1,827,616)	—	(46,495,361)	(48,322,977)
Total Other Financing Sources (Uses)	(1,827,616)	—	(1,827,616)	8,524,000	37,554,645	44,251,029
Net Change in Fund Balances	367,094	1,339,329	1,706,423	47,000	32,681,645	34,435,068
Fund Balances - Beginning of Year	70,750,577	6,840,112	77,590,689	703,000	(3,278,000)	75,015,689
Fund Balances - End of Year	<u>\$ 71,117,671</u>	<u>\$ 8,179,441</u>	<u>\$79,297,112</u>	<u>\$ 750,000</u>	<u>\$29,403,645</u>	<u>\$ 109,450,757</u>

STATE OF NORTH DAKOTA

Nonmajor Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the State is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the State has decided that periodic determination of net income is appropriate for accountability purposes.

BANK OF NORTH DAKOTA

907 – School Construction Assistance Revolving Loan Fund Fund used to provide low-interest school construction loans.

909 – Small Employer Loan Fund (SELF)

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

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

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

934 – Infrastructure Revolving Loan Fund

Fund used to provide loans to political subdivisions for essential infrastructure projects.

954 - Addiction Counselor Internship Loan Program

Fund used to provide loans to qualified individuals participating in a paid or unpaid internship at a licensed substance abuse treatment facility in North Dakota in order to obtain licensure as an addiction counselor.

984 – Medical Facility Infrastructure Loan Program

Fund used to make loans to medical facilities to conduct construction that improves the health care infrastructure in the state or improves access to existing nonprofit health care providers in the state.

985 – Rebuilders Loan Program

Fund used to make loans to North Dakota 2011 flood-damaged homeowners to provide financial assistance needed to repair their home.

BONDING

210 (924) - State Bonding Fund

Fund used to maintain the bonding of public employees and officials of the state, county, city or other unit of local government.

COMMUNITY WATER FACILITY LOAN

974 - Community Water Facility Loan Fund

Accounts for supplementary financing in conjunction with federal moneys available to improve adequate water supplies.

FIRE AND TORNADO

211 (923) - State Fire and Tornado Fund

Accounts for state agencies and political subdivisions to insure against loss to the public buildings, fixtures and permanent contents therein, through fire, lightning, windstorm, etc.

GUARANTEED STUDENT LOAN

969 - North Dakota Guaranteed Student Loan

Accounts for the revenues and expenses associated with the administration, development and operation of the guaranteed loan program.

HIT PLANNING LOAN FUND

987 – HIT Planning Loan Fund

Fund to provide low-interest loans to health care entities to improve health information technology infrastructure.

INFORMATION TECHNOLOGY DEPARTMENT

408 (903) - Edutech Fund

Fund used for professional development sessions and presentations by the Information and Technology Department.

476 (908) – SW Interoperable Radio Network Fund

Fund used for a radio broadcasting system for the state that enables seamless interoperable communications from local, state, and federal levels.

MILL AND ELEVATOR

970 – Mill and Elevator

Accounts for revenues and expenditures associated with the operation of the Mill and Elevator.

PERS UNIFORM GROUP INSURANCE

980 - Public Employees Retirement System Group Insurance

Accounts for the administrative revenues and expenses associated with this insurance purchasing pool.

ROUGH RIDER INDUSTRIES

926 - Roughrider Industries

Accounts for the revenues and expenses associated with the operation, manufacture and sale of products made by the prison inmates.

STATE FAIR

601 (977) - State Fair

Accounts for revenues and expenditures associated with the operation of the State Fair.

STATE LOTTERY FUND

966 (292) - State Lottery Fund

Accounts for operations of the North Dakota lottery.

STUDENT LOAN

975 - North Dakota Student Loan Trust

Accounts for loans to students in post secondary education. The trust acquires eligible loans guaranteed or insured by the United States government or the North Dakota Guaranteed Student Loan Program.

STATE OF NORTH DAKOTA

Combining Statement of Net Position Nonmajor Enterprise Funds June 30, 2021

	Addiction Counselor Internship Loan	Bonding	Community Water Facility Loan	Edutech	Fire and Tornado	Guaranteed Student Loan
ASSETS						
Current Assets:						
Cash Deposits at the Bank of ND	\$ 95,922	\$ 65,624	\$ 22,232,000	\$ 1,008,103	\$ 312,262	\$ 50,011,804
Cash and Cash Equivalents	—	1,731,443	—	—	2,283,236	—
Investments at the Bank of ND	—	—	—	—	—	—
Investments	—	2,101,781	—	—	20,474,754	—
Accounts Receivable - Net	—	151,219	—	2,730	5,749	—
Interest Receivable - Net	616	23,096	137,000	—	135,086	—
Intergovernmental Receivable - Net	—	—	—	4,629	—	—
Due from Other Funds	—	—	—	—	—	—
Prepaid Items	—	—	—	—	342,065	—
Inventory	—	—	—	—	—	—
Loans and Notes Receivable - Net	7,331	—	601,000	—	—	—
Other Assets	—	—	—	—	—	—
Restricted Cash at the Bank of ND	—	—	—	—	—	4,536
Restricted Cash and Cash Equivalents	—	—	—	—	—	—
Restricted Investments at the Bank of ND	—	—	—	—	—	—
Restricted Loans Receivable - Net	—	—	—	—	—	—
Total Current Assets	103,869	4,073,163	22,970,000	1,015,462	23,553,152	50,016,340
Noncurrent Assets:						
Loans and Notes Receivable - Net	84,265	—	13,466,000	—	—	—
Other Noncurrent Assets	—	—	—	—	—	—
Capital Assets:						
Nondepreciable	—	—	—	—	—	—
Depreciable, Net	—	—	—	—	—	—
Total Noncurrent Assets	84,265	—	13,466,000	—	—	—
Total Assets	188,134	4,073,163	36,436,000	1,015,462	23,553,152	50,016,340
DEFERRED OUTFLOWS OF RESOURCES						
Decrease in Fair Value of Hedging Derivatives	—	—	—	—	—	—
Derived from Pensions	—	—	—	—	—	—
Derived from OPEB	—	—	—	—	—	—
Total Deferred Outflows of Resources	—	—	—	—	—	—
LIABILITIES						
Current Liabilities:						
Accounts Payable	—	266	—	7,688	399	—
Accrued Payroll	—	—	—	15,383	—	—
Securities Lending Collateral	—	5,979	—	—	74,012	—
Interest Payable	—	1,756	—	—	21,662	—
Intergovernmental Payable	—	—	—	—	4,415	6,004,536
Due to Other Funds	—	—	18,000	45,647	—	151,626
Claims/Judgments Payable	—	134,068	—	—	1,808,842	—
Compensated Absences Payable	—	—	—	—	—	—
Bonds Payable	—	—	—	—	—	—
Unearned Revenue	—	—	—	—	—	—
Total Current Liabilities	—	142,069	18,000	68,718	1,909,330	6,156,162
Noncurrent Liabilities:						
Compensated Absences Payable	—	—	—	—	—	—
Bonds Payable	—	—	—	—	—	—
Financial Derivative Instrument	—	—	—	—	—	—
Net Pension Liability	—	—	—	—	—	—
Net Pension OPEB	—	—	—	—	—	—
Other Noncurrent Liabilities	—	—	—	—	—	23,337,976
Total Noncurrent Liabilities	—	—	—	—	—	23,337,976
Total Liabilities	—	142,069	18,000	68,718	1,909,330	29,494,138
DEFERRED INFLOWS OF RESOURCES						
Derived from Pensions	—	—	—	—	—	—
Derived from OPEB	—	—	—	—	—	—
Total Deferred Inflows of Resources	—	—	—	—	—	—
Net Position						
Net Investment in Capital Assets	—	—	—	—	—	—
Restricted for:						
Debt Service	—	—	—	—	—	—
Other	—	—	—	—	—	—
Unrestricted	188,134	3,931,094	36,418,000	946,744	21,643,822	20,522,202
Total Net Position	\$ 188,134	\$ 3,931,094	\$ 36,418,000	\$ 946,744	\$ 21,643,822	\$ 20,522,202

HIT Planning Loan Fund	Infrastructure Revolving Loan Fund	Interoperable Radio Network Fund	Innovation Loan Fund	Medical Facility Infrastructure Loan Fund	Mill and Elevator	PERS Uniform Group Insurance	Rebuilders Loan Program	Roughrider Industries
\$ —	\$ 24,772,000	\$ 21,286,111	\$ 1,514,000	\$ 4,795,000	\$ 1,854,533	\$ 1,699,735	\$ 442,738	\$ 11,282,844
—	—	—	—	—	—	1,719,117	—	500
—	—	—	—	—	—	—	—	—
—	—	470,580	—	—	52,803,836	32,716,340	—	—
1,716	750,000	—	—	29,000	—	182,412	—	772,677
—	—	—	—	—	—	—	33,499	—
—	—	511,556	—	—	—	—	—	159,252
—	—	—	—	—	980,493	—	—	24,217
—	—	—	—	—	29,934,013	—	—	2,243,426
716,417	6,160,000	—	—	2,018,000	—	—	1,706,973	—
—	—	—	—	—	—	105,400	—	182
7,419,876	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
8,138,009	31,682,000	22,268,247	1,514,000	6,842,000	85,572,875	36,423,004	2,183,210	14,483,098
1,228,301	95,209,000	—	12,714,000	43,428,000	—	—	17,183,756	—
—	—	—	—	—	821,191	—	—	—
—	—	10,370,210	—	—	24,153,988	—	—	—
—	—	2,482,411	—	—	103,429,574	92,841	—	1,366,766
1,228,301	95,209,000	12,852,621	12,714,000	43,428,000	128,404,753	92,841	17,183,756	1,366,766
9,366,310	126,891,000	35,120,868	14,228,000	50,270,000	213,977,628	36,515,845	19,366,966	15,849,864
—	—	—	—	—	497,649	—	—	—
—	—	—	—	—	16,142,741	—	—	2,521,582
—	—	—	—	—	325,138	—	—	42,811
—	—	—	—	—	16,965,528	—	—	2,564,393
3,036	—	6,772,566	—	—	18,625,855	196,195	3,785	140,758
—	—	19,397	—	—	804,410	85,798	—	406,227
—	—	—	—	—	—	—	—	—
—	—	400,500	—	—	—	—	—	—
—	128,000	33,174	16,000	57,000	69,467,879	13,480	19,225,970	14,536
—	—	—	—	—	—	—	—	—
—	—	—	—	—	102,865	6,720	—	—
—	—	—	—	—	—	—	—	—
3,036	128,000	7,225,637	16,000	57,000	89,001,009	302,193	19,229,755	561,521
—	—	—	—	—	1,117,359	73,663	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	497,650	—	—	—
—	—	—	—	—	25,807,034	—	—	4,124,686
—	—	—	—	—	653,232	—	—	106,723
—	—	—	—	—	—	—	—	—
—	—	—	—	—	28,075,275	73,663	—	4,231,409
3,036	128,000	7,225,637	16,000	57,000	117,076,284	375,856	19,229,755	4,792,930
—	—	—	—	—	3,923,167	—	—	628,430
—	—	—	—	—	15,661	—	—	5,077
—	—	—	—	—	3,938,828	—	—	633,507
—	—	12,852,620	—	—	127,583,562	92,841	—	1,366,767
—	—	—	—	—	—	—	—	—
9,363,274	126,763,000	15,042,611	14,212,000	50,213,000	(17,655,518)	36,047,148	137,211	11,621,053
\$ 9,363,274	\$ 126,763,000	\$ 27,895,231	\$ 14,212,000	\$ 50,213,000	\$ 109,928,044	\$ 36,139,989	\$ 137,211	\$ 12,987,820

STATE OF NORTH DAKOTA

Combining Statement of Net Position Nonmajor Enterprise Funds (Continued) June 30, 2021

	School Construction Assistance Loan Fund	Small Employer Loan Fund	State Fair	State Lottery Fund	Student Loan	Total
ASSETS						
Current Assets:						
Cash Deposits at the Bank of ND	\$ 47,077,000	\$ 1,808,000	\$ 4,038,851	\$ 8,213,483	\$ —	\$ 202,510,010
Cash and Cash Equivalents	—	—	—	453,389	—	6,187,685
Investments at the Bank of ND	—	—	2,000,000	—	—	2,000,000
Investments	—	—	—	—	—	55,292,875
Accounts Receivable - Net	—	—	111,531	144,893	—	54,645,627
Interest Receivable - Net	1,396,000	25,000	—	—	—	2,531,013
Intergovernmental Receivable - Net	—	—	—	—	—	4,629
Due from Other Funds	—	—	—	—	6,000	676,808
Prepaid Items	—	—	54,877	10,000	—	1,411,652
Inventory	—	—	—	—	—	32,177,439
Loans and Notes Receivable - Net	16,971,000	2,934,000	—	—	—	31,114,721
Other Assets	—	—	—	—	—	105,582
Restricted Cash at the Bank of ND	—	—	—	—	—	7,424,412
Restricted Cash and Cash Equivalents	—	—	—	—	535,000	535,000
Restricted Investments at the Bank of ND	—	—	—	—	1,000,000	1,000,000
Restricted Loans Receivable - Net	—	—	—	—	189,000	189,000
Total Current Assets	65,444,000	4,767,000	6,205,259	8,821,765	1,730,000	397,806,453
Noncurrent Assets:						
Loans and Notes Receivable - Net	242,250,000	22,840,000	—	—	492,000	448,895,322
Other Noncurrent Assets	—	—	—	1,369,406	—	2,190,597
Capital Assets:						
Nondepreciable	—	—	741,502	—	—	35,265,700
Depreciable, Net	—	—	22,319,911	11,841	—	129,703,344
Total Noncurrent Assets	242,250,000	22,840,000	23,061,413	1,381,247	492,000	616,054,963
Total Assets	307,694,000	27,607,000	29,266,672	10,203,012	2,222,000	1,013,861,416
DEFERRED OUTFLOWS OF RESOURCES						
Decrease in Fair Value of Hedging Derivatives	—	—	—	—	—	497,649
Derived from Pensions	—	—	1,558,665	1,130,983	—	21,353,971
Derived from OPEB	—	—	17,601	17,720	—	403,270
Total Deferred Outflows of Resources	—	—	1,576,266	1,148,703	—	22,254,890
LIABILITIES						
Current Liabilities:						
Accounts Payable	—	36,000	25,102	1,154,664	—	26,966,314
Accrued Payroll	—	—	—	92,547	—	1,423,762
Securities Lending Collateral	—	—	—	—	—	79,991
Interest Payable	—	—	—	—	—	23,418
Intergovernmental Payable	—	—	—	—	2,000	6,411,451
Due to Other Funds	333,000	—	—	6,406,630	—	95,910,942
Claims/Judgments Payable	—	—	—	—	—	1,942,910
Compensated Absences Payable	—	—	70,000	—	—	179,585
Bonds Payable	—	—	130,000	—	—	130,000
Unearned Revenue	—	—	—	265,890	—	265,890
Total Current Liabilities	333,000	36,000	225,102	7,919,731	2,000	133,334,263
Noncurrent Liabilities:						
Compensated Absences Payable	—	—	20,693	77,929	—	1,289,644
Bonds Payable	—	—	1,297,274	—	1,000,000	2,297,274
Financial Derivative Instrument	—	—	—	—	—	497,650
Net Pension Liability	—	—	2,606,290	1,884,569	—	34,422,579
Net Pension OPEB	—	—	67,435	48,762	—	876,152
Other Noncurrent Liabilities	—	—	—	—	—	23,337,976
Total Noncurrent Liabilities	—	—	3,991,692	2,011,260	1,000,000	62,721,275
Total Liabilities	333,000	36,000	4,216,794	9,930,991	1,002,000	196,055,538
DEFERRED INFLOWS OF RESOURCES						
Derived from Pensions	—	—	607,572	285,350	—	5,444,519
Derived from OPEB	—	—	13,052	2,857	—	36,647
Total Deferred Inflows of Resources	—	—	620,624	288,207	—	5,481,166
Net Position						
Net Investment in Capital Assets	—	—	21,634,139	11,841	—	163,541,770
Restricted for:						
Debt Service	—	—	—	—	724,000	724,000
Other	—	—	—	1,369,406	—	1,369,406
Unrestricted	307,361,000	27,571,000	4,371,381	(248,730)	496,000	668,944,426
Total Net Position	\$ 307,361,000	\$ 27,571,000	\$ 26,005,520	\$ 1,132,517	\$ 1,220,000	\$ 834,579,602



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STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Enterprise Funds For the Fiscal Year Ended June 30, 2021

	Addiction Counselor Internship Loan	Bonding	Community Water Facility Loan	Edutech	Fire and Tornado	Guaranteed Student Loan
OPERATING REVENUES						
Sales and Services	\$ —	\$ 1,240	\$ —	\$ 216,689	\$ 1,046,989	\$ 6,973,189
Grants and Contributions	—	—	—	—	—	—
Royalties and Rents	—	—	—	—	—	—
Interest and Investment Income	3,229	—	503,000	—	—	—
Miscellaneous	—	19,875	—	—	—	—
Total Operating Revenues	3,229	21,115	503,000	216,689	1,046,989	6,973,189
OPERATING EXPENSES						
Cost of Sales and Services	—	—	—	—	—	—
Salaries and Benefits	—	—	—	182,762	—	—
Operating	5,950	—	90,000	142,134	653,522	6,364,286
Claims	—	58,691	—	—	4,290,040	—
Interest	—	—	—	—	—	—
Depreciation	—	—	—	—	—	—
Miscellaneous	—	—	—	—	73,985	—
Total Operating Expenses	5,950	58,691	90,000	324,896	5,017,547	6,364,286
Operating Income (Loss)	(2,721)	(37,576)	413,000	(108,207)	(3,970,558)	608,903
NONOPERATING REVENUES (EXPENSES)						
Grants and Contracts	—	—	—	—	—	—
Interest and Investment Income	90	67,139	28,000	—	3,489,505	71,430
Interest Expense	—	(4,432)	—	—	(52,794)	—
Gain (Loss) on Sale of Capital Assets	—	—	—	—	—	—
Other	—	—	121,000	—	—	—
Total Nonoperating Revenues (Expenses)	90	62,707	149,000	—	3,436,711	71,430
Income (Loss) Before Contributions and Transfers	(2,631)	25,131	562,000	(108,207)	(533,847)	680,333
Transfers In	—	—	—	—	—	—
Transfer Out	—	—	—	—	—	—
Change in Net Position	(2,631)	25,131	562,000	(108,207)	(533,847)	680,333
Total Net Position - Beginning of Year, as Restated	190,765	3,905,963	35,856,000	1,054,951	22,177,669	19,841,869
Total Net Position - End of Year	\$ 188,134	\$ 3,931,094	\$ 36,418,000	\$ 946,744	\$ 21,643,822	\$ 20,522,202

HIT Planning Loan Fund	Infrastructure Revolving Loan Fund	Interoperable Radio Network Fund	Innovation Loan Fund	Medical Facility Infrastructure Loan Fund	Mill and Elevator	PERS Uniform Group Insurance	Rebuilders Loan Program	Roughrider Industries
\$ —	\$ —	\$ 8,183,045	\$ —	\$ —	\$ 267,825,234	\$ 367,921,342	\$ —	\$ 8,267,781
—	—	—	—	—	116,689	—	—	—
—	—	—	—	—	—	—	—	180,283
36,975	2,094,000	—	—	463,000	—	—	226,677	—
—	—	—	—	—	—	47	288,411	48,987
36,975	2,094,000	8,183,045	—	463,000	267,941,923	367,921,389	515,088	8,497,051
—	—	—	—	—	214,408,384	—	—	4,898,987
—	—	154,264	—	—	24,026,759	1,005,078	—	2,869,236
14,381	583,000	8,508,247	498,000	237,000	8,790,276	367,684,839	234,110	806,957
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	1,308,128	—	—	6,236,827	101,221	—	194,432
—	—	—	—	—	—	4,408	—	—
14,381	583,000	9,970,639	498,000	237,000	253,462,246	368,795,546	234,110	8,769,612
22,594	1,511,000	(1,787,594)	(498,000)	226,000	14,479,677	(874,157)	280,978	(272,561)
—	—	—	—	—	—	—	—	—
—	22,000	67,427	4,000	5,000	4,431	1,276,946	281	—
—	—	—	—	—	(1,247,260)	—	(316,792)	—
—	—	—	—	—	—	—	—	(6,750)
—	—	—	—	—	223,472	(87,500)	—	—
—	22,000	67,427	4,000	5,000	(1,019,357)	1,189,446	(316,511)	(6,750)
22,594	1,533,000	(1,720,167)	(494,000)	231,000	13,460,320	315,289	(35,533)	(279,311)
—	—	—	5,000,000	—	—	—	—	—
—	—	—	—	—	(7,113,748)	—	—	—
22,594	1,533,000	(1,720,167)	4,506,000	231,000	6,346,572	315,289	(35,533)	(279,311)
9,340,680	125,230,000	29,615,398	9,706,000	49,982,000	103,581,472	35,824,700	172,744	13,267,131
\$ 9,363,274	\$ 126,763,000	\$ 27,895,231	\$ 14,212,000	\$ 50,213,000	\$ 109,928,044	\$ 36,139,989	\$ 137,211	\$ 12,987,820

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Enterprise Funds (Continued) For the Fiscal Year Ended June 30, 2021

	School Construction Assistance Loan Fund	Small Employer Loan Fund	State Fair	State Lottery Fund	Student Loan	Total
OPERATING REVENUES						
Sales and Services	\$ —	\$ —	\$ 1,063,512	\$ 30,501,286	\$ —	\$ 692,000,307
Grants and Contributions	—	—	105,272	—	—	221,961
Royalties and Rents	—	—	—	—	—	180,283
Interest and Investment Income	4,656,000	262,000	—	—	44,000	8,288,881
Miscellaneous	—	—	—	—	—	357,320
Total Operating Revenues	4,656,000	262,000	1,168,784	30,501,286	44,000	701,048,752
OPERATING EXPENSES						
Cost of Sales and Services	—	—	—	—	—	219,307,371
Salaries and Benefits	—	—	1,990,811	1,289,956	—	31,518,866
Operating	1,508,000	1,410,000	732,264	22,338,814	18,000	420,619,780
Claims	—	—	—	—	—	4,348,731
Interest	—	—	—	—	8,000	8,000
Depreciation	—	—	1,463,092	2,753	—	9,306,453
Miscellaneous	—	—	—	—	—	78,393
Total Operating Expenses	1,508,000	1,410,000	4,186,167	23,631,523	26,000	685,187,594
Operating Income (Loss)	3,148,000	(1,148,000)	(3,017,383)	6,869,763	18,000	15,861,158
NONOPERATING REVENUES (EXPENSES)						
Grants and Contracts	—	—	634,710	—	—	634,710
Interest and Investment Income	48,000	4,000	25,889	7,049	3,000	5,124,187
Interest Expense	—	—	(52,700)	—	—	(1,673,978)
Gain (Loss) on Sale of Capital Assets	—	—	14,731	—	—	7,981
Other	—	—	(663)	—	—	256,309
Total Nonoperating Revenues (Expenses)	48,000	4,000	621,967	7,049	3,000	4,349,209
Income (Loss) Before Contributions and Transfers	3,196,000	(1,144,000)	(2,395,416)	6,876,812	21,000	20,210,367
Transfers In	—	10,000,000	—	—	—	15,000,000
Transfer Out	(1,300,000)	—	—	(7,420,000)	—	(15,833,748)
Change in Net Position	1,896,000	8,856,000	(2,395,416)	(543,188)	21,000	19,376,619
Total Net Position - Beginning of Year, as Restated	305,465,000	18,715,000	28,400,936	1,675,705	1,199,000	815,202,983
Total Net Position - End of Year	\$ 307,361,000	\$ 27,571,000	\$ 26,005,520	\$ 1,132,517	\$ 1,220,000	\$ 834,579,602



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STATE OF NORTH DAKOTA

Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Fiscal Year Ended June 30, 2021

	Addition Counselor Internship Loan Program	Bonding	Community Water Facility Loan	Edutech	Fire and Tornado
Cash Flows from Operating Activities:					
Receipts from Customers and Users	\$ —	\$ 16,868	\$ —	\$ 215,021	\$ 1,046,042
Interest Income on Loans	—	—	—	—	—
Receipts from Loan Principal Repayments	—	—	—	—	—
Receipts from Other Funds	—	—	—	—	—
Payments to Other Funds	—	—	—	—	(7,916)
Payments for Loan Funds	—	—	—	—	—
Payments to Suppliers	—	—	(97,000)	(95,867)	(766,512)
Payments to Employees	—	(219)	—	(182,237)	—
Claim Payments	—	(58,691)	—	—	(3,586,349)
Payments to Others	(5,950)	—	—	—	—
Other	—	—	—	—	—
Net Cash Provided by (Used for) Operating Activities	(5,950)	(42,042)	(97,000)	(63,083)	(3,314,735)
Cash Flows from Noncapital Financing Activities:					
Proceeds from Sale of Notes and Other Borrowings	—	—	—	—	—
Principal Payments - Notes and Other Borrowings	—	—	—	—	—
Interest Payments - Bonds	—	—	—	—	—
Interest Payments - Notes and Other Borrowings	—	—	—	—	—
Transfers In	—	—	—	—	—
Transfers Out	—	—	—	—	—
Principal Payments on Due To Other Funds	—	—	—	—	—
Contributions	—	—	—	—	—
Grants Received	—	—	—	—	—
Net Cash Provided by (Used for) Noncapital Financing Activities	—	—	—	—	—
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	—	—	—	—	—
Principal Payments - Bonds	—	—	—	—	—
Interest Payments - Bonds	—	—	—	—	—
Payment of Bond Issue Costs	—	—	—	—	—
Net Cash Provided by (Used for) Capital and Related Financing Activities	—	—	—	—	—
Cash Flows from Investing Activities:					
Proceeds from Sale and Maturities of Investment Securities	—	—	—	—	—
Purchase of Investment Securities	—	(24,370)	—	—	16,462
Interest and Dividends on Investments	90	56,895	28,000	—	3,444,981
Proceeds from Sale of Other Real Estate	—	—	—	—	—
Disbursements for Loans and Loan Purchases	(22,500)	—	—	—	—
Receipt of Loan Principal Repayments	—	—	5,884,000	—	—
Proceeds from Collection of Loans and Notes Receivable	37,998	—	—	—	—
Loan Income Received	2,681	—	638,000	—	—
Net Cash Provided by (Used for) Investing Activities	18,269	32,525	6,550,000	—	3,461,443
Net Change in Cash:					
Net Increase (Decrease) in Cash and Cash Equivalents	12,319	(9,517)	6,453,000	(63,083)	146,708
Cash and Cash Equivalents at June 30, 2020	83,603	1,806,584	15,779,000	1,071,186	2,448,790
Cash and Cash Equivalents at June 30, 2021	\$ 95,922	\$ 1,797,067	\$ 22,232,000	\$ 1,008,103	\$ 2,595,498
Reconciliation:					
Current:					
Cash Deposits at the Bank of North Dakota	95,922	65,624	22,232,000	1,008,103	312,262
Cash and Cash Equivalents	—	1,731,443	—	—	2,283,236
Restricted Cash Deposits at the Bank of North Dakota	—	—	—	—	—
Restricted Cash and Cash Equivalents	—	—	—	—	—
Noncurrent:					
Restricted Cash Deposits at The Bank of North Dakota	—	—	—	—	—
Restricted Cash and Cash Equivalents	—	—	—	—	—
Cash and Cash Equivalents	\$ 95,922	\$ 1,797,067	\$ 22,232,000	\$ 1,008,103	\$ 2,595,498

Guaranteed Student Loan	HIT Planning Loan Fund	Infrastructure Revolving Loan Fund	Interoperable Radio	Innovation Technology Loan Fund	Medical Facility Infrastructure Loan Fund	Mill and Elevator	PERS Uniform Group Insurance	Rebuilders Loan Program	Roughrider Industries
\$ 7,541,704	\$ —	\$ —	\$ 7,558,455	\$ —	\$ —	\$ 333,304,199	\$ 367,330,340	\$ —	\$ 8,360,163
—	37,779	—	—	—	—	—	—	—	—
737,179	1,352,650	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	(234,955)
—	—	—	—	—	—	—	—	(122,404)	(104,533)
(1,939,158)	—	—	—	—	—	—	—	—	—
(396,212)	(16,024)	—	(2,776,332)	—	—	(296,320,842)	(367,641,635)	—	(5,537,124)
—	—	—	(145,197)	—	—	(19,221,119)	(989,484)	—	(2,284,783)
—	—	—	—	—	—	—	—	—	—
—	—	(518,000)	—	(84,000)	—	—	—	(125,113)	—
—	—	—	—	—	(239,000)	—	(4,361)	—	—
5,943,513	1,374,405	(518,000)	4,636,926	(84,000)	(239,000)	17,762,238	(1,305,140)	(247,517)	198,768
—	—	—	—	—	—	77,349,165	—	—	—
—	—	—	—	—	—	(62,598,807)	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	(1,268,465)	—	—	—
—	—	—	—	5,000,000	—	—	—	—	—
—	—	—	—	—	—	(6,041,851)	(87,500)	—	—
—	—	—	—	—	—	—	—	(2,738,249)	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	5,000,000	—	7,440,042	(87,500)	(2,738,249)	—
—	—	—	(10,420,814)	—	—	(23,352,403)	(42,850)	—	(160,026)
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	(10,420,814)	—	—	(23,352,403)	(42,850)	—	(160,026)
—	—	—	—	—	—	—	(235,722,245)	—	—
—	—	—	—	—	—	—	231,657,590	—	—
71,430	—	22,000	67,427	4,000	5,000	4,431	1,276,946	281	—
—	—	—	—	—	—	—	—	—	—
—	—	(15,655,000)	—	(8,092,000)	(1,300,000)	—	—	(180,047)	—
—	—	—	—	—	—	—	—	—	—
—	—	11,375,000	—	—	1,956,000	—	—	3,052,027	—
—	—	2,095,000	—	—	463,000	—	—	222,301	—
71,430	—	(2,163,000)	67,427	(8,088,000)	1,124,000	4,431	(2,787,709)	3,094,562	—
6,014,943	1,374,405	(2,681,000)	(5,716,461)	(3,172,000)	885,000	1,854,308	(4,223,199)	108,796	38,742
44,001,397	6,045,471	27,453,000	27,002,572	4,686,000	3,910,000	225	7,642,051	333,942	11,244,602
\$ 50,016,340	\$ 7,419,876	\$ 24,772,000	\$ 21,286,111	\$ 1,514,000	\$ 4,795,000	\$ 1,854,533	\$ 3,418,852	\$ 442,738	\$ 11,283,344
50,011,804	—	24,772,000	21,286,111	1,514,000	4,795,000	1,854,533	1,699,735	442,738	11,282,844
—	—	—	—	—	—	—	1,719,117	—	500
4,536	7,419,876	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
\$ 50,016,340	\$ 7,419,876	\$ 24,772,000	\$ 21,286,111	\$ 1,514,000	\$ 4,795,000	\$ 1,854,533	\$ 3,418,852	\$ 442,738	\$ 11,283,344

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows Nonmajor Enterprise Funds (Continued) For the Fiscal Year Ended June 30, 2021

	School Construction Assistance Revolving Loan	Small Employer Loan Fund	State Fair	State Lottery Fund	Student Loan	Total
Cash Flows from Operating Activities:						
Receipts from Customers and Users	\$ —	\$ —	\$ 1,435,939	\$ 22,697,543	\$ 213,000	\$ 749,719,274
Interest Income on Loans	—	—	—	—	—	37,779
Receipts from Loan Principal Repayments	—	—	—	—	—	2,089,829
Receipts from Other Funds	—	—	—	—	—	(234,955)
Payments to Other Funds	—	—	—	—	—	(234,853)
Payments for Loan Funds	—	—	—	—	—	(1,939,158)
Payments to Suppliers	(1,266,000)	—	(754,978)	(13,196,232)	(17,000)	(688,881,758)
Payments to Employees	—	(110,000)	(1,571,813)	(1,007,829)	—	(25,512,681)
Claim Payments	—	—	—	—	—	(3,645,040)
Payments to Others	—	(165,000)	—	(63,042)	—	(961,105)
Other	—	—	—	—	—	(243,361)
Net Cash Provided by (Used for) Operating Activities	(1,266,000)	(275,000)	(890,852)	8,430,440	196,000	30,193,971
Cash Flows from Noncapital Financing Activities:						
Proceeds from Sale of Notes and Other Borrowings	—	—	—	—	—	77,349,165
Principal Payments - Notes and Other Borrowings	—	—	—	—	—	(62,598,807)
Interest Payments - Bonds	—	—	—	—	(8,000)	(8,000)
Interest Payments - Notes and Other Borrowings	—	—	—	—	—	(1,268,465)
Transfers In	—	10,000,000	—	—	—	15,000,000
Transfers Out	(1,300,000)	—	—	(5,220,000)	(48,000)	(12,697,351)
Principal Payments on Due To Other Funds	—	—	—	—	—	(2,738,249)
Grants Received	—	—	634,710	—	—	634,710
Net Cash Provided by (Used for) Noncapital Financing Activities	(1,300,000)	10,000,000	634,710	(5,220,000)	(56,000)	13,673,003
Cash Flows from Capital and Related Financing Activities:						
Acquisition and Construction of Capital Assets	—	—	(181,413)	(5,530)	—	(34,163,036)
Principal Payments - Bonds	—	—	(125,000)	—	—	(125,000)
Interest Payments - Bonds	—	—	(52,700)	—	—	(52,700)
Payment of Bond Issue Costs	—	—	(12,923)	—	—	(12,923)
Net Cash Provided by (Used for) Capital and Related Financing Activities	—	—	(372,036)	(5,530)	—	(34,353,659)
Cash Flows from Investing Activities:						
Proceeds from Sale and Maturities of Investment Securities	—	—	—	—	2,000,000	(233,722,245)
Purchase of Investment Securities	—	—	(1,000,000)	—	(2,000,000)	228,649,682
Interest and Dividends on Investments	48,000	4,000	25,889	4,183	3,000	5,066,553
Proceeds from Sale of Other Real Estate	—	—	14,731	—	—	14,731
Disbursements for Loans and Loan Purchases	(39,151,000)	(15,687,000)	—	—	—	(80,087,547)
Receipt of Loan Principal Repayments	18,696,000	1,923,000	—	—	—	26,503,000
Proceeds from Collection of Loans and Notes Receivable	—	—	—	—	—	16,421,025
Loan Income Received	4,445,000	250,000	—	—	—	8,115,982
Net Cash Provided by (Used for) Investing Activities	(15,962,000)	(13,510,000)	(959,380)	4,183	3,000	(29,038,819)
Net Change in Cash:						
Net Increase (Decrease) in Cash and Cash Equivalents	(18,528,000)	(3,785,000)	(1,587,558)	3,209,093	143,000	(19,525,504)
Cash and Cash Equivalents at June 30, 2020	65,605,000	5,593,000	5,626,409	5,457,779	392,000	236,182,611
Cash and Cash Equivalents at June 30, 2021	\$ 47,077,000	\$ 1,808,000	\$ 4,038,851	\$ 8,666,872	\$ 535,000	\$ 216,657,107
Reconciliation:						
Current:						
Cash Deposits at the Bank of North Dakota	47,077,000	1,808,000	4,038,851	8,213,483	—	202,510,010
Cash and Cash Equivalents	—	—	—	453,389	—	6,187,685
Restricted Cash Deposits at the Bank of North Dakota	—	—	—	—	—	7,424,412
Restricted Cash and Cash Equivalents	—	—	—	—	535,000	535,000
Cash and Cash Equivalents	\$ 47,077,000	\$ 1,808,000	\$ 4,038,851	\$ 8,666,872	\$ 535,000	\$ 216,657,107

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Fiscal Year Ended June 30, 2021**

	Addiction Counselor Internship Loan Program	Bonding	Community Water Facility Loan	Edutech	Fire and Tornado
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:					
Operating Income (Loss)	\$ (2,721)	\$ (37,576)	\$ 413,000	\$ (108,208)	\$ (3,970,558)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Income to Net Cash Provided by Operating Activities:					
Depreciation	—	—	—	—	—
Reclassification of Interest Revenue/Expense	—	—	(503,000)	—	—
Interest Received on Program Loans	—	—	—	—	—
Receipt of Loan Principal Repayments	—	—	—	—	—
Provision for Losses	—	—	—	—	—
Other	—	—	—	—	—
Deferred Outflows	—	(200)	—	—	—
Deferred Inflows	—	(19)	—	—	—
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	—	(4,247)	—	2,960	(947)
(Increase) Decrease in Interest Receivable	(3,229)	—	—	—	—
(Increase) Decrease in Due From	—	—	—	—	—
(Increase) Decrease in Intergovernmental Receivable	—	—	—	(4,628)	—
(Increase) Decrease in Notes Receivable	—	—	—	—	—
(Increase) Decrease in Prepaid Items	—	—	—	—	—
(Increase) Decrease in Inventories	—	—	—	—	—
(Increase) Decrease in Other Assets	—	—	—	—	—
Increase (Decrease) in Accounts Payable	—	—	—	4,766	(54)
Increase (Decrease) in Claims/Judgments Payable	—	—	—	—	777,676
Increase (Decrease) in Intergovernmental Payable	—	—	—	—	(7,916)
Increase (Decrease) in Accrued Payroll	—	—	—	525	—
Increase (Decrease) in Compensated Absences Payable	—	—	—	—	—
Increase (Decrease) in Amounts Held for Others	—	—	—	—	—
Increase (Decrease) in Due To	—	—	(7,000)	41,502	—
Increase (Decrease) in Net Pension Liability	—	—	—	—	—
Increase (Decrease) in Net OPEB Liability	—	—	—	—	—
Increase (Decrease) in Other Liabilities	—	—	—	—	(112,936)
Total Adjustments	(3,229)	(4,466)	(510,000)	45,125	655,823
Net Cash Provided by (Used for) Operating Activities	\$ (5,950)	\$ (42,042)	\$ (97,000)	\$ (63,083)	\$ (3,314,735)
Noncash Transactions:					
Net Change in Fair Value of Investments	\$ —	\$ (6,711)	\$ —	\$ —	\$ 1,434,029
Reduction in pension and OPEB liability	—	—	—	—	(371,767)
Reinstatement of Debt Expense	—	—	—	—	—
Value Received on Trade of Capital Asset	—	—	—	—	—
Total Noncash Transactions	\$ —	\$ (6,711)	\$ —	\$ —	\$ 1,062,262

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows Nonmajor Enterprise Funds (Continued) For the Fiscal Year Ended June 30, 2021

	Guaranteed Student Loan	HIT Planning Loan Fund	Infrastructure Revolving Loan Fund	Interoperable Radio	Infrastructure Revolving Loan Fund	Medical Facility Infrastructure Loan Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:						
Operating Income (Loss)	\$ 608,903	\$ 22,595	\$ 1,511,000	\$ (1,787,593)	\$ (498,000)	\$ 226,000
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	—	—	—	1,308,128	—	—
Reclassification of Interest Revenue\Expense	—	—	—	—	—	(463,000)
Interest Received on Program Loans	—	—	(2,094,000)	—	—	—
Receipt of Loan Principal Repayments	—	—	—	—	—	—
Provision for Losses	4,798,021	—	55,000	—	404,000	—
Other	—	—	—	—	—	—
Deferred Outflows	—	—	—	—	—	—
Deferred Inflows	—	—	—	—	—	—
Change in Assets and Liabilities:						
(Increase) Decrease in Accounts Receivable	616,392	—	—	(163,733)	—	—
(Increase) Decrease in Interest Receivable	—	803	—	—	—	—
(Increase) Decrease in Due From	—	—	10,000	(460,857)	—	(2,000)
(Increase) Decrease in Intergovernmental Receivable	—	—	—	—	—	—
(Increase) Decrease in Notes Receivable	—	1,352,650	—	—	—	—
(Increase) Decrease in Prepaid Items	—	—	—	—	—	—
(Increase) Decrease in Inventories	—	—	—	—	—	—
(Increase) Decrease in Other Assets	—	—	—	—	—	—
Increase (Decrease) in Accounts Payable	—	(1,643)	—	5,468,141	—	—
Increase (Decrease) in Claims\Judgments Payable	—	—	—	—	—	—
Increase (Decrease) in Intergovernmental Payable	—	—	—	234,000	—	—
Increase (Decrease) in Accrued Payroll	—	—	—	9,067	—	—
Increase (Decrease) in Compensated Absences Payable	—	—	—	—	—	—
Increase (Decrease) in Amounts Held for Others	—	—	—	—	—	—
Increase (Decrease) in Due To	(31,926)	—	—	29,773	10,000	—
Increase (Decrease) in Net Pension Liability	—	—	—	—	—	—
Increase (Decrease) in Net OPEB Liability	—	—	—	—	—	—
Increase (Decrease) in Other Liabilities	(47,877)	—	—	—	—	—
Total Adjustments	5,334,610	1,351,810	(2,029,000)	6,424,519	414,000	(465,000)
Net Cash Provided by (Used for) Operating Activities	\$ 5,943,513	\$ 1,374,405	\$ (518,000)	\$ 4,636,926	\$ (84,000)	\$ (239,000)
Noncash Transactions:						
Net Change in Fair Value of Investments	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Reduction in pension and OPEB liability	—	—	—	—	—	—
Reinstatement of Debt Expense	—	—	—	—	—	—
Value Received on Trade of Capital Asset	—	—	—	—	—	—
Total Noncash Transactions	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

STATE OF NORTH DAKOTA

Mill and Elevator	PERS Uniform Group Insurance	Rebuilders Loan Program	Roughrider Industries	School Construction Assistance Revolving Loan	Infrastructure Revolving Loan Fund	State Fair	State Lottery Fund	Student Loan	Total
\$ 14,362,988	\$ (874,157)	\$ 280,978	\$ (272,561)	\$ 3,148,000	\$ (1,148,000)	\$ (3,017,383)	\$ 6,869,761	\$ 19,000	\$ 15,745,468
6,236,827	101,221	—	194,432	—	—	1,463,092	2,753	—	9,306,453
—	—	(226,677)	—	(4,656,000)	(262,000)	—	—	55,000	(6,055,677)
—	—	—	—	—	—	—	—	—	(2,094,000)
—	—	—	—	—	—	—	—	159,000	159,000
—	—	(288,411)	—	205,000	1,106,000	—	—	—	6,279,610
361,366	—	—	—	—	—	—	—	—	361,366
(934,047)	—	—	(1,853,818)	—	—	(890,521)	(796,097)	—	(4,474,683)
—	—	—	(220,617)	—	—	(47,091)	(98,696)	—	(366,423)
(6,218,179)	7,044,072	—	(432,214)	—	—	267,155	611,991	—	1,723,250
—	—	—	—	—	—	—	—	—	(2,426)
—	—	—	202,400	—	—	—	—	10,000	(240,457)
—	—	—	—	—	—	—	—	—	(4,628)
—	—	—	—	—	—	—	—	—	1,352,650
410,660	—	—	(17,030)	—	—	(853)	4,718	—	397,495
(2,492,292)	—	—	(151,733)	—	—	—	—	—	(2,644,025)
(314,278)	52,724	—	—	—	—	—	67,583	—	(193,971)
574,954	38,644	(13,407)	(145,318)	—	—	(21,861)	720,003	—	6,624,225
—	—	—	—	—	—	—	—	—	777,676
—	4,560	—	—	—	—	—	—	—	230,644
979,896	6,687	—	232,228	—	—	—	4,541	—	1,232,944
(39,547)	8,907	—	—	—	—	(10,841)	7,615	—	(33,866)
—	(7,687,798)	—	—	—	—	—	—	—	(7,687,798)
—	—	—	14,535	37,000	29,000	—	45,590	(47,000)	121,474
4,799,339	—	—	2,647,992	—	—	1,378,450	1,162,149	—	9,987,930
—	—	—	12,393	—	—	(10,999)	2,615	—	4,009
34,551	—	—	(11,921)	—	—	—	(174,086)	—	(312,269)
3,399,250	(430,983)	(528,495)	471,329	(4,414,000)	873,000	2,126,531	1,560,679	177,000	14,448,503
\$ 17,762,238	\$ (1,305,140)	\$ (247,517)	\$ 198,768	\$ (1,266,000)	\$ (275,000)	\$ (890,852)	\$ 8,430,440	\$ 196,000	\$ 30,193,971
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,427,318
—	—	—	—	—	—	—	—	—	(371,767)
—	—	316,792	—	—	—	—	—	—	316,792
—	—	—	—	—	—	17,919	—	—	17,919
\$ —	\$ —	\$ 316,792	\$ —	\$ —	\$ —	\$ 17,919	\$ —	\$ —	\$ 1,390,262

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the State and to other government units, on a cost reimbursement basis.

790 (927) - Central Services

Accounts for the revenues and expenditures associated with central printing and office supply services to state agencies and the Legislative Assembly; a surplus property program for the acquisition, distribution, and disposition of federal and state surplus property and procurement services for all state agencies not exempt by statute.

700 (918) - Fleet Services

Accounts for costs of operating and maintaining State-owned vehicles. Costs are billed to user agencies and include depreciation on equipment.

780 (929) - Information Technology Department

Accounts used for the procurement and maintenance of data processing equipment and supplies and telecommunications equipment and supplies to provide data processing and telecommunications services to state departments and agencies.

288\275 (912) - Risk Management Fund

Fund provides insurance coverage and loss prevention to all state agencies and the University System for tort liability and employee injury claims. Coverage is provided using an optional combination of self-insurance and private excess insurance.

STATE OF NORTH DAKOTA

Combining Statement of Net Position Internal Service Funds June 30, 2021

	Central Services	Fleet Services	Information Technology Department	Risk Management	Total
ASSETS					
Current Assets:					
Cash Deposits at the Bank of ND	\$ 1,305,252	\$ 23,173,385	\$ 11,435,349	\$ 1,908,780	\$ 37,822,766
Cash and Cash Equivalents	8,163	—	—	347,916	356,079
Investments at the Bank of ND	—	—	—	188,710	188,710
Investments	—	—	—	8,139,231	8,139,231
Accounts Receivable - Net	15,324	190,911	733,004	11,171	950,410
Interest Receivable - Net	—	—	—	52,160	52,160
Intergovernmental Receivable - Net	47,837	32,065	555,810	—	635,712
Due from Other Funds	166,602	2,746,653	9,717,884	5,727	12,636,866
Prepaid Items	2,923	65,980	5,042,350	—	5,111,253
Inventory	123,705	—	—	—	123,705
Total Current Assets	1,669,806	26,208,994	27,484,397	10,653,695	66,016,892
Noncurrent Assets:					
Capital Assets:					
Nondepreciable	—	154,838	—	—	154,838
Depreciable, Net	695,342	87,741,758	4,218,055	176,628	92,831,783
Total Noncurrent Assets	695,342	87,896,596	4,218,055	176,628	92,986,621
Total Assets	2,365,148	114,105,590	31,702,452	10,830,323	159,003,513
DEFERRED OUTFLOWS OF RESOURCES					
Derived from Pensions	1,020,374	2,634,853	45,884,181	605,131	50,144,539
Derived from OPEB	15,063	37,635	838,150	9,885	900,733
Total Deferred Outflow of Resources	1,035,437	2,672,488	46,722,331	615,016	51,045,272
LIABILITIES					
Current Liabilities:					
Accounts Payable	101,292	1,292,760	1,487,908	141,461	3,023,421
Accrued Payroll	86,896	195,905	3,109,447	39,886	3,432,134
Securities Lending Collateral	—	—	—	28,410	28,410
Interest Payable	—	—	—	9,254	9,254
Due to Other Funds	30,282	224,218	706,473	18,316	979,289
Claims/Judgments Payable	—	—	—	889,372	889,372
Compensated Absences Payable	6,387	7,128	307,868	5,260	326,643
Capital Leases Payable	80,861	—	754,021	—	834,882
Total Current Liabilities	305,718	1,720,011	6,365,717	1,131,959	9,523,405
Noncurrent Liabilities:					
Claims/Judgments Payable	—	—	—	6,321,908	6,321,908
Compensated Absences Payable	66,111	73,776	3,374,769	54,450	3,569,106
Capital Leases Payable	372,055	—	773,568	—	1,145,623
Net Pension Liability	1,684,530	4,393,619	70,454,124	990,453	77,522,726
Net OPEB Liability	43,585	109,913	1,826,718	25,627	2,005,843
Total Noncurrent Liabilities	2,166,281	4,577,308	76,429,179	7,392,438	90,565,206
Total Liabilities	2,471,999	6,297,319	82,794,896	8,524,397	100,088,611
DEFERRED INFLOWS OF RESOURCES					
Derived from Pensions	278,830	767,248	10,526,394	156,265	11,728,737
Derived from OPEB	4,635	11,636	105,559	2,368	124,198
Total Deferred Inflow of Resources	283,465	778,884	10,631,953	158,633	11,852,935
NET POSITION					
Net Investment in Capital Assets	242,426	87,896,596	2,630,811	176,628	90,946,461
Unrestricted	402,695	21,805,279	(17,632,877)	2,585,681	7,160,778
Total Net Position	645,121	109,701,875	(15,002,066)	2,762,309	98,107,239

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Internal Service Funds For the Fiscal Year Ended June 30, 2021

	Central Services	Fleet Services	Information Technology Department	Risk Management	Total
OPERATING REVENUES					
Sales and Services	\$ 2,782,028	\$ 29,041,682	\$ 81,900,525	\$ 3,756,291	\$ 117,480,526
Miscellaneous	—	72,636	—	—	72,636
Total Operating Revenues	<u>2,782,028</u>	<u>29,114,318</u>	<u>81,900,525</u>	<u>3,756,291</u>	<u>117,553,162</u>
OPERATING EXPENSES					
Cost of Sales and Services	1,073,995	—	—	—	1,073,995
Salaries and Benefits	1,136,441	2,906,142	49,232,156	724,068	53,998,807
Operating	457,023	12,865,047	44,884,924	729,694	58,936,688
Claims	—	—	—	1,889,643	1,889,643
Depreciation	102,427	8,916,258	2,531,543	23,328	11,573,556
Miscellaneous	—	40,876	—	—	40,876
Total Operating Expenses	<u>2,769,886</u>	<u>24,728,323</u>	<u>96,648,623</u>	<u>3,366,733</u>	<u>127,513,565</u>
Operating Income (Loss)	<u>12,142</u>	<u>4,385,995</u>	<u>(14,748,098)</u>	<u>389,558</u>	<u>(9,960,403)</u>
NONOPERATING REVENUES					
Interest and Investment Income	—	—	—	1,291,411	1,291,411
Interest Expense	(22,602)	—	—	(20,119)	(42,721)
Gain on Sale of Capital Assets	20,000	1,001,285	—	—	1,021,285
Other	—	264,038	—	—	264,038
Total Nonoperating Revenues (Expenses)	<u>(2,602)</u>	<u>1,265,323</u>	<u>—</u>	<u>1,271,292</u>	<u>2,534,013</u>
Income (Loss) Before Contributions and Transfers	<u>9,540</u>	<u>5,651,318</u>	<u>(14,748,098)</u>	<u>1,660,850</u>	<u>(7,426,390)</u>
Transfers In	—	221,933	—	—	221,933
Changes in Net Position	<u>9,540</u>	<u>5,873,251</u>	<u>(14,748,098)</u>	<u>1,660,850</u>	<u>(7,204,457)</u>
Total Net Position - Beginning of Year	<u>635,581</u>	<u>103,828,624</u>	<u>(253,968)</u>	<u>1,101,459</u>	<u>105,311,696</u>
Total Net Position - End of Year	<u>\$ 645,121</u>	<u>\$ 109,701,875</u>	<u>\$ (15,002,066)</u>	<u>\$ 2,762,309</u>	<u>\$ 98,107,239</u>

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended June 30, 2021

	Central Services	Fleet Services	Information Technology	Risk Management	Total
Cash Flows from Operating Activities:					
Receipts from Customers and Users	\$ 1,026,313	\$ 225,381	\$ 2,920,452	\$ 28,814	\$ 4,200,960
Receipts from Other Funds	1,820,760	28,469,842	77,783,402	3,727,477	111,801,481
Payments to Other Funds	—	(24,184)	—	(2,702,622)	(2,726,806)
Payments to Suppliers	(1,541,614)	(12,659,447)	(45,705,837)	(594,674)	(60,501,572)
Payments to Employees	(987,636)	(2,915,051)	(37,306,622)	(478,148)	(41,687,457)
Claim Payments	—	—	—	(639,705)	(639,705)
Net Cash Provided by (Used for) Operating Activities	317,823	13,096,541	(2,308,605)	(658,858)	10,446,901
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	(43,602)	(10,959,330)	(1,296,740)	(199,956)	(12,499,628)
Proceeds from Sale of Capital Assets	—	4,760,408	—	—	4,760,408
Principal Payments - Notes and Other Borrowings	—	—	(793,622)	—	(793,622)
Capital Contributions	20,000	—	—	—	20,000
Payment on Capital Leases	(57,982)	—	—	—	(57,982)
Interest Payments - Capital Leases	(22,602)	—	—	—	(22,602)
Operating Transfer In	—	213,286	—	—	213,286
Net Cash Provided by (Used for) Capital and Related Financing Activities	(104,186)	(5,985,636)	(2,090,362)	(199,956)	(8,380,140)
Cash Flows from Investing Activities:					
Proceeds from Sale and Maturities of Investment Securities	—	—	—	1,777,485	1,777,485
Interest and Dividends on Investments	—	—	—	442,778	442,778
Net Cash Provided by (Used for) Investing Activities	—	—	—	2,220,263	2,220,263
Net Change in Cash:					
Net Increase (Decrease) in Cash and Cash Equivalents	213,637	7,110,905	(4,398,967)	1,361,449	4,287,024
Cash and Cash Equivalents at June 30, 2020	1,099,778	16,062,480	15,834,316	895,247	33,891,821
Cash and Cash Equivalents at June 30, 2021	\$ 1,313,415	\$ 23,173,385	\$ 11,435,349	\$ 2,256,696	\$ 38,178,845
Reconciliation:					
Cash Deposits at the Bank of North Dakota	\$ 1,305,252	\$ 23,173,385	\$ 11,435,349	\$ 1,908,780	\$ 37,822,766
Cash and Cash Equivalents	8,163	—	—	347,916	356,079
Cash and Cash Equivalents	\$ 1,313,415	\$ 23,173,385	\$ 11,435,349	\$ 2,256,696	\$ 38,178,845
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	\$ 12,142	\$ 4,385,997	\$ (14,748,100)	\$ 389,558	\$ (9,960,403)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	102,427	8,916,258	2,531,543	23,328	11,573,556
Deferred Outflows	(671,426)	(1,685,045)	(35,835,551)	(360,454)	(38,552,476)
Deferred Inflows	(142,842)	(538,248)	(1,659,526)	(3,885)	(2,344,501)
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	19,012	(31,316)	(660,157)	(5,090)	(677,551)
(Increase) Decrease in Due From	45,150	(373,131)	(364,684)	2,051	(690,614)
(Increase) Decrease in Intergovernmental Receivable	(31,662)	(14,648)	(171,830)	—	(218,140)
(Increase) Decrease in Prepaid Items	(1,740)	83,631	(1,204,141)	132,790	(989,460)
Increase in Inventories	24,293	—	—	—	24,293
Increase (Decrease) in Accounts Payable	(18,377)	162,844	—	19,074	163,541
Increase In Interest Payable	—	—	(254,407)	—	(254,407)
Increase in Claims/Judgments Payable	—	—	—	(1,473,811)	(1,473,811)
Increase in Accrued Payroll	(269)	(13,932)	87,162	891	73,852
Increase in Compensated Absences Payable	12,563	6,418	520,389	1,475	540,845
Increase (Decrease) in Due To	17,628	(24,183)	637,636	7,322	638,403
Increase (Decrease) In Net OPEB Liability	(3,080)	(27,177)	400,508	1,118	371,369
Decrease In Net Pension Liability	954,004	2,249,073	48,412,553	606,775	52,222,405
Total Adjustments	305,681	8,710,544	12,439,495	(1,048,416)	20,407,304
Net Cash Provided by (Used for) Operating Activities	\$ 317,823	\$ 13,096,541	\$ (2,308,605)	\$ (658,858)	\$ 10,446,901
Noncash Transactions:					
Net Change in Fair Value of Investments	—	—	—	832,695	832,695
Decrease in Securities Lending Collateral	—	—	—	11,072	11,072
Total Noncash Transactions	\$ —	\$ —	\$ —	\$ 843,767	\$ 843,767

STATE OF NORTH DAKOTA

Fiduciary Funds

Fiduciary funds account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental organizations.

Pension and Other Employee-Related Benefit Trust Funds

DEFERRED COMPENSATION

981 - Deferred Compensation Fund

Accounts for the activity of the deferred compensation plan adopted under the provisions of Internal Revenue Service Code, Section 457, for State employees.

PERS FLEXCOMP

932 - Flex Program

Accounts for pre-tax premium conversions, a medical spending account and a dependent care spending account according to Section 125 of the Internal Revenue Code.

HIGHWAY PATROLMEN'S RETIREMENT

982 - Highway Patrolmen's Retirement Fund

A single employer defined benefit pension plan covering officers of the State Highway Patrol.

JOB SERVICE RETIREMENT

920 - Job Service Retirement Fund

A single employer defined benefit pension plan for Job Service employees. Participation in this plan is limited to employees participating in the program as of September 30, 1980.

PREFUNDED RETIREE HEALTH PROGRAM

933 - Prefunded Retiree Health Program

Members receiving retirement benefits from NDPERS receive a credit toward their monthly eligible insurance premium.

PUBLIC EMPLOYEES' RETIREMENT

470 (983) - Public Employees Retirement System

Accounts for the financial resources associated with the Public Employees Retirement System.

DEFINED CONTRIBUTION RETIREMENT

930 - Defined Contribution Retirement Plan

Accounts for the financial resources of the Defined Contribution Retirement Plan. Participation in this plan is limited to state employees who are in positions not classified by the Central Personnel Division and who are not employees of the judicial branch or board of higher education.

TEACHERS' RETIREMENT

964 - North Dakota Teachers' Fund For Retirement

Accounts for the financial resources of the Teachers' Retirement Fund.

Investment Trust Funds

911 - ND Association of Counties RIO Investments

Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the North Dakota Association of Counties.

913 - City of Bismarck RIO Investments

Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the City of Bismarck.

936 - City of Grand Forks RIO Investments

Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the City of Grand Forks.

950 - City of Fargo RIO Investments

Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the City of Fargo.

Private Purpose Trust Funds

STUDENT AND CULTURAL DONATIONS

928 - Indian Cultural Education Trust Fund

Trust accounts for donations provided for the purpose of generating income to benefit Indian Culture.

COLLEGE SAVE

940 - College SAVE

Program established by the State of North Dakota to encourage the investment of funds to be used for qualified higher education expenses at institutions of higher education.

MANDAN REMEDIATION TRUST

943 - Mandan Remediation Trust

Accounts for the funds obtained from a lawsuit settlement for the remediation efforts of the North Dakota Health Department and the City of Mandan.

Custodial Funds

CHILD SUPPORT

463 - Child Support Disbursement Unit Fund

Accounts for all child support payments received by the state disbursement unit.

STUDENT AND OTHER

946 - District Court Collection Fund

Accounts for collections for third parties.

986 - Developmental Center Residents' Funds

Accounts for funds belonging to patients of the State Developmental Center.

990 - Veteran's Home-Custodial

Accounts for resident's personal funds.

991 - State Hospital Patients

Accounts for patient's personal funds.

STATE OF NORTH DAKOTA

STUDENT AND OTHER cont.

992 - Prisoner Accounts

Accounts for prisoner's personal fund.

993 - Youth Correctional Center Student Accounts

Account for the student's personal funds.

994 - School for the Deaf Students

Account for the students personal funds.

995 - NDUS Fiduciary Fund

Account for the student organization funds.

TAX COLLECTION

434 - City Lodging Tax Suspense

Accounts for city lodging tax collected by the State Tax Commissioner.

435 - City Sales Tax Suspense

Accounts for city sales and use taxes collected by the State Tax Commission.

437 - City Motor Vehicle Rental Tax

Accounts for city motor vehicle rental tax collected by the state tax commissioner.

438 - City Restaurant and Lodge Tax Suspense

A city tax, at a rate not to exceed one percent, upon the gross receipts of retailers on the leasing or renting of hotel, motel, or tourist court accommodations within the city and gross receipts of a restaurant from any sales of prepared food or beverages, not including alcoholic beverages for consumption off the premises where purchased is collected by the State Tax Commissioner. Proceeds, net of a 3% administrative fee which is deposited into the general fund, are remitted quarterly to each city collecting the tax.



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STATE OF NORTH DAKOTA

Combining Statement of Fiduciary Net Position Pension, Investment and Private-Purpose Trust Funds June 30, 2021

	Pension and Other Employee Benefit Trust Funds					
	Deferred Compensation	Defined Contribution Retirement	Highway Patrolmen's Retirement	Job Service Retirement	PERS Flexcomp	Prefunded Retiree Health Program
ASSETS						
Cash Deposits at the Bank of ND	\$ 223,073	\$ 214,040	\$ —	\$ 11,723	\$ 238,482	\$ 1,298,715
Cash and Cash Equivalents	—	—	—	—	—	—
Receivables:						
Contributions Receivable	1,058,391	102,629	4,300	1,022	612,014	941,729
Accounts Receivable - Net	—	—	—	—	—	—
Taxes Receivable for Other Governments - Net	—	—	—	—	—	—
Interest Receivable - Net	—	—	214,366	6	—	37
Due from Other Funds	—	—	—	—	—	282
Due from Component Units	—	—	—	—	—	—
Total Receivables	1,058,391	102,629	218,666	1,028	612,014	942,048
Investments, at Fair Value:						
Investments at the Bank of ND	—	—	—	—	—	—
Equities	—	—	—	—	—	—
Equity Pool	—	—	60,258,918	19,108,158	—	118,281,574
Fixed Income Pool	2,318,952	622,065	23,433,129	77,129,210	—	61,279,787
Cash and Cash Pool	2,985,672	242,473	613,912	435,556	—	681,897
Real Estate Pool	—	—	15,549,147	—	—	—
Mutual Funds	181,261,020	18,721,710	—	—	—	—
Total Investments	186,565,644	19,586,248	99,855,106	96,672,924	—	180,243,258
Invested Securities Lending Collateral	—	—	415,066	—	—	—
Capital Assets (Net of Depreciation)	61,894	361	2,037	462	30,947	9,372
Total Assets	187,909,002	19,903,278	100,490,875	96,686,137	881,443	182,493,393
DEFERRED OUTFLOWS OF RESOURCES						
Derived from Pensions	—	—	—	—	—	—
Total Deferred Outflows of Resources	—	—	—	—	—	—
LIABILITIES						
Accounts Payable	33,006	102	—	82,440	16,192	158,834
Accrued Payroll	35,891	—	—	—	20,259	—
Securities Lending Collateral	—	—	415,066	—	—	—
Due to Local Governments	—	—	—	—	—	—
Tax Refunds Payable	—	—	—	—	—	—
Due to Other Funds	6,491	100	—	—	3,804	113
Amounts Held in Custody for Others	3,322	—	—	—	—	—
Other Deposits	—	—	—	—	—	—
Compensated Absences Payable	38,722	—	—	—	19,202	—
Total Liabilities	117,432	202	415,066	82,440	59,457	158,947
DEFERRED INFLOWS OF RESOURCES						
Derived from Pensions	—	—	—	—	—	—
Unavailable Revenue	—	—	—	—	—	—
Total Deferred Inflows of Resources	—	—	—	—	—	—
NET POSITION						
Net Position Restricted for:						
Pension Benefits	187,791,570	19,903,076	100,075,809	96,603,697	—	182,334,446
Other Employee Benefits	—	—	—	—	821,986	—
External Investment Pool Participants	—	—	—	—	—	—
Individuals, Organizations, and Other Governments	—	—	—	—	—	—
Other Purposes	—	—	—	—	—	—
Total Net Position Restricted for Pension Benefits and Other Purposes	\$ 187,791,570	\$ 19,903,076	\$ 100,075,809	\$ 96,603,697	\$ 821,986	\$ 182,334,446

Pension and Other Employee Benefit Trust Funds			Investment Trust Funds				
Public Employees Retirement	Teachers Retirement	Total	City of Bismarck	ND Association of Counties	City of Grand Forks	City of Fargo	Total
\$ 16,075,055	\$ 25,620,714	\$ 43,681,802	\$ —	\$ —	\$ —	\$ —	\$ —
93,147	—	93,147	—	—	—	—	—
12,731,180	28,020,235	43,471,500	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
8,205,048	11,296,690	19,716,147	371,463	2,156	130,615	47,825	552,059
—	—	282	—	—	—	—	—
—	—	—	—	—	—	—	—
20,936,228	39,316,925	63,187,929	371,463	2,156	130,615	47,825	552,059
—	—	—	—	—	—	—	—
—	1,843,851,776	1,843,851,776	85,514,749	2,693,298	54,012,427	24,723,747	166,944,221
2,363,914,051	—	2,561,562,701	—	—	—	—	—
919,264,835	859,935,213	1,943,983,191	58,677,893	4,818,947	21,841,121	19,498,111	104,836,072
24,083,338	38,081,928	67,124,776	654,700	232,454	834,679	499,547	2,221,380
609,981,875	480,647,867	1,106,178,889	36,007,430	—	14,339,008	4,986,475	55,332,913
—	—	199,982,730	—	—	—	—	—
3,917,244,099	3,222,516,784	7,722,684,063	180,854,772	7,744,699	91,027,235	49,707,880	329,334,586
15,875,367	13,508,350	29,798,783	673,113	25,756	400,311	199,292	1,298,472
123,726	1,349	230,148	—	—	—	—	—
3,970,347,622	3,300,964,122	7,859,675,872	181,899,348	7,772,611	91,558,161	49,954,997	331,185,117
—	1,547,047	1,547,047	—	—	—	—	—
—	1,547,047	1,547,047	—	—	—	—	—
4,471,974	6,144,275	10,906,823	146,853	6,482	78,010	46,339	277,684
131,657	—	187,807	—	—	—	—	—
15,875,367	13,508,350	29,798,783	673,113	25,756	400,311	199,292	1,298,472
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
18,050	10,974	39,532	—	—	—	—	—
—	—	3,322	—	—	—	—	—
—	—	—	—	—	—	—	—
127,874	—	185,798	—	—	—	—	—
20,624,922	19,663,599	41,122,065	819,966	32,238	478,321	245,631	1,576,156
—	442,740	442,740	—	—	—	—	—
—	—	—	—	—	—	—	—
—	442,740	442,740	—	—	—	—	—
3,949,722,700	3,282,404,830	7,818,836,128	—	—	—	—	—
—	—	821,986	—	—	—	—	—
—	—	—	181,079,382	7,740,373	91,079,840	49,709,366	329,608,961
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
\$ 3,949,722,700	\$ 3,282,404,830	\$ 7,819,658,114	\$ 181,079,382	\$ 7,740,373	\$ 91,079,840	\$ 49,709,366	\$ 329,608,961

STATE OF NORTH DAKOTA

Combining Statement of Fiduciary Net Position Pension, Investment and Private-Purpose Trust Funds (Continued) June 30, 2021

	Private-Purpose Trust Funds			
	Student and Cultural Donations	Mandan Remediation Trust	College SAVE	Total
ASSETS				
Cash Deposits at the Bank of ND	\$ 2,102	\$ 5,811,500	\$ —	\$ 5,813,602
Cash and Cash Equivalents	—	—	1,087,606	1,087,606
Receivables:				
Contributions Receivable	—	—	—	—
Accounts Receivable - Net	—	—	303,753	303,753
Taxes Receivable for Other Governments - Net	—	—	—	—
Interest Receivable - Net	2,584	2,749	—	5,333
Due from Other Funds	—	—	—	—
Due from Component Units	—	—	—	—
Total Receivables	2,584	2,749	303,753	309,086
Investments, at Fair Value:				
Investments at the Bank of ND	—	—	—	—
Equities	—	—	—	—
Equity Pool	—	—	—	—
Fixed Income Pool	1,436,653	—	—	1,436,653
Cash and Cash Pool	—	—	—	—
Real Estate Pool	—	—	—	—
Mutual Funds	—	—	599,892,315	599,892,315
Total Investments	1,436,653	—	599,892,315	601,328,968
Invested Securities Lending Collateral	48,796	—	—	48,796
Capital Assets (Net of Depreciation)	—	—	—	—
Total Assets	1,490,135	5,814,249	601,283,674	608,588,058
DEFERRED OUTFLOWS OF RESOURCES				
Derived from Pensions	—	—	—	—
Total Deferred Outflows of Resources	—	—	—	—
LIABILITIES				
Accounts Payable	280	22,071	1,456,619	1,478,970
Accrued Payroll	—	—	—	—
Securities Lending Collateral	48,796	—	—	48,796
Due to Local Governments	—	—	—	—
Tax Refunds Payable	—	—	—	—
Due to Other Funds	—	—	—	—
Amounts Held in Custody for Others	—	—	—	—
Other Deposits	—	—	—	—
Compensated Absences Payable	—	—	—	—
Other Liabilities	—	—	—	—
Total Liabilities	49,076	22,071	1,456,619	1,527,766
DEFERRED INFLOWS OF RESOURCES				
Derived from Pensions	—	—	—	—
Unavailable Revenue	—	—	—	—
Total Deferred Inflows of Resources	—	—	—	—
NET POSITION				
Net Position Restricted for:				
Pension Benefits	—	—	—	—
Other Employee Benefits	—	—	—	—
External Investment Pool Participants	—	—	—	—
Individuals, Organizations, and Other Governments	—	—	—	—
Other Purposes	1,441,059	5,792,178	599,827,055	607,060,292
Total Net Position Restricted for Pension Benefits and Other Purposes	\$ 1,441,059	\$ 5,792,178	\$ 599,827,055	\$ 607,060,292

Custodial Funds

	Child Support	Student and Other	Tax Collection	Total			
\$	4,592,348	\$	5,452,066	\$	31,720,561	\$	41,764,975
	1	1,354,832	—	1,354,833			
	—	—	—	—			
	404,750	785,043	—	1,189,793			
	—	—	39,505,854	39,505,854			
	—	37	—	37			
	—	6,792	—	6,792			
	—	591	—	591			
	404,750	792,463	39,505,854	40,703,067			
	—	50,000	—	50,000			
	—	—	—	—			
	—	—	—	—			
	—	—	—	—			
	—	—	—	—			
	—	—	—	—			
	—	50,000	—	50,000			
	—	—	—	—			
	—	—	—	—			
	4,997,099	7,649,361	71,226,415	83,872,875			
	—	—	—	—			
	—	—	—	—			
	4,131,498	252,107	—	4,383,605			
	—	178,294	—	178,294			
	—	—	—	—			
	—	—	65,913,957	65,913,957			
	—	—	3,971	3,971			
	865,601	—	80	865,681			
	—	—	—	—			
	—	164,146	—	164,146			
	—	—	—	—			
	—	—	—	—			
	4,997,099	594,547	65,918,008	71,509,654			
	—	—	—	—			
	—	—	5,308,407	5,308,407			
	—	—	5,308,407	5,308,407			
	—	—	—	—			
	—	—	—	—			
	—	—	—	—			
	—	7,054,814	—	7,054,814			
	—	—	—	—			
\$	—	\$	7,054,814	\$	—	\$	7,054,814

STATE OF NORTH DAKOTA

Combining Statement of Changes in Fiduciary Net Position Pension, Investment and Private-Purpose Trust Funds For the Fiscal Year Ended June 30, 2021

	Pension and Other Employee Benefit Trust Funds					
	Deferred Compensation	Defined Contribution Retirement	Highway Patrolmen's Retirement	Job Service Retirement	PERS Flexcomp	Prefunded Retiree Health Program
ADDITIONS						
Contributions:						
Child Support Collections	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Collections for District Courts	—	—	—	—	—	—
Employer	—	481,934	2,293,404	—	—	13,110,651
Employee	14,167,468	412,341	1,548,335	13,979	5,757,480	15,481
From Participants	—	—	—	—	—	—
Student, Patient, and Inmate Accounts	—	—	—	—	—	—
Tax Collections for Local Governments	—	—	—	—	—	—
Transfers from Other Funds	627,500	5,918	—	—	—	—
Transfers from Other Plans	2,052,023	4,984	—	—	—	—
Donations	—	—	—	—	—	—
Total Contributions	16,846,991	905,177	3,841,739	13,979	5,757,480	13,126,132
Investment Income:						
Net Change in Fair Value of Investments	38,727,815	3,591,121	18,448,605	4,513,662	—	34,154,175
Interest and Dividends	1,100	957,992	1,427,901	1,833,777	793	2,867,873
Less Investment Expense	—	10,209	244,020	322,167	—	495,393
Net Investment Income	38,728,915	4,538,904	19,632,486	6,025,272	793	36,526,655
Securities Lending Activity:						
Securities Lending Income	—	—	5,355	—	—	—
Less Securities Lending Expense	—	—	—	—	—	—
Net Securities Lending Income	—	—	5,355	—	—	—
Repurchase Service Credit	—	—	400,751	—	—	375,038
Miscellaneous Income (Expense)	87,500	11,662	(11)	—	856,973	312
Total Additions	55,663,406	5,455,743	23,880,320	6,039,251	6,615,246	50,028,137
DEDUCTIONS						
Benefits Paid to Participants	7,574,521	1,275,339	5,780,173	4,668,820	5,795,730	7,418
Child Support Distributions	—	—	—	—	—	—
Distributions to District Courts	—	—	—	—	—	—
Distributions of Taxes to Local Governments	—	—	—	—	—	—
Student, Patient, and Inmate Accounts	—	—	—	—	—	—
Refunds	—	—	171,704	—	—	5,437
Prefunded Credit Applied	—	—	—	—	—	12,879,074
Transfer to Other Plans	—	—	—	—	540,000	—
Payments in Accordance with Trust Agreements	—	—	—	—	—	—
Administrative Expenses	775,462	6,370	37,097	17,371	479,999	430,097
Total Deductions	8,349,983	1,281,709	5,988,974	4,686,191	6,815,729	13,322,026
Redemption of Units at \$1.00 Per Unit	—	—	—	—	—	—
Net Increase (Decrease) in Fiduciary Net Position	47,313,423	4,174,034	17,891,346	1,353,060	(200,483)	36,706,111
Net Position - Beginning of Year, as Restated	140,478,147	15,729,042	82,184,463	95,250,637	1,022,469	145,628,335
Net Position - End of Year	\$ 187,791,570	\$ 19,903,076	\$ 100,075,809	\$ 96,603,697	\$ 821,986	\$ 182,334,446

Pension and Other Employee Benefit Trust Funds			Investment Trust Funds				
Public Employees Retirement	Teachers Retirement	Total	City of Bismarck	ND Association of Counties	City of Grand Forks	City of Fargo	Total
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
91,265,640	98,264,202	205,415,831	—	—	—	—	—
85,914,756	90,557,210	198,387,050	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	633,418	—	—	—	—	—
—	—	2,057,007	—	—	—	—	—
—	—	—	—	—	—	—	—
177,180,396	188,821,412	406,493,306	—	—	—	—	—
793,302,359	640,469,814	1,533,207,551	30,835,557	934,566	18,336,053	8,520,648	58,626,824
62,626,623	51,912,318	121,628,377	3,129,171	133,195	1,468,723	847,933	5,579,022
11,212,468	8,388,601	20,672,858	489,767	17,242	243,866	134,854	885,729
844,716,514	683,993,531	1,634,163,070	33,474,961	1,050,519	19,560,910	9,233,727	63,320,117
216,695	223,739	445,789	11,789	393	6,164	3,144	21,490
—	44,740	44,740	2,358	80	1,232	628	4,298
216,695	178,999	401,049	9,431	313	4,932	2,516	17,192
7,129,269	2,559,121	10,464,179	—	—	—	—	—
(1,723)	126,112	1,080,825	—	—	—	—	—
1,029,241,151	875,679,175	2,052,602,429	33,484,392	1,050,832	19,565,842	9,236,243	63,337,309
218,414,339	235,205,084	478,721,424	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
12,792,647	5,923,187	18,892,975	—	—	—	—	—
—	—	12,879,074	—	—	—	—	—
93,418	—	633,418	—	—	—	—	—
—	—	—	—	—	—	—	—
2,569,186	2,678,375	6,993,957	—	—	—	—	—
233,869,590	243,806,646	518,120,848	—	—	—	—	—
—	—	—	(2,530,000)	—	(3,286,005)	(3,050,000)	(8,866,005)
795,371,561	631,872,529	1,534,481,581	30,954,392	1,050,832	16,279,837	6,186,243	54,471,304
3,154,351,139	2,650,532,301	6,285,176,533	150,124,990	6,689,541	74,800,003	43,523,123	275,137,657
\$ 3,949,722,700	\$ 3,282,404,830	\$ 7,819,658,114	\$ 181,079,382	\$ 7,740,373	\$ 91,079,840	\$ 49,709,366	\$ 329,608,961

STATE OF NORTH DAKOTA

Combining Statement of Changes in Fiduciary Net Position Pension, Investment and Private-Purpose Trust Funds (Continued) For the Fiscal Year Ended June 30, 2021

	Private-Purpose Trust Funds			Total
	Cultural Donations	Remediation Trust	College SAVE	
ADDITIONS				
Contributions:				
Child Support Collections	\$ —	\$ —	\$ —	\$ —
Collections for District Courts	—	—	—	—
Employer	—	—	—	—
Employee	—	—	—	—
From Participants	—	—	50,478,295	50,478,295
Student, Patient, and Inmate Accounts	—	—	—	—
Tax Collections for Local Governments	—	—	—	—
Transfers from Other Funds	—	—	—	—
Transfers from Other Plans	—	—	—	—
Donations	—	—	—	—
Total Contributions	—	—	50,478,295	50,478,295
Investment Income:				
Net Change in Fair Value of Investments	228,427	—	49,995,220	50,223,647
Interest and Dividends	34,715	50,637	12,099,419	12,184,771
Less Investment Expense	2,286	—	—	2,286
Net Investment Income	260,856	50,637	62,094,639	62,406,132
Securities Lending Activity:				
Securities Lending Income	125	—	—	125
Less Securities Lending Expense	—	—	—	—
Net Securities Lending Income	125	—	—	125
Repurchase Service Credit	—	—	—	—
Miscellaneous Income (Expense)	2,906	—	—	2,906
Total Additions	263,887	50,637	112,572,934	112,887,458
DEDUCTIONS				
Benefits Paid to Participants	—	—	—	—
Child Support Distributions	—	—	—	—
Distributions to District Courts	—	—	—	—
Distributions of Taxes to Local Governments	—	—	—	—
Student, Patient, and Inmate Accounts	—	—	—	—
Refunds	—	—	—	—
Prefunded Credit Applied	—	—	—	—
Transfer to Other Plans	—	—	—	—
Payments in Accordance with Trust Agreements	50,005	47,296	44,903,502	45,000,803
Administrative Expenses	1,580	28,525	3,679,750	3,709,855
Total Deductions	51,585	75,821	48,583,252	48,710,658
Redemption of Units at \$1.00 Per Unit	—	—	—	—
Net Increase (Decrease) in Fiduciary Net Position	212,302	(25,184)	63,989,682	64,176,800
Net Position - Beginning of Year, as Restated	1,228,757	5,817,362	535,837,373	542,883,492
Net Position - End of Year	\$ 1,441,059	\$ 5,792,178	\$ 599,827,055	\$ 607,060,292

Custodial Funds			
Child Support	Students and Other	Collection	Total
\$ 135,601,990	\$ —	\$ —	\$ 135,601,990
—	2,246,695	—	2,246,695
—	—	—	—
—	—	—	—
—	18,569	—	18,569
—	5,847,154	—	5,847,154
—	—	296,399,300	296,399,300
—	—	—	—
—	—	—	—
—	2,471,794	—	2,471,794
135,601,990	10,584,212	296,399,300	442,585,502
—	—	—	—
—	37	—	37
—	—	—	—
—	37	—	37
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	807,359	—	807,359
135,601,990	11,391,608	296,399,300	443,392,898
—	8,413	—	8,413
135,601,990	—	—	135,601,990
—	2,143,061	—	2,143,061
—	—	294,974,626	294,974,626
—	5,259,232	—	5,259,232
—	—	42,691	42,691
—	—	—	—
—	—	—	—
—	—	—	—
—	3,132,666	1,381,983	4,514,649
135,601,990	10,543,372	296,399,300	442,544,662
—	—	—	—
—	848,236	—	848,236
—	6,206,578	—	6,206,578
\$ —	\$ 7,054,814	\$ —	\$ 7,054,814

Statistical Information

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**Schedule 1 -- Net Position by Component
Last Ten Fiscal Years**
(accrual basis of accounting)

	2012	2013	2014	2015
Governmental Activities				
Net Investment in Capital Assets	\$ 1,943,226,802	\$ 2,331,214,264	\$ 2,502,234,624	\$ 3,622,722,021
Restricted	3,094,031,766	3,786,154,729	4,976,564,822	6,254,673,532
Unrestricted	3,635,538,536	5,597,014,917	7,109,867,360	6,812,545,677
Total Governmental Activities Net Position	\$ 8,672,797,104	\$ 11,714,383,910	\$ 14,588,666,806	\$ 16,689,941,230
Business-Type Activities				
Net Investment in Capital Assets	752,357,235	792,067,993	844,395,270	1,023,384,933
Restricted	569,991,053	632,431,958	600,269,799	485,012,106
Unrestricted	957,796,166	1,019,582,872	1,287,315,405	1,439,859,232
Total Business-Type Activities Net Position	\$ 2,280,144,454	\$ 2,444,082,823	\$ 2,731,980,474	\$ 2,948,256,271
Primary Government				
Net Investment in Capital Assets	2,695,584,037	3,123,282,257	3,346,629,894	4,646,106,954
Restricted	3,664,022,819	4,418,586,687	5,576,834,621	6,739,685,638
Unrestricted	4,593,334,702	6,616,597,789	8,397,182,765	8,252,404,909
Total Primary Government Net Position	\$ 10,952,941,558	\$ 14,158,466,733	\$ 17,320,647,280	\$ 19,638,197,501

2016	2017	2018	2019	2020	2021
\$ 4,299,696,899	\$ 4,759,286,304	\$ 4,988,838,700	\$ 5,185,682,467	\$ 5,427,964,743	\$ 5,558,196,905
6,246,873,312	6,224,908,099	6,355,103,413	6,639,785,616	6,543,041,908	7,676,068,973
5,781,826,861	5,989,501,438	7,172,275,944	8,786,695,069	9,578,050,070	11,474,698,414
\$ 16,328,397,072	\$ 16,973,695,841	\$ 18,516,218,057	\$ 20,612,163,152	\$ 21,549,056,721	\$ 24,708,964,292
1,155,758,401	1,223,438,996	1,214,133,386	1,246,740,894	1,243,098,375	1,339,862,982
533,664,273	888,080,253	924,610,477	972,887,591	1,374,338,655	1,670,769,520
1,528,847,402	1,633,421,219	1,779,197,611	1,904,500,531	1,952,266,055	1,905,177,868
\$ 3,218,270,076	\$ 3,744,940,468	\$ 3,917,941,474	\$ 4,124,129,016	\$ 4,569,703,085	\$ 4,915,810,370
5,455,455,300	5,982,725,300	6,202,972,086	6,432,423,361	6,671,063,118	6,898,059,887
6,780,537,585	7,112,988,352	7,279,713,890	7,612,673,207	7,917,380,563	9,346,838,493
7,310,674,263	7,622,922,657	8,951,473,555	10,691,195,600	11,530,316,125	13,379,876,282
\$ 19,546,667,148	\$ 20,718,636,309	\$ 22,434,159,531	\$ 24,736,292,168	\$ 26,118,759,806	\$ 29,624,774,662

STATE OF NORTH DAKOTA

Schedule 2 -- Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2012	2013	2014	2015
Expenses				
Governmental Activities:				
General Governmental	\$ 617,152,026	\$ 889,332,121	\$ 1,283,916,089	\$ 1,171,207,640
Education	843,780,168	875,991,527	1,075,062,067	1,415,255,393
Health and Human Services	1,271,569,970	1,318,899,711	1,433,598,932	1,706,333,172
Regulatory	33,988,310	44,813,739	54,727,821	66,743,817
Public Safety and Corrections	303,602,543	209,732,547	243,149,474	249,290,966
Agriculture and Commerce	91,653,406	93,212,834	96,055,152	106,455,113
Natural Resources	132,679,303	114,752,488	119,395,831	236,079,321
Transportation	796,123,086	595,646,719	1,066,103,806	603,812,692
Interest on Long Term Debt	9,063,514	8,454,110	7,601,561	7,154,580
Total Governmental Activities Expenses	4,099,612,325	4,150,835,796	5,379,610,733	5,562,332,694
Business-Type Activities:				
Bank of North Dakota	71,996,932	68,887,617	76,366,749	71,053,171
Housing Finance	56,046,981	48,368,304	40,901,946	37,510,475
Loan Programs	8,092,864	8,756,357	12,759,106	11,366,158
State Lottery	18,877,249	19,713,987	19,264,562	20,359,788
Unemployment Compensation	89,236,878	118,377,072	113,988,509	144,920,974
University System	1,047,949,521	1,080,816,602	1,129,869,106	1,170,159,474
Workers Compensation	359,216,200	448,535,174	418,500,961	377,926,363
Other	523,164,269	279,389,712	269,600,028	549,799,020
Total Business-Type Activities Expenses	2,174,580,894	2,072,844,825	2,081,250,967	2,383,095,423
Total Primary Government Expenses	\$ 6,274,193,219	\$ 6,223,680,621	\$ 7,460,861,700	\$ 7,945,428,117
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Governmental	30,255,507	32,815,967	38,080,695	37,107,914
Education	7,515,580	6,086,567	6,064,710	6,806,001
Health and Human Services	36,100,539	38,381,590	39,915,016	64,507,593
Regulatory	30,312,566	32,359,807	45,384,490	25,862,700
Public Safety and Corrections	26,263,919	26,614,392	28,552,402	30,428,332
Agriculture and Commerce	31,026,427	35,652,945	36,600,243	31,198,196
Natural Resources	31,017,855	26,356,862	29,681,837	33,895,342
Transportation	111,125,056	120,821,133	120,058,651	132,160,558
Operating Grants and Contributions	2,012,322,201	1,867,800,810	2,083,789,612	1,888,797,868
Capital Grants and Contributions	18,099,423	5,353,007	11,045,879	1,388,033
Total Governmental Activities Program Revenues	2,334,039,074	2,192,243,080	2,439,173,535	2,252,152,537
Business-Type Activities:				
Charges for Services:				
Bank of North Dakota	145,038,000	161,080,000	155,548,000	175,117,000
Housing Finance	49,583,855	42,649,030	36,150,366	34,386,013
Loan Programs	6,185,948	7,538,124	7,548,651	10,365,115
State Lottery	26,587,851	27,999,486	27,051,014	27,212,010
Unemployment Compensation	126,040,929	127,174,321	133,701,408	127,328,232
University System	468,992,991	486,262,379	507,302,753	517,570,660
Workers Compensation	253,677,520	320,237,794	318,779,835	339,806,696
Other	278,124,295	289,981,947	276,895,777	554,752,747
Operating Grants and Contributions	601,695,091	370,855,633	439,950,824	312,136,231
Capital Grants and Contributions	20,975,446	19,865,857	18,703,628	36,923,275
Total Business-Type Activities Program Revenues	1,976,901,926	1,853,644,571	1,921,632,256	2,135,597,979
Total Primary Government Program Revenues	\$ 4,310,941,000	\$ 4,045,887,651	\$ 4,360,805,791	\$ 4,387,750,516
Net (Expense)/Revenue				
Governmental Activities	(1,765,573,251)	(1,958,592,716)	(2,940,437,198)	(3,310,180,157)
Business-Type Activities	(197,678,968)	(219,200,254)	(159,618,711)	(247,497,444)
Total Primary Government Net Expense	\$ (1,963,252,219)	\$ (2,177,792,970)	\$ (3,100,055,909)	\$ (3,557,677,601)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Individual and Corporate Income Taxes	658,905,496	863,018,492	700,867,920	732,975,064
Sales and Use Taxes	1,543,140,897	1,654,186,763	1,756,777,615	1,804,380,378
Oil, Gas and Coal Taxes	1,670,059,257	2,518,921,322	3,335,934,782	2,734,507,198
Business and Other Taxes	71,974,295	83,470,020	82,437,250	92,936,834
Unrestricted Investment Earnings	15,500,793	17,967,764	130,011,232	117,643,232
Tobacco Settlement	22,265,336	22,332,577	23,652,803	21,789,723
Miscellaneous	170,544,538	206,709,383	198,533,139	161,725,312
Contributions to Permanent Fund Principal	12,469,733	13,722,930	14,251,211	16,382,336
Special Items	—	—	—	—
Extraordinary Item	—	—	—	—
Transfers	(368,204,484)	(409,585,575)	(424,008,500)	(542,713,254)
Total Governmental Activities	3,796,655,862	4,970,743,676	5,818,457,452	5,139,626,823
Business-Type Activities:				
Miscellaneous	1,940,000	39,166,106	1,857,975	9,562,071
Special Items	—	(14,728,630)	—	—
Transfers	390,214,559	358,701,147	455,888,029	535,979,992
Total Business-Type Activities	392,154,559	383,138,623	457,746,004	545,542,063
Total Primary Government	\$ 4,188,810,421	\$ 5,353,882,299	\$ 6,276,203,456	\$ 5,685,168,886
Change in Net Position				
Governmental Activities	2,031,082,611	3,012,150,960	2,878,020,254	1,829,446,666
Business-Type Activities	194,475,591	163,938,369	298,127,293	298,044,619
Total Primary Government	\$ 2,225,558,202	\$ 3,176,089,329	\$ 3,176,147,547	\$ 2,127,491,285

2016	2017	2018	2019	2020	2021
\$ 1,055,377,601	\$ 955,118,609	\$ 1,034,864,058	\$ 1,183,233,944	\$ 1,034,052,808	\$ 1,214,720,174
1,175,550,087	1,214,358,440	1,208,513,849	1,238,988,634	1,288,935,269	1,440,183,047
1,776,822,167	1,851,801,955	1,930,264,975	1,947,263,363	2,077,950,367	2,429,626,253
69,084,070	76,261,665	60,781,953	61,213,248	78,441,824	262,054,990
227,617,802	238,515,283	241,143,887	230,666,579	249,751,212	303,434,122
106,845,611	100,774,792	95,411,926	99,247,117	107,574,065	235,626,424
321,992,458	286,546,075	230,194,737	261,307,506	217,545,757	292,875,625
679,070,102	529,532,248	444,530,511	443,629,333	429,801,053	518,412,351
<u>1,334,285</u>	<u>2,677,665</u>	<u>2,502,540</u>	<u>1,952,361</u>	<u>1,691,314</u>	<u>4,267,910</u>
<u><u>5,413,694,183</u></u>	<u><u>5,255,586,732</u></u>	<u><u>5,248,208,436</u></u>	<u><u>5,467,502,085</u></u>	<u><u>5,485,743,669</u></u>	<u><u>6,701,200,896</u></u>
85,822,027	88,791,813	86,073,174	98,931,503	103,391,326	93,811,024
40,245,934	40,997,193	46,083,037	52,714,991	56,536,682	60,546,134
17,322,830	13,172,549	13,320,203	12,665,669	16,395,752	11,287,518
26,038,434	20,637,595	23,214,880	26,174,686	18,929,003	23,631,524
225,358,209	156,930,938	115,486,597	84,205,911	611,219,223	731,052,695
1,211,438,892	1,204,936,394	1,178,669,412	1,198,989,180	1,227,857,663	1,349,698,370
366,662,703	254,467,332	270,197,345	297,497,091	220,279,394	208,717,011
<u>569,432,422</u>	<u>571,077,157</u>	<u>632,911,836</u>	<u>594,491,102</u>	<u>616,265,019</u>	<u>652,042,298</u>
<u>2,542,321,451</u>	<u>2,351,010,971</u>	<u>2,365,956,484</u>	<u>2,365,670,133</u>	<u>2,870,874,062</u>	<u>3,130,786,574</u>
<u><u>\$ 7,956,015,634</u></u>	<u><u>\$ 7,606,597,703</u></u>	<u><u>\$ 7,614,164,920</u></u>	<u><u>\$ 7,833,172,218</u></u>	<u><u>\$ 8,356,617,731</u></u>	<u><u>\$ 9,831,987,470</u></u>
36,278,126	33,728,302	33,504,205	37,185,115	31,944,485	39,724,160
7,071,212	7,530,807	6,987,309	7,147,934	10,566,897	11,240,158
42,982,802	43,283,756	48,201,500	80,627,617	47,748,086	40,135,912
52,583,727	29,390,590	31,489,459	29,490,252	37,130,755	43,663,963
24,446,658	23,272,409	30,370,076	32,002,961	20,811,638	18,539,074
38,222,183	35,559,194	40,756,601	32,809,364	38,228,838	37,917,725
35,142,635	35,392,128	33,128,741	38,390,527	44,662,134	41,529,095
122,699,922	124,378,227	120,482,453	120,377,945	116,062,224	121,945,135
1,755,539,596	2,221,211,526	2,156,381,884	2,121,702,987	2,028,277,553	4,178,131,574
<u>3,416,338</u>	<u>1,205,837</u>	<u>94,772</u>	<u>106,834</u>	<u>1,939</u>	<u>—</u>
<u>2,118,383,199</u>	<u>2,554,952,776</u>	<u>2,501,397,000</u>	<u>2,499,841,536</u>	<u>2,375,434,549</u>	<u>4,532,826,796</u>
207,836,000	223,476,000	221,210,000	251,626,000	279,302,000	248,655,000
36,286,659	37,984,271	39,821,469	49,362,786	58,096,789	49,989,561
12,212,352	11,530,798	7,391,511	13,095,470	17,114,318	15,543,719
35,736,460	27,744,572	31,520,906	35,511,058	24,505,932	30,501,286
147,802,377	193,118,386	162,161,260	114,657,558	452,421,028	549,743,788
537,645,053	546,737,253	549,206,645	540,691,218	528,517,702	546,245,171
308,682,776	244,720,318	239,542,884	249,787,742	230,442,756	185,328,576
573,829,155	577,288,875	639,883,523	600,125,017	623,799,925	655,012,904
298,603,154	380,842,641	363,266,299	410,790,831	596,060,095	855,176,187
<u>29,609,083</u>	<u>32,025,992</u>	<u>4,769,350</u>	<u>19,925,817</u>	<u>17,501,749</u>	<u>17,610,105</u>
<u>2,188,243,069</u>	<u>2,275,469,106</u>	<u>2,258,773,847</u>	<u>2,285,573,497</u>	<u>2,827,762,294</u>	<u>3,153,806,297</u>
<u><u>\$ 4,306,626,268</u></u>	<u><u>\$ 4,830,421,882</u></u>	<u><u>\$ 4,760,170,847</u></u>	<u><u>\$ 4,785,415,033</u></u>	<u><u>\$ 5,203,196,843</u></u>	<u><u>\$ 7,686,633,093</u></u>
(3,295,310,984)	(2,700,633,956)	(2,746,811,436)	(2,967,660,549)	(3,110,309,120)	(2,168,374,100)
<u>(354,078,382)</u>	<u>(75,541,865)</u>	<u>(107,182,637)</u>	<u>(80,096,636)</u>	<u>(43,111,768)</u>	<u>23,019,723</u>
<u><u>\$ (3,649,389,366)</u></u>	<u><u>\$ (2,776,175,821)</u></u>	<u><u>\$ (2,853,994,073)</u></u>	<u><u>\$ (3,047,757,185)</u></u>	<u><u>\$ (3,153,420,888)</u></u>	<u><u>\$ (2,145,354,377)</u></u>
414,964,865	418,040,178	452,792,812	604,088,632	513,419,336	581,766,062
1,348,342,960	1,236,701,340	1,326,248,557	1,435,129,762	1,364,664,641	1,327,568,100
1,457,361,212	1,490,398,754	2,196,877,038	2,586,569,876	1,949,036,077	1,746,983,327
99,295,506	98,374,118	100,127,079	110,714,853	107,173,491	128,552,656
64,347,477	489,070,430	380,164,919	360,264,138	333,528,092	1,676,824,486
22,776,760	21,599,800	55,305,183	20,752,400	21,159,397	22,586,170
119,545,563	119,134,899	163,996,339	231,745,021	190,047,481	185,658,136
15,637,987	11,895,026	4,393,122	11,014,244	9,515,851	11,162,710
(4,948,596)	—	—	—	—	—
—	(38,379,966)	—	—	—	—
<u>(603,556,908)</u>	<u>(503,278,766)</u>	<u>(367,497,321)</u>	<u>(290,718,287)</u>	<u>(440,249,767)</u>	<u>(365,978,579)</u>
<u>2,933,766,826</u>	<u>3,343,555,813</u>	<u>4,312,407,728</u>	<u>5,069,560,639</u>	<u>4,048,294,599</u>	<u>5,315,123,068</u>
93,003	4,846,618	2,921,705	5,162,713	3,576,763	336,679
—	—	—	—	—	—
<u>611,332,622</u>	<u>598,094,515</u>	<u>285,002,133</u>	<u>277,018,465</u>	<u>485,109,074</u>	<u>334,080,678</u>
<u>611,425,625</u>	<u>602,941,133</u>	<u>287,923,838</u>	<u>282,181,178</u>	<u>488,685,837</u>	<u>334,417,357</u>
<u><u>\$ 3,545,192,451</u></u>	<u><u>\$ 3,946,496,946</u></u>	<u><u>\$ 4,600,331,566</u></u>	<u><u>\$ 5,351,741,817</u></u>	<u><u>\$ 4,536,980,436</u></u>	<u><u>\$ 5,649,540,425</u></u>
(361,544,158)	642,921,857	1,565,596,292	2,101,900,090	937,985,479	3,146,748,968
<u>257,347,243</u>	<u>527,399,268</u>	<u>180,741,201</u>	<u>202,084,542</u>	<u>445,574,069</u>	<u>357,437,080</u>
<u><u>\$ (104,196,915)</u></u>	<u><u>\$ 1,170,321,125</u></u>	<u><u>\$ 1,746,337,493</u></u>	<u><u>\$ 2,303,984,632</u></u>	<u><u>\$ 1,383,559,548</u></u>	<u><u>\$ 3,504,186,048</u></u>

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

(modified accrual basis of accounting)

	2012	2013	2014	2015
General Fund				
Nonspendable	\$ 498,042,684	\$ 1,355,179,441	\$ 2,447,681,621	\$ 3,465,933,483
Restricted	—	—	—	—
Committed	996,737,740	840,061,206	1,365,420,166	1,332,805,458
Unassigned	1,412,091,095	2,142,277,489	1,421,552,566	1,061,519,282
Total General Fund	2,906,871,519	4,337,518,136	5,234,654,353	5,860,258,223
All Other Governmental Funds				
Nonspendable	82,345,060	85,991,097	88,250,884	179,976,824
Restricted	3,003,088,539	3,679,248,354	4,913,528,772	6,037,108,398
Committed	682,600,401	1,200,571,048	1,628,346,627	1,230,446,562
Assigned	66,930,266	64,730,555	224,403,093	—
Unassigned	(3,797,855)	(6,075,964)	—	(8,477,525)
Total All Other Governmental Funds	3,831,166,411	5,024,465,090	6,854,529,376	7,439,054,259
Total Fund Balances, Governmental Funds	\$ 6,738,037,930	\$ 9,361,983,226	\$ 12,089,183,729	\$ 13,299,312,482

2016	2017	2018	2019	2020	2021
\$ 3,908,797,255	\$ 4,761,588,134	\$ 5,551,216	\$ 6,638,440	\$ 6,194,850	\$ 7,560,989
—	—	8,990,891	279,367	396	1,189,782
997,494,805	364,544,853	411,711,769	348,222,819	1,066,688,590	1,020,424,743
421,702,619	353,772,107	6,242,855,378	7,231,354,796	7,655,894,378	9,708,645,637
5,327,994,679	5,479,905,094	6,669,109,254	7,586,495,422	8,728,778,214	10,737,821,151
197,452,648	208,038,662	216,171,493	101,738,203	103,260,391	136,551,832
6,000,049,002	5,996,248,585	6,124,510,110	6,488,554,439	6,410,963,955	7,514,294,011
617,111,539	480,910,925	398,555,411	1,187,965,245	840,247,407	953,335,924
79,512,397	228,964,056	381,732,051	374,609,779	419,726,973	386,292,467
(3,376,686)	(3,146,889)	—	(1,642,214)	(4,821,080)	(9,019,900)
6,890,748,900	6,911,015,339	7,120,969,065	8,151,225,452	7,769,377,646	8,981,454,334
\$ 12,218,743,579	\$ 12,390,920,433	\$ 13,790,078,319	\$ 15,737,720,874	\$ 16,498,155,860	\$ 19,719,275,485

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

(modified accrual basis of accounting)

	2012	2013	2014	2015
Revenues				
Individual and Corporate Income Taxes	\$ 643,107,392	\$ 845,590,604	\$ 736,426,799	\$ 714,657,090
Sales and Use Taxes	1,542,807,423	1,652,264,305	1,747,358,775	1,790,646,715
Oil, Gas, and Coal Taxes	1,670,529,100	2,518,629,175	3,336,441,100	2,734,607,036
Business and Other Taxes	72,084,077	80,514,313	85,216,692	93,445,691
Licenses, Permits and Fees	183,303,744	191,268,529	205,896,279	215,706,207
Intergovernmental	1,753,469,275	1,428,170,719	1,433,023,985	1,626,610,762
Sales and Services	51,864,186	51,333,672	54,206,137	81,988,980
Royalties and Rents	392,165,022	389,989,643	474,293,031	398,048,916
Fines and Forfeits	18,151,711	23,770,098	23,022,332	26,167,673
Interest and Investment Income	74,621,630	250,383,144	515,486,326	149,053,816
Tobacco Settlement	31,277,903	31,344,429	33,896,173	30,512,364
Commodity Assessments	19,710,327	28,572,996	24,788,270	23,662,092
Miscellaneous	25,651,998	56,131,404	37,337,036	17,176,577
Total Revenues	6,478,743,788	7,547,963,031	8,707,392,935	7,902,283,919
Expenditures				
Current:				
General Government	193,919,196	316,117,619	391,604,389	690,034,696
Education	842,666,213	874,348,965	1,073,921,730	1,116,260,493
Health and Human Services	1,267,415,392	1,316,596,317	1,430,474,509	1,707,702,397
Regulatory	30,249,484	35,368,070	47,317,516	58,625,606
Public Safety and Corrections	292,979,177	199,319,379	230,055,951	237,542,738
Agriculture and Commerce	91,516,274	92,435,869	95,791,431	106,304,742
Natural Resources	123,117,235	105,696,650	107,874,535	185,712,117
Transportation	753,087,144	550,383,353	1,015,136,123	550,382,661
Intergovernmental - Revenue Sharing	415,775,866	570,905,886	887,469,331	811,392,745
Capital Outlay	358,083,597	428,030,196	250,938,968	648,582,253
Debt Service:				
Principal	18,282,996	17,421,039	18,094,333	35,744,666
Interest and Other Charges	9,736,260	8,744,962	7,999,247	7,915,666
Total Expenditures	4,396,828,834	4,515,368,305	5,556,678,063	6,156,200,780
Revenue over (under) Expenditures	2,081,914,954	3,032,594,726	3,150,714,872	1,746,083,139
Other Financing Sources (Uses)				
Bonds and Notes Issued	—	—	—	—
Refunding Bonds Issued	20,004,000	—	—	—
Payment to Refund Bond Escrow Agent	—	—	—	—
Payment of Refunded Bonds	(25,041,000)	—	—	—
Capital Lease Acquisitions	147,344	282,145	52,526	244,493
Sale of Capital Assets	284,974	641,170	336,557	49,910
Other	—	—	—	—
Transfers In	1,162,122,470	398,824,628	104,808,196	1,176,200,047
Transfers Out	(1,530,199,911)	(808,397,373)	(528,711,650)	(1,718,913,302)
Total Other Financing Sources (Uses)	(372,682,123)	(408,649,430)	(423,514,371)	(542,418,852)
Extraordinary Item	—	—	—	—
Net Changes in Fund Balances	\$ 1,709,232,831	\$ 2,623,945,296	\$ 2,727,200,501	\$ 1,203,664,287
Debt Service as a Percentage of Noncapital Expenditures	<1%	<1%	<1%	<1%

2016	2017	2018	2019	2020	2021
\$ 424,229,756	\$ 397,563,377	\$ 459,742,512	\$ 594,902,271	\$ 514,474,130	\$ 580,658,626
1,353,955,780	1,227,777,645	1,308,380,507	1,447,039,166	1,382,950,275	1,326,013,473
1,457,086,135	1,489,177,632	2,198,245,617	2,586,461,875	1,949,413,720	1,746,635,471
99,743,017	99,358,473	100,050,115	113,491,911	107,904,881	125,055,742
207,163,123	201,347,912	209,425,979	208,629,095	205,881,199	205,204,816
1,643,431,832	1,718,291,215	1,666,435,743	1,722,371,509	1,935,418,579	2,954,711,047
57,382,857	56,713,042	59,147,530	87,945,566	63,647,829	61,109,068
237,379,524	256,351,062	358,554,090	428,518,481	350,303,312	353,401,250
22,979,377	25,792,953	27,794,757	31,643,952	28,740,584	36,954,902
63,615,120	863,607,155	668,469,231	568,502,158	267,822,601	2,736,264,540
31,872,848	25,677,716	55,305,183	20,752,400	21,159,397	22,586,170
25,007,037	27,771,103	25,879,090	24,055,725	23,180,351	27,911,971
43,591,538	19,059,502	32,577,808	26,261,882	32,010,373	27,671,984
5,667,437,944	6,408,488,787	7,170,008,162	7,860,575,991	6,882,907,231	10,204,179,060
363,410,801	375,462,221	196,145,504	212,878,777	221,601,805	421,622,553
1,174,928,314	1,212,413,715	1,205,816,564	1,236,434,495	1,286,565,575	1,417,944,095
1,774,061,712	1,830,146,819	1,895,273,724	1,901,317,937	2,036,979,868	2,346,331,566
60,161,098	66,319,143	50,990,125	44,017,306	66,636,947	238,371,129
216,354,458	221,427,867	217,079,519	206,073,620	228,482,829	248,403,023
106,791,473	100,053,823	93,502,803	97,290,753	106,261,515	230,631,647
307,669,526	270,375,075	210,225,132	240,134,308	196,940,075	264,426,811
613,815,927	446,115,824	369,478,453	359,256,938	330,326,337	380,064,758
693,793,125	574,300,791	826,616,477	964,483,838	805,934,582	761,332,025
770,056,268	585,432,696	339,847,100	341,357,479	383,713,350	401,825,733
63,766,311	11,576,381	16,169,612	10,839,024	20,566,373	6,434,015
4,544,267	2,809,155	2,532,662	2,073,539	1,800,116	4,027,874
6,149,353,280	5,696,433,510	5,423,677,675	5,616,158,014	5,685,809,372	6,721,415,229
(481,915,336)	712,055,277	1,746,330,487	2,244,417,977	1,197,097,859	3,482,763,831
—	—	42,812,909	—	3,344,100	89,728,267
—	—	—	—	—	—
—	—	—	—	—	—
—	—	(20,347,000)	—	—	—
149,891	1,728,159	175,968	184,258	145,827	1,310,560
5,712,951	27,150	19,343	1,141,039	269,769	191,812
—	—	—	—	—	—
838,882,833	346,374,625	291,318,581	285,737,190	563,143,071	742,667,620
(1,443,399,242)	(849,628,391)	(658,815,902)	(576,455,477)	(1,003,565,640)	(1,108,701,068)
(598,653,567)	(501,498,457)	(344,836,101)	(289,392,990)	(436,662,873)	(274,802,809)
—	(38,379,966)	—	—	—	—
\$ (1,080,568,903)	\$ 172,176,854	\$ 1,401,494,386	\$ 1,955,024,987	\$ 760,434,986	\$ 3,207,961,022
1.3%	<1%	<1%	<1%	<1%	<1%

Schedule 5
Taxable Sales by Industry
Last Ten Calendar Years

	Calendar Year			
	2011	2012	2013	2014
Mining and Oil Extraction	\$3,609,963,576	\$5,117,138,306	\$4,374,052,860	\$5,194,104,870
Construction	702,237,062	1,073,180,098	985,079,023	965,197,436
Manufacturing	995,535,882	1,270,236,581	1,334,723,444	1,527,873,493
Transportation, Communications, And Public Utilities	577,280,642	652,478,635	569,453,738	630,444,105
Wholesale	4,394,667,162	5,987,059,129	6,434,467,781	7,391,400,913
Retail	5,448,304,958	6,348,806,735	6,569,146,675	6,900,590,520
Services	2,490,644,719	3,135,679,592	3,441,014,994	3,684,213,017
Accommodation and Food Service	1,471,737,060	1,706,097,731	1,756,625,375	1,928,607,097
Miscellaneous				
Total	\$19,690,371,061	\$25,290,676,807	\$25,464,563,890	\$28,222,431,451
Effective Tax Rate	4.86 %	5.08 %	5.08 %	5.00 %

Source: ND State Tax Department

Schedule 6
Sales Tax Revenue Payers by Industry
Calendar Years 2011 and 2020

(Dollars are in Millions)

	Calendar Year 2011			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail Trade	10,684	36.2 %	\$ 321.45	33.6 %
Wholesale Trade	4,939	16.7 %	193.37	20.2 %
Services	7,775	26.3 %	124.53	13.0 %
Transportation, Communications, And Public Utilities	484	1.6 %	28.86	3.0 %
Manufacturing	2,588	8.8 %	49.78	5.2 %
Construction	2,188	7.4 %	35.12	3.7 %
Miscellaneous	409	1.4 %	22.61	2.4 %
Mining and Oil Extraction	451	1.5 %	180.50	18.9 %
Total	29,518	100.0 %	956.22	100.0 %

Source: ND State Tax Department

Calendar Year					
2015	2016	2017	2018	2019	2020
\$ 3,195,799,670	\$ 1,270,571,326	\$ 1,933,586,774	\$ 2,798,102,134	\$ 3,099,269,900	\$ 1,670,338,769
893,628,575	788,360,652	572,742,527	581,608,306	618,279,202	552,912,062
1,256,620,179	955,191,364	940,433,285	1,073,576,742	1,167,694,348	199,376,511
566,226,446	359,835,574	325,778,272	520,830,231	607,973,352	309,734,767
5,339,698,317	3,564,195,615	3,971,599,479	4,849,827,096	4,972,679,709	3,840,938,987
6,634,790,900	6,137,317,234	6,039,261,375	6,253,114,138	6,686,103,548	7,175,885,046
3,176,227,835	2,547,155,903	2,411,082,485	2,420,785,043	2,537,470,588	3,361,463,017
1,839,842,915	1,705,940,154	1,706,215,062	1,765,283,726	1,834,041,363	1,476,480,919
\$ 22,902,834,837	\$ 17,328,567,822	\$ 17,900,699,259	\$ 20,263,127,416	\$ 21,523,512,010	\$ 18,587,130,078
5.35 %	5.42 %	5.06 %	5.12 %	5.11 %	0.0513

Calendar Year 2020			
Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
10,018	29.4 %	\$ 368.12	38.6 %
5,410	15.9 %	172.84	18.1 %
11,695	34.3 %	251.57	26.4 %
497.00	1.5 %	15.89	1.7 %
3,285	9.6 %	10.22	1.1 %
2,035	6.0 %	28.36	3.0 %
529	1.6 %	20.58	2.2 %
609	1.8 %	85.69	9.0 %
34,078	100.0 %	\$ 953.27	100.0 %

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

(dollars in thousands)

	Fiscal Year			
	2012	2013	2014	2015
Governmental Activities				
Revenue bonds	\$ 197,021	\$ 180,757	\$ 163,031	\$ 129,345
Capital leases	1,928	1,068	667	600
Notes Payable	7,428	6,211	4,981	4,412
Total Governmental Activities	206,377	188,036	168,679	134,357
Business-type Activities				
Revenue bonds	1,069,257	919,506	901,527	884,086
Certificates of Participation	—	—	—	—
Capital leases	73,211	61,796	44,774	41,224
Notes payable	481,735	415,856.00	484,763	665,792
Total Business-Type Activities	1,624,203	1,397,158	1,431,064	1,591,102
Total Primary Government	\$ 1,830,580	\$ 1,585,194	\$ 1,599,743	\$ 1,725,459
Debt as a Percentage of Personal Income ¹	6.2 %	4.8 %	4.1 %	4.3 %
Amount of Debt per Capita ¹	\$ 2,714	\$ 2,313	\$ 2,279	\$ 2,383

¹ These ratios are calculated using personal income and population for the prior calendar year. See Schedule 10 for personal income and population data.

Details regarding the state's debt can be found in Note 3-L of the financial statements.

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 64,049	\$ 54,105	\$ 40,429	\$ 29,950	\$ 19,730	\$ 112,488,000
467	1,695	1,415	1,118	834	3,300,770
3,891	2,181	22,248	21,897	14,817	16,405,610
68,407	57,981	64,092	52,965	35,381	132,195,380
1,040,019	1,019,125	1,242,368	1,525,285	1,666,599	1,692,518,425
—	—	—	96,843	104,120	104,122,924
38,533	41,425	40,058	54,359	51,662	49,950,090
747,186	1,299,860	1,289,686	1,120,787	648,266	198,740,075
1,825,738	2,360,410	2,572,112	2,797,274	2,470,647	2,045,330,514
1,894,145	2,418,391	2,636,204	2,850,239	2,506,028	2,177,525,894
4.4 %	5.8 %	6.4 %	6.9 %	6.1 %	4.8 %
\$ 2,560	\$ 3,195	\$ 3,478	\$ 3,760	\$ 3,306	\$ 2,845

Schedule 8
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year				Debt Service Requirements		Coverage
	Gross Revenues	Less: Operating	Net Available	Principal	Interest	
BUILDING AUTHORITY BONDS						
2012	11,298,000	—	11,298,000	7,106,000	3,211,000	1.10
2013	8,394,000	—	8,394,000	5,806,000	2,655,000	0.99
2014	9,176,000	—	9,176,000	6,825,000	2,336,000	1.00
2015	8,163,000	—	8,163,000	6,130,000	2,080,000	0.99
2016	9,868,000	—	9,868,000	6,375,000	1,896,000	1.19
2017	5,300,000	—	5,300,000	5,315,000	1,680,000	0.76
2018	32,500,000	—	32,500,000	31,110,000	1,485,000	1.00
2019	6,343,000	—	6,343,000	5,200,000	1,092,000	1.01
2020	5,312,000	—	5,312,000	4,400,000	879,000	1.01
2021	\$ 5,363,000	\$ —	\$ 5,363,000	\$ 4,620,000	\$ 3,307,000	0.68
<i>Pledged revenues include interest and lease payments.</i>						
WATER COMMISSION BONDS						
2012	9,761,020	—	9,761,020	5,541,961	4,372,017	0.98
2013	9,863,578	—	9,863,578	5,760,272	4,142,814	1.00
2014	16,615,188	—	16,615,188	5,990,528	3,911,439	1.68
2015	8,783,565	—	8,783,565	13,343,592	3,318,972	0.53
2016	45,840,868	—	45,840,868	52,525,000	1,309,125	0.85
<i>Pledged revenues include user fees, interest, and Tobacco Settlement funds.</i>						
INFORMATION TECHNOLOGY BONDS						
2012	53,268,445	47,300,345	5,968,100	694,550	89,028	7.62
2013	58,427,069	52,478,918	5,948,151	736,600	39,805	7.66
2014	60,619,327	53,925,234	6,694,093	711,950	14,239	9.22
<i>Pledged revenues include user fees.</i>						
DEPARTMENT OF TRANSPORTATION BONDS						
2012	5,345,315	—	5,345,315	3,595,000	1,726,615	1.00
2013	5,344,822	—	5,344,822	3,725,000	1,597,010	1.00
2014	5,320,012	—	5,320,012	3,865,000	1,451,535	1.00
2015	5,318,070	—	5,318,070	4,015,000	1,303,070	1.00
2016	5,317,250	—	5,317,250	4,165,000	1,150,500	1.00
2017	5,315,500	—	5,315,500	4,375,000	942,250	1.00
2018	5,314,000	—	5,314,000	4,590,000	723,500	1.00
2019	5,313,500	—	5,313,500	4,820,000	494,000	1.00
2020	5,313,000	—	5,313,000	5,060,000	253,000	1.00
<i>Pledged revenues include interest and federal (intergovernmental revenues and transfers from fund 002), highway fund appropriations, and transfers from Highway fund (200).</i>						

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Requirements		Coverage
				Principal	Interest	
STUDENT LOAN TRUST						
2012	1,168,000	770,000	398,000	2,000,000	39,000	0.20
2013	976,000	658,000	318,000	2,200,000	24,000	0.14
2014	868,000	559,000	309,000	—	9,000	34.33
2015	732,000	487,000	245,000	—	9,000	27.22
2016	639,000	402,000	237,000	—	10,000	23.70
2017	543,000	361,000	182,000	—	14,000	13.00
2018	237,000	57,000	180,000	—	22,000	8.18
2019	84,000	38,000	46,000	—	31,000	1.48
2020	70,000	26,000	44,000	—	23,000	1.91
2021	\$ 47,000	\$ 17,000	\$ 30,000	\$ —	\$ 8,000	3.75

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

HOUSING FINANCE AGENCY						
2012	62,386,855	42,874,000	19,512,855	246,535,000	36,562,000	0.07
2013	55,452,870	36,480,000	18,972,870	209,045,000	29,902,000	0.08
2014	48,261,366	28,677,687	19,583,679	189,830,000	22,360,000	0.09
2015	46,104,013	25,535,000	20,569,013	136,385,000	18,303,000	0.13
2016	48,479,659	27,986,000	20,493,659	102,480,000	17,801,000	0.17
2017	50,851,271	28,185,000	22,666,271	249,400,000	17,985,000	0.08
2018	54,771,000	29,905,000	24,866,000	126,620,000	18,900,000	0.17
2019	64,712,000	37,843,000	26,869,000	89,660,000	23,474,000	0.24
2020	72,051,000	43,041,000	29,010,000	109,720,000	30,104,000	0.21
2021	\$ 66,753,000	\$ 44,296,000	\$ 22,457,000	\$ 233,210,000	\$ 33,530,000	0.08

Pledged revenues include income and proceeds from mortgage loan activity.

UNIVERSITY SYSTEM						
2012	708,136,180	979,701,772	(271,565,592)	27,187,867	15,553,703	(6.35)
2013	729,800,506	1,012,017,963	(282,217,457)	43,206,702	12,842,418	(5.04)
2014	750,780,897	1,051,848,696	(301,067,799)	42,458,545	11,650,094	(5.56)
2015	758,127,326	1,090,845,378	(332,718,052)	45,904,456	13,702,718	(5.58)
2016	838,245,926	1,200,399,795	(362,153,869)	60,435,257	12,328,344	(4.98)
2017	794,108,239	1,186,452,340	(392,344,101)	46,330,594	12,539,581	(6.66)
2018	795,593,560	1,160,802,712	(365,209,152)	44,073,161	12,241,613	(6.49)
2019	814,825,704	1,179,695,430	(364,869,726)	20,538,565	11,627,313	(11.34)
2020	802,320,682	1,192,083,445	(389,762,763)	19,508,893	13,753,146	(11.72)
2021	\$ 967,486,213	\$ 1,308,671,037	\$ (341,184,824)	\$ 26,018,512	\$ 20,177,507	(7.39)

Pledged revenues include student fees, auxiliary revenues, sales, tax revenue, investment income and debt service grants.

NOTE: Gross revenues include nonoperating interest income. Operating expenses do not include bond interest or depreciation expenses.

Schedule 9**Legal Debt Limit****Fiscal Year Ending June 30, 2021**

The state may issue or guarantee the payment of bonds, provided that all bonds in excess of two million dollars shall be secured by first mortgage upon real estate in amounts not to exceed sixty-five percent of its value; or upon real and personal property of state-owned utilities, enterprises, or industries, in amounts not exceeding its value, and provided further, that the state shall not issue or guarantee bonds upon property of state-owned utilities, enterprises, or industries in excess of ten million dollars.

No further indebtedness shall be incurred by the state unless evidenced by a bond issue, which shall be authorized by law for certain purposes, to be clearly defined. Every law authorizing a bond issue shall provide for levying an annual tax, or make other provision, sufficient to pay the interest semiannually, and the principal within thirty years from the date of the issue of such bonds and shall specially appropriate the proceeds of such tax, or of such other provisions to the payment of said principal and interest, and such appropriation shall not be repealed nor the tax or other provisions discontinued until such debt, both principal and interest, shall have been paid. No debt in excess of the limit named herein shall be incurred except for the purpose of repelling invasion, suppressing insurrection, defending the state in time of war or to provide for the public defense in case of threatened hostilities.

The State is in compliance with the Legal Debt Margin.

Source: North Dakota Constitution, Art. X, Section 13.

The State of North Dakota has had no General Obligation Bonded Debt since Fiscal Year 1998. No Schedule of Ratios of General Bonded Debt is being presented.

Schedule 10
Demographic and Economic Indicators
Last Ten Calendar Years

Year	Population (a)	Total Personal Income (b) (000's)	Per Capita Personal Income (b)	ND Unemployment Rate (c)	Annual Average UI Covered Employment (d)
2011	685,526	\$32,882,200	\$47,987	3.5 %	379,433
2012	702,227	\$38,859,800	\$55,421	3.1 %	411,710
2013	723,149	\$38,860,600	\$53,821	2.9 %	427,109
2014	738,736	\$41,526,200	\$56,314	2.7 %	444,658
2015	755,537	\$40,600,600	\$53,842	2.8 %	437,078
2016	754,434	\$39,104,000	\$52,519	3.1 %	417,150
2017	754,942	\$39,812,900	\$52,686	2.7 %	414,039
2018	758,080	\$42,291,900	\$55,598	2.6 %	417,578
2019	762,062	\$43,614,400	\$57,501	2.4 %	422,826
2020	765,309	\$45,450,200	\$59,388	5.1 %	395,988

Source:

- (a) Census Bureau
- (b) Bureau of Economic Analysis
- (c) Local Area Unemployment Statistics program (SA)
- (d) Quarterly Census of Employment and Wages program

Schedule 11 Principal Employers

North Dakota Century Code 52-01-02 and 52-01-03 prohibits Job Service North Dakota from disclosing information provided to them by employers, including the employer name and number of employees, unless authorized by the employer. Sufficient permission has not been received to allow for presentation of this schedule.

The following schedule is being presented as an alternative to the principal employer schedule:

Schedule 12 Employment by Industry Current Calendar Year and Ten Years Ago

Industry	2020			2011		
	Number of Employees	Rank	Percent of Total Nonagricultural Wage and Salary Employment	Number of Employees	Rank	Percent of Total Nonagricultural Wage and Salary Employment
Government	79,300	1	19.26 %	79,100	1	19.91 %
Educational and Health Services	65,800	2	15.98 %	58,400	2	14.70 %
Retail Trade	43,800	3	10.64 %	44,200	3	11.13 %
Leisure and Hospitality	34,300	4	8.33 %	35,500	4	8.94 %
Professional and Business Services	31,600	5	7.68 %	28,800	5	7.25 %
Construction	26,200	6	6.36 %	24,600	6	6.19 %
Manufacturing	25,200	7	6.12 %	23,800	7	5.99 %
Financial Activities	24,500	8	5.95 %	21,200	9	5.34 %
Wholesale Trade	23,200	9	5.64 %	22,600	8	5.69 %
Transportation, Warehousing and Utilities	22,100	10	5.37 %	19,400	10	4.88 %
Logging and Mining	15,200	11	3.69 %	16,900	11	4.25 %
Other Services	14,700	12	3.57 %	15,600	12	3.93 %
Information	5,800	13	1.41 %	7,100	13	1.79 %
Total	<u>411,700</u>		<u>100 %</u>	<u>397,200</u>		<u>100 %</u>

Source: Job Service North Dakota: Current Employment Statistics Program.

Schedule 13
Education Enrollment
Last Ten Academic Years

Public School Enrollment

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Kindergarten	8,575	8,822	9,033	8,925	8,841	9,271	9,324	9,620	8,992	9,524
Grades 1-3	23,796	24,859	25,960	26,585	26,320	26,316	26,663	27,208	26,812	27,034
Grades 4-6	22,008	22,810	23,751	24,513	25,244	26,076	26,580	26,622	25,880	26,246
Grades 7-8	14,750	14,920	15,299	15,642	16,115	16,511	16,845	17,561	17,742	17,707
Grades 9-12	30,063	30,245	30,235	30,405	30,343	30,771	31,430	31,847	32,619	33,347
Total Enrollment	99,192	101,656	104,278	106,070	106,863	108,945	110,842	112,858	112,045	113,858
Special Education Students	13,268	13,399	13,675	13,988	14,429	15,175	15,902	16,459	16,485	—

Source: Department of Public Instruction

University System Full-Time Equivalent Student Enrollment

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Bismarck State College	2,990	2,955	2,909	2,912	2,860	2,646	2,611	2,598	2,558	2,390
Dakota College at Bottineau	474	502	518	459	490	527	590	596	552	615
Dickinson State University	1,454	1,201	1,176	1,070	1,114	1,128	1,090	1,093	1,147	1,154
Lake Region State College	973	943	978	981	971	995	1,005	974	867	791
Mayville State University	759	749	798	796	782	784	817	801	801	815
Minot State University	2,731	2,710	2,600	2,570	2,591	2,467	2,483	2,399	2,273	2,242
ND State College Of Science	2,354	2,295	2,272	2,305	2,298	2,253	2,126	2,076	2,020	2,029
North Dakota State University	12,707	12,797	12,934	12,834	12,782	12,784	12,394	11,704	11,252	10,861
University of North Dakota	12,728	12,606	12,420	12,455	12,180	11,964	11,585	11,164	10,933	10,842
Valley City State University	995	975	990	1,031	1,044	1,086	1,096	1,164	1,160	1,090
Williston State College	537	593	579	738	756	763	806	783	703	668
Total	38,702	38,326	38,174	38,151	37,870	37,398	36,603	35,352	34,268	33,497

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

Source: North Dakota University System

Schedule 14
State Employees by State Agency
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
EXECUTIVE BRANCH										
Adjutant General	174	178	177	170	155	155	155	155	151	154
Aeronautics Commission	6	6	6	6	7	7	7	7	7	7
Bank of North Dakota	177	177	180	180	182	183	190	190	190	174
Barley Council	5	5	5	5	5	5	5	1	1	1
Beef Commission	2	2	2	2	2	3	3	3	4	4
Career and Technical Education	34	34	34	29	27	27	25	25	55	55
Corn Council	4	5	6	6	6	6	6	3	3	3
Council on the Arts	5	5	5	5	5	5	5	5	5	5
Department of Agriculture	75	76	77	77	77	77	73	74	78	78
Department of Commerce	68	68	70	69	69	69	54	66	62	61
Department of Corrections and Rehabilitation	739	812	813	834	838	845	845	895	899	906
Department of Emergency Services	64	68	70	76	79	79	79	76	68	68
Department of Environmental Quality	0	0	0	0	0	0	0	2	158	163
Department of Financial Institutions	29	29	29	29	30	31	30	30	31	31
Department of Human Services	2,201	2,201	2,203	2,215	2,216	2,218	2,163	2,140	2,223	2,273
Department of Public Instruction	99	99	99	100	100	92	92	94	89	87
Department of Transportation	1,066	1,081	1,084	1,082	1,081	1,081	1,047	1,008	985	985
Department of Trust Lands	26	28	31	34	34	33	30	30	29	30
Ethics Commission	0	0	0	0	0	0	0	0	2	2
Game and Fish Department	157	158	158	164	163	163	163	164	166	165
Highway Patrol	198	198	213	215	215	204	204	204	204	202
Historical Society	66	73	72	73	80	80	77	78	77	81
Indian Affairs Commission	4	5	5	5	5	5	5	4	4	4
Industrial Commission	73	93	93	114	113	114	106	108	108	108
Information Technology Department	335	326	341	354	350	352	346	447	400	455
Job Service North Dakota	309	252	239	238	182	182	182	182	173	159
Milk Marketing Board	6	6	6	6	6	6	6	4	4	4
ND Department of Health	345	352	354	365	366	368	360	365	205	213
ND Horse Racing Commission	2	2	2	2	2	2	2	2	2	2
ND Housing Finance Agency	46	46	46	40	41	41	41	42	43	43
ND Mill and Elevator Association	130	131	134	135	142	147	153	151	150	153
ND Vision Services/School for the Blind	33	33	33	33	32	32	30	30	29	29
North Dakota University System	7,756	7,763	7,904	8,028	8,012	7,532	7,290	7,207	7,192	7,165
Office of Administrative Hearings	7	7	5	5	5	5	5	5	5	5

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
EXECUTIVE BRANCH, Continued										
Office of Management and Budget	134	134	134	132	124	123	117	118	114	109
Office of the Attorney General	205	214	217	248	253	253	240	249	246	249
Office of the Governor	18	18	18	18	18	19	17	17	17	17
Office of the Insurance Commissioner	49	49	49	49	49	49	46	46	41	41
Office of the Labor Commissioner	12	13	13	15	15	15	14	14	14	15
Office of the State Auditor	56	55	55	61	62	62	57	57	59	59
Office of the State Tax Commissioner	133	134	134	134	135	135	132	132	123	123
Office of the State Treasurer	8	8	8	8	8	8	7	7	7	7
Oilseed Council	1	1	1	2	1	1	1	1	1	1
Parks and Recreation Department	53	53	55	65	66	65	63	62	62	58
Protection and Advocacy	29	29	28	28	28	28	28	29	29	29
Public Employees Retirement System	33	33	33	33	35	35	35	35	35	36
Public Service Commission	43	44	44	46	46	47	47	47	44	44
Retirement and Investment Office	18	18	19	19	19	19	19	20	20	18
School for the Deaf	50	50	50	51	51	51	51	51	51	50
Secretary of State	31	31	31	34	34	34	32	32	32	33
Securities Department	9	9	9	9	9	9	10	9	9	11
Seed Department	30	30	30	30	30	31	31	30	30	30
Soybean Council	6	7	7	8	8	8	7	6	6	6
State Fair Association	27	27	28	27	27	26	27	28	26	26
State Library	30	30	30	31	30	30	29	29	28	28
Veteran's Affairs Department	8	8	8	8	9	9	9	7	7	8
Veterans Home	114	117	118	120	116	118	120	119	118	119
Water Commission	87	88	90	95	96	96	93	93	93	93
Wheat Commission	8	8	8	8	8	8	8	6	6	6
Workforce Safety and Insurance	251	254	256	266	265	265	265	267	265	264
LEGISLATIVE BRANCH										
Legislative Council	34	34	36	36	37	36	36	36	36	36
JUDICIAL BRANCH										
Judiciary Branch	344	362	363	364	392	392	355	363	363	362
Total State Employees	16,062	16,177	16,368	16,639	16,598	16,118	15,675	15,706	15,681	15,748

NOTE: Fulltime employees are reported as of fiscal year end. ND University System employees based on annual budgets. Certain agencies have been reorganized, eliminated or created over the fiscal years resulting in fluctuations. Agencies are being displayed based on the organizational structure of the State.

Sources: Office of Management and Budget, ND University System, Bank of North Dakota, Mill and Elevator, Housing Finance Agency

Schedule 15
Operating Indicators by Function
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Office of the Tax Commissioner										
Number of returns filed electronically 1	319,759	352,150	383,906	412,559	428,347	391,234	460,464	447,690	417,060	463,418
Education										
Department of Public Instruction										
Public School Enrollment 2	99,192	101,656	104,278	106,070	106,863	108,945	110,842	112,858	112,045	113,858
North Dakota University System										
Full Time Equivalent Student Enrollment 3	38,702	38,326	38,174	38,151	37,870	37,398	36,603	35,352	34,268	33,497
Health and Human Services										
North Dakota Department of Health										
Number of Autopsies Performed in ND 4	367	365	261	258	244	234	239	176	111	NA
North Dakota Department of Environmental Quality										
Air Quality - Percent of Facilities in Compliance 4	99	99	99	100	100	100	99	99	99	NA
Public Water Systems - Percent of Facilities in Compliance 4	96	96	95	96	98	99	98	99	100	NA
Department of Human Services										
Number of TANF Caseloads	3,329	3,032	2,773	2,515	2,367	2,313	2,206	1,968	1,981	2,035
Number of Medicaid Recipients	90,453	91,382	105,539	114,364	122,374	123,766	124,371	122,304	119,763	121,527
Regulatory										
Office of the Insurance Commissioner										
Licensed Insurance Agents 4	52,417	55,241	61,142	65,671	66,882	75,769	73,304	83,193	94,289	106,243
Public Service Commission										
Weighing and Measuring Devices Inspected	7,437	9,559	5,892	5,446	6,136	5,172	5,183	4,653	3,526	5,191
Weights and Measures Quality Assurance Inspections	—	—	—	249	216	207	160	79	180	302
Gas Pipeline Safety Inspections	53	83	127	72	81	82	78	42	49	106
Gas Pipeline Safety Inspection-Person Days	97	138	162	124	134	150	191	122	153	236
Public Safety and Corrections										
Department of Corrections and Rehabilitation										
Average Daily Adult Prison Population 4	1,477	1,553	1,617	1,767	1,794	1,813	1,709	1,766	1,492	NA
Office of the Attorney General-Bureau of Investigations										
Criminal Cases Opened 4	422	355	478	449	558	514	339	427	407	NA
Drug Cases Opened 3	375	403	380	387	544	446	278	402	338	NA
Office of the Attorney General-Crime Laboratory										
Toxicology Alcohol Blood and Breath Analyses 4	7,918	7,421	6,523	6,472	5,472	5,201	4,298	4,007	3,080	NA
Methamphetamine/Amphetamine Samples Processed 4	1,381	2,387	2,942	4,527	4,669	3,932	4,077	3,284	2,782	NA
Office of the Adjutant General										
Assigned National Guard 5	4,363	4,210	4,167	4,006	3,980	4,032	4,002	4,094	4,155	4,223
Agriculture and Commerce										
Department of Agriculture										
Pounds of Pesticide Waste Collected	290,932	248,354	310,754	384,857	137,297	180,692	340,074	521,584	114,597	258,115
Job Service North Dakota (JSND)										
Net Job Growth from Nonfarm Employment 4	32,400	15,500	16,900	(7,600)	-19,200	-2,500	3,700	4,500	-29,300	NA
Source: Current Employment Statistics, BLS - JSND										
New Private Sector Businesses 4	2,274	1,371	940	382	-67	-281	-172	336	115	NA
Source: Quarterly Census of Employment & Wages, BLS - JSND										
Game and Fish Department										
Registered Boats 4	62,799	69,381	53,558	61,328	67,026	57,220	60,660	62,672	60,123	NA
Hunting and Fishing Licenses Issued	321,086	359,734	357,488	354,728	356,548	351,704	343,709	343,530	342,272	NA
Department of Parks and Recreation										
Park Visitations 4	1,191,483	1,067,054	1,187,022	1,211,150	1,182,628	1,196,868	1,211,744	1,214,226	1,296,509	NA
Camping Nights 4	67,425	66,533	68,480	71,075	73,316	71,555	72,831	72,979	94,079	NA
Snowmobile Registrations 4	3,354	11,763	3,743	8,958	2,779	8,767	2,762	7,478	10,316	NA
OHV Registrations 4	21,862	12,198	26,200	12,753	25,316	13,673	27,148	13,115	42,509	NA
Transportation										
Department of Transportation										
Registered Vehicles 4	1,063,203	1,110,241	1,159,317	1,168,252	1,160,042	1,159,040	1,184,472	1,188,053	1,182,587	NA
Licensed Drivers	502,807	513,838	527,541	545,027	555,935	561,667	561,333	566,015	557,164	559,778
Unemployment Compensation										
Job Service North Dakota										
Number of Covered Workers 4	411,710	427,109	444,658	437,078	417,150	414,039	417,578	422,826	395,988	NA
Workforce Safety and Insurance										
Number of Claims Filed	24,643	25,835	26,395	24,798	21,227	20,045	19,830	19,913	18,813	17,845
Number of Covered Workers	369,996	402,771	418,234	435,993	427,899	408,107	405,367	409,559	414,371	386,414

NA-Not Available

1 Calendar Year Received

2 Academic Year End Enrollment

3 Academic Year Enrollment

4 Statistics on a Calendar Year Basis

5 National Guard member count is at September 30 of each year

Sources: The State agencies listed above provided the statistics for their agency

**Schedule 16
Capital Assets by Function
Last Ten Fiscal Years**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Office of Management and Budget										
Capitol Complex Buildings	7	7	7	7	7	7	7	7	7	7
Education										
Department of Land										
Common Schools Trust										
Land Acreage	631,921	631,939	631,997	632,039	631,794	631,806	631,806	631,806	631,761	631,629
ND University System										
Buildings	512	512	528	528	534	534	516	516	470	475
Buildings Square Footage	15,019,252	15,019,252	15,852,457	15,852,457	16,299,100	16,299,100	16,571,905	16,571,905	16,682,484	16,543,663
Health and Human Services										
Dept. of Human Services										
Buildings	74	64	63	63	63	63	63	63	60	60
Public Safety and Corrections										
Department of Corrections and Rehabilitation										
Buildings	72	69	71	71	71	70	70	70	70	70
Buildings										
Office of the Adjutant General										
Headquarters, Camp and Armory Buildings	283	268	280	298	298	302	330	327	319	319
Natural Resources										
Game and Fish Department										
Wildlife Management Areas	201	201	204	201	200	201	201	201	202	203
Boats, ATV's, Snowmobiles, Tractors, Other	446	463	462	460	472	491	493	498	506	520
Dept. of Parks and Recreation										
Park/Recreational Sites	15	15	15	15	15	15	15	15	15	15
Park Maintenance Vehicles/Equipment	291	304	305	305	363	392	364	409	420	430
Transportation										
Department of Transportation										
Roadway Miles Maintained	8,504	8,509	8,509	8,563	8,614	8,614	8,614	8,622	8,624	8,624
Fleet Vehicles	3,567	3,600	3,652	3,664	3,726	3,740	3,541	3,406	3,386	3,291
Heavy Equipment	500	434	441	448	441	445	479	480	489	489
Buildings	123	126	142	158	159	162	164	165	167	169

Sources: The State agencies listed above provided the data for their agency

**Schedule 17
Claims Development Information
Last Ten Fiscal Years**

The following tables illustrate how the individual funds' earned revenues and investment income compare to related costs of loss and other expenses assumed by the funds as of the end of each of the last ten years. The rows of the tables are defined as follows: (1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues. (2) This line shows each fiscal year's other operation costs of the fund including overhead and claims expense not allocable to individual claims. (3) This line shows the funds' incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year). (4) This section of 10 columns shows the cumulative amounts paid as of the end of successive years for each policy year. (5) This section of 10 columns shows how each policy year's incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received regarding unknown claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known. (6) This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the tables show data for successive policy years (expressed in thousands).

Schedule 17
Claims Development Information
Last Ten Fiscal Years
 (Expressed In Thousands)

Bonding Fund

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
1 Net Earned Required Contribution and Investment Revenues	\$ 195	\$ 140	\$ 133	\$ 70	\$ 173	\$ 101	\$ 42	\$ 204	\$183	\$ 69
2 Unallocated Expenses	28	22	33	36	67	26	21	25	8	(16)
3 Estimated Incurred Claims and Expense, End of Policy Year	4	(115)	39	94	26	21	87	39	(1)	59
4 Paid (Cumulative) as of:										
End of Policy Year	(202)	(157)	(32)	(35)	(77)	(86)	(19)	(106)	(136)	(193)
One Year Later	(202)	(157)	(32)	(35)	(77)	(86)	(19)	(106)	(136)	
Two Years Later	(202)	(157)	(32)	(35)	(77)	(86)	(19)	(106)		
Three Years Later	(202)	(157)	(32)	(35)	(77)	(86)	(19)			
Four Years Later	(202)	(157)	(32)	(35)	(77)	(86)				
Five Years Later	(202)	(157)	(32)	(35)	(77)					
Six Years Later	(202)	(157)	(32)	(35)						
Seven Years Later	(202)	(157)	(32)							
Eight Years Later	(202)	(157)								
Nine Years Later	(202)									
5 Re-estimated Incurred Claims and Expenses:										
End of Policy Year	4	(115)	39	94	26	(21)	87	39	(1)	59
One Year Later	4	(115)	39	94	26	(21)	87	39	(1)	
Two Years Later	4	(115)	39	94	26	(21)	87	39		
Three Years Later	4	(115)	39	94	26	(21)	87			
Four Years Later	4	(115)	39	94	26	(21)				
Five Years Later	4	(115)	39	94	26					
Six Years Later	4	(115)	39	94						
Seven Years Later	4	(115)	39							
Eight Years Later	4	(115)								
Nine Years Later	4									
6 Increase in Estimated Incurred Claims and Expense From End of Policy Year	0	0	0	0	0	0	0	0	0	0

Schedule 17
Claims Development Information
Last Ten Fiscal Years
(Expressed In Thousands)

Fire and Tornado Fund

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
1 Net Earned Required Contribution and Investment Revenues	\$ 3,031	\$ 4,103	\$ 5,388	\$ (2,124)	\$ 2,908	\$ 4,765	\$ 3,567	\$ 3,845	\$ 2,704	\$ 4,989
2 Unallocated Expenses	849	768	915	800	912	1,348	1,118	874	541	705
3 Estimated Incurred Claims and Expense, End of Policy Year	1,162	1,501	998	1,141	3,039	4,750	2,352	2,953	2,576	3,511
4 Paid (Cumulative) as of:										
End of Policy Year	958	1,106	562	9,378	8,890	3,805	8,318	3,218	2,253	3,705
One Year Later	1,225	1,871	1,067	1,553	3,117	4,466	1,158	3,218	2,253	
Two Years Later	1,318	1,905	1,080	1,564	3,119	4,466	1,158	3,218		
Three Years Later	1,691	1,905	1,080	1,564	3,119	4,466	1,158			
Four Years Later	1,691	1,905	1,080	1,564	3,119	4,466				
Five Years Later	1,691	1,905	1,080	1,564	3,119					
Six Years Later	1,691	1,905	1,080	1,564						
Seven Years Later	1,691	1,905	1,080							
Eight Years Later	1,691	1,905								
Nine Years Later	1,691									
5 Reestimated Incurred Claims and Expenses:										
End of Policy Year	1,162	1,501	998	1,516	3,039	4,750	2,352	3,040	2,953	3,511
One Year Later	1,550	2,009	1,146	1,725	3,292	4,692	3,153	3,040	2,953	
Two Years Later	1,549	2,012	1,122	1,723	3,229	4,634	3,153	3,040		
Three Years Later	1,711	2,012	1,122	1,723	3,226	4,634	3,153			
Four Years Later	1,711	2,012	1,122	1,723	3,226	4,634				
Five Years Later	1,711	2,012	1,122	1,723	3,226					
Six Years Later	1,711	2,012	1,122	1,723						
Seven Years Later	1,711	2,012	1,122							
Eight Years Later	1,711	2,012								
Nine Years Later	1,711									
6 Increase in Estimated Incurred Claims and Expense From End of Policy Year	549	511	125	582	191	(58)	0	87	0	0

Schedule 17
Claims Development Information
Last Ten Fiscal Years
(Expressed In Thousands)

Workforce Safety & Insurance

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
1 Net Earned Required Contribution and Investment Revenues	\$ 341	\$ 443	\$ 502	\$ 408	\$ 377	\$ 396	\$ 343	\$ 386	\$ 353	\$ 429
2 Unallocated Expenses	33	52	41	41	43	47	44	45	44	131
3 Estimated Incurred Claims and Expense, End Of Policy Year	230	300	338	315	229	198	193	187	177	145
4 Paid (Cumulative) as of:										
End of Policy Year	44	53	65	61	41	40	42	42	42	33
One Year Later	87	99	111	102	74	65	76	69	62	
Two Years Later	102	117	128	120	84	73	76	77		
Three Years Later	111	128	140	132	84	78	80			
Four Years Later	116	136	148	140	88	82				
Five Years Later	120	142	154	146	91					
Six Years Later	123	146	158	150						
Seven Years Later	125	148	160							
Eight Years Later	126	149								
Nine Years Later	127									
5 Reestimated Incurred Claims and Expenses:										
End of Policy Year	230	300	338	315	229	198	192	187	177	145
One Year Later	258	293	321	283	204	177	179	174	156	
Two Years Later	344	288	299	271	191	164	172	168		
Three Years Later	241	272	291	267	174	154	157			
Four Years Later	228	266	285	265	161	141				
Five Years Later	221	261	277	263	148					
Six Years Later	214	253	265	250						
Seven Years Later	206	236	249							
Eight Years Later	195	222								
Nine Years Later	184									
6 Increase in Estimated Incurred Claims and Expense From End of Policy Year	(46)	(78)	(88)	(65)	(81)	(57)	(19)	(21)	0	0

Schedule 18 Agricultural Production

Value of Export Shares of Agricultural Commodities - 2019 - 2020

	2019 Dollars	2019 % of U.S.	2020 Dollars	2020 % of U.S.
	(Mil.)		(Mil.)	
Wheat	1,077.2	17.28	1,030.9	16.36
Soybeans and Products	1,119.3	4.86	1,311.7	4.34
Other Oil Seeds and Products	563.2	29.67	617.0	29.10
Vegetables Fresh and Processed	208.8	2.90	244.1	3.56
Grain Products	176.9	4.42	161.7	4.02
Vegetable Oils	174.3	6.33	192.1	5.85
Feeds and Other Feed Grains	225.0	2.69	217.1	2.29
Corn	209.4	2.74	208.6	2.26
Other Plant Products	132.7	0.73	128.0	0.77
Beef, Veal and Pork	139.3	0.93	127.5	0.83
Other Livestock Products	38.0	1.10	54.3	1.36
Hides and Skins	12.4	1.18	9.4	1.15
Dairy Products	9.2	0.16	10.2	0.16
Poultry Products	2.6	0.13	2.8	0.14
Total	<u>\$ 4,088.3</u>	<u>3.01 %</u>	<u>\$ 4,312.5</u>	<u>2.98 %</u>

1/ Includes other nonpoultry meats, animal fat, live farm animals, and other animal parts.

2/ Includes turkey meat, eggs, and other fowl products.

3/ Includes processed feeds, fodder, barley, oats, rye, and sorghum.

4/ Includes peanuts (oil stock), other oil crops, corn meal, other oilcake and meal, protein substances, bran and residues.

5/ Includes sweeteners and products, other horticulture products, planting seeds, cocoa, coffee, and other processed foods.

Data sources: USDA Economic Research Service; USDA Foreign Agricultural Service (Global Agricultural Trade System).

Totals may not add due to rounding.

2021 Crop Rank Among States

North Dakota Ranks	Crop Description	North Dakota Produces
1st	Canola	85 %
	Flaxseed	71 %
	Pinto Beans	68 %
	Durum Wheat	51 %
	Spring Wheat	47 %
	Sunflower Oil	45 %
	Sunflower All	45 %
	Sunflower Non-oil	42 %
	All Dry Edible Beans	39 %
	Honey Production	26 %
	Rye	19 %
	All Wheat	17 %

Source: North Dakota Agricultural Statistics June 2021