



NORTH
Dakota

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2023 ACFR

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

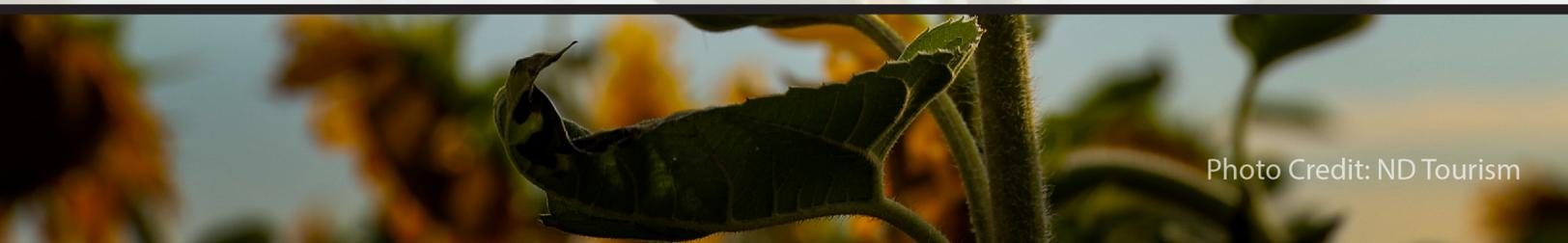


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STATE OF NORTH DAKOTA

Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED

June 30, 2023



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
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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, 2023
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Introductory Section



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December 14, 2023

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, 2023. 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, 2023 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, 2023, 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.

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DIRECTOR & ADMINISTRATION 4th Floor 701.328.4904	CENTRAL SERVICES 14th Floor 701.328.2740	FACILITY MANAGEMENT 4th Floor 701.328.2471	FISCAL MANAGEMENT 4th Floor 701.328.2680	HUMAN RESOURCE MANAGEMENT SERVICES 14th Floor 701.328.3293	RISK MANAGEMENT 1600 E Century Ave, Suite 4 Bismarck, ND 58503 701.328.7584
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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.

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 dry edible beans, pinto beans, canola, flaxseed, honey, oats, rye, all sunflowers, durum wheat and spring wheat for 2022. North Dakota also ranked second in the production of barley, pink beans, small red beans, lentils, dry edible peas, and sugar beets.

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 of oil prices at the end of fiscal year 2020 when North Dakota producers were receiving prices below \$15 per barrel. North Dakota price is averaging around \$77 per barrel to start off the 2023-25 biennium which is above the estimated price of \$70.00 used for budgeting purposes for the first year of the biennium.

According to the United States Census Bureau, the state's resident population for 2022 was approximately 779,000 people. 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 August 2023 was 1.9%, compared to 3.8% for the United States.

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

North Dakota exporting continues to stay flat when comparing 2022 to 2021. The International Trade Administration showed that North Dakota's exports were about \$5.2 billion for both 2021 and 2022.

LONG-TERM FINANCIAL PLANNING

The long-term financial plan for the state of North Dakota was outlined by Governor Burgum as part of the 2023-25 executive budget address and presented to members of the 68th Legislative Assembly in December 2022. The Governor's long-term financial plan included the following key components:

- Maintaining healthy reserves.
- Providing tax relief.
- Investing in priorities, including technology, education, workforce, infrastructure, families and childcare, healthcare and human services, and inequities in state employee pay
- Ensuring solvency for the state pension fund.

The legislature met in January-April of 2023 and passed significant legislation including providing for healthy reserves, tax relief to the citizens of ND and increased investments in behavior health for women's treatment and reform. In addition, they funded investments in infrastructure including roads and bridges, water resources, a state-of-the-art health lab, and a correctional facility for women.

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 and, due to conservative budget management and strong revenues, the fund was not used during the COVID-19 pandemic which occurred 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. Other reserve funds include the state General Fund balance, the Foundation Aid Stabilization Fund, and the Legacy Fund.

Another component of the state's long-term financial plan is ensuring the solvency of the state's pension fund. During the 2023-25 legislative session a bill was passed to close the Public Employees Defined Benefit plan no later than January of 2025. To support this approach, the governor has proposed \$65 million injection from oil and gas extraction and production taxes to the Public Employees Retirement Plan to help address the state unfunded liability. The legislature also

assessed an additional 1% employer retirement contribution with an additional \$135.0 million from Strategic Investment and Infrastructure Fund to address this liability.

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

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

RELEVANT FINANCIAL POLICIES

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

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 percent of current biennium 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 \$914 million.

The 2021-23 biennium ended with the budget stabilization fund meeting the cap of \$914 million so no general fund transfer was made to the fund. The balance of the budget stabilization fund is estimated to be over \$914 million by June 30, 2025, due to a combination of existing fund balance and additional oil tax revenue allocations.

In addition to accessing the budget stabilization fund, in the event of an economic downturn the Governor can reduce general fund expenditure authority uniformly across state agencies through a process known as allotment. In the event of an allotment, the foundation aid stabilization fund was established to protect the state school aid program. Dollars from this fund would replace the amount of general fund dollars allotted, thus K-12 education would not experience a reduction in funding. The passage of Measure 2 in the 2016 general election allowed money in the fund to be appropriated for education-related purposes. Funding for the foundation aid stabilization fund comes from 10 percent of oil extraction tax collections. The foundation aid stabilization fund is expected to have a June 30, 2025, balance in excess of \$216.7 million.

MAJOR INITIATIVES

Major initiatives proposed by Governor Doug Burgum and approved by the legislature for the 2023-25 biennium include:

- Investing in infrastructure and other priorities;
- Supporting K-12 education;
- Investing in workforce including child care;
- Investing in cybersecurity and upgrading outdated technology; and
- Maintaining reserves and the rainy-day fund.

INFRASTRUCTURE INVESTMENTS

The 2023-25 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:

- \$903.5 million to rebuild and repair state highways.
- \$159.0 million for city road projects.
- \$133.0 million dedicated to the repair and rebuilding of county and township roads.
- \$19.5 million for projects across the state park system.
- \$780.7 million for water-related projects, including \$316.2 million for water supply, \$52.0 million for rural water supply, \$115.7 million for flood control, \$12.0 million for general water projects, \$218.0 million for state-owned water projects and \$9.0 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.

- \$28.4 million for Enterprise Digitization to replace outdated technology across numerous agencies for the 2023-25 biennium.
- \$12.4 million for Data Governance
- \$29.0 million for Customer Relationship Management which includes the Business Gateway initiative.
- \$168 million of federal funds for broadband projects.
- 41.0 FTE were requested to support increases in IT operations and initiatives.

EDUCATION

K-12 education initiatives include:

- \$2.30 billion in state funding for K-12 schools through integrated funding formula;
- \$58.1 million to assist districts in the provision of transportation services;
- \$24 million to go towards special education contracts; and

Higher Education initiatives include:

- \$20.0 million in state funding to continue the North Dakota Higher Education Challenge Grant Program, to encourage philanthropy by providing a state match for private contributions to the state's colleges and universities.

- \$429.9 million is slated to be invested for capital projects across the system, with funding from revenue bonds, private donations, capital building funds and carryover authority.

Child Care initiatives:

- \$37.0 million for child care assistance and enhanced programs for infant and toddlers.
- \$40.0 million for four year old programs, quality tiers in child care, employer-led cost share programs, grants for shared services, non-traditional hours programs, training and streamlining background checks.

RESERVES

It is anticipated that by June 30, 2025, there will be a total ending balance of approximately \$2.16 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 2023-25 biennium totals \$6.10 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, 2022. This was the 32nd 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,



Susan Sisk
Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

State of North Dakota

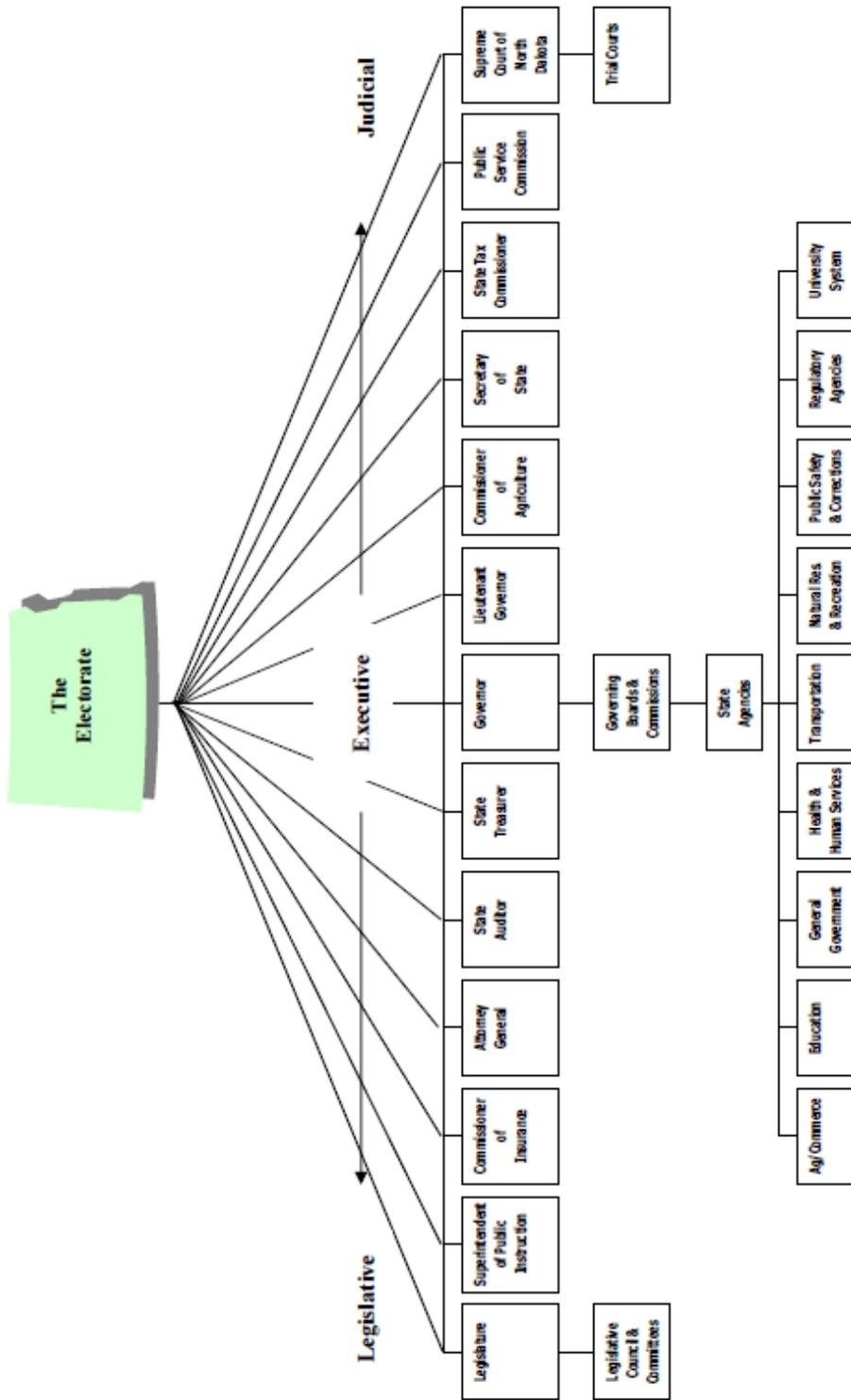
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

STATE OF NORTH DAKOTA ORGANIZATIONAL CHART



NORTH DAKOTA
PRINCIPAL STATE OFFICIALS
June 30, 2023

ELECTED OFFICIALS

Doug Burgum, Governor
Tammy Miller, Lieutenant Governor
Michael Howe, Secretary of State
Drew Wrigley, Attorney General
Julie Fedorchak, Public Service Commissioner
Randel Christmann, Public Service Commissioner
Sheri Haugen-Hoffart, Public Service Commissioner
Doug Goehring, Commissioner of Agriculture
Josh Gallion, State Auditor
Jon Godfread, Commissioner of Insurance
Kirsten Baesler, Superintendent of Public Instruction
Brian Kroshus, Tax Commissioner
Thomas Beadle, State Treasurer

LEGISLATIVE

Dennis Johnson, Speaker of the House
Mike Lefor, House Majority Leader
Joshua A. Boschee, House Minority Leader
Lt. Gov. Tammy Miller, President of the Senate
David Hogue, Senate Majority Leader
Kathy Hogan, Senate Minority Leader

JUDICIAL

Jon J. Jensen, Chief Justice, North Dakota Supreme Court
Daniel J. Crothers, Justice
Lisa K. Fair McEvers, Justice
Jerod E. Tufte, Justice
Douglas A. Bahr, Justice

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 Audit of the Financial Statements

Opinions

We have audited the 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, 2023, and the related notes to the financial statements which collectively comprise the State's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements are 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, 2023, 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.

We did not audit the financial statements listed below.

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
Clean Sustainable Energy Authority	Public Employees Retirement System
College SAVE	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	State Fair Association
Guaranteed Student Loan Program	State Historical Society of North Dakota Foundation
Housing Finance Agency	Student Loan Trust
Housing Incentive Fund	Transmission Authority
Infrastructure Revolving Loan Fund	Water Infrastructure Revolving Loan Fund
Innovation Technology Fund	Workforce Safety and Insurance

The financial statements of the above entities represent total assets, net position or fund balance, and revenues of the government-wide financial statements and fund financial statements as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended as follows:

	<u>Percent of Assets</u>	<u>Percent of Net Position or Fund Balance</u>	<u>Percent of Revenues</u>
<u>Government-Wide Financial Statements</u>			
Governmental Activities	29%	32%	20%
Business-Type Activities	81%	62%	36%
Aggregate Discretely Presented Component Units	88%	100%	87%
<u>Fund Financial Statements</u>			
Major Governmental Funds			
General Fund	0%	0%	0%
Federal Fund	1%	32%	1%
State Special Revenue Fund	77%	80%	43%
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%
Aggregate Remaining Fund Statements	93%	97%	56%

Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the financial statements of the above entities are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United State of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of North Dakota and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the North Dakota University System's discretely presented component units (foundations) and the North Dakota Historical Foundation were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

The actuary for the North Dakota Public Employees Retirement System has determined that the unfunded actuarial accrued liability is approximately \$1.92 billion as of July 1, 2023. The funding for the actuarial accrued liability is predicted on employer and employee funding rates mandated by the State of North Dakota statutes. The actuary has determined that the current statutory rates are insufficient compared to the actuarial accrued liability. Note 6 identifies the net pension liability as calculated using GASB 67 and 68 requirements. Our opinion is not modified with respect to this matter.

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

As described in Note 21 to the basic financial statements, the State of North Dakota adopted the provisions of GASB 96 *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of North Dakota's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of North Dakota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of North Dakota's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of

individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

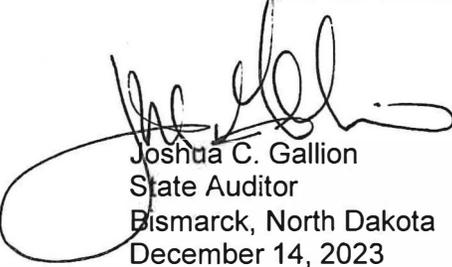
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023 on our consideration of the State of North Dakota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of North Dakota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of North Dakota's internal control over financial reporting and compliance.



Joshua C. Gallion
State Auditor
Bismarck, North Dakota
December 14, 2023

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, 2023. 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 \$33.4 billion (reported as net position), an increase of \$3.2 billion from the previous year. The net position of governmental activities increased by 12.2% while the net position of the business-type activities showed an increase of 2.1%.

As a result of implementing GASB Statement 68, *Accounting and Financial Reporting for Pensions*, the State recorded \$16 million net pension asset, \$1.1 billion deferred outflows of resources, \$1.5 billion net pension liability, and \$651.1 million deferred inflows of resources for the primary government. The State increased its net pension liability by \$985.9 million during the year. The increase in the pension liability is due to the fact that beginning in fiscal year 2023 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. The liability also increased because of a decrease in PERS investments, which impacts the plan funding status. For the fiscal year 2022 ACFR the funding status was 79.13%, and for the fiscal year 2023 ACFR it is 55.03%.

Fund Level:

As of the close of fiscal year 2023 the State's governmental funds reported combined ending fund balances of \$23.9 billion, an increase of \$3.3 billion. Of this amount, \$134.8 million is non-spendable, primarily for Permanent Trust Funds. Spendable fund balance consists of \$8.8 billion restricted for specific purposes such as common schools, highway projects, and state education aid, \$3.5 billion committed and \$301.5 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 \$11.2 billion, which is primarily made up of the legacy fund with a balance of \$9.1 billion.

The enterprise funds reported net position at year-end of \$5.1 billion, an increase of \$105.6 million during the year.

Long-term Debt:

The State's total debt (bonds, certificates of participation, lease, SBITA, and notes payable) increased approximately 35.4% during the fiscal year to \$3.9 billion, an increase of \$1.01 billion, which represents the net difference between new issuances and payments. During the year the State issued \$570.3 million in bonds and \$4.08 billion in notes.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Statements

The government-wide financial statements provide a broad view of the State's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the State's financial position, which assists in assessing the State's economic condition at the end of the fiscal year. These statements include all non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of

resources using the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

Both statements report three activities:

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

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

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

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

Fund Financial Statements

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

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

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

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

reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

Governmental funds include the General Fund, special revenue, debt service, capital project, 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 \$33.4 billion at the end of fiscal year 2023. Net position increased \$3.2 billion from the prior fiscal year.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 26,133,316	\$ 23,198,437	\$ 15,243,050	\$ 14,902,101	\$ 41,376,366	\$ 38,100,538
Capital Assets	6,022,104	5,776,444	2,175,967	2,049,599	8,198,071	7,826,043
Total Assets	<u>32,155,420</u>	<u>28,974,881</u>	<u>17,419,017</u>	<u>16,951,700</u>	<u>49,574,437</u>	<u>45,926,581</u>
Deferred Outflows of Resources	881,556	580,523	250,456	203,461	1,132,012	783,985
Long-Term Liabilities						
Outstanding	2,166,481	1,035,960	4,407,365	3,509,904	6,573,846	4,545,865
Other Liabilities	2,092,492	2,460,575	7,951,920	8,432,883	10,044,412	10,893,458
Total Liabilities	<u>4,258,973</u>	<u>3,496,535</u>	<u>12,359,285</u>	<u>11,942,787</u>	<u>16,618,258</u>	<u>15,439,323</u>
Deferred Inflows of Resources	505,393	874,435	229,042	267,685	734,435	1,142,120
Net Position						
Net Investment in						
Capital Assets	5,794,754	5,673,771	1,475,621	1,419,736	7,270,375	7,093,507
Restricted	8,895,774	8,029,841	684,412	1,538,720	9,580,186	9,568,561
Unrestricted	13,582,082	11,480,822	2,921,113	1,986,233	16,503,195	13,467,055
Total Net Position	<u>\$ 28,272,610</u>	<u>\$ 25,184,434</u>	<u>\$ 5,081,146</u>	<u>\$ 4,944,689</u>	<u>\$ 33,353,756</u>	<u>\$ 30,129,123</u>

The largest component (49%) 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 twenty-nine percent (29%) 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-two percent (22%) 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 on the following page were 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	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 375,655	\$ 386,691	\$ 2,121,930	\$ 1,936,459	\$ 2,497,585	\$ 2,323,150
Operating Grants & Contributions	3,789,645	2,869,390	202,540	135,134	3,992,185	3,004,524
Capital Grants & Contributions	3,046	4,091	31,019	54,601	34,065	58,692
General Revenues:						
Income Taxes	812,953	646,802	—	—	812,953	646,802
Sales Taxes	1,725,168	1,459,332	—	—	1,725,168	1,459,332
Oil, Gas and Coal Taxes	2,967,167	3,027,334	—	—	2,967,167	3,027,334
Other Taxes	146,853	137,742	—	—	146,853	137,742
Investment Earnings (Losses)	787,383	(905,927)	—	—	787,383	(905,927)
Tobacco Settlement	24,845	23,206	—	—	24,845	23,206
Other	400,723	316,226	3,218	2,724	403,941	318,950
Total Revenues	11,033,438	7,964,887	2,358,707	2,128,918	13,392,145	10,093,805
Expenses:						
General Government	1,640,333	1,511,677	—	—	1,640,333	1,511,677
Education	1,579,570	1,537,651	—	—	1,579,570	1,537,651
Health and Human Services	2,753,186	2,527,706	—	—	2,753,186	2,527,706
Regulatory	232,363	153,118	—	—	232,363	153,118
Public Safety and Corrections	326,906	259,573	—	—	326,906	259,573
Agriculture and Commerce	175,559	138,348	—	—	175,559	138,348
Natural Resources	306,631	326,713	—	—	306,631	326,713
Transportation	679,592	546,264	—	—	679,592	546,264
Interest on Long Term Debt	24,213	4,973	—	—	24,213	4,973
Bank of North Dakota	—	—	76,924	67,629	76,924	67,629
Housing Finance	—	—	74,380	56,986	74,380	56,986
Loan Programs	—	—	12,580	8,811	12,580	8,811
State Lottery	—	—	28,205	21,962	28,205	21,962
Unemployment Compensation	—	—	68,868	75,427	68,868	75,427
University System	—	—	1,427,039	1,350,757	1,427,039	1,350,757
Workforce Safety and Insurance	—	—	196,649	213,028	196,649	213,028
Other	—	—	818,848	771,219	818,848	771,219
Total Expenses	\$ 7,718,353	\$ 7,006,023	\$ 2,703,493	\$ 2,565,819	\$10,421,846	\$ 9,571,842
Increase (decrease) in Net Position Before Contributions, Loss & Transfers	3,315,085	958,860	(344,786)	(436,902)	2,970,299	521,958
Contributions to Permanent Fund Principal	9,148	4,870	—	—	9,148	4,870
Transfers	(254,142)	(483,294)	448,310	454,007	194,168	(29,287)
Change in Net Position	3,070,091	480,436	103,524	17,105	3,173,615	497,541
Net Position - Beginning	25,184,434	24,708,964	4,944,689	4,915,810	30,129,123	29,624,774
Prior Period Adjustment *	18,085	(4,966)	32,933	11,774	51,018	6,808
Net Position- Ending	\$28,272,610	\$25,184,434	\$ 5,081,146	\$ 4,944,689	\$33,353,756	\$30,129,123

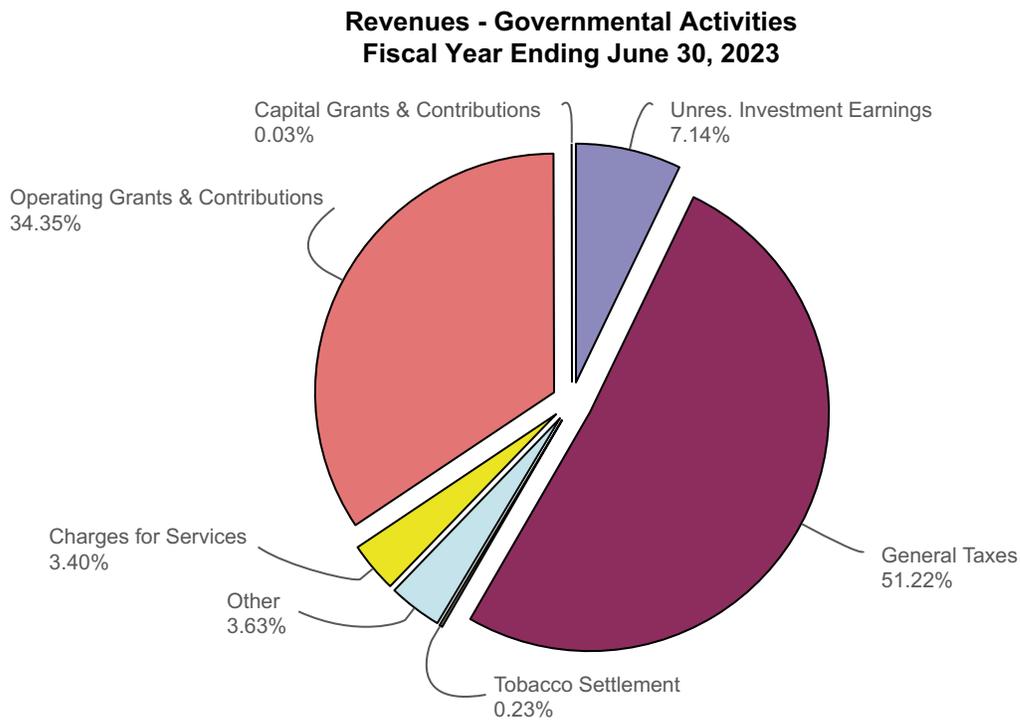
* More detailed information regarding the prior period adjustments can be found in Note 2.

Governmental Activities

Governmental Activities increased the State's net position by \$3.1 billion. Revenues increased 38.5%, with the largest increase in the State's revenues for fiscal year 2023 coming from unrestricted investment income which saw an increase of \$1.7 billion. This is primarily due to higher investment returns for the Legacy and Budget Stabilization funds, which significantly increased due to financial markets in fiscal year 2023 recovering substantially from the significant pullback, caused by many uncertain conditions such as inflation, the war in Ukraine, and the Chinese supply chain concerns that were realized in fiscal year 2022. The investments earnings are unrestricted because it is not for a particular function. Operating grants and contributions also saw an increase of \$920.3 million. The increase was primarily due to royalty revenues increasing due to higher oil and gas prices, and stronger investment performance in the public equity market. The State saw increases in sales and use taxes due to a strong and diverse North Dakota economy. The increases stem from a majority of industrial sectors, most notably the Wholesale Trade sector, and the Mining and Extraction sector.

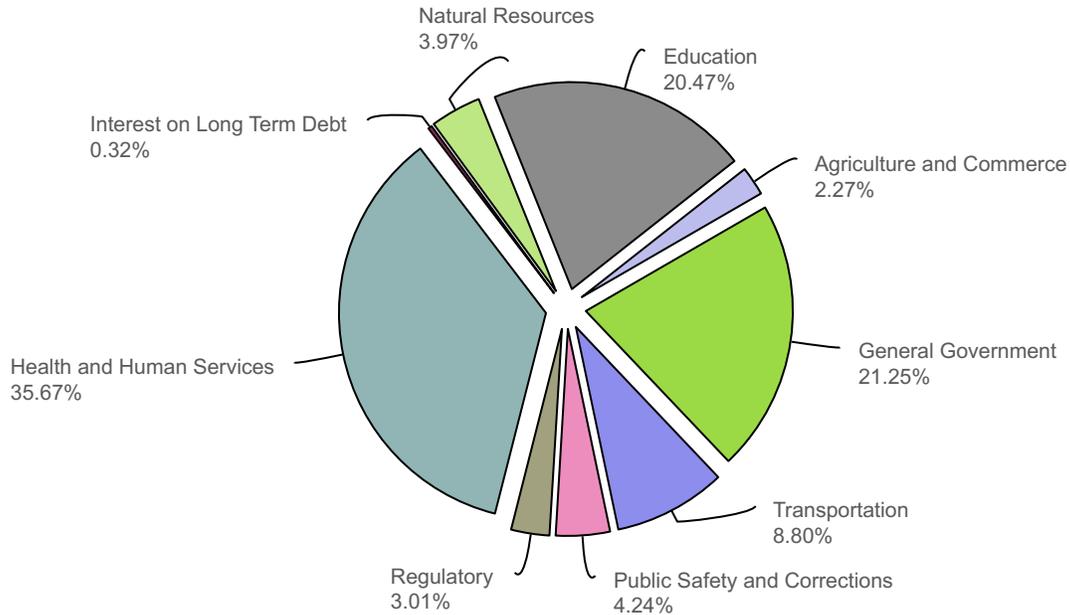
Expenses for governmental activities remained relatively consistent.

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



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

**Expenditures - Governmental Activities
Fiscal Year Ending June 30, 2023**



Business-type Activities

Net position of the business-type activities increased by \$103.5 million during the fiscal year.

Workforce Safety and Insurance’s (WSI) net position increased by \$54.0 million, and WSI’s financial position remains stable. Changes in net position are the result of two separate activities or major program revenues: underwriting and investing. In fiscal year 2023, WSI’s investment portfolio yielded a year to date return of 2.74% (net of fees), with a gain of \$58 million before expenses. Earned premium net of discounts and reinsurance totaled \$185 million for fiscal years 2023, which is up from the fiscal year 2022 total of \$163 million. The number of total claims filed in fiscal year 2023 is 18,128. This is an increase of 645 from the previous fiscal year 2022 total of 17,483. The fiscal year 2022 total decreased by 379 from the total claims filed in fiscal year 2021 of 17,856.

The Bank of North Dakota net position decreased by \$80.8 million. The loan portfolio increased by \$678 million to \$5.24 billion at December 31, 2022. Interest-bearing deposits totaled \$7.7 billion at December 31, 2022 compared to \$7.4 billion at December 31, 2021. Deposit balances remain high in 2022 due to increased state tax revenues and American Rescue Plan dollars. The increase in 2021 was primarily attributable to \$1 billion American Rescue Plan Dollars, additional state funds of nearly \$1 billion related to Legacy Fund earnings and additional tax revenue as well as higher correspondent bank deposits. The Bank has a tier one capital leverage ratio of 11.43% as of December 31, 2022. 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 \$62.5 million. The increase in current assets is mainly attributed to increases in cash of \$30.6 million and grants and contracts receivable of \$23.7 million, offset by a decrease in due from component units of \$5.7 million. DSU’s cash declined \$6.9 million in fiscal year 2023 as a result of the completion of the Pulver Hall renovations and the Biesiot Activity Center which were completed and final payments made in fiscal year 2023. Current grants and contracts receivable increased primarily at UND, NDSU and BSC. UND’s increase of \$13.7 million is due to an increase in energy-related projects at EERC. NDSU’s grants and contracts receivable increased \$7.5 million for Legacy Bond Fund monies for the construction of the Peltier

Complex for agricultural development center. Current grants and contracts receivable increased \$2.5 million at BSC which is related to the construction of the new Larry C. Skogen Polytechnic Building.

Housing Finance Authority (HFA) net position increase of \$13.3 million as a result of the year's program operations and financing activities. Operating revenues in were up \$21 million as a result of higher mortgage and investment income than in the prior year. This was partially offset by a loss on the sale of investments and a slight decrease in fee income. HFA continues to fund mortgage loans at a fast pace given the rise in mortgage rates and the rates on mortgage revenue bonds over the last year continuing to be competitive in the mortgage market. Overall this has not had a large effect on the funding of mortgage loans, however HFA has seen a decrease in loan payoffs due to this increase in mortgage rating making refinances less favorable. Operating expenses were up as a result of higher bond interest expense and pension expense.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

As the State completed the year, its governmental funds reported combined fund balances of \$23.9 billion, an increase of \$3.3 billion from the prior fiscal year. Of the \$23.9 billion in net position, \$134.8 million is non-spendable, \$8.8 billion is restricted, \$3.5 billion is committed, \$301.5 million is assigned, and \$11.2 billion is unassigned. These fund balance categories are a result of GASB Statement 54. Note 1U provides definitions for these categories. The following analysis of funds provides the explanation for the overall change in net position for governmental funds.

The General Fund is the chief operating fund of the State. At the end of current fiscal year, unassigned fund balance of the General Fund was \$11.2 billion, non-spendable was \$7.4 million, and \$1.5 billion was committed for expenditure by various governmental functions.

Total General Fund balance increased during the fiscal year by \$1.8 billion. Revenues increased approximately 64%, due to increases in interest and investment income of \$1.6 billion. This decrease was primarily due investment returns for the Legacy and Budget Stabilization funds which are 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. Net investment income for the Legacy Fund exceeded \$683 million in FY2023 and negative \$875 million in FY2022. The State Investment Board is responsible for the investment of the fund. This fund has a current fund balance of \$9.1 billion. The state also saw a increase in individual income taxes due to the strength in the economy and an increase in returns filed as well as an increase in taxable income. The Corporate Income taxes and Sales and Use taxes increased in collections is due to a strong and diverse North Dakota economy. The Sales and Use taxes saw increases as previously discussed in the Governmental Activities Net Pension increase explanation.

General fund expenditures increased by \$121.9 million or 6.1% with the largest increase in Public Safety and Corrections. However, total expenditures for the general fund and special revenue fund remained relatively consistent from Fiscal Year 2022. The increase in Public Safety and Corrections was due to reallocating more expenses to the General Fund and increased snow removal costs.

The State Special Revenue ending fund balance increased by \$1.3 billion resulting in \$10.5 billion fund balance. Revenues increased by 46.8% in the state special revenue fund primarily due to an increase in interest and investment income. The increase is primarily due to investment returns as we saw with investments previously discussed in the Governmental Activities Net Pension increase explanation. Special fund expenditures increased by 8.4% primarily due to increases in General Government and Health and Human Services spending.

The Federal Fund balance of \$37.4 million consists primarily of non-spendable items such as prepaids and inventory. Revenues increased by \$247.9 million and expenditures increased by \$ 273.2 million primarily due to the increase in federal funding as part of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program

authorized by the American Rescue Plan Act .The federal fund balance decreased by \$11.0 million due to a larger increase in federal fund expenditures than revenues.

Proprietary Funds

The State’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The increases/decreases 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 \$5.3 billion or 22.4% higher than the final budget, primarily because of increased revenue from Sales and Use Tax and Income Tax. The State has a biennial appropriated budget. The fiscal year ending June 30, 2023, was the second year of the 2021-23 budget cycle. The original budget increased \$138.8 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, \$35.3 million, the Department of Human Services, \$5.7 million, the Department of Commerce, \$9.5 million, the Department of Corrections, \$6 million, Legislative Council and Assembly, \$5.5 million, and Office of Management & Budget, \$21.4 million.

Of the \$304 thousand in capital construction carryover dollars, \$267 thousand was for the Department of Corrections.

There were no expenditures in excess of general fund authority.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: At the end of the fiscal year 2023, the State had invested \$7.3 billion, net of accumulated depreciation, in a broad range of capital assets. Depreciation charges for this fiscal year totaled \$392 million.

(Net of Depreciation, Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land and Land Improvements	\$ 165,855	\$ 163,381	\$ 26,979	\$ 26,854	\$ 192,834	\$ 190,235
Building & Building Improvements	429,743	411,480	1,322,775	1,295,098	1,752,518	1,706,578
Equipment	199,399	193,829	210,575	177,868	409,974	371,697
Intangibles						
Software	225,549	234,322	1,164	1,371	226,713	235,693
Other	10,619	10,224	12,589	12,740	23,208	22,964
Infrastructure	4,420,165	4,272,040	168,120	168,904	4,588,285	4,440,944
Construction in Progress	487,746	464,485	332,665	284,654	820,411	749,139
Right-to-use Lease & SBITA assets:						
Land	86	91	11,480	5,001	11,566	5,092
Building and Improvements	36,273	43,404	37,277	39,612	73,550	83,016
Equipment	2,724	3,088	27,681	21,985	30,405	25,073
Infrastructure	—	—	—	60	—	60
SBITAs	43,946	56,440	24,663	28	68,609	56,468
Total	\$ 6,022,105	\$ 5,852,784	\$ 2,175,968	\$ 2,034,175	\$ 8,198,073	\$ 7,886,959

* Beginning capital asset balances were adjusted for certain reclassifications for FY2022 in the Governmental Activities and Business Type Activities.

The total increase in the State's investments in capital assets for the current fiscal year was 3.9% in terms of net book value. However, actual expenditures to purchase or construct capital assets were approximately \$1.1 billion for the year. A major portion of this amount was used to construct or reconstruct assets for highway construction. More detailed information on the State's capital assets can be found in Note 3H to the financial statements.

Long-term Debt: Article X, Section 13 of the Constitution of North Dakota provides that the state may issue or guarantee the payment of bonds provided that all bonds in excess of \$2 million are: secured by first mortgage upon property and no further indebtedness may be incurred by the state unless evidenced by a bond issue; authorized by law, for a certain purpose; provisioned to pay the interest semiannually, and pay the principal within 30 years. The law authorized the bond issue must specifically appropriate the provisions to the payment of the principal and interest of the bond. The State has no general obligation bonds outstanding at June 30, 2023.

The State does have a number of revenue bonds outstanding at June 30, 2023. Current state statutes empower certain state agencies and the Building Authority 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. Starting in FY 22 the state issued appropriation bonds through the Legacy Bond Program, these are appropriation bonds issued to provide financing to legislative approved state projects and programs. The bonds are direct obligations of the Public Finance Authority and secured by the State of North Dakota's Legacy Fund earnings, capitalized interest CD's and interest earnings pursuant to the applicable bond resolutions.

The Bank of North Dakota has advances from the Federal Home Loan Bank due within one year in the amount of \$675 million. The advances have a fixed rate of interest, ranging from 4.44% to 4.60%.

The state had lease additions for equipment and buildings of \$25.3 million for Business Type Activities and \$3.1 million for Governmental Activities.

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenue Bonds	\$ 787,130	\$ 475,316	\$ 1,902,601	\$ 1,795,064	\$ 2,689,731	\$ 2,270,380
Certificate of Participation	—	—	260,727	262,217	260,727	262,217
Notes Payable	15,835	17,157	698,447	135,353	714,282	152,510
Lease Payable	41,400	47,547	78,125	67,495	119,525	115,042
SBITA Payable	46,668	44,772	22,336	—	69,004	44,772
Total	<u>\$ 891,033</u>	<u>\$ 584,792</u>	<u>\$ 2,962,236</u>	<u>\$ 2,260,129</u>	<u>\$ 3,853,269</u>	<u>\$ 2,844,921</u>

* Beginning Notes Payable balances were adjusted for certain reclassifications for FY2022 in the Governmental Activities.

The State's total debt increased approximately 35.4% 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 2023 publication. The report depicts an economy at risk of a growth recession, which means the economy will grow, but at a very slow rate. The Bakken is the most productive shale oil producer in the nation in terms of output per drilling rig and is driving employment higher, which will help prevent North Dakota from feeling the effects of a recession.

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 33. The most recent North Dakota average price per barrel of oil was at \$84.36, which is above the estimated price of \$70.00 used for budgeting purposes. With the most recent production number being at 1.3 million barrels per day compared to 1.1 million bpd used for budgeting. On the agriculture side, production has risen and winter planting has been at a healthy level.

North Dakota's employment growth is slowing, but the slowdown is not as pronounced as what the rest of the U.S. is experiencing. While other industries are seeing a lull in growth the mining industry is still experiencing growth. The unemployment rate in North Dakota remains low at 2.1%, which is slightly lower than the 2.5% reported for the same time frame last year. Anticipation is that the labor force growth will keep the labor market adequately supplied with workers.

Per capita income for North Dakota remains ahead of the national average and after a couple of years in a row lagging the national average. The median household income saw a 14% increase from 2022 numbers and is currently ahead of the national average. For 2023, median household income in North Dakota was at \$78,720 compared to \$74,580 for the U.S. Per capita income for 2023 was \$70,360 for North Dakota, while the U.S. was \$65,470.

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.



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Basic Financial Statements

STATE OF NORTH DAKOTA

Statement of Net Position June 30, 2023

	Primary Government			Component Units (GASB Based)
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 58,330,550	\$ 776,669,407	\$ 834,999,957	\$ 22,676,475
Investments	17,263,009,311	6,498,492,369	23,761,501,680	275,000
Accounts Receivable - Net	218,225,098	165,969,996	384,195,094	74,616
Taxes Receivable - Net	648,553,155	—	648,553,155	—
Interest Receivable - Net	49,711,224	73,409,881	123,121,105	190,894
Lease Receivable - Net	1,160,639	236,255	1,396,894	—
Intergovernmental Receivable - Net	465,725,272	40,806,429	506,531,701	—
Internal Receivable	7,286,062,802	—	1,074,512,209	—
Due from Component Units	—	34,356,282	34,356,282	—
Prepaid Items	22,875,429	5,137,913	28,013,342	—
Inventory	37,894,808	57,226,923	95,121,731	—
Loans and Notes Receivable - Net	51,562,423	5,640,319,487	5,691,881,910	15,682,786
Pension Assets	15,684,703	—	15,684,703	—
Other Assets	14,424,000	106,152,704	120,576,704	—
Restricted Assets:				
Cash and Cash Equivalents	96,890	199,264,000	199,360,890	40,884,730
Investments	—	62,331,087	62,331,087	1,052,697,958
Interest Receivable - Net	—	6,496,000	6,496,000	5,643,485
Loans and Notes Receivable - Net	—	1,576,181,000	1,576,181,000	122,863,534
Capital Assets:				
Nondepreciable	653,600,105	359,644,342	1,013,244,447	1,115,389
Depreciable, Net	5,368,503,700	1,816,322,469	7,184,826,169	105,097
Total Assets	<u>32,155,420,109</u>	<u>17,419,016,544</u>	<u>43,362,886,060</u>	<u>1,262,209,964</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Bond Refunding	178,000	2,797,076	2,975,076	—
Decrease in Fair Value of Hedging Derivatives	—	148,375	148,375	—
Derived from Pensions	856,882,185	240,047,853	1,096,930,038	394,000
Derived from OPEB	24,495,802	7,462,718	31,958,520	—
Total Deferred Outflows of Resources	<u>881,555,987</u>	<u>250,456,022</u>	<u>1,132,012,009</u>	<u>394,000</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, 2023

	Primary Government			Component Units (GASB Based)
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Accounts Payable	476,225,980	103,887,174	580,113,154	459,159
Accrued Payroll	83,527,308	47,456,533	130,983,841	—
Securities Lending Collateral	380,865,520	10,999,379	391,864,899	—
Interest Payable	5,802,498	30,574,680	36,377,178	4,538,254
Intergovernmental Payable	226,547,534	1,498,684	228,046,218	—
Tax Refunds Payable	185,500,664	—	185,500,664	—
Internal Payable	—	6,211,550,593	—	—
Due to Component Units	—	25,370,111	25,370,111	—
Contract Retainage Payable	17,548,599	8,492,282	26,040,881	—
Federal Funds Purchased	—	205,845,000	205,845,000	—
Other Deposits	—	1,134,566,215	1,134,566,215	—
Amounts Held In Custody for Others	—	18,824,000	18,824,000	—
Unearned Revenue	716,473,682	117,957,263	834,430,945	548,816
Financial Derivative Instrument	—	148,375	148,375	—
Other Liabilities	—	34,749,243	34,749,243	—
Long-Term Liabilities				
Due within one year	66,403,338	992,493,830	1,058,897,168	33,145,000
Due in more than one year	889,306,157	3,044,533,626	3,933,839,783	583,220,000
Net Pension Liability	1,164,884,907	355,976,271	1,520,861,178	524,000
Net OPEB Liability	45,887,057	14,360,833	60,247,890	—
Total Liabilities	4,258,973,244	12,359,284,092	10,406,706,743	622,435,229
DEFERRED INFLOWS OF RESOURCES				
Grant Received Prior to Time Requirements	—	127,374	127,374	—
Unrealized Gain on Interest Rate Swap	—	63,068,000	63,068,000	—
Derived from Pensions	502,037,686	149,032,577	651,070,263	219,000
Derived from OPEB	2,162,011	644,511	2,806,522	—
Financial Derivative Instruments	—	15,936,000	15,936,000	—
Right-to-Use Leases	1,193,574	234,021	1,427,595	—
Deferred Gain on Bond Refunding	—	—	—	3,857,000
Total Deferred Inflows of Resources	505,393,271	229,042,483	734,435,754	4,076,000
NET POSITION				
Net Investment in Capital Assets	5,794,753,920	1,475,621,076	7,270,374,996	105,097
Restricted for:				
Education	7,065,494,183	—	7,065,494,183	—
Health and Human Services	18,267,684	—	18,267,684	—
Regulatory Purposes	81,652,972	—	81,652,972	—
Public Safety & Corrections	3,641,748	—	3,641,748	—
Agriculture and Commerce	58,560,898	—	58,560,898	—
Cultural and Natural Resources	617,274,536	—	617,274,536	—
Transportation	391,461,155	—	391,461,155	—
Capital Projects	504,682,000	72,023	504,754,023	—
Debt Service	16,823,977	224,796,110	241,620,087	98,219,959
Loan Purposes	—	26,401,629	26,401,629	508,813,615
Pledged Assets	—	53,798,000	53,798,000	—
Unemployment Compensation	—	329,866,491	329,866,491	—
Pension Benefits	15,684,703	—	15,684,703	—
Permanent Fund and University System - Nonexpendable	79,104,758	19,088,200	98,192,958	2,155,492
University System - Expendable	—	24,849,106	24,849,106	—
Other	43,125,155	5,540,543	48,665,698	66,466
Unrestricted	13,582,081,892	2,921,112,813	16,503,194,705	26,732,106
Total Net Position	\$ 28,272,609,581	\$ 5,081,145,991	\$ 33,353,755,572	\$ 636,092,735

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, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 1,640,333,057	\$ 42,833,545	\$ 72,069,096	\$ 3,045,978
Education	1,579,569,829	28,783,948	1,115,186,462	—
Health and Human Services	2,753,186,043	24,376,640	1,764,742,844	—
Regulatory	232,362,836	50,903,881	46,753,720	—
Public Safety and Corrections	326,906,314	23,700,287	95,893,980	—
Agriculture and Commerce	175,559,082	43,441,972	59,506,311	—
Natural Resources	306,630,292	45,924,091	106,392,065	—
Transportation	679,592,179	115,690,263	529,100,645	—
Interest on Long Term Debt	24,213,233	—	—	—
Total Governmental Activities	<u>7,718,352,865</u>	<u>375,654,627</u>	<u>3,789,645,123</u>	<u>3,045,978</u>
Business-Type Activities:				
Bank of North Dakota	76,924,292	288,783,000	(262,774,000)	—
Housing Finance	74,380,121	65,371,000	22,273,000	—
Loan Programs	12,579,456	11,985,500	457,368	—
State Lottery	28,204,785	39,507,316	15,640	—
Unemployment Compensation	68,868,118	91,932,860	5,072,711	—
University System	1,427,038,459	604,037,145	374,350,068	31,018,883
Workforce Safety & Insurance	196,649,154	190,575,569	58,385,050	—
Other	818,848,351	829,737,785	4,760,380	—
Total Business-Type Activities	<u>2,703,492,736</u>	<u>2,121,930,175</u>	<u>202,540,217</u>	<u>31,018,883</u>
Total Primary Government	<u>\$ 10,421,845,601</u>	<u>\$ 2,497,584,802</u>	<u>\$ 3,992,185,340</u>	<u>\$ 34,064,861</u>
Component Units (GASB Based):	<u>\$ 33,056,844</u>	<u>\$ 7,772,144</u>	<u>\$ 36,514,570</u>	<u>\$ —</u>

General Revenues:

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

*Negative balance for Bank of North Dakota 'Operating Grants and Contributions' is a result of Investment Loss.

*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	
\$ (1,522,384,438)		\$ (1,522,384,438)	
(435,599,419)		(435,599,419)	
(964,066,559)		(964,066,559)	
(134,705,235)		(134,705,235)	
(207,312,047)		(207,312,047)	
(72,610,799)		(72,610,799)	
(154,314,136)		(154,314,136)	
(34,801,271)		(34,801,271)	
(24,213,233)		(24,213,233)	
<u>(3,550,007,137)</u>		<u>(3,550,007,137)</u>	
	(50,915,292)	(50,915,292)	
	13,263,879	13,263,879	
	(136,588)	(136,588)	
	11,318,171	11,318,171	
	28,137,453	28,137,453	
	(417,632,363)	(417,632,363)	
	52,311,465	52,311,465	
	15,649,814	15,649,814	
<u>—</u>	<u>(348,003,461)</u>	<u>(348,003,461)</u>	
<u>(3,550,007,137)</u>	<u>(348,003,461)</u>	<u>(3,898,010,598)</u>	
			\$ 11,229,870
812,953,433	—	812,953,433	—
1,725,168,258	—	1,725,168,258	—
2,967,166,869	—	2,967,166,869	—
146,852,833	—	146,852,833	—
787,382,703	—	787,382,703	—
24,844,863	—	24,844,863	—
400,722,677	3,217,757	403,940,434	—
—	—	—	8,330,725
9,148,366	—	9,148,366	—
(254,142,416)	448,310,037	194,167,621	—
<u>6,620,097,586</u>	<u>451,527,794</u>	<u>7,071,625,380</u>	<u>8,330,725</u>
3,070,090,449	103,524,333	3,173,614,782	19,560,595
25,202,519,132	4,977,621,658	30,180,140,790	616,532,140
<u>\$ 28,272,609,581</u>	<u>\$ 5,081,145,991</u>	<u>\$ 33,353,755,572</u>	<u>\$ 636,092,735</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, 2023

	Major University System Foundation	Nonmajor University System Foundation	State Historical Society Foundation
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 48,021,834	\$ 6,458,185	\$ 125,673
Receivable from Primary Institution	4,542,018	14,139	—
Investments	44,520,794	—	600,000
Accounts Receivable - Net	4,123,326	3,801	—
Notes receivable	2,369,427	419,478	—
Unconditional Promises to Give - Net	21,519,544	1,872,865	6,183
Net investment in Direct Financing Leases	971,628	—	—
Inventory	1,537,200	—	—
Other Assets	4,109,673	207,005	—
Total Current Assets	131,715,444	8,975,473	731,856
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	14,843,781	506,842	—
Investments:			
Investments, Net of Current Portion	905,677,863	23,515,905	1,358,726
Investments, Restricted	3,838,761	—	—
Investments Held In Trust	30,435,092	—	—
Beneficial Interest In Trust	16,470,142	—	—
Charitable Gift Annuity Investments	5,334,702	—	—
Charitable Remainder Trust Account Investments	15,057,812	—	—
Real Estate and Equipment Held for Investment - Net	16,370,044	—	—
Other Long-Term Investments	31,198,071	225,641	—
Contracts for Deed & Notes Receivable, Net of Current Portion	516,413	—	—
Long-Term Pledges Receivable/ Unconditional Promises to Give - Net	74,509,381	1,077,135	—
Other Receivables	3,533	—	—
Receivable from Primary Institution	21,261,836	—	—
Net investment in Direct Financing Leases, Net of Current Portion	8,967,088	—	—
Other noncurrent assets	4,282,885	1,597,451	75,330
Notes Receivable - Net	8,585,000	—	—
Capital Assets - Net	175,571,651	14,877,902	1,058
Total Noncurrent Assets	1,332,924,055	41,800,876	1,435,114
Total Assets	1,464,639,499	50,776,349	2,166,970
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	5,329,423	256,076	8,663
Compensated Absences Payable	—	—	7,158
Payable to Primary Institution	7,067,253	72,858	—
Accrued Payroll	1,410,975	7,395	8,184
Gift Annuities & Life Income Agreements	2,862,232	—	—
Unearned Revenue	12,217,867	—	59,374
Other Liabilities	1,489,973	—	—
Current Portion of Long-Term Liabilities	11,540,024	156,664	—
Total Current Liabilities	41,917,747	492,993	83,379
Noncurrent Liabilities:			
Deposits	21,187,107	—	—
Investments Held on Behalf of Institutions	3,212,453	—	—
Gift Annuities & Life Income Agreements, Net of Current Portion	16,984,916	—	—
Obligations Under Split-Interest Agreement	7,233,547	—	—
Payable to Primary Institution	646,385	—	—
Other Liabilities	1,212,711	—	52,320
Long-Term Liabilities	85,787,878	11,519,646	—
Total Noncurrent Liabilities	136,264,997	11,519,646	52,320
Total Liabilities	178,182,744	12,012,639	135,699
Net Assets			
With Donor Restriction	1,027,742,733	33,682,778	614,691
Without Donor Restriction	258,714,022	5,080,932	1,416,580
Total Net Asset	1,286,456,755	38,763,710	2,031,271
Total Liabilities and Net Assets	\$ 1,464,639,499	\$ 50,776,349	\$ 2,166,970

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, 2023

	Major University System Foundation	Nonmajor University System Foundation	State Historical Society Foundation
Support and Revenue			
Gifts and Contributions	\$ 71,349,256	\$ 1,554,293	\$ 89,095
Investment Income	34,808,704	4,756,217	49,107
Grant Revenue	5,510,397	—	56,850
Net Realized and Unrealized Losses on Investment Securities	(42,718,851)	788,507	31,243
Program and Event Income	39,512,417	2,523,533	127,944
Other Income	9,434,140	1,580,334	5,318
Total Support and Revenue	<u>117,896,063</u>	<u>11,202,884</u>	<u>359,557</u>
EXPENSES			
Program Services	\$ 84,280,777	\$ 3,836,868	\$ 183,250
Supporting Services	46,527,770	4,120,549	351,857
Fund Raising Expense	8,832,029	—	5,264
Total Expenses	<u>139,640,576</u>	<u>7,957,417</u>	<u>540,371</u>
Changes in Net Assets	\$ (21,744,513)	\$ 3,245,467	\$ (180,814)
Total Net Assets - Beginning of Year	<u>\$ 1,308,201,268</u>	<u>\$ 35,518,243</u>	<u>\$ 2,212,085</u>
Total Net Assets - End of Year	<u>\$ 1,286,456,755</u>	<u>\$ 38,763,710</u>	<u>\$ 2,031,271</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Balance Sheet Governmental Funds June 30, 2023

	Special Revenue			Nonmajor Governmental Funds	Total
	General	Federal	State		
ASSETS					
Cash Deposits at the Bank of ND	\$ 2,767,707,352	\$ 545,188,361	\$ 2,784,434,645	\$ 43,740,846	\$ 6,141,071,204
Cash and Cash Equivalents	40,893,607	19,047	15,713,067	190,038	56,815,759
Restricted Cash and Cash Equivalents	—	—	96,890	—	96,890
Investments at the Bank of ND	181,333,625	—	463,580,818	478,492,001	1,123,406,443
Investments	9,585,212,352	—	7,619,863,526	52,292,599	17,257,368,477
Accounts Receivable - Net	33,251,339	53,345,006	130,373,550	3,255	216,973,150
Taxes Receivable - Net	495,222,542	—	153,233,853	96,760	648,553,155
Interest Receivable - Net	34,735,062	—	14,707,674	210,800	49,653,536
Lease Receivable - Net	338,918	225,100	596,621	—	1,160,639
Intergovernmental Receivable - Net	16,219	450,450,846	14,850,056	—	465,317,121
Due from Other Funds	132,774,645	80,891,571	50,462,575	9	264,128,800
Prepaid Items	3,921,328	7,388,911	6,599,060	—	17,909,299
Inventory	3,435,605	24,017,690	10,291,741	—	37,745,036
Loans and Notes Receivable - Net	18,527	132,363	18,234,176	33,177,357	51,562,423
Other Assets	—	—	14,424,000	—	14,424,000
Total Assets	13,278,861,121	1,161,658,895	11,297,462,252	608,203,664	26,346,185,932
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 13,278,861,121	\$ 1,161,658,895	\$ 11,297,462,252	\$ 608,203,664	\$ 26,346,185,932
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	102,770,180	264,808,574	105,573,885	37,936	473,190,575
Accrued Payroll	54,632,316	8,722,866	15,828,682	—	79,183,864
Securities Lending Collateral	54,557,061	—	319,729,936	6,540,937	380,827,934
Interest Payable	153,991	2,370	1,362,642	—	1,519,003
Intergovernmental Payable	1,316,355	44,076,488	181,152,941	—	226,545,784
Tax Refunds Payable	180,045,719	—	5,454,945	—	185,500,664
Due to Other Funds	55,197,263	131,236,217	102,031,391	140,223	288,605,094
Contract Retainage Payable	31,901	8,520,406	8,996,292	—	17,548,599
Unearned Revenues	391,623	661,523,087	54,459,369	—	716,374,079
Total Liabilities	449,096,409	1,118,890,008	794,590,083	6,719,096	2,369,295,596
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	90,033,058	5,178,750	12,467,653	—	107,679,461
Unpaid Penalty and Interest	—	—	823,698	—	823,698
Right-to-Use Leases	305,026	218,874	669,674	—	1,193,574
Total Deferred Inflows of Resources	90,338,084	5,397,624	13,961,025	—	109,696,733
Fund Balances:					
Nonspendable					
Inventory	3,435,605	24,017,690	10,291,741	—	37,745,036
Prepaid Expenditures	3,921,328	7,388,911	6,599,060	—	17,909,299
Permanent Trust Fund	—	—	—	79,104,758	79,104,758
Restricted	—	5,958,436	8,231,881,689	521,421,000	8,759,261,125
Committed	1,532,804,951	—	1,938,686,565	958,810	3,472,450,326
Assigned	—	6,226	301,452,089	—	301,458,315
Unassigned	11,199,264,744	—	—	—	11,199,264,744
Total Fund Balances	12,739,426,628	37,371,263	10,488,911,144	601,484,568	23,867,193,603
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 13,278,861,121	\$ 1,161,658,895	\$ 11,297,462,252	\$ 608,203,664	\$ 26,346,185,932

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, 2023

Total Fund Balances-Governmental Funds		\$ 23,867,193,603
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 \$10,249,436,086 and the accumulated depreciation is \$4,352,404,290.		
		5,897,031,796
Other assets not available in the current period and therefore are not reported in the governmental funds:		
Net Pension Asset		15,684,703
Deferred outflows of resources are not reported in the governmental funds:		
Loss on bond refunding	178,000	
Related to OPEB	22,556,378	
Related to pensions	797,933,477	
Total Deferred Outflows		820,667,855
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.		
		107,579,858
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.		
		77,917,328
Deferred inflows of resources are not reported in the governmental funds:		
Unpaid penalty and interest	823,698	
Related to OPEB	(2,082,446)	
Related to pensions	(470,840,919)	
Total Deferred Inflows		(472,099,667)
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	(787,129,977)	
Notes Payable	(14,484,880)	
Accrued Interest on Long-Term Liabilities	(3,215,837)	
Compensated Absences	(51,347,406)	
Lease & SBITA Assets	(55,392,967)	
Other Post-employment Benefit Obligation	(42,580,686)	
Net Pension Liability	(1,086,022,801)	
Claims and Judgments	(1,191,341)	
Total Long-Term Liabilities		(2,041,365,895)
Net Position of Governmental Activities		<u>\$ 28,272,609,581</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, 2023

	General	Special Revenue		Nonmajor Governmental Funds	Total
		Federal	State		
REVENUES					
Individual and Corporate Income Taxes	\$ 803,991,790	\$ —	\$ 2,726,682	\$ 28,608	\$ 806,747,080
Sales and Use Taxes	1,398,395,757	5,104	323,949,824	—	1,722,350,685
Oil, Gas, and Coal Taxes	864,764,539	—	2,112,045,879	1,440,993	2,978,251,411
Business and Other Taxes	64,253,350	—	84,835,475	—	149,088,825
Licenses, Permits and Fees	10,249,762	947	188,345,056	16,809	198,612,574
Intergovernmental	834,170	3,064,419,897	50,538,993	—	3,115,793,060
Sales and Services	3,331,452	387,035	60,094,442	10,130	63,823,059
Royalties and Rents	48,683,282	298,392	631,682,478	—	680,664,152
Fines and Forfeits	2,780,094	—	36,945,453	—	39,725,547
Interest and Investment Income	744,847,324	1,849,583	433,763,224	7,499,464	1,187,959,595
Tobacco Settlement	11,352	—	24,833,511	—	24,844,863
Commodity Assessments	—	—	32,367,127	—	32,367,127
Miscellaneous	8,170,717	21,193,782	10,838,852	547,966	40,751,317
Total Revenues	3,950,313,589	3,088,154,740	3,992,966,996	9,543,970	11,040,979,295
EXPENDITURES					
Current:					
General Government	185,254,193	57,912,401	307,926,212	381,949	551,474,755
Education	819,800,931	411,474,953	345,983,119	—	1,577,259,003
Health and Human Services	831,305,601	1,735,951,623	93,834,995	149,226	2,661,241,445
Regulatory	26,620,347	45,694,553	53,826,973	76,754,539	202,896,412
Public Safety and Corrections	189,898,362	79,530,262	18,431,114	—	287,859,738
Agriculture and Commerce	26,619,227	59,400,900	86,076,948	—	172,097,075
Natural Resources	19,090,597	73,487,904	180,286,148	—	272,864,649
Transportation	146,593	286,078,081	221,807,867	—	508,032,541
Intergovernmental - Revenue Sharing	4,956,282	—	1,062,947,724	—	1,067,904,006
Capital Outlay	8,564,324	317,794,788	100,314,284	—	426,673,396
Debt Service:					
Principal	7,713,085	1,390,198	8,019,297	5,955,000	23,077,580
Interest and Other Charges	1,466,360	361,847	256,911	18,347,000	20,432,118
Bond and Note Cost of Issuance	—	—	—	1,523,000	1,523,000
Total Expenditures	2,121,435,902	3,069,077,510	2,479,711,592	103,110,714	7,773,335,718
Revenues over (under) Expenditures	1,828,877,687	19,077,230	1,513,255,404	(93,566,744)	3,267,643,577
OTHER FINANCING SOURCES (USES)					
Bonds and Notes Issued	—	—	—	319,038,000	319,038,000
Lease and SBITA Acquisitions	1,828,537	1,268,548	1,209,367	—	4,306,452
Sale of Capital Assets	389	—	84,329	—	84,718
Transfers In	416,363,306	209,180	111,265,927	10,047,000	537,885,413
Transfers Out	(432,842,610)	(31,574,451)	(297,878,653)	(30,076,180)	(792,371,894)
Total Other Financing Sources (Uses)	(14,650,378)	(30,096,723)	(185,319,030)	299,008,820	68,942,689
Net Change in Fund Balances	1,814,227,309	(11,019,493)	1,327,936,374	205,442,076	3,336,586,266
Fund Balances - Beginning of Year, as restated	10,925,199,319	48,390,756	9,160,974,770	396,042,492	20,530,607,337
Fund Balances - End of Year	\$ 12,739,426,628	\$ 37,371,263	\$ 10,488,911,144	\$ 601,484,568	\$ 23,867,193,603

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, 2023

Net Change in Fund Balances-Total Governmental Funds	\$ 3,336,586,266
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	439,211,850
Depreciation expense	(249,222,721)
Excess of capital outlay over depreciation expense	189,989,129
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.	(3,218,959)
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.	111,413
Some of the assets acquired this year were financed through leases and SBITAs payable. The amount financed is reported in the governmental funds as a source of financing. However, leases and SBITAs payable are reported as long-term liabilities in the statement of net position.	(4,796,750)
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.	(10,745,137)
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.	(9,809,166)
Bonds proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	(319,038,000)
The pension assets resulting from contributions in excess of annual required contribution are not financial resources and, therefore, are not reported in the funds.	(16,075,023)
Deferred outflows of resources do not provide current financial resources	
Amortization of deferred loss on bond refunding	(429,000)
Related to OPEB	12,897,320
Related to pension	263,618,913
Total deferred outflows	276,087,233
Deferred pension inflows are not considered current cash expenses and are not reported as an expenditure in the funds.	
Unpaid penalty and interest	(94,126)
Related to OPEB	6,824,098
Related to pension	341,510,929
Total deferred inflows	348,240,901
The net OPEB liability relating to retirement plans	(22,248,623)
The net pension liability relating to retirement plans	(706,313,432)
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	7,224,000
Note payments	1,321,775
Lease payments	8,044,437
SBITA payments	399,087
Total long-term debt repayment	16,989,299
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	(2,266,440)
Compensated Absences	(3,319,421)
Claims and Judgments	(82,841)
Total additional expenditures	(5,668,702)
Change in Net Position of Governmental Activities	\$ 3,070,090,449

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Net Position Proprietary Funds June 30, 2023

	Business-Type Activities - Enterprise Funds					Governmental
	Bank of	Housing	University	Workforce	Other	Internal
	North	Finance	System	Safety and	Enterprise	Service Funds
	Dakota		Insurance	Funds	Total	
ASSETS						
Current Assets:						
Cash Deposits at the Bank of ND	\$ 12,085,000	\$ 352,734,716	\$ 3,313,498	\$ 260,569,305	\$ 628,702,519	\$ 39,312,599
Cash and Cash Equivalents	4,000	9,814,754	—	316,527,653	326,346,407	1,514,791
Investments at the Bank of ND	—	185,202,357	—	2,000,000	187,202,357	532,285
Investments	—	72,442	2,067,353,838	74,161,481	2,141,587,761	5,640,474
Accounts Receivable - Net	1,622,000	36,007,565	17,078,042	111,262,389	165,969,996	1,253,782
Interest Receivable - Net	84,000	—	10,398,839	4,465,042	14,947,881	54,515
Lease Receivable - Net	—	236,255	—	—	236,255	—
Intergovernmental Receivable - Net	844,000	39,323,464	—	638,965	40,806,429	408,151
Due from Other Funds	—	60,768,472	—	3,398,624	64,167,096	13,364,329
Due from Component Units	—	12,341,999	—	—	12,341,999	—
Prepaid Items	99,000	—	357,346	4,681,567	5,137,913	4,966,130
Inventory	—	7,889,224	—	49,337,699	57,226,923	149,772
Loans and Notes Receivable - Net	—	2,675,412	—	50,714,603	53,390,015	—
Other Assets	1,086,000	4,323,804	—	109,246	5,519,050	—
Restricted Cash at the Bank of ND	18,815,000	—	—	2,915,717	21,730,717	—
Restricted Cash and Cash Equivalents	198,551,000	—	—	713,000	199,264,000	—
Restricted Investments at the Bank of ND	—	—	—	1,000,000	1,000,000	—
Restricted Interest Receivable - Net	6,496,000	—	—	—	6,496,000	—
Restricted Loans Receivable - Net	35,727,000	—	—	59,000	35,786,000	—
Total Current Assets	275,413,000	711,390,464	2,098,501,563	882,554,291	3,967,859,318	67,196,828
Noncurrent Assets:						
Restricted Cash at the Bank of ND	—	14,143,066	—	—	14,143,066	—
Restricted Investments at the Bank of ND	—	2,319,200	—	—	2,319,200	—
Restricted Investments	60,456,000	1,875,087	—	—	62,331,087	—
Investments at the Bank of ND	—	61,546,000	—	—	61,546,000	—
Investments	—	12,552,608	—	—	12,552,608	—
Due from Component Units	—	22,014,283	—	—	22,014,283	—
Loans and Notes Receivable - Net	—	9,783,303	—	533,169,169	542,952,472	—
Restricted Loans Receivable - Net	1,540,395,000	—	—	—	1,540,395,000	—
Other Noncurrent Assets	23,297,000	—	—	2,478,654	25,775,654	—
Capital Assets:						
Nondepreciable	—	331,180,329	4,147,400	21,867,613	357,195,342	—
Depreciable, Net	554,000	1,594,893,710	14,474,483	199,538,276	1,809,460,469	125,072,009
Total Noncurrent Assets	1,624,702,000	2,050,307,586	18,621,883	757,053,712	4,450,685,181	125,072,009
Bank Related Assets:						
Cash and Cash Equivalents	\$ 450,323,000	—	—	—	\$ 450,323,000	—
Investments	4,344,352,000	—	—	—	4,344,352,000	—
Interest Receivable - Net	58,462,000	—	—	—	58,462,000	—
Due from Other Funds	196,103,000	—	—	—	196,103,000	—
Loans and Notes Receivable - Net	5,043,977,000	—	—	—	5,043,977,000	—
Other Assets	74,858,000	—	—	—	74,858,000	—
Capital Assets:						
Nondepreciable	2,449,000	—	—	—	2,449,000	—
Depreciable, Net	6,862,000	—	—	—	6,862,000	—
Total Bank Related Assets	10,177,386,000	—	—	—	10,177,386,000	—
Total Assets	10,177,386,000	1,900,115,000	2,761,698,050	2,117,123,446	1,639,608,003	18,595,930,499
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Loss on Bond Refunding	—	—	2,797,076	—	—	2,797,076
Decrease in Fair Value of Hedging Derivatives	—	—	—	—	148,375	148,375
Derived from Pensions	17,175,000	5,566,000	170,114,222	24,358,276	22,834,355	240,047,853
Derived from OPEB	561,000	166,000	5,096,094	874,099	765,525	7,462,718
Total Deferred Outflows of Resources	17,736,000	5,732,000	178,007,392	25,232,375	23,748,255	250,456,022
						60,888,132

STATE OF NORTH DAKOTA

	Business-Type Activities - Enterprise Funds					Governmental
	Bank of			Workforce	Other	Activities
	North	Housing	University	Safety and	Enterprise	Internal
Dakota	Finance	System	Insurance	Funds	Total	Service Funds
LIABILITIES						
Current Liabilities:						
Accounts Payable	2,621,000	50,350,565	6,457,227	44,458,382	103,887,174	3,264,050
Accrued Payroll	—	46,342,307	—	1,114,226	47,456,533	4,343,446
Securities Lending Collateral	—	—	10,889,438	109,941	10,999,379	37,586
Interest Payable	24,047,000	4,160,011	—	1,552,080	29,759,091	1,067,658
Intergovernmental Payable	30,000	713,819	—	1,468,684	2,212,503	1,750
Due to Other Funds	433,000	3,051,911	164,474	207,550,842	211,200,227	383,886
Due to Component Units	—	4,005,965	—	—	4,005,965	—
Contract Retainage Payable	—	8,492,282	—	—	8,492,282	—
Other Deposits	—	4,863,721	—	—	4,863,721	—
Amounts Held in Custody for Others	18,824,000	—	—	—	18,824,000	—
Claims/Judgments Payable	—	—	114,027,720	3,067,423	117,095,143	1,074,449
Dividends Payable	—	—	86,800,653	—	86,800,653	—
Compensated Absences Payable	376,000	3,085,620	1,633,580	175,746	5,270,946	353,394
Notes Payable	—	4,144,734	—	—	4,144,734	443,584
Leases/SBITAs Payable	—	12,745,125	66,095	8,205,858	21,017,078	11,788,567
Bonds Payable	60,133,000	21,511,457	—	135,000	81,779,457	—
Financial Derivative Instrument	—	—	—	148,375	148,375	—
Unearned Revenue	—	29,910,204	87,692,697	354,362	117,957,263	—
Other Current Liabilities	—	—	—	4,945,570	4,945,570	—
Total Current Liabilities	106,464,000	193,377,721	307,731,884	273,286,489	880,860,094	22,758,370
Noncurrent Liabilities:						
Intergovernmental Payable	—	17,293,919	—	—	17,293,919	—
Due to Component Units	—	21,364,146	—	—	21,364,146	—
Claims/Judgments Payable	—	—	836,203,280	—	836,203,280	6,848,891
Compensated Absences Payable	—	33,543,357	265,931	1,286,347	35,095,635	3,860,494
Notes Payable	—	15,505,733	—	—	15,505,733	906,607
Leases/SBITAs Payable	—	37,408,642	105,522	32,453,726	69,967,890	20,886,938
Bonds Payable	1,540,244,000	527,581,415	—	2,007,754	2,069,833,169	—
Net Pension Liability	7,455,000	253,541,008	36,627,420	32,477,843	330,101,271	78,862,106
Net OPEB Liability	296,000	9,952,454	1,675,720	1,282,659	13,206,833	3,306,371
Other Noncurrent Liabilities	219,000	7,802	—	27,644,871	27,871,673	—
Total Noncurrent Liabilities	1,548,214,000	916,198,476	874,877,873	97,153,200	3,436,443,549	114,671,407
Bank Related Liabilities:						
Interest Payable	815,563	—	—	—	815,563	—
Due to Other Funds	1,781,437	—	—	—	1,781,437	—
Federal Funds Purchased	205,845,000	—	—	—	205,845,000	—
Deposits Held for Other Funds	7,274,834,949	—	—	—	7,274,834,949	—
Other Deposits	1,037,112,051	—	—	—	1,037,112,051	—
Other Liabilities	1,932,000	—	—	—	1,932,000	—
Long Term Liabilities:						
Due within one year	675,672,000	—	—	—	675,672,000	—
Due in more than one year	634,000	—	—	—	634,000	—
Net Pension Liability	25,875,000	—	—	—	25,875,000	—
Net OPEB Liability	1,154,000	—	—	—	1,154,000	—
Total Bank Related Liabilities	9,225,656,000	—	—	—	9,225,656,000	—
Total Liabilities	9,225,656,000	1,654,678,000	1,109,576,197	1,182,609,757	370,439,689	137,429,777
DEFERRED INFLOWS OF RESOURCES						
Grants Received Prior to Time Requirements	—	—	127,374	—	—	127,374
Unrealized Gain on Interest Rate Swap	63,068,000	—	—	—	—	63,068,000
Derived from Pensions	11,769,000	3,016,000	104,870,456	16,462,415	12,914,706	149,032,577
Derived from OPEB	62,000	13,000	486,237	60,300	22,974	644,511
Financial Derivative Instruments	—	15,936,000	—	—	—	15,936,000
Right-to-Use Leases	—	—	234,021	—	—	234,021
Total Deferred Inflows of Resources	74,899,000	18,965,000	105,718,088	16,522,715	12,937,680	229,042,483
NET POSITION						
Net Investment in Capital Assets	9,311,000	112,000	1,282,913,497	18,621,882	164,662,697	1,475,621,076
Restricted for:						
Capital Projects	—	—	72,023	—	—	72,023
Debt Service	—	217,892,000	6,132,110	—	772,000	224,796,110
Loan Purposes	—	—	23,566,292	—	2,835,337	26,401,629
Pledged Assets	53,798,000	—	—	—	—	53,798,000
Unemployment Compensation	—	—	—	—	329,866,491	329,866,491
University System-Nonexpendable	—	—	19,088,200	—	—	19,088,200
University System-Expendable	—	—	24,849,106	—	—	24,849,106
Other	—	—	4,025,360	—	1,515,183	5,540,543
Unrestricted	831,458,000	14,200,000	363,764,569	924,601,467	780,327,181	2,914,351,217
Total Net Position	\$ 894,567,000	\$ 232,204,000	\$ 1,724,411,157	\$ 943,223,349	\$ 1,279,978,889	\$ 5,074,384,395

Reconciliation of the Proprietary Funds Statement of Net Position to the Statement of Net Position

June 30, 2023

Total Net Position - Enterprise Funds

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

Prior year net position restatement and reduction of current year expenses based on the allocation of internal service fund's net income

Net Position of Business-Type Activities

5,074,384,395

6,761,596

5,081,145,991

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, 2023

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Bank of North Dakota	Housing Finance	University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES							
Sales and Services	\$ 4,751,000	\$ 4,672,000	\$ 109,689,074	\$ 188,601,232	\$ 963,179,145	\$1,270,892,451	\$ 139,715,983
Auxiliary Sales Pledges for Bonds	—	—	106,908,837	—	—	106,908,837	—
Tuition and Fees	—	—	380,216,199	—	—	380,216,199	—
Grants and Contributions	—	—	220,067,559	—	—	220,067,559	24,000
Royalties and Rents	—	—	—	—	132,783	132,783	—
Fines and Forfeits	—	—	—	1,558,469	—	1,558,469	—
Interest and Investment Income	284,032,000	60,699,000	—	—	9,473,029	354,204,029	—
Miscellaneous	—	—	899,756	415,868	342,021	1,657,645	271,193
Total Operating Revenues	288,783,000	65,371,000	817,781,425	190,575,569	973,126,978	2,335,637,972	140,011,176
OPERATING EXPENSES							
Cost of Sales and Services	—	—	26,861,050	—	386,573,671	413,434,721	809,467
Salaries and Benefits	19,779,000	1,141,000	862,716,073	28,064,763	32,645,592	944,346,428	57,313,809
Operating	15,384,000	11,461,000	362,882,110	2,428,221	416,455,594	808,610,925	67,869,187
Claims	—	—	—	73,272,725	73,397,596	146,670,321	5,434,456
Scholarships and Fellowships	—	—	44,749,106	—	—	44,749,106	—
Interest	40,882,000	39,393,000	—	—	1,610,296	81,885,296	1,542,869
Depreciation	379,000	239,000	95,303,139	3,582,538	11,656,317	111,159,994	22,232,179
Miscellaneous	—	—	—	—	89,411	89,411	199,009
Total Operating Expenses	76,424,000	52,234,000	1,392,511,478	107,348,247	922,428,477	2,550,946,202	155,400,976
Operating Income (Loss)	212,359,000	13,137,000	(574,730,053)	83,227,322	50,698,501	(215,308,230)	(15,389,800)
NONOPERATING REVENUES (EXPENSES)							
Grants and Contracts	—	22,230,000	77,653,513	—	1,249,774	101,133,287	—
Gifts	—	—	63,478,380	—	—	63,478,380	—
Interest and Investment Income (Loss)	(262,774,000)	43,000	13,150,616	58,385,050	8,943,333	(182,252,001)	429,228
Interest Expense	—	—	(23,429,957)	(4,357,435)	(5,448,227)	(33,235,619)	(111,154)
Dividends Expense	—	—	—	(84,612,149)	—	(84,612,149)	—
Gain (Loss) on Sale of Capital Assets	—	—	1,107,008	—	(120,074)	986,934	1,914,543
Tax Revenue	—	—	6,323,279	—	—	6,323,279	—
Grant Expense	—	(22,117,000)	(8,174,714)	—	—	(30,291,714)	—
Other	—	—	(1,162,805)	1,365,136	(198,077)	4,254	—
Total Nonoperating Revenues	(262,774,000)	156,000	128,945,320	(29,219,398)	4,426,729	(158,465,349)	2,232,617
Income (Loss) Before Contributions and Transfers	(50,415,000)	13,293,000	(445,784,733)	54,007,924	55,125,230	(373,773,579)	(13,157,183)
Capital Grants and Contributions	—	—	31,018,883	—	—	31,018,883	—
Transfers In	—	—	485,697,611	—	24,869,417	510,567,028	53,066
Transfer Out	(30,397,000)	(8,000)	(8,428,383)	—	(23,423,608)	(62,256,991)	—
Changes in Net Position	(80,812,000)	13,285,000	62,503,378	54,007,924	56,571,039	105,555,341	(13,104,117)
Total Net Position - Beginning of Year, as restated	975,379,000	218,919,000	1,661,907,779	889,215,425	1,223,407,850	4,968,829,054	97,554,977
Total Net Position - End of Year	\$ 894,567,000	\$232,204,000	\$1,724,411,157	\$ 943,223,349	\$ 1,279,978,889	\$5,074,384,395	\$ 84,450,860

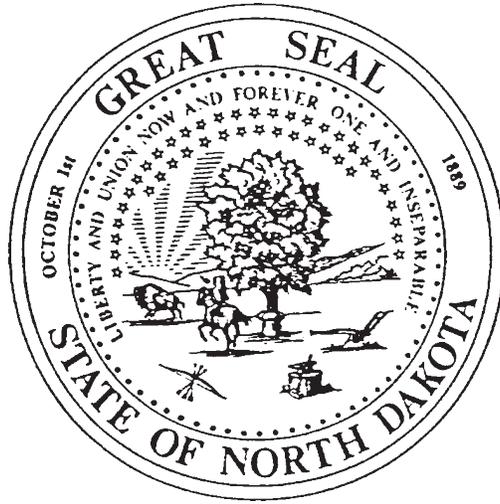
Reconciliation of Statement of Revenues, Expenses and Changes in Fund Net Position of Proprietary Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2023

Net Change in Net Position-Total Enterprise Funds \$ 105,555,341

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 (2,031,008)

Change in Net Position of Business-Type Activities \$ 103,524,333



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STATE OF NORTH DAKOTA

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds		
	Bank of North Dakota	Housing Finance	University System
Cash Flows from Operating Activities:			
Receipts from Customers and Users	\$ 7,725,000	\$ 316,333,000	\$ 223,896,481
Receipts from Tuition and Fees	—	—	380,475,731
Interest Income on Loans	—	—	—
Receipts from Loan Principal Repayments	—	—	2,961,825
Receipts from Other Funds	—	—	—
Receipts from Grants and Contracts	—	—	207,418,711
Receipts from Others	—	—	578,494
Payments to Other Funds	—	(254,408,000)	—
Payments for Loan Funds	—	—	(1,977,982)
Payments for Scholarships and Fellowships	—	—	(42,299,117)
Payments to Suppliers	(16,929,000)	(254,906,000)	(378,996,090)
Payments to Employees	(17,540,000)	(4,708,000)	(834,308,413)
Claim Payments	—	—	—
Payments to Others	—	(655,000)	—
Other	—	—	—
Net Cash Provided by (Used for) Operating Activities	(26,744,000)	(198,344,000)	(442,250,360)
Cash Flows from Noncapital Financing Activities:			
Proceeds from Bonds	—	251,304,000	—
Proceeds from Sale of Notes and Other Borrowings	3,775,001,000	—	—
Principal Payments - Bonds	—	(123,540,000)	—
Principal Payments - Notes and Other Borrowings	(3,208,001,000)	—	—
Interest Payments - Bonds	—	(33,300,000)	—
Interest Payments - Notes and Other Borrowings	(8,952,000)	—	—
Tax Collections	—	—	6,323,280
Transfers In	—	—	33,448,560
Transfers Out	(30,397,000)	(8,000)	(8,428,384)
Net Decrease in Non-Interest Bearing Deposits	(132,702,000)	—	—
Net Increase in Interest Bearing Deposits	310,755,000	—	—
Payments of Interest on Deposits	(26,916,000)	—	—
Interest Paid on Federal Funds and Reverse Repurchase Agreements	(5,581,000)	—	—
Net Decrease in Federal Funds and Reverse Repurchase Agreements	(557,405,000)	—	—
Collection of Advances Made	2,149,000	—	—
Loan Proceeds from Due To Other Funds	—	—	213,376,357
Principal Payments on Due To Other Funds	—	—	(213,208,508)
Grants and Gifts Received for Other than Capital Purposes	—	22,230,000	130,359,539
State Appropriations	—	—	404,741,407
Grants Given for Other than Capital Purposes	—	(22,117,000)	(8,201,197)
Net Cash Provided by (Used for) Noncapital Financing Activities	117,951,000	94,569,000	558,411,054
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(456,000)	(19,000)	(179,299,036)
Proceeds from Sale of Capital Assets	—	—	1,825,482
Proceeds from Bonds	—	—	—
Proceeds from Sale of Notes and Other Borrowings	—	—	206,585
Principal Payments - Bonds	—	—	—
Principal Payments - Notes and Other Borrowings	—	—	(35,301,656)
Interest Payments - Bonds	—	—	—
Interest Payments - Notes and Other Borrowings	—	—	(23,661,813)
Capital Appropriations	—	—	42,498,705
Payment of Bond Issue Costs	—	—	—
Payment on Capital Leases	—	—	—
Interest Payments - Capital Leases	—	—	—
Deposits with capital debt payment trustees	—	—	—
Capital Grants and Gifts Received	—	—	28,540,591
Insurance Proceeds	—	—	727,141
Principal Payments on Lease/SBITA Payable	—	(198,000)	—
Interest Paid on Lease/SBITA Payable	—	(15,000)	—
Net Cash Provided by (Used for) Capital and Related Financing Activities	(456,000)	(232,000)	(164,464,001)
Cash Flows from Investing Activities:			
Proceeds from Sale and Maturities of Investment Securities	772,104,000	10,171,000	174,457,621
Purchase of Investment Securities	(2,779,223,000)	(3,334,000)	(123,740,318)
Net Increase In Investments	—	—	—
Interest and Dividends on Investments	86,416,000	291,000	12,307,683
Proceeds from Sale of Other Real Estate	2,946,000	—	—
Net Decrease in Loans	(675,775,000)	—	—
Disbursements for Loans and Loan Purchases	—	—	—
Receipt of Loan Principal Repayments	—	—	—
Proceeds from Collection of Loans and Notes Receivable	—	—	—
Loan Income Received	180,072,000	—	—
Lease Receipts	—	—	—
Net Cash Provided by (Used for) Investing Activities	(2,413,460,000)	7,128,000	63,024,986

The Accompanying Notes are an Integral Part of the Financial Statements

Business-Type Activities - Enterprise Funds		Governmental Activities	
Workforce Safety and Insurance	Other Enterprise	Total	Internal Service Funds
\$ 112,302,561	\$ 1,072,599,315	\$ 1,732,856,357	\$ 3,602,327
—	—	380,475,731	—
—	22,326	22,326	—
—	1,998,471	4,960,296	—
—	235,327	235,327	138,942,853
—	—	207,418,711	—
496,918	1,063,907	2,139,319	—
(2,820,705)	(629,488)	(257,858,193)	(3,390,313)
—	(4,798,899)	(6,776,881)	—
—	—	(42,299,117)	—
—	(881,142,713)	(1,531,973,803)	(70,556,543)
(24,159,708)	(31,329,914)	(912,046,035)	(47,459,941)
(123,320,307)	(31,738,297)	(155,058,604)	(148,862)
(1,718,910)	(5,734,006)	(8,107,916)	—
—	(728,081)	(728,081)	—
(39,220,151)	119,817,948	(586,740,563)	20,989,521
—	—	251,304,000	—
—	59,950,464	3,834,951,464	—
—	—	(123,540,000)	—
—	(75,057,611)	(3,283,058,611)	—
—	(43,000)	(33,343,000)	—
—	(4,915,278)	(13,867,278)	—
—	—	6,323,280	—
—	24,598,000	58,046,560	—
—	(20,559,359)	(59,392,743)	—
—	—	(132,702,000)	—
—	—	310,755,000	—
—	—	(26,916,000)	—
—	—	(5,581,000)	—
—	—	(557,405,000)	—
—	—	2,149,000	—
—	—	213,376,357	—
—	(2,411,657)	(215,620,165)	—
—	1,521,191	154,110,730	—
—	—	404,741,407	—
—	—	(30,318,197)	—
—	(16,917,250)	754,013,804	—
(3,490,200)	(21,928,592)	(205,192,828)	(15,696,706)
—	—	1,825,482	4,004,916
—	54,897,776	54,897,776	—
—	—	206,585	—
—	(130,000)	(130,000)	—
—	—	(35,301,656)	(1,538,368)
—	(45,175)	(45,175)	—
—	—	(23,661,813)	(101,485)
—	—	42,498,705	—
—	(12,900)	(12,900)	—
(222,507)	—	(222,507)	(135,462)
—	—	—	(65,425)
—	—	—	53,066
—	—	28,540,591	—
—	—	727,141	—
—	(8,350,850)	(8,548,850)	(5,600,009)
—	(1,124,641)	(1,139,641)	—
(3,712,707)	23,305,618	(145,559,090)	(19,079,473)
47,000,000	167,304,190	1,171,036,811	1,097,558
(4,007,854)	(192,611,521)	(3,102,916,693)	—
—	2,834,358	2,834,358	—
—	6,132,840	105,147,523	75,657
—	—	2,946,000	—
—	(20,012,000)	(695,787,000)	—
—	(81,523,000)	(81,523,000)	—
—	21,836,000	21,836,000	—
—	16,145,196	16,145,196	—
—	9,135,586	189,207,586	—
415,868	—	415,868	—
43,408,014	(70,758,351)	(2,370,657,351)	1,173,215

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, 2023

	Business-Type Activities - Enterprise Funds		
	Bank of North Dakota	Housing Finance	University System
Net Change In Cash:			
Net Increase (Decrease) in Cash and Cash Equivalents	(2,322,709,000)	(96,879,000)	14,721,679
Cash and Cash Equivalents at June 30, 2022	2,773,032,000	326,334,000	359,964,869
Cash and Cash Equivalents at June 30, 2023	<u>\$ 450,323,000</u>	<u>\$ 229,455,000</u>	<u>\$ 374,686,548</u>
Reconciliation:			
Current:			
Cash Deposits at the Bank of North Dakota	—	12,089,000	350,728,716
Cash and Cash Equivalents	450,323,000	—	9,814,766
Restricted Cash Deposits at the Bank of North Dakota	—	18,815,000	—
Restricted Cash and Cash Equivalents	—	198,551,000	—
Noncurrent:			
Restricted Cash Deposits At The Bank of North Dakota	—	—	14,143,066
Restricted Cash and Cash Equivalents	—	—	—
Cash and Cash Equivalents	<u>\$ 450,323,000</u>	<u>\$ 229,455,000</u>	<u>\$ 374,686,548</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	212,359,000	13,137,000	(565,995,449)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	379,000	239,000	95,303,143
Amortization/Accretion	—	(5,404,000)	—
Reclassification of Interest Revenue/Expense	(243,150,000)	38,614,000	—
Loss on Sale of Real Estate	1,742,000	—	—
Net Increase in Fair Value of Investments	—	2,420,000	—
Interest Received on Program Loans	—	—	—
Dividend Credit Applied to Receivable	—	—	—
Provision for Losses	—	—	—
Reduction In Provision for Loan Loss	—	—	—
Other	—	—	(4,003,696)
Deferred Outflows	—	(2,453,000)	(64,041,686)
Deferred Inflows	—	(1,843,000)	(79,804,611)
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	—	(248,536,000)	8,969,313
(Increase) Decrease in Interest Receivable	—	(570,000)	—
(Increase) Decrease in Due From	2,131,000	—	—
(Increase) Decrease in Intergovernmental Receivable	—	(585,000)	—
(Increase) Decrease in Notes Receivable	—	—	(19,578,051)
(Increase) Decrease in Prepaid Items	—	(13,000)	—
(Increase) Decrease in Inventories	—	—	(720,169)
(Increase) Decrease in Other Assets	(28,120,000)	(2,593,000)	3,574,940
Increase (Decrease) in Accounts Payable	—	—	8,485,002
Increase (Decrease) in Interest Payable	—	—	—
Increase (Decrease) in Claims/Judgments Payable	—	—	—
Increase (Decrease) in Intergovernmental Payable	—	10,000	—
Increase (Decrease) in Accrued Payroll	—	—	2,505,191
Increase (Decrease) in Compensated Absences Payable	—	(2,000)	1,532,642
Increase (Decrease) in Amounts Held for Others	—	2,653,000	—
Increase (Decrease) in Other Deposits	—	—	107,488
Increase (Decrease) in Due To	—	30,000	—
Increase (Decrease) in Unavailable Revenue	—	—	3,175,843
Increase (Decrease) in Net Pension Liability	—	5,205,000	162,895,620
Increase (Decrease) in Net OPEB Liability	—	—	5,344,120
Increase (Decrease) in Other Liabilities	27,915,000	1,347,000	—
Increase (Decrease) in Dividends Payable	—	—	—
Increase (Decrease) in Lease/SBITA Liability	—	—	—
Total Adjustments	<u>(239,103,000)</u>	<u>(211,481,000)</u>	<u>123,745,089</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (26,744,000)</u>	<u>\$ (198,344,000)</u>	<u>\$ (442,250,360)</u>
Noncash Transactions:			
Net Change in Fair Value of Investments	(262,774,000)	(2,725,000)	835,058
Reduction in pension and OPEB liability	—	—	—
Change in Securities Lending Collateral	—	—	—
Investment Income	—	—	—
Dividends Credited to Premium Billing	—	—	—
Accounts Receivable Premium Reduction	—	—	—
Assets Acquired Through Lease	—	—	3,725,494
Assumption of Notes Payable	—	—	408,891
Assets Acquired Through Special Assessments	—	—	2,924
Assets acquired through long-term software based IT arrangements	—	—	21,405,477
Long-term lease receivable initiated	—	—	143,087
Gifts of Capital Assets	—	—	172,890
Interest Revenue on Prize Reserves	—	—	—
Loans transferred in from State Water Commission RLF	—	—	—
Total Noncash Transactions	<u>\$ (262,774,000)</u>	<u>\$ (2,725,000)</u>	<u>\$ 26,693,821</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Business-Type Activities - Enterprise Funds			Governmental Activities
Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
475,156	55,447,965	(2,348,943,200)	3,083,263
2,838,342	525,277,710	3,987,446,921	37,744,127
<u>\$ 3,313,498</u>	<u>\$ 580,725,675</u>	<u>\$ 1,638,503,721</u>	<u>\$ 40,827,390</u>
3,313,498	261,090,396	627,221,610	39,312,599
—	316,006,562	776,144,328	1,514,791
—	2,915,717	21,730,717	—
—	713,000	199,264,000	—
—	—	14,143,066	—
—	—	—	—
<u>\$ 3,313,498</u>	<u>\$ 580,725,675</u>	<u>\$ 1,638,503,721</u>	<u>\$ 40,827,390</u>
82,797,814	50,611,679	(207,089,956)	(15,413,799)
3,596,179	11,693,528	111,210,850	22,232,179
—	8,544,375	3,140,375	—
—	(6,434,617)	(210,970,617)	1,542,869
—	—	1,742,000	—
—	4,137	2,424,137	—
—	632,462	632,462	—
(84,612,149)	(2,853,000)	(87,465,149)	—
—	55,000	55,000	—
—	1,773,459	1,773,459	—
(420,716)	209,197	(4,215,215)	—
(8,299,147)	(3,068,830)	(77,862,663)	(24,945,221)
(12,902,042)	(2,619,997)	(97,169,650)	(20,521,554)
2,327,754	41,717,884	(195,521,049)	709,367
—	(5,086)	(575,086)	—
385	(2,855,441)	(724,056)	552,017
—	28,736,448	28,151,448	1,220,096
—	(7,889,216)	(27,467,267)	—
(96,978)	(2,481,339)	(2,591,317)	871,823
—	(7,010,970)	(7,731,139)	(21,470)
—	(235,335)	(27,373,395)	—
1,498,622	(1,043,039)	8,940,585	31,817
—	—	—	(1,832,433)
(48,540,000)	1,239,528	(47,300,472)	2,042,239
—	62,022	72,022	(1,675)
—	1,871,830	4,377,021	559,354
43,074	74,573	1,648,289	439,769
—	166,593	2,819,593	—
—	—	107,488	—
(11,563)	(271,388)	(252,951)	(807,946)
(2,394,671)	—	781,172	—
22,704,317	8,945,461	199,750,398	52,436,276
908,981	186,432	6,439,533	1,895,813
—	61,598	29,323,598	—
4,394,537	—	4,394,537	—
(214,548)	—	(214,548)	—
<u>(122,017,965)</u>	<u>69,206,269</u>	<u>(379,650,607)</u>	<u>36,403,320</u>
<u>\$ (39,220,151)</u>	<u>\$ 119,817,948</u>	<u>\$ (586,740,563)</u>	<u>\$ 20,989,521</u>
64,422,667	1,121,835	(199,119,440)	340,207
—	(371,002)	(371,002)	—
(5,780,912)	—	(5,780,912)	(28,064)
7,199,566	—	7,199,566	—
80,217,613	—	80,217,613	—
(80,217,613)	—	(80,217,613)	—
—	(43,892)	3,681,602	6,244,531
—	—	408,891	1,572,911
—	—	2,924	—
—	—	21,405,477	—
—	—	143,087	—
—	—	172,890	—
—	(517)	(517)	—
—	—	—	—
<u>\$ 65,841,321</u>	<u>\$ 706,424</u>	<u>\$ (172,257,434)</u>	<u>\$ 8,129,585</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, 2023

	Pension and Other Employee Funds Benefit Trust	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
ASSETS				
Cash Deposits at the Bank of ND	\$ 46,322,169	\$ —	\$ 6,369,882	\$ 40,895,997
Cash and Cash Equivalents	219,547	—	939,054	330,540
Receivables:				
Contributions Receivable	45,912,299	—	—	—
Accounts Receivable - Net	—	—	186,787	884,632
Taxes Receivable for Other Governments - Net	—	—	—	51,880,677
Interest Receivable - Net	18,405,121	519,188	2,071	174
Due from Other Funds	423,007	—	—	246,814
Due from Fiduciary Funds	889	—	—	—
Due from Component Units	—	—	—	22,957
Total Receivables	<u>64,741,316</u>	<u>519,188</u>	<u>188,858</u>	<u>53,035,254</u>
Investments, at Fair Value:				
Investments at the Bank of ND	—	—	—	50,000
Equities	1,765,727,972	156,401,659	—	—
Equity Pool	2,436,654,494	—	—	—
Fixed Income Pool	1,754,125,435	97,809,337	1,368,048	—
Cash and Cash Pool	20,447,738	2,028,248	—	—
Real Estate Pool	1,296,863,216	51,874,274	—	—
Mutual Funds	205,374,006	—	541,739,388	—
Total Investments	<u>7,479,192,861</u>	<u>308,113,518</u>	<u>543,107,436</u>	<u>50,000</u>
Invested Securities Lending Collateral	<u>51,566,249</u>	<u>1,942,415</u>	<u>53,471</u>	<u>—</u>
Capital Assets (Net of Depreciation)	2,866,784	—	—	—
Total Assets	<u>7,644,908,926</u>	<u>310,575,121</u>	<u>550,658,701</u>	<u>94,311,791</u>
DEFERRED OUTFLOWS OF RESOURCES				
Derived from Pensions	1,715,386	—	—	—
Total deferred outflows of resources	<u>1,715,386</u>	<u>—</u>	<u>—</u>	<u>—</u>
LIABILITIES				
Accounts Payable	10,200,842	199,158	1,550,589	4,882,116
Accrued Payroll	224,335	—	—	103,491
Securities Lending Collateral	51,566,249	1,942,415	53,471	—
Due to Local Governments	—	—	—	79,191,331
Tax Refunds Payable	—	—	—	59,503
Due to Other Funds	484,104	—	—	348,151
Due to Component Units	—	—	—	71
Amounts Held in Custody for Others	18,755	—	—	—
Compensated Absences Payable	132,373	—	—	—
Other Liabilities	—	—	—	9,066
Total Liabilities	<u>62,626,658</u>	<u>2,141,573</u>	<u>1,604,060</u>	<u>84,593,729</u>
DEFERRED INFLOWS OF RESOURCES				
Derived from Pensions	947,020	—	—	—
Unavailable Revenue	—	—	—	4,187,830
Total deferred inflows of resources	<u>947,020</u>	<u>—</u>	<u>—</u>	<u>4,187,830</u>
NET Position				
Net Position Restricted for:				
Pension Benefits	7,582,400,726	—	—	—
Other Employee Benefits	649,908	—	—	—
External Investment Pool Participants	—	308,433,548	—	—
Individuals, Organizations, and Other Governments	—	—	—	5,530,229
Other Purposes	—	—	549,054,641	3
Total Net Position Restricted for Pension Benefits and Other Purposes	<u>7,583,050,634</u>	<u>308,433,548</u>	<u>549,054,641</u>	<u>5,530,232</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, 2023

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS				
Contributions:				
Child Support Collections	\$ —	\$ —	\$ —	\$ 136,117,894
Collections for District Courts	—	—	—	2,485,700
Employer	219,504,430	—	—	—
Employee	212,144,901	—	—	—
From Participants	—	—	45,535,022	7,280
Student, Patient, and Inmate Accounts	—	—	—	6,459,333
Tax Collections for Local Governments	—	—	—	377,790,820
Transfers from Other Funds	531,367	—	—	—
Transfers from Other Plans	1,264,001	—	—	—
Donations	—	—	—	2,564,361
Miscellaneous	—	—	—	200
Total Contributions	<u>433,444,699</u>	<u>—</u>	<u>45,535,022</u>	<u>525,425,588</u>
Investment Income:				
Net Change in Fair Value of Investments	448,681,804	18,041,736	(104,734,778)	—
Interest and Dividends	116,449,356	5,067,745	12,378,744	174
Less Investment Expense	<u>19,217,666</u>	<u>804,003</u>	<u>4,383</u>	<u>—</u>
Net Investment Income (Loss)	<u>545,913,494</u>	<u>22,305,478</u>	<u>(92,360,417)</u>	<u>174</u>
Securities Lending Activity:				
Securities Lending Income	373,930	18,156	2,188	—
Less Securities Lending Expense	39,632	3,666	—	—
Net Securities Lending Income	<u>334,298</u>	<u>14,490</u>	<u>2,188</u>	<u>—</u>
Repurchase Service Credit	7,134,992	—	—	—
Miscellaneous Income	1,161,240	—	101,528	1,064,944
Total Additions	<u>987,988,723</u>	<u>22,319,968</u>	<u>(46,721,679)</u>	<u>526,490,706</u>
DEDUCTIONS				
Benefits Paid to Participants	535,848,989	—	—	—
Child Support Distributions	—	—	—	136,117,894
Distributions to District Courts	—	—	—	2,360,832
Distributions of Taxes to Local Governments	—	—	—	376,289,353
Student, Patient, and Inmate Accounts	—	—	—	6,903,483
Refunds	26,114,437	—	—	25,312
Prefunded Credit Applied	14,208,566	—	—	—
Transfer to Other Plans	531,367	—	—	—
Payments in Accordance with Trust Agreements	—	—	55,445,524	—
Administrative Expenses	7,279,343	—	3,598,185	5,063,526
Total Deductions	<u>583,982,702</u>	<u>—</u>	<u>59,043,709</u>	<u>526,760,400</u>
Redemption of Units at \$1.00 Per Unit	—	(9,557,996)	—	—
Net increase (decrease) in Fiduciary Net Position	<u>404,006,021</u>	<u>12,761,972</u>	<u>(105,765,388)</u>	<u>(269,694)</u>
Net Position - Beginning of Year, as Restated	7,179,044,613	295,671,576	654,820,029	5,799,926
Net Position - End of Year	<u>\$ 7,583,050,634</u>	<u>\$ 308,433,548</u>	<u>\$ 549,054,641</u>	<u>\$ 5,530,232</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, 2023

	CHAND	Public Finance Authority	ND Development Fund	State Fair Foundation	Transmission Authority	Total
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 2,068,080	\$ —	\$ 20,374,799	\$ 233,596	\$ —	\$ 22,676,475
Accounts Receivable - Net	74,616	—	—	—	—	74,616
Interest Receivable - Net	—	—	190,894	—	—	190,894
Loans and Notes Receivable - Net	—	—	2,303,128	—	—	2,303,128
Restricted Cash and Cash Equivalents	—	38,379,000	—	17,088	2,488,642	40,884,730
Restricted Investments	—	114,808,000	—	—	21,012,958	135,820,958
Restricted Interest Receivable - Net	—	5,599,000	—	—	44,485	5,643,485
Restricted Loans Receivable - Net	—	—	—	—	5,058,334	5,058,334
Total Current Assets	2,142,696	158,786,000	22,868,821	250,684	28,604,419	212,652,620
Noncurrent Assets:						
Restricted Investments	—	916,877,000	—	—	—	916,877,000
Investments	—	—	275,000	—	—	275,000
Loans and Notes Receivable - Net	—	—	13,354,658	25,000	—	13,379,658
Restricted Loans Receivable - Net	—	—	—	—	117,805,200	117,805,200
Capital Assets:						
Nondepreciable	—	—	—	1,115,389	—	1,115,389
Depreciable, Net	—	—	105,097	—	—	105,097
Total Noncurrent Assets	—	916,877,000	13,734,755	1,140,389	117,805,200	1,049,557,344
Total Assets	2,142,696	1,075,663,000	36,603,576	1,391,073	146,409,619	1,262,209,964
DEFERRED OUTFLOWS OF RESOURCES						
Derived from Pensions	—	394,000	—	—	—	394,000
Total Deferred Outflows of Resources	—	394,000	—	—	—	394,000
LIABILITIES						
Current Liabilities:						
Accounts Payable	364,709	65,000	29,440	10	—	459,159
Interest Payable	—	4,109,000	—	—	429,254	4,538,254
Bonds Payable	—	27,645,000	—	—	5,500,000	33,145,000
Unearned Revenue	27,410	—	—	—	521,406	548,816
Total Current Liabilities	392,119	31,819,000	29,440	10	6,450,660	38,691,229
Noncurrent Liabilities:						
Bonds Payable	—	443,620,000	—	—	139,600,000	583,220,000
Net Pension Liability	—	524,000	—	—	—	524,000
Total Noncurrent Liabilities	—	444,144,000	—	—	139,600,000	583,744,000
Total Liabilities	392,119	475,963,000	29,440	10	146,050,660	622,435,229
DEFERRED INFLOWS OF RESOURCES						
Deferred Gain on Bond Refunding	—	3,857,000	—	—	—	3,857,000
Derived from Pensions	—	219,000	—	—	—	219,000
Total Deferred Inflows of Resources	—	4,076,000	—	—	—	4,076,000
Net Position						
Net Investment in Capital Assets	—	—	105,097	—	—	105,097
Restricted for:						
Debt Service	—	97,861,000	—	—	358,959	98,219,959
Loan Purposes	—	496,005,000	12,808,615	—	—	508,813,615
Endowment Funds-Nonexpendable	—	—	—	2,155,492	—	2,155,492
Other	—	—	—	—	66,466	66,466
Unrestricted	1,750,577	2,152,000	23,660,424	(764,429)	(66,466)	26,732,106
Total Net Position	\$ 1,750,577	\$ 596,018,000	\$ 36,574,136	\$ 1,391,063	\$ 358,959	\$ 636,092,735

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, 2023

Functions/Programs	Program Revenues			General Revenues			Net Position Beginning of Year	Net Position End of Year
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue	Payments from State of North Dakota	Change in Net Position		
CHAND	\$ 2,125,120	\$ 1,421,991	\$ 1,505,951	\$ 802,822	\$ —	\$ 802,822	\$ 947,755	\$ 1,750,577
Public Finance Authority	23,643,000	4,459,000	28,992,000	9,808,000	—	9,808,000	586,210,000	596,018,000
ND Development Fund	1,043,585	1,326,519	50,649	333,583	8,330,725	8,664,308	27,909,828	36,574,136
State Fair Foundation	718,582	564,634	128,310	(25,638)	—	(25,638)	1,416,701	1,391,063
Transmission Authority	5,526,557	—	5,837,660	311,103	—	311,103	47,856	358,959
Total Component Units	\$ 33,056,844	\$ 7,772,144	\$ 36,514,570	\$ 11,229,870	\$ 8,330,725	\$ 19,560,595	\$ 616,532,140	\$ 636,092,735

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, 2023

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, 2023, and their report has been previously issued under a separate cover.

Legacy Bond Program (Debt Service Fund) - The Legacy Bond Program 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 for infrastructure projects including: the Fargo Diversion Project, Resources Trust Fund, Infrastructure Revolving loan fund, highway fund and agriculture products development facility at North Dakota State University. The Industrial Commission, which consists of the governor, the attorney general, and the commissioner of agriculture, is the governing board of the Legacy Bond Program. The funds of the Legacy Bond Program were audited by other independent auditors for the fiscal year ended June 30, 2023, 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 discretely presented 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, 2022, and their report has been previously issued under a separate cover.

STATE OF NORTH DAKOTA

Public Finance Authority (Proprietary Fund Type) – The Finance Authority was created by the Legislature as a separate agency of the State. The purpose of the Finance Authority is to make funds available for borrowing by North Dakota political subdivisions through the issuance of its bonds and the purchase of municipal securities of the political subdivisions. The Finance Authority has been granted all powers required in order to accomplish this purpose and is under the control and management of the Industrial Commission. The Fund was audited by other independent auditors for the calendar year ended December 31, 2022, and their report has been previously issued under a separate cover.

Transmission Authority (Proprietary Fund Type) – The Transmission Authority was created by the Legislature as a separate agency of the State. The purpose of the Transmission Authority is to make funds available to facilitate the purchase of a transmission line through the issuance of its bonds. The Transmission Authority has been granted all powers required in order to accomplish this purpose and is under the control and management of the Industrial Commission.

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, 2023, 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, 2022, 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, 2023, 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, Public Finance Authority and
Legacy Bond Program
1200 Memorial Highway
Bismarck ND 58504

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

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

North Dakota Development Fund, Inc.
1600 E. Century Ave., #6
Bismarck, ND 58503

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

STATE OF NORTH DAKOTA

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

Net investment in capital assets consists of capital assets, right-to-use leased assets, subscription-based information technology assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes, lease liabilities, SBITA liability 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 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

STATE OF NORTH DAKOTA

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.

FINANCIAL STATEMENT PRESENTATION

The State reports the following major governmental funds:

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

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

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

The State reports the following major enterprise funds:

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

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

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

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

Additionally, the State reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

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

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

PROPRIETARY FUND TYPES

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

Internal Service Funds account for the financing of goods and/or services provided by one department or agency to another department or agency of a government, or to other governments, on a cost-reimbursement basis. These goods and services

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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.

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, 1600 East Century Avenue, Suite 3, 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. 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 2021-2023 biennium, there were general, federal and other funds supplemental appropriations totaling \$2,806,648,097.

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

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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.

C66ash 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, 2023.

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 balance sheet. Cash received as collateral and investments made with that cash must also be reported as

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both an asset and a liability. The statement also requires the costs of the securities lending transactions to be reported as expenses separately from income received. In addition, the statement requires disclosures about the transactions and collateral related to them.

The Agent lends securities of the type on loan at June 30, 2023, 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 109 days as of June 30, 2023. Cash open collateral is invested in a short term investment pool, which had an interest sensitivity of 3 days as of this statement date. This pool is valued based on amortized cost. There were no violations of legal or contractual provisions, no borrower or lending agent default losses known to the securities lending agent. There are no dividends or coupon payments owing on the securities lent. Securities lending earnings are credited to participating clients on approximately the fifteenth day of the following month.

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

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

H. INTERFUND ACTIVITY AND BALANCES

INTERFUND ACTIVITY

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

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

INTERFUND BALANCES

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

I. INVENTORIES AND PREPAID ITEMS

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

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

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.

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J. BOND PREMIUMS / DISCOUNTS

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

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

K. CAPITAL ASSETS

Capital assets, which include land, buildings, equipment, intangibles (software, easements and other), construction in progress, infrastructure assets and right to use leased 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>	<u>Assets</u>	<u>Years</u>
Buildings	10-50	Right-to-use Land	20-30
Infrastructure	10-50	Right-to-use Buildings and Improvements	2-52
Furniture, Automobiles, and Equipment	3-20	Right-to-use Furniture, Automobiles, and Equipment	2-7
Intangibles	3-99	Right-to-use Infrastructure	2-30

L. DEFERRED OUTFLOWS OF RESOURCES

Deferred outflow of resources represents a consumption of net assets 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.

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M. LEASES

The State leases land, office facilities, office and computer equipment, and other assets. Leased right of use assets and the corresponding lease liability are recorded at the present value of future payments over the shorter of the lease term or the assets useful life. The future lease payments are discounted using the implicit rate identified in the lease, or if not identified, then the States incremental borrowing rate is used. The leased right of use assets are amortized on a straight-line basis.

N. Subscription Based Information Technology Arrangements

The State leases information technology arrangements on a subscription basis. Subscription based information technology arrangements (SBITA) and the corresponding liability are recorded at the present value of future payments over the shorter of the term or the assets useful life. The future lease payments are discounted using the implicit rate identified in the arrangement, or if not identified, then the States incremental borrowing rate is used. The SBITA's are amortized on a straight-line basis.

O. 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.

P. 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.

Q. 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.

R. 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.

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S. 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.

T. 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.

U. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources represent an acquisition of net assets 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.

Lease-related amounts are recognized at the inception of leases in which the State is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that related to future periods, less any lease incentives paid to, or on behalf of, the lessee at the commencement of the lease term. The inflow of resources is recognized in a systematic and rationale manner over the lease term.

V. 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.

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

BUDGET STABILIZATION FUND

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

NDCC section 54-27.2-03 states that if general fund revenue projections for the biennium will be at least two and one-half percent less than estimated by the most recently adjourned special or regular session of the legislative assembly, and if the governor orders a transfer, which must be reported to the budget section of the legislative management, the state treasurer shall transfer the appropriate funds from the budget stabilization fund to the state general fund to offset the decrease in general fund revenues. The amount transferred upon order of the governor may not exceed the difference between an amount two and on-half percent below the general fund revenue projections for the biennium. The Budget Stabilization Fund, fund balance at June 30, 2023 was \$739,482,398.

W. 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 long term 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.

X. 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.

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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 - Special Revenue - General Fund	Governmental Fund - Special Revenue - Federal Fund
June 30, 2022, net position, as previously reported	\$ 25,184,434	\$ 4,944,689	\$ 10,940,165	\$ 54,669
Prior period adjustments:				
GASB 96	(2,772)	—	—	—
Correction of errors	20,857	32,933	(14,966)	(6,278)
June 30, 2022, net position, as restated	<u>\$ 25,202,519</u>	<u>\$ 4,977,622</u>	<u>\$ 10,925,199</u>	<u>\$ 48,391</u>

	Governmental Fund - Special Revenue - State Fund	University System	Other Enterprise Funds
June 30, 2022, net position, as previously reported	\$ 9,146,009	\$ 1,664,061	\$ 1,188,322
Prior period adjustments:			
GASB 96	—	508	—
Correction of errors	14,966	(2,661)	35,086
June 30, 2022, net position, as restated	<u>\$ 9,160,975</u>	<u>\$ 1,661,908</u>	<u>\$ 1,223,408</u>

A. GASB 96 IMPLEMENTATION

The above prior period adjustment for the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* reflects the removal of assets capitalized that are now reported as SBITA of \$2.7 million and the addition of assets that qualify as SBITA of \$508,000.

The implementation of this standard provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA) for government end users. The standard requires recognition of certain right-to-use assets – an intangible asset (SBITA) and a corresponding subscription liability that previously were classified as technology expenses.

B. CORRECTION OF ERRORS

Correction of errors include transfers or previously expensed items to different reporting units of \$21.2 million, recognition of assets previously expensed of \$12.7 million, removing bond premium of \$14.4 million erroneously recorded, proper recognition of a receivable previously not reported of \$28.8 million and corrections to capital assets of \$2.6 million.

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.

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At June 30, 2023, the bank balance of the primary government's deposits was \$375,047,915. Of the bank amount, \$92,387,000 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, 2023. Their uninsured and uncollateralized deposits totaled \$92.3 million and \$756,000, and their bank deposits totaled \$93 million and \$632.8 million, respectively.

At June 30, 2023, the bank balance of the major component units' deposits was \$61,561,205. Of the bank amount, \$59,242,441 was uncollateralized and uninsured.

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

B. INVESTMENTS

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

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

1. State Investment Board (SIB) – NDCC 21-10 designates the SIB with investment responsibilities for the Public Employees' Retirement System, Bonding Fund, Teachers' Fund for Retirement, Fire and Tornado Fund, Workforce Safety & Insurance Fund, Legacy 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, 2023: futures, options, swaps and currency forwards.

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

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

STATE OF NORTH DAKOTA

INTEREST RATE RISK

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

At June 30, 2023, 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	\$ 515,181	\$ 3,843	\$ 181,214	\$ 187,835	\$ 142,289	\$ —
Bank Loans	10,169	—	8,247	1,922	—	—
Collateralized Bonds	1,652	—	—	1,652	—	—
Commercial Mortgage-Backed	2,312,430	5	1,984,721	9,147	318,557	—
Commercial Paper	106,717	106,717	—	—	—	—
Corporate Bonds	2,428,754	244,566	1,295,173	434,372	454,643	—
Corporate Notes	—	—	—	—	—	—
Corporate Convertible Bonds	16,887	—	9,235	81	7,571	—
Government Agencies	446,468	8,371	427,468	6,523	4,106	—
Government Bonds	3,474,966	507,160	2,403,599	99,020	465,187	—
Government Issued CMB	18,255	55	3,967	9,243	4,990	—
Government Mortgage-Backed	1,443,339	91	7,121	17,292	1,418,835	—
Repurchase Agreements	(786)	(786)	—	—	—	—
Index Linked Government Bonds	776,612	8,677	358,588	264,732	144,615	—
Municipal/Provincial Bonds	91,489	39,911	27,220	6,968	17,390	—
Non-Government-Backed CMOs	113,807	806	8,053	6,040	98,908	—
Short Term Bills and Notes	459,152	459,152	—	—	—	—
Pooled Investments	1,500,636	2,821	685,257	661,437	151,120	1
Funds - Other Fixed Income	303,462	(33,895)	106,970	116,816	38,706	74,865
Funds - Short Term	110,764	110,261	—	—	—	503
Funds - Corporate Bonds	20	—	—	—	—	20
Funds - Muni/Provincial Bonds	11	—	—	—	—	11
Funds - Gov' Agencies	13	—	—	—	—	13
Total Debt Securities	\$ 14,129,998	\$ 1,457,755	\$ 7,506,833	\$ 1,823,080	\$ 3,266,917	\$ 75,413
Limited Partnership	\$ 916,198	\$ 120,788	\$ 626,311	\$ 60,388	\$ 39,297	\$ 69,414

STATE OF NORTH DAKOTA

Major Component Units

Investment Type	Total Fair Value	Less Than 1 Year	1 - 6 Years	6 - 10 Years	More Than 10 Years
Commercial Paper	\$ 38,708	\$ 38,708	\$ —	\$ —	\$ —
Corporate Notes	9,413	4,935	4,478	—	—
Government Agencies	8,058	1,141	6,917	—	—
Government Bonds	41,494	36,166	5,328	—	—
Short Term Bills and Notes	5,941	5,941	—	—	—
Total Debt Securities	<u>\$ 103,614</u>	<u>\$ 86,891</u>	<u>\$ 16,723</u>	<u>\$ —</u>	<u>\$ —</u>

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

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

Interest-only (IO) and principal-only (PO) strips are transactions which involve the separation of the interest and principal components of a security. They are highly sensitive to prepayments by mortgagors, which may result from a decline in interest rates. The State held PO's valued at \$4.8 million and held IOs valued at \$18.9 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, 2023 (expressed in thousands):

	Amount	Percent
Federal Agency		
U.S. Treasury Securities	\$ 1,955,132	45.4 %
Federal Home Loan Bank	205,005	4.7 %
Small Business Administration	98,382	2.3 %
Farm Credit	57,368	1.3 %
Freddie Mac	12,121	0.3 %
Mortgage-backed		
Fannie Mae	43,301	1.0 %
Freddie Mac	1,933,531	44.9 %
Others less than 5%	2,512	0.1 %
	<u>\$ 4,307,352</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, 2023, 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	515,182	\$ 281,601	\$ 67,385	\$ 51,081	\$ 20,516	\$ 1,684	\$ 498	\$ 2,437	\$ 741	\$ —	\$ 607	\$ 88,632
Bank Loans	10,169	—	—	—	429	1,961	6,102	88	—	—	—	1,589
Collateralized Bonds	1,652	1,652	—	—	—	—	—	—	—	—	—	—
Commercial Mortgage-Backed	2,312,430	2,224,533	10,782	8,128	8,600	1,037	2,449	1,604	18	—	—	55,279
Commercial Paper	106,717	—	—	57,240	—	—	—	—	—	—	—	49,477
Corporate Bonds	2,427,713	19,489	84,452	728,398	1,300,138	204,932	60,416	12,283	39	25	117	17,424
Corporate Convertible Bonds	17,928	—	—	52	3,532	6,162	—	1,852	—	—	—	6,330
Government Agencies	444,738	397,651	21,882	6,306	10,763	3,682	—	—	—	—	—	4,454
Government Bonds	2,020,071	1,961,872	3,006	2,087	30,777	13,418	2,395	852	—	—	—	5,664
Government Mortgage Backed	1,062,793	—	1,032,051	9,381	17,876	1,888	388	—	—	—	—	1,209
Government Issued CMB	15,871	2,239	13,029	—	603	—	—	—	—	—	—	—
Index Linked Gov't Bonds	117,046	—	—	—	—	—	—	—	—	—	—	117,046
Municipal/Provincial Bonds	90,488	23,507	40,103	13,720	629	723	—	951	—	—	—	10,855
Non-Government Backed CMOs	113,808	28,673	7,466	14,956	6,784	3,335	938	378	361	—	—	50,917
Repurchase Agreements	(786)	—	—	—	—	—	—	—	—	—	—	(786)
Short-Term Investment Funds	4,479	—	4,479	—	—	—	—	—	—	—	—	—
Funds - Other Fixed Income	303,463	—	—	—	—	—	—	—	—	—	—	303,463
Funds - Short Term Investment	110,764	—	—	—	—	—	—	—	—	—	—	110,764
Funds - Corporate Bond	20	—	—	—	—	—	—	—	—	—	—	20
Funds - Municipal / Prov. Bonds	11	—	—	—	—	—	—	—	—	—	—	11
Funds - Govt Agencies	2	—	—	—	—	—	—	—	—	—	—	2
Pooled Investments	1,421,715	448,519	263,424	511,166	66,509	18,471	26,042	—	—	—	—	87,584
Total Credit Risk Debt Securities	11,096,274	<u>\$5,389,736</u>	<u>\$1,548,059</u>	<u>\$1,402,515</u>	<u>\$1,467,156</u>	<u>\$257,293</u>	<u>\$ 99,228</u>	<u>\$20,445</u>	<u>\$ 1,159</u>	<u>\$ 25</u>	<u>\$ 724</u>	<u>\$ 909,934</u>
US Gov't & Agencies**	2,815,748											
Mutual Funds	217,960											
Total Debt Securities	<u>\$14,129,982</u>											

STATE OF NORTH DAKOTA

Major Component Units

	Total Fair Value	AAA	AA	A	BBB
Commercial Paper	\$ 38,708	\$ —	\$ —	\$ 38,708	0
Short Term Bills & Notes	6,169	228	—	5,941	—
Government Agencies	7,830	—	7,830	—	—
Corporate Notes	9,413	—	1,304	6,305	1,804
Total Credit Risk Debt Securities	62,120	\$ 228	\$ 9,134	\$ 50,954	\$ 1,804
US Gov't & Agencies	41,494				
Total Debt Securities	\$ 103,614				

*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 *Gov't Agencies*, *Gov't Bonds*, *Gov't Mortgage Backed*, *Gov't Issued CMB*, *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.

At June 30, 2023, foreign currency risk exposure on investments managed by the Department of Trust Lands and State Investment Board were as follows (expressed in thousands).

STATE OF NORTH DAKOTA

Primary Government (includes Pension and Investment Trust Funds)

Currency	Short-Term	Debt	Equity	Real Estate	Total
Argentine peso	\$ 12	\$ —	\$ —	\$ —	\$ 12
Australian dollar	9,127	—	80,594	—	89,721
Brazilian real	(30)	—	18,025	—	17,995
British pound sterling	(25,935)	18,683	215,186	—	207,934
Canadian dollar	(1,533)	288	118,122	—	116,877
Chilean peso	(315)	—	676	—	361
Chinese yuan renminbi	301	—	—	—	301
Chinese yuan	—	—	40,750	—	40,750
Columbian peso	—	—	138	—	138
Czech koruna	—	—	32	—	32
Danish krone	(62)	—	46,498	—	46,436
Egyptian pound	—	—	15	—	15
Euro	(24,754)	26,705	389,551	610	392,112
Greed drachma	—	—	95	—	95
Hong Kong Off-Shore-Chinese yuan remnibi	4,239	—	12,233	—	16,472
Hong Kong dollar	—	—	69,420	—	69,420
Hungarian forint	1	—	809	—	810
Indian rupee	6,644	—	3,091	—	9,735
Indonesian rupiah	1,174	—	1,352	—	2,526
Israeli shekel	—	—	6,165	—	6,165
Japanese yen	44,521	(40,045)	247,723	—	252,199
Kuwaiti dinar	—	—	759	—	759
Malaysian ringgit	—	—	551	—	551
Mexican peso	(337)	—	636	—	299
New Israeli shekel	(1)	—	—	—	(1)
New Taiwan dollar	370	—	—	—	370
New Zealand dollar	—	—	1,676	—	1,676
Norwegian krone	87	—	14,775	—	14,862
Peruvian nuevo sol	202	—	55	—	257
Philippine peso	—	—	193	—	193
Polish zloty	(2)	—	3,657	—	3,655
Qatari riyal	—	—	307	—	307
Romanian New Leu	—	—	—	—	—
Russian Ruble	276	—	2,462	—	2,738
Saudi Arabian riyal	—	—	2,099	—	2,099
Singapore dollar	(3,943)	—	13,259	—	9,316
South African rand	—	—	1,166	—	1,166
South Korean won	(338)	—	45,822	—	45,484
Swedish krona	562	—	55,819	—	56,381
Swiss franc	2	—	111,155	—	111,157
Taiwan dollar	—	—	29,972	—	29,972
Thai baht	4,432	—	4,283	—	8,715
Turkish lira	—	—	9,297	—	9,297
UAE dirham	—	—	409	—	409
International commingled funds (various currencies)	—	—	2,690,182	32,629	2,722,811
Total international investment securities	\$ 14,700	\$ 5,631	\$ 4,239,009	\$ 33,239	\$ 4,292,579

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, 2023, 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 \$64.7 million for the year ended June 30, 2023. At June 30, 2023, the State investment portfolio had the notional futures shown below (expressed in thousands).

Futures	Notional Value
Cash and cash equivalent derivative futures	
Long	\$ 139,071
Short	(394,403)
Commodity Derivatives Futures	
Short	(81,977)
Equity derivative futures	
Long	446,414
Fixed income derivative futures	
Long	755,688
Short	(922,277)
Total futures	\$ (57,484)

Options – Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. Options are traded on organized exchanges (exchange traded) thereby minimizing the States’ counterparty credit risk. The option’s price is usually a small percentage of the underlying asset’s value. As a seller of a financial option, the State, through its investment manager, receives a premium at the beginning of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a buyer of a financial option, the State, through its investment manager, pays a premium at the beginning of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. Gains and losses on options are determined based on fair values and recorded with the net change in fair value of investments in the Statement of Changes in Fiduciary Net Position and totaled \$3.5 million. At June 30, 2023, the State had the following option balances (expressed in thousands):

Options	Fair Value
Cash & Other Options	
Call	\$ (170)
Put	(1,931)
Equity Options	
Call	438
Fixed Income Options	
Call	(57)
Put	(277)
Total options	\$ (1,997)

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 \$670,000 for the year ended June 30, 2023. The maximum loss that would be recognized at June 30, 2023, if all counterparties failed to perform as contracted is \$2.5 million. Swap fair values are determined by a third party pricing source.

At June 30, 2023, 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 (5 contracts)	\$ (128,400)	2027 - 2028	\$ 2,145
Barclays Capital Inc / A1 (1 contract)	(4,000)	2028	(29)
BNP Paribas Sa Paris / Aa3 (1 contract)	(100)	2027	(4)
Citibank / A1 (2 contracts)	(400)	2024-2027	(9)
Citigroup Global Markets / A1 (11 contracts)	(4,655)	2023-2028	61
Goldman Sachs / A2 (6 contracts)	(2,400)	2023-2027	(52)
JP Morgan Chase/Aa2 (1 contract)	(400)	2024	(4)
Morgan Stanley / A1 (2 contracts)	28,000	2028	(432)
Wells Fargo Bank / Aa2 (13 contracts)	(924)	2023-2028	(27)
Total credit default swaps	<u>\$ (113,279)</u>		<u>\$ 1,649</u>

Interest Rate Swaps

Counterparty/Moody's Rating	Notional Amount	Expiration Date Range	Fair Value
Goldman Sachs/A2 (2 contracts)	\$ 48,338	2024 - 2041	\$ 708
Citigroup Global Markets/A1 (47 contracts)	93,429	2025 - 2053	1,093
JP Morgan Chase / Aa2 (18 contracts)	61,954	2024 - 2034	948
Morgan Stanley / A1 (8 contracts)	64,670	2025 - 2033	(632)
Wells Fargo Bank / Aa2 (13 contracts)	116,255	2025 - 2052	1,942
Total Interest Rate Swaps	<u>\$ 384,646</u>		<u>\$ 4,059</u>

Inflation Swaps

Counterparty/Moody's Rating	Notional Amount	Expiration Date Range	Fair Value
Goldman Sachs/A2 (2 contracts)	\$ 18,956	2023	\$ (452)
JP Morgan Chase/Aa2 (1 contract)	2,313	2023	38
Total Inflation Swaps	<u>\$ 21,269</u>		<u>\$ (414)</u>

Total Return Swaps

Counterparty/Moody's Rating	Notional Amount	Expiration Date Range	Fair Value
Goldman Sachs/A2 (1 contract)	\$ 6,310	2023	\$ (227)
JP Morgan Chase/Aa2 (3 contracts)	15,725	2023	(289)
Total Total Return Swaps	<u>\$ 22,035</u>		<u>\$ (516)</u>

STATE OF NORTH DAKOTA

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 \$41,400. At June 30, 2023, the States' investment portfolio included the currency forwards balances shown below (expressed in thousands).

Currency	Cost	Purchases	Sales	Fair Value
Australian dollar	\$ 9,174	\$ 11,697	\$ (2,523)	\$ 9,126
Brazilian real	(97)	413	(510)	(118)
British pound sterling	(28,584)	15,054	(43,638)	(29,110)
Canadian dollar	(58)	36	(94)	(58)
Chilean peso	(311)	—	(311)	(315)
Chinese offshore	(25)	—	(25)	(23)
Chinese yuan	318	318	—	301
Danish krone	(61)	55	(116)	(63)
Euro	(71,447)	60,209	(131,656)	(72,101)
Great Britain pound sterling	(529)	—	(529)	(529)
Indian rupee	6,628	6,628	—	6,644
Indonesian rupiah	(116)	244	(360)	(115)
Japanese yen	(24,366)	5,672	(692)	4,693
Mexican peso	(339)	2	(341)	(363)
Peruvian nuevo sol	225	621	(396)	202
Singapore dollar	(3,989)	—	(3,989)	(3,948)
South Korean won	(348)	1	(348)	(338)
Thai baht	4,535	4,535	—	4,432
Taiwan dollar	376	2,065	(1,689)	370
United States dollar	79,663	187,213	(107,550)	79,663
Total forwards subject to currency risk				<u>\$ (1,650)</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, 2023, 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	\$ (421,921)	\$ (537,437)	\$ 371,085	\$ (170,589)	\$ (84,980)	\$ —
Futures- commodity contracts	(81,977)	—	(81,977)	—	—	—
Total	<u>\$ (503,898)</u>	<u>\$ (537,437)</u>	<u>\$ 289,108</u>	<u>\$ (170,589)</u>	<u>\$ (84,980)</u>	<u>\$ —</u>

STATE OF NORTH DAKOTA

	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	\$ (450)	\$ (147)	\$ (191)	\$ (112)	\$ —	\$ —	\$ —
Options on futures	(1,985)	78	(858)	(941)	(264)	—	—
Swaps - interest rate contracts	3,543	(448)	(38)	(22)	(2,537)	1,392	5,196
Swaps - credit contracts	1,649	—	3	13	2,070	(437)	—
Total	\$ 2,757	\$ (517)	\$ (1,084)	\$ (1,062)	\$ (731)	\$ 955	\$ 5,196

Mill and Elevator Derivative Financial Instruments – The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2023, and the changes in fair value of such derivative instruments for the year then ended as reported in the State's financial statements are \$148,375, classified as derivative instrument (one contract equals 5,000 bushels) and \$148,375, 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 daily limit for any trade days margin requirement is \$0.60 per bushel, unless two or more wheat futures contract months within a crop year close at limit bid or limit offer, then the limit will increase by 50% per bushel the next business day. Daily price limits will revert back to \$0.60 per bushel the business day after which no wheat futures contract month closes at the expanded limit bid or limit offer. 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, 2023.

Month	# of Contracts Long (Short)	Average Cost	Fair Value	Average Cost	Market Value
Sept 2023	617	\$ 8.3344	\$ 8.1700	\$ 25,661,225	\$ 25,204,450
Dec 2023	594	8.1983	8.2650	24,332,075	24,547,050
March 2024	56	8.1068	8.3450	2,273,850	2,336,600
May 2024	34	8.1904	8.3450	1,394,263	1,418,650
Sept 2024	20	7.7576	7.7800	775,763	778,000
Dec 2024	9	7.6800	7.7700	345,600	349,650
				\$ 54,782,776	\$ 54,634,400

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 ration (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, 2023, the table below shows the hedge ratio by futures month going forward:

Period	Hedge Ratio
Sept 2023	1.1
Dec 2023	1.0
March 2024	1.1
May 2024	1.0
Sept 2024	1.0
Dec 2024	1.0
Net Position	1.0

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C. SECURITIES LENDING

The following represents the balances relating to the securities lending transactions at June 30, 2023 (expressed in thousands).

Primary Government (includes Pension and Investment Trust Funds)

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for cash collateral:			
US agency securities	\$ 636	\$ 240	\$ 651
US government securities	201,967	195,387	205,673
US corporate fixed income securities	125,932	1,660	128,255
US equities	104,717	17,213	106,820
Global agency securities	210	—	223
Global corporate fixed	—	1,246	—
Global corporate fixed income securities	1,997	—	2,152
Global government securities	555	—	579
Global equities	1,557	1,258	1,627
Lent for non-cash collateral:			
Fair value of securities on loan against non-cash collateral	669,535	465,360	—
Total	\$ 1,107,106	\$ 682,364	\$ 445,980

D. ENDOWMENT FUNDS

UNIVERSITY SYSTEMS

The endowment funds reported herein are institutional funds under the terms of the gift instrument and are not wholly expendable by the institution. NDCC Section 59-21, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) applies to the investment of endowments governed by a gift instrument. NDUS SBHE policy 810 stipulates endowment funds shall be invested according to the intent of the donor provided such intent is consistent with applicable laws. Absent terms expressing donor intent in a gift instrument, NDUS institution officers initially shall deposit the funds in institution accounts at the Bank of North Dakota. Thereafter, the funds may be invested according to NDCC 59-21. Subject to the intent of the donor, NDUS institution officers are delegated authority to manage and invest these institutional funds as provided by UPMIFA. NDCC Section 59-21-02.5a(7) applies to standard of conduct in the administration of powers to make and retain investments. It states that in managing and investing an institutional fund, the needs of the institution and the fund to make distributions and to preserve capital must be considered. Given the flexibility in NDCC 59-21-02, institutions have differing policies with respect to spending investment income and net appreciation on endowment funds. For UND, distributions for spending endowments each year will be calculated once annually with the quarter ended December 31 unitized 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, 2023:

North Dakota State University	\$ 568,269	<u>Reflected in net position as:</u> Expendable scholarships & fellowships Non-expendable scholarships & fellowships
University of North Dakota	650,075	
Total NDUS	\$ 1,218,344	

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.

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Total assets held by the State Land Department and proceeds for the fiscal year ended June 30, 2023 are approximately \$244.2 million and \$8.2 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, 2022.

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

E. RECEIVABLES

Receivables at June 30, 2023, consist of the following (expressed in thousands):

	General	Federal	State	Other Governmental Funds	Bank of North Dakota	Housing Finance
Receivables:						
Accounts	\$ 46,773	\$ 66,189	\$ 371,689	\$ 3	\$ —	\$ 1,622
Less Allowance	(13,522)	(12,844)	(241,315)	—	—	—
Taxes	599,636	—	155,528	97	—	—
Less Allowance	(104,414)	—	(2,294)	—	—	—
Interest	34,735	—	27,123	211	58,462	6,580
Less Allowance	—	—	(12,416)	—	—	—
Intergovernmental	16	450,451	14,902	—	—	844
Less Allowance	—	—	(52)	—	—	—
Current Loans and Notes	19	24	4,797	33,177	1,748,453	35,727
Less Allowance	—	—	(569)	—	—	—
Noncurrent Loans and Notes	—	109	14,007	—	3,404,276	1,559,777
Less Allowance	—	—	—	—	(108,752)	(19,382)
Net Receivables	<u>\$ 563,243</u>	<u>\$ 503,929</u>	<u>\$ 331,400</u>	<u>\$ 33,488</u>	<u>\$ 5,102,439</u>	<u>\$ 1,585,168</u>
	University System	Workforce Safety & Insurance	Other Enterprise Funds	Internal Service Funds	Major Component Units	Total
Receivables:						
Accounts	\$ 44,875	\$ 23,078	\$ 136,177	\$ 1,254	\$ 75	\$ 691,735
Less Allowance	(8,868)	(6,000)	(24,914)	—	—	(307,463)
Taxes	—	—	—	—	—	755,261
Less Allowance	—	—	—	—	—	(106,708)
Interest	—	10,399	4,465	55	5,834	147,864
Less Allowance	—	—	—	—	—	(12,416)
Intergovernmental	39,323	—	639	408	—	506,583
Less Allowance	—	—	—	—	—	(52)
Current Loans and Notes	2,814	—	50,715	—	15,683	1,891,409
Less Allowance	(138)	—	—	—	—	(707)
Noncurrent Loans and Notes	10,573	—	547,951	—	138,461	5,675,154
Less Allowance	(790)	—	(14,782)	—	(15,597)	(159,303)
Net Receivables	<u>\$ 87,789</u>	<u>\$ 27,477</u>	<u>\$ 700,251</u>	<u>\$ 1,717</u>	<u>\$ 144,456</u>	<u>\$ 9,081,357</u>

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The expected future principal and interest payments on lease receivables is as follows (in thousands):

Year ending:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 644	\$ 22	\$ 10	\$ —
2025	277	17	226	—
2026	68	9	—	—
2027	71	6	—	—
2028	74	3	—	—
Thereafter	26	—	—	—
Total	<u>\$ 1,160</u>	<u>\$ 57</u>	<u>\$ 236</u>	<u>\$ —</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, 2023, the State had no repurchase agreements.

G. INTERFUND ACCOUNTS AND TRANSFERS

DUE FROM OTHER FUNDS/DUE TO OTHER FUNDS

Interfund balances at June 30, 2023 of the following (expressed in thousands):

Due To General Fund From:	
Federal Fund	\$ 72,125
State Fund	27,561
Bank of North Dakota	3,229
Nonmajor Enterprise Funds	29,327
All Others	532
Total Due To General Fund	<u>\$ 132,774</u>

Included in the Nonmajor Enterprise Funds amount is a loan to the Rebuilder's Loan Program for \$13,720,102. This is not expected to be repaid within one year.

Due To Federal Fund From:		Due To State Fund From:	
General Fund	\$ 20,737	General Fund	\$ 33,030
State Fund	19,849	Federal Fund	15,968
All Others	40,305	Internal Service Funds	241
Total Due To Federal Fund	<u>\$ 80,891</u>	Nonmajor Enterprise Funds	863
		All Others	362
		Total Due To State Fund	<u>\$ 50,464</u>
Due to Enterprise Fund From:			
Federal Fund	\$ 3,021		
All Others	377		
Total Due to Enterprise Fund	<u>\$ 3,398</u>		
Due To Internal Service Funds From:		Due To Bank of North Dakota From:	
General Fund	\$ 5,868	State Fund	\$ 15,156
State Fund	4,670	Nonmajor Enterprise Funds	116,388
University System	10	University System	1,756
Federal Fund	636	General Fund	32,048
All Others	2,179	All Others	30,755
Total Due To Internal Service Funds	<u>\$ 13,363</u>	Total Due To Bank of North Dakota	<u>\$ 196,103</u>

Included in the Nonmajor Enterprise Funds amount is a loan to the Rebuilder's Loan Program for \$29,252 which is expected to be repaid within one year.

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Due To University System From:	
General Fund	\$ 11,192
Federal Fund	29,268
State Fund	19,539
Bank of North Dakota	668
All Others	101
Total Due To University System	<u>\$ 60,768</u>
Due To All Other Funds From:	
All Other	<u>\$ 671</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, 2023.

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

Due From's	\$ 538,434
General Fund/Bank of ND	(2,662)
Bank of ND/ Mill and Elevator	(14,265)
Bank of ND/Rebuilder's Loan	29
Bank of ND/University System	(737)
Bank of ND/Guaranteed Student Loan	(43)
Governmental Agencies/Bank of ND	(18,020)
Bank of ND/Enterprise Funds	64
Total Differences	<u>(35,634)</u>
Due To's	<u>\$ 502,800</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.

INTERFUND TRANSFERS

A summary of interfund transfers for the fiscal year ended June 30, 2023, 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	\$ —	\$ 24	\$ 17,188	\$ —	\$ 413,986	\$ —	\$ 1,359	\$ 271	\$ 14	\$ 432,843
Special Revenue-Federal	243	—	31,271	—	—	—	21	—	39	31,574
Special Revenue-State	259,690	335	1,400	—	36,233	—	221	—	—	297,879
Non-major Governmental	842	—	10,304	—	3,694	—	18	15,218	—	30,076
Bank of North Dakota	—	—	28,829	—	1,568	—	—	—	—	30,397
Housing Finance	—	—	8	—	—	—	—	—	—	8
University System	—	—	—	—	—	—	8,428	—	—	8,428
Non-Major Enterprise	15,588	—	7,796	39	—	—	—	—	—	23,424
Total	<u>\$ 276,363</u>	<u>\$ 359</u>	<u>\$ 96,797</u>	<u>\$ 39</u>	<u>\$ 455,481</u>	<u>\$ —</u>	<u>\$ 10,047</u>	<u>\$ 15,489</u>	<u>\$ 53</u>	<u>\$ 854,629</u>

(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.

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- 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, 2023, legislatively-mandated transfers were made to the general fund of \$205,000,000 from Strategic Investment and Improvement Fund, \$486,568,637 from Legacy Fund, \$7,400,000 from the State Lottery, \$8,188,176 from Mill and Elevator, \$5,734,562 from the Insurance Regulatory Trust Fund, \$35,435,800 from the Charitable Gaming Operations Fund, \$140,000,000 from BND Profits, \$615,351 from the Multistate Audit Fund, and \$12,595,869 from the Securities Dept. Special Fund.

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

	\$ (1,048,506)
Differences:	
General Fund / Bank of North Dakota	140,000
Spec. Rev. Hwy Fund / Legacy Bond Program	8,869
Spec. Rev. PACE / Bank of North Dakota	7,500
Spec. Rev. Ag Pace / Bank of North Dakota	(500)
Spec. Rev. PACE / Bank of North Dakota	(400)
University System / Legacy Bond Program	30,216
School Construction Assistance Loan Fund / Bank of North Dakota	(39)
Infrastructure Revolving Loan Fund / Legacy Bond Program	9,380
Spec. Rev. PACE / Spec. Rev. Beginning Farmers Loan	(1,000)
Federal fund	(150)
Total Differences	<u>193,876</u>
Transfers Out	<u><u>\$ (854,630)</u></u>

The above timing differences of \$193,876,622 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.

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H. CAPITAL ASSETS

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

Primary Government

Description	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 163,381	\$ 2,476	\$ (2)	\$ 165,855
Construction in Progress	464,485	317,900	(294,639)	487,746
Total Capital Assets Not Being Depreciated	627,866	320,376	(294,641)	653,601
Capital Assets Being Depreciated:				
Buildings and Improvements	790,050	39,042	(77)	829,015
Equipment	391,331	34,642	(16,497)	409,476
Intangibles				
Software	435,638	27,189	(18,446)	444,381
Other	40,506	960	(87)	41,379
Infrastructure	7,687,065	313,837	(24)	8,000,878
Leased Assets	57,621	3,478	(5,141)	55,958
Subscription-Based IT Arrangements	56,620	2,196	(101)	58,715
Total Capital Assets Being Depreciated	9,458,831	421,344	(40,373)	9,839,802
Less Accumulated Depreciation for:				
Buildings and Improvements	(378,569)	(20,749)	46	(399,272)
Equipment	(197,501)	(26,651)	14,075	(210,077)
Intangibles				
Software	(201,316)	(33,096)	15,580	(218,832)
Other	(30,282)	(522)	44	(30,760)
Infrastructure	(3,415,027)	(165,710)	24	(3,580,713)
Leased Assets	(11,038)	(9,827)	3,990	(16,875)
Subscription-Based IT Arrangements	(180)	(14,589)	—	(14,769)
Total Accumulated Depreciation	(4,233,913)	(271,144)	33,759	(4,471,298)
Total Capital Assets Being Depreciated, Net	5,224,918	150,200	(6,614)	5,368,504
Governmental Activities Capital Assets, Net	<u>\$ 5,852,784</u>	<u>\$ 470,576</u>	<u>\$ (301,255)</u>	<u>\$ 6,022,105</u>

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Description	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Business-Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 26,854	\$ 125	\$ —	\$ 26,979
Construction in Progress	284,654	152,643	(104,632)	332,665
Total Capital Assets Not Being Depreciated	311,508	152,768	(104,632)	359,644
Capital Assets Being Depreciated:				
Buildings and Improvements	2,071,310	80,719	(2,184)	2,149,845
Equipment	592,287	66,196	(17,251)	641,232
Intangibles				
Software	29,152	281	(1,492)	27,941
Other	37,179	4,052	(41)	41,190
Infrastructure	311,132	8,328	(375)	319,085
Leased Assets	81,979	25,703	(5,684)	101,998
Subscription Based IT Arrangements	28	34,011	—	34,039
Total Capital Assets Being Depreciated	3,123,067	219,290	(27,027)	3,315,330
Less Accumulated Depreciation for:				
Buildings and Improvements	(776,212)	(51,085)	227	(827,070)
Equipment	(414,419)	(31,218)	14,980	(430,657)
Intangibles				
Software	(27,781)	(451)	1,455	(26,777)
Other	(24,439)	(4,210)	48	(28,601)
Infrastructure	(142,228)	(9,102)	365	(150,965)
Leased Assets	(15,321)	(15,677)	5,438	(25,560)
Subscription Based IT Arrangements	—	(9,376)	—	(9,376)
Total Accumulated Depreciation	(1,400,400)	(121,119)	22,513	(1,499,006)
Total Capital Assets Being Depreciated, Net	1,722,667	98,171	(4,514)	1,816,324
Business-Type Activities Capital Assets, Net	\$ 2,034,175	\$ 250,939	\$ (109,146)	\$ 2,175,968

Major Component Units

Description	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital Assets Not Being Depreciated				
Land	\$ 15,149	\$ —	\$ —	\$ 15,149
Construction in Progress	20,526	5,661	(14,796)	11,391
Total Capital Assets Not Being Depreciated	35,675	5,661	(14,796)	26,540
Capital Assets Being Depreciated:				
Buildings and Improvements	195,946	24,059	(37)	219,968
Equipment	53,050	3,905	(2,268)	54,687
Intangibles	203	—	—	203
Infrastructure	1,888	—	—	1,888
Total Capital Assets Being Depreciated	251,087	27,964	(2,305)	276,746
Less Accumulated Depreciation for:				
Buildings and Improvements	(91,098)	(6,163)	12	(97,249)
Equipment	(26,424)	(3,305)	1,489	(28,240)
Intangibles	(58)	(41)	—	(99)
Infrastructure	(870)	(37)	—	(907)
Total Accumulated Depreciation	(118,450)	(9,546)	1,501	(126,495)
Total Capital Assets Being Depreciated, Net	132,637	18,418	(804)	150,251
Major Component Unit Capital Assets, Net	\$ 168,312	\$ 24,079	\$ (15,600)	\$ 176,791

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Leased asset by major class are as follows (expressed in thousands):

Governmental Activities:

Asset Class	Cost	Accumulated Amortization
Land	\$ 86	\$ —
Buildings	51,866	(15,593)
Infrastructure	—	—
Equipment	4,006	(1,282)
	<u>\$ 55,958</u>	<u>\$ (16,875)</u>

Business-Type Activities:

Asset Class	Cost	Accumulated Amortization
Land	\$ 17,641	\$ (2,091)
Buildings	31,422	(6,897)
Infrastructure	3,081	(1,335)
Equipment	49,854	(15,237)
	<u>\$ 101,998</u>	<u>\$ (25,560)</u>

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

Governmental Activities:

General Government	\$ 24,744
Education	2,487
Health and Human Services	35,051
Regulatory	4,171
Public Safety and Corrections	15,696
Agriculture and Commerce	821
Natural Resources	20,540
Transportation	167,634
Total Governmental Activities Depreciation Expense	<u>\$ 271,144</u>

The State incurred variable payments of \$8.7 million on subscription based information technology arrangements for the year ended June 30, 2023. The variable terms include the number of users.

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

Project Description:

Governmental Activities	Amount Expended		Balance Authorized
	Amount Authorized	Through June 30, 2023	
Secretary of State	\$ 1,680	\$ 1,535	\$ 145
Office of Management and Budget	7,100	2,098	5,002
Information Technology	100,000	16,329	83,671
Attorney General	1,816	493	1,323
Legislative Assembly	190	190	—
Judiciary System	2,020	624	1,396
School for the Deaf	565	21	544
Health Department	9,268	2,547	6,721
Environmental Quality	1,837	1,356	481
Department of Human Services	76,460	9,182	67,278
Highway Patrol	3,000	882	2,118
Corrections and Rehabilitation	6,581	801	5,780
Adjutant General	16,000	9,234	6,766
State Historical Society	1,847	1,537	310
Game and Fish	3,078	93	2,985
Parks & Recreation	12,880	706	12,174
Department of Transportation	837,289	440,142	397,147
Total Governmental Activities	<u>\$ 1,081,611</u>	<u>\$ 487,770</u>	<u>\$ 593,841</u>

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<u>Business-Type Activities</u>	Amount Expended		Balance Authorized
	Amount Authorized	Through June 30, 2023	
Mill and Elevator	\$ 46,129	\$ 17,116	\$ 29,013
University System	567,482	334,330	233,152
Workforce Safety and Insurance	18,500	2,000	16,500
Total Business-Type Activities	<u>\$ 632,111</u>	<u>\$ 353,446</u>	<u>\$ 278,665</u>

I. 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.

J. 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, 2023, 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 and the 2020 Series A are subject to optional redemption in whole or in part. The 2010 Series B, the 2012 Series A, the 2017 Series A bonds are not subject to optional and/or extraordinary optional redemption prior to maturity upon the occurrence of certain events. 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 2023 were \$10.05 million. For fiscal year 2023, principal and interest paid by the Authority on the bonds was \$10.5 million. The total principal and interest remaining to be paid as of June 30, 2023, is \$100 million payable through December 2040.

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.

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Legacy Bond Program

The appropriation bonds have been issued to provided financing to legislative approved state projects and programs. The bonds are limited obligations of the Public Finance Authority and payable solely from funds appropriated by the Legislative Assembly, other legally available funds, if any, and other fund or amounts held by the Trustee as security for the bonds. The total principal and interest remaining to be paid as of June 30, 2023 is \$986.5 million through June 2041.

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 SOFR 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 2023, revenue pledged and total principal and interest paid by Student Loan Trust were \$23,000 and \$43,000, respectively.

Housing Finance

Housing Finance Bonds were issued to provide financing to purchase mortgage loans to finance rental 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 \$1.59 billion maturing at various times from July 1, 2023 through January 1, 2054. 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 \$123.5 million and \$33.3million, 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 2023 were \$21.0 million. Principal and interest paid for the current fiscal year were \$21.0 million, with total remaining principal and interest of \$355.8 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, 2026 and thereafter are subject to optional redemption on June 1, 2025 and any date thereafter. 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 2023 were \$18.7 million. Principal

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and interest paid for the current fiscal year were \$103.4 million, with total remaining principal and interest of \$585.4 million payable through June 2045.

Transmission Authority

The bonds of the Transmission Authority were issued to provide facilitate the purchase of a transmission line. The bonds are direct obligations of the Transmission Authority and are secured by Nexus Line, LLC. Net pledged revenues for fiscal year 2023 were \$5.5 million. Principal and interest paid for the current fiscal year was \$10.2 million, with total remaining principal and interest of \$201.9 million payable through June 2042.

Revenue Bonds outstanding (expressed in thousands):

Primary Government

	Maturities	Interest Rates	Balance 6/30/23
Governmental-Type Activities:			
Building Authority	2023-2041	1.50-6.25	\$ 77,894
Legacy Bond Fund	2023-2041	0.87 - 4.8	708,880
Business-Type Activities:			
Student Loan Trust	6/1/2029	5.87	1,000 ¹⁾
Housing Finance:			
Homeownership	2024-2054	0.10-4.25	1,595,377 ¹⁾
Multifamily	9/1/2025	2.45	5,000 ¹⁾
University System:			
BSC—Bismarck	2024-2033	2.00-4.00	5,705
Dakota College at Bottineau	2024-2026	2.00-5.00	2,505
MaSU—Mayville	2024-2030	1.25-3.25	1,840
MiSU—Minot	2024-2041	0.40-3.00	7,324
NDSCS—Wahpeton	2024-2037	3.00	6,154
NDSU—Fargo	2024-2047	1.50-5.00	106,104
UND—Grand Forks	2024-2050	0.75-5.00	160,914
VCSU—Valley City	2024-2046	3.00-4.00	4,612
Williston State College	2024-2041	3.10	4,923
State Fair Association	2023-2029	3.00	1,142
Total Revenue Bonds Payable— Primary Government			<u>\$ 2,689,374</u>

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

2) At June 30, 2023, NDSU had pledged \$9.7 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.

DCB and NDSCS contain a provision that the bond owners or a court appointed trustee may pursue any available legal remedy.

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

The MaSU, 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.

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Major Component Units

	Maturities	Interest Rates	Balance 6/30/23
Public Finance Authority	2024-2045	0.24-5.00	\$ 471,265
Transmission Authority	2024-2042	3.55	145,100
University System Foundation	2024-2040	0.75-4.20	61,978
Total Revenue Bonds Payable— Major Component Units			<u>\$ 678,343</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
2024	\$ 34,255	\$ 27,345	2024	\$ 72,281	\$ 60,497
2025	32,260	26,596	2025	68,143	60,194
2026	33,065	25,811	2026	66,247	58,263
2027	33,965	24,954	2027	70,410	56,583
2028	34,955	24,006	2028	62,687	54,798
2029 - 2033	191,845	102,977	2029 - 2033	295,677	248,996
2034 - 2038	223,311	67,514	2034 - 2038	310,731	203,527
2039 - 2043	189,925	20,520	2039 - 2043	329,706	149,368
2044 - 2048	—	—	2044 - 2048	371,913	89,389
2049 - 2053	—	—	2049 - 2053	229,391	23,463
2054 - 2058	—	—	2054 - 2058	3,495	101
Bond Premium	13,193	(13,193)	Bond Premium	21,919	(21,919)
Total	<u>\$786,774</u>	<u>\$306,530</u>	Total	<u>\$1,902,600</u>	<u>\$983,260</u>

Major Component Units

	Principal	Interest
2024	\$ 33,840	\$ 25,391
2025	38,048	24,996
2026	39,082	23,757
2027	38,664	21,718
2028	40,298	20,048
2029 - 2033	186,995	71,631
2034 - 2038	163,028	35,707
2039 - 2043	81,250	8,292
2044 - 2048	6,668	493
Bond Premium	50,470	(50,470)
Total	<u>\$ 678,343</u>	<u>\$ 181,563</u>

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2. NOTES PAYABLE

The following is a schedule of notes payable outstanding at June 30, 2023 (expressed in thousands):

Primary Government

	Maturities	Interest Rates	Balance 6/30/23
<u>Governmental Activities:</u>			
Office of Management and Budget	2024-2034	2.43	\$ 9,290
Department of Human Services	2024-2035	2.05-3.00	2,223
School for the Blind	2024-2037	2.60	116
Health Department	2024-2035	3.65	545
Environmental Quality	2024-2035	3.65	446
Attorney General's Office	2024-2035	2.05	224
Veteran's Home	2024-2036	2.05	628
Corrections	2024-2036	2.05	939
Historical Foundation	2024-2033	2.05	74
Information Technology Department	2024-2026	0.00-3.20	1,350
<u>Proprietary Activities:</u>			
Bank of North Dakota	2023-2024	2.22-3.22	675,000 ¹⁾
University System	2024-2035	1.00-5.15	23,447
Total Revenue Bonds Payable— Primary Government			<u>\$ 714,282</u>

Major Component Units

	Maturities	Interest Rates	Balance 6/30/23
University System Foundation	2024-2032	0.95-4.35	\$ 32,592
Total Revenue Bonds Payable— Major Component Units			<u>\$ 32,592</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 \$691.8 million are currently being used as security to meet these minimum levels.

Short Term Borrowings:

The Bank of North Dakota had FHLB short-term advances outstanding as of December 31, 2022 that all matured in January 2023 and had fixed interest rates ranging from 4.44% to 4.60%.

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 \$36.1 million as of June 30, 2023. In addition, borrowings are collateralized by \$61 million of loans receivable and \$146,000 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
2024	\$ 1,556	\$ 454	2024	\$ 680,596	\$ 2,056
2025	1,614	334	2025	3,598	535
2026	1,590	306	2026	3,069	418
2027	1,199	276	2027	3,115	345
2028	1,242	245	2028	1,929	267
2029 - 2033	6,445	660	2029 - 2033	5,224	753
2034 - 2038	1,680	72	2034 - 2038	916	144
2039 - 2043	93	18	2039 - 2043	—	—
2044 - 2048	100	14	2044 - 2048	—	—
2049 - 2053	108	11	2049 - 2053	—	—
2054 - 2058	117	7	2054 - 2058	—	—
2059 - 2063	91	1	2059 - 2063	—	—
Total	\$ 15,835	\$ 2,398		\$ 698,447	\$ 4,518

Major Component Units

	Principal	Interest
2024	\$ 2,311	\$ 220
2025	4,979	568
2026	2,051	542
2027	6,010	420
2028	1,840	284
2029 - 2033	3,860	226
2034 - 2038	11,441	529
2039 - 2043	100	7
Total	\$ 32,592	\$ 2,796

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 July 26, 2021, UND issued tax-exempt Certificates of Participation, Series 2021A, in the amount of \$133,010,000 to fund the costs of a major renovation to student housing facilities; demolition of nine student housing facilities based upon student demand; and the construction of a new 400 and 477-bed student housing facility.

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JCP University Housing Services, LLC (JCP USH) and UND entered a lease-purchase agreement in which the institution will initially lease the project from JCP USH. The title to the real estate on which the project is constructed will remain with the institution. The initial term of the lease commences on June 30, 2023, with extensions through June 30, 2061.

The Series 2021A certificates were issued at a par value of \$133.0 million, with a net premium of \$9.0 million. The certificates have interest rates ranging from 4.0 to 5.0 percent and are subject to annual appropriations by the North Dakota Legislature as part of the general operating appropriations.

The first principal and interest payments are due in the fiscal year 2024. The certificates mature in the fiscal year 2061.

The Series 2021B certificates were issued at a par value of \$18.3 million. The certificates have interest rates ranging from 0.42 to 2.34 percent and are subject to annual appropriations by the North Dakota Legislature as part of the general operating appropriations. The first principal payment was due April 1, 2022 and certificates mature in the fiscal year 2034.

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

The Series 2019 certificates were issued at a par value of \$7.4 million, with a net discount of \$78,000. In fiscal year 2020, WSC made an interest only payment with semi-annual principal and interest payment beginning fiscal year 2021 through fiscal year 2048.

The following is a schedule of certificates of participation outstanding at June 30, 2023 (expressed in thousands):

Primary Government

	Maturities	Interest Rates	Balance 6/30/23
<u>Proprietary Activities:</u>			
University System	2024-2063	0.42 – 5.00	<u>\$260,727</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
2024	\$9,561	\$9,205	2034 - 2038	\$15,021	\$40,523
2025	1,680	8,789	2039 - 2043	22,863	36,727
2026	1,796	8,763	2044 - 2048	33,444	31,279
2027	1,922	8,730	2049 - 2053	53,125	22,885
2028	1,998	8,690	2054 - 2058	73,412	11,660
2029 - 2033	12,564	42,675	2059 - 2063	33,341	1,899
			Total	<u>\$260,727</u>	<u>\$231,825</u>

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4. LEASES PAYABLE

Primary Government

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 9,082	\$ 1,704	\$ 12,709	\$ 2,746
2025	9,053	1,270	10,813	2,360
2026	4,311	1,006	8,428	2,018
2027	2,930	807	6,489	1,729
2028	2,011	728	5,507	1,482
2029 - 2033	8,575	2,457	15,242	5,232
2034 - 2038	5,439	1,043	6,148	3,299
2039 - 2043	—	103	3,410	2,474
2044 - 2048	—	10	4,791	1,597
2049 - 2053	—	—	4,563	488
2053 - 2057	—	—	24	30
Total	<u>\$ 41,401</u>	<u>\$ 9,128</u>	<u>\$ 78,124</u>	<u>\$ 23,455</u>

Major Component Units

	Principal	Interest
2024	\$ 161	\$ 96
2025	169	88
2026	173	79
2027	142	72
2028	149	65
2029 - 2033	769	212
2034 - 2038	103	96
2039 - 2043	34	88
2044 - 2048	40	82
2049 - 2053	48	73
2054 - 2058	58	63
2059 - 2063	70	52
2064 - 2068	257	60
Total	<u>\$ 2,173</u>	<u>\$ 1,126</u>

5. SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA) PAYABLE

Primary Government

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 16,181	\$ 1,723	\$ 9,169	849
2025	14,266	1,104	7,149	467
2026	11,516	528	2,403	253
2027	3,330	84	1,780	151
2028	1,105	76	1,246	76
2029 - 2033	274	25	589	32
2034 - 2038	6	6	—	0
Total	<u>\$ 46,678</u>	<u>\$ 3,546</u>	<u>\$ 22,336</u>	<u>\$ 1,828</u>

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Changes in General Long-Term Liabilities

Changes in Long-Term Liabilities for the year ended June 30, 2023, are summarized as follows (expressed in thousands):

Primary Government

	Beginning Balance	Additions	Reductions*	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Notes Payable	\$ 17,157	\$ —	\$ (1,322)	\$ 15,835	\$ 1,492
Bonds Payable	475,316	319,038	(7,224)	787,130	32,674
Leases Payable	47,547	3,127	(9,274)	41,400	9,065
SBITA Payable	44,772	2,475	(579)	46,668	16,181
Compensated Absences	51,802	40,162	(36,402)	55,562	4,912
Claims/Judgments Payable	6,990	5,434	(3,309)	9,115	2,079
Total Long-Term Liabilities	\$ 643,584	\$ 370,236	\$ (58,110)	\$ 955,710	\$ 66,403
Business-Type Activities:					
Notes Payable	\$ 135,353	\$ 4,075,656	\$ (3,512,562)	\$ 698,447	\$ 680,481
Bonds Payable	1,795,064	251,303	(143,766)	1,902,601	73,644
Certificates of Participation	262,217	—	(1,490)	260,727	9,560
Leases Payable	67,495	25,305	(14,675)	78,125	12,709
SBITA Payable	—	22,336	—	22,336	9,169
Intergovernmental Payable	18,731	3	(726)	18,008	714
Compensated Absences	40,020	5,111	(3,458)	41,673	5,943
Dividends Payable	82,406	86,801	(82,406)	86,801	86,801
Claims/Judgments Payable	1,000,599	41,191	(88,492)	953,298	117,095
Total Long-Term Liabilities	\$ 3,401,885	\$ 4,507,706	\$ (3,847,575)	\$ 4,062,016	\$ 996,116

Major Component Units

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Notes Payable	\$ 24,211	\$ 11,696	\$ (3,316)	\$ 32,591	\$ 6,040
Bonds Payable	658,578	121,337	(101,572)	678,343	38,443
Leases Payable	1,114	1,206	(147)	2,173	161
Intergovernmental Payable	620	—	(36)	584	41
Compensated Absences	—	—	—	—	—
Total Long-Term Liabilities	\$ 684,523	\$ 134,239	\$ (105,071)	\$ 713,691	\$ 44,685

* Bonds payable reductions include amortization of premium of \$14.4 million.

**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	\$ 3,796	\$ 1,337	\$ 32,591	\$ 6,040
Bonds Payable	11,715	1,425	61,978	5,298
Leases Payable	9,430	861	2,174	161
Intergovernmental Payable	—	—	584	41
Total	\$ 24,941	\$ 3,623	\$ 97,327	\$ 11,540

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 \$1,350,192 of notes payable, \$5,719,919 of leases payable, \$26,955,587 of SBITAs payable, \$4,213,888 of compensated

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absences and \$7,923,340 of claims and judgments. In addition, payments on long term debt (notes payable, leases payable and SBITA payable) for internal service funds of \$1.6 million is included above along with additions to leases payable for internal service funds of \$806,000.

Other governmental activities compensated absences generally have been liquidated by the General Fund (62.3%), the Highway Fund (11.1%), the Federal Fund (13.5%), and other various funds. Other governmental activities claims and judgments have all been liquidated by the Petroleum Release Compensation Fund.

K. 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, 2023.

L. 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.

M. 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.

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

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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, 2023, all unfunded commitments in the State distressed debt portfolios had been released. One of the funds in this category is not eligible for redemptions, while the other fund is eligible for redemptions with quarterly liquidity and 60 days notice.

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, 2023.

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 no unfunded commitments as of June 30, 2023.

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 \$120.7 million as of June 30, 2023.

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

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distributes earnings and proceeds from the sale of the underlying investments as transactions occur. The State has \$540.1 million in unfunded private equity commitments as of June 30, 2023.

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 11 different real estate funds in the portfolio. Five 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, 2023. The remaining six funds are closed-ended limited partnerships that are not eligible for redemptions. Those six funds have a combined unfunded commitment of \$158.7 million as of June 30, 2023.

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 1-4 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, 2023, include both open and closed-ended funds. The three open-ended funds have no unfunded commitments and are eligible for redemptions quarterly with 90 days notice. The 17 closed-ended funds have unfunded commitments of \$296.8 million at June 30, 2023 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 6/30/23	Level 1	Level 2	Level 3
Short term securities:				
Commercial paper	\$ 106,717	\$ —	\$ 106,717	\$ —
Short term bills and notes	459,152	—	459,152	—
Total short term securities	565,869	—	565,869	—
Fixed income investments:				
Asset backed securities	507,598	—	505,564	2,034
Bank loans	10,168	—	10,168	—
Collateralized bonds	1,652	—	1,652	—
Collateralized mortgage obligations	7,673	—	7,673	—
Commercial mortgage-backed	334,086	—	334,086	—
Corporate bonds	2,424,877	—	2,424,877	—
Corporate convertible bonds	11,596	—	11,596	—
Funds - Fixed Income ETF	133,852	16,713	117,121	18
Government Agencies	2,862,316	2,801,622	60,694	—
Government Bonds	1,104,674	106	1,104,568	—
Government MBS	3,434,597	—	3,434,528	69
Government - issued Commercial Mortgage-Backed	18,255	—	18,255	—
Index Linked Government Bonds	635,558	—	635,558	—
Municipal / Provincial Bonds	23,222	—	23,222	—
Non- Government Backed C.M.O.s	102,353	—	102,353	—
Sukak	2,506	—	2,506	—
Other Fixed Income	512	—	512	—
Collateralized Debt	7,583	—	7,583	—
Total fixed income investments	11,623,078	2,818,441	8,802,516	2,121
Equity Investments:				
Common stock	3,395,512	3,395,099	2	411
Convertible equity	6,294	1,003	5,291	—
Funds - Equities ETF	284,336	284,004	—	332
Preferred stock	28	28	—	—
Miscellaneous	699	—	—	699
Total equity investments	3,686,869	3,680,134	5,293	1,442
Other Investments:				
Commodity ETF	1	1	—	—
Currency	72	—	—	72
Interest rate contracts	71	—	71	—
FX Contracts	3	—	—	3
Global Tactical Asset Allocation MF	312,977	—	312,977	—
Master Limited Partnership	1	1	—	—
REITs	12,576	12,576	—	—
Real Estate	11,353	—	—	11,353
Swap	63,068	—	63,068	—
Total other investments	400,122	12,578	376,116	11,428
Derivative Investments:				
Exchange cleared swaps	5,778	—	5,778	—
Options	(1,997)	(1,547)	(450)	—
Swaps	14,936	—	14,936	—
Grain future contracts	148	148	—	—
Total derivative investments	18,865	(1,399)	20,264	—
Total investments measured at fair value	\$ 16,294,803	\$ 6,509,754	\$ 9,770,058	\$ 14,991

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INVESTMENTS MEASURED AT THE NET ASSET VALUE (NAV)	Fair Value 6/30/23	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Commingled Funds - Debt	\$ 1,416,003	\$ —	Daily, monthly	1 - 15 days
Commingled Funds - Equities	5,319,774	—	Daily, monthly	1 - 15 days
Commingled Funds - Fixed Income	15,982	—	Daily	< 5 days
Distressed Debt	211,245	—	Quarterly, not eligible	60 days
Long / short	811,402	—	Monthly	15 days
Mezzanine Debt	1	—	Not eligible	Not eligible
Private Credit	1,539,705	225,700	Not eligible	Not eligible
Private Equity	1,144,340	752,130	Not eligible	Not eligible
Real Assets	3,805,079	455,448	Quarterly, not eligible	30 - 90 days
Hedge Fund	562,355	150,000	N/A	N/A
Private Infrastructure	325,995	10,000	N/A	N/A
Total investments measured at the NAV	15,151,881	\$ 1,593,278		
Total investments	\$ 31,446,684			

Major Component Units

INVESTMENTS MEASURED AT FAIR VALUE	Fair Value 6/30/23	Level 1	Level 2	Level 3
Short term securities				
Certificates of deposit	\$ 5,941	\$ —	\$ 5,941	\$ —
Short term bills and notes	48,121	—	48,121	—
Total short term securities	54,062	—	54,062	—
Fixed income investments:				
Gov't Agencies	28,539	28,539	—	—
Total fixed income investments	28,539	28,539	—	—
Total investments	\$ 82,601	\$ 28,539	\$ 54,062	\$ —

NOTE 4 - NET POSITION

The government-wide Governmental Activities Statement of Net Position reports \$8,895,773,769 of restricted net position, of which \$1,135,550,116 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 \$9,118,113,790 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	\$ 3,436	\$ 24,018	\$ 10,292	\$ —	\$ 37,745
Long - Term Receivables	—	—	—	—	—
Prepaid Expenditures	3,921	7,389	6,599	—	17,909
Permanent Trust Fund for Veteran's Postwar Development	—	—	—	7,519	7,519
	—	—	—	71,586	71,586
Total Nonspendable	7,357	31,407	16,891	79,105	134,759
Restricted for:					
Distribution to Common Schools	—	—	6,561,106	—	6,561,106
State Education Aid	—	—	492,614	—	492,614
Federal Programs	—	5,958	—	—	5,958
Lignite Research	—	—	28,091	—	28,091
Water Projects and Energy Conservation	—	—	568,514	—	568,514
Well Plugging and Site Reclamation	—	—	24,680	—	24,680
Agriculture & Commerce	—	—	59,067	—	59,067
Natural Resources	—	—	26,118	—	26,118
Highway Projects	—	—	341,295	—	341,295
Transportation	—	—	40,703	—	40,703
Petroleum Tank Release Compensation	—	—	6,121	—	6,121
Debt Service	—	—	—	520,998	520,998
Capital Improvement Projects	—	—	—	423	423
Other	—	—	83,573	—	83,573
Total Restricted	—	5,958	8,231,882	521,421	8,759,261
Committed to:					
Strategic Investments & Improvements	—	—	1,599,694	—	1,599,694
Buydown Interest Programs	—	—	96,430	—	96,430
Human Services & Health Operations	—	—	47,058	—	47,058
Clean Sustainable Energy Fund	13,594	—	—	—	13,594
Outdoor Heritage Grants	—	—	40,102	—	40,102
Charitable Gaming Operating Fund	—	—	13,685	—	13,685
Water Development & Management Projects	—	—	1,456	—	1,456
Oil, Gas, and Energy Research	—	—	17,861	—	17,861
Judicial & Legal	—	—	21,798	—	21,798
Public Safety & Corrections	16,809	—	2,066	—	18,875
Legacy Earnings Distributions	486,579	—	—	—	486,579
Agriculture & Commerce	5,044	—	11,120	—	16,164
State Rail and Special Roads	—	—	17,622	—	17,622
Insurance Regulatory Operations	—	—	7,357	—	7,357
Parks and Recreation Operations	—	—	11,235	—	11,235
Economic Assistance & Social Services	7,414	—	—	—	7,414
Tax Relief	202,799	—	—	—	202,799
Stabilization	739,473	—	—	—	739,473
Theodore Roosevelt Presidential Library & Museum	52,964	—	—	—	52,964
Veteran's Postwar	—	—	—	722	722
Other	8,129	—	51,202	237	59,568
Total Committed	1,532,805	—	1,938,686	959	3,472,450

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	Special Revenue		Nonmajor Governmental	Total
	General	Federal		
Assigned to:				
Education	\$ —	\$ —	\$ 5,110	\$ — \$ 5,110
Human Services & Health Operations	—	—	178,951	— 178,951
Judicial & Legal	—	—	6,925	— 6,925
Correction and Rehabilitation Operations	—	—	7,955	— 7,955
Strategic Investments & Improvements	—	—	50,752	— 50,752
Agriculture & Commerce	—	—	4,611	— 4,611
Environmental Quality	—	—	1,189	— 1,189
Economic Development Community Fund	—	—	30,055	— 30,055
Securities Regulations	—	—	1,193	— 1,193
Other	—	6	14,711	— 14,717
Total Assigned	—	6	301,452	— 301,458
Unassigned	11,199,265	—	—	— 11,199,265
Total Fund Balances	<u>\$ 12,739,427</u>	<u>\$ 37,371</u>	<u>\$ 10,488,911</u>	<u>\$ 601,485 \$ 23,867,193</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, 1600 E. Century Ave., Suite 2, Bismarck, North Dakota 58503.

At June 30, 2023 number of participating political subdivisions in PERS was:

Cities	98
Counties	51
School Districts	131
Other	93
Total Participating Local Political Subdivisions	<u>373</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

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.

Members of the National Guard System are entitled to unreduced monthly pension benefits 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 the greater of (i) lump sum payment of accumulated contributions, or (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 System in the North Dakota Administrative Code.

For Judges only, the disability benefit formula is 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.

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.

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. 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:

	Member	Employer			
		Before 2024	2024-2025	2025 and Later	
				State	Political Subdivision
Main System Permanent Employees					
Hired before 2020	7.00 %	7.12 %	8.12 %	ADEC*	8.12 %
Hired after 2019	7.00 %	8.26 %	9.26 %	ADEC*	9.26 %
Main System Temporary Employees					
Hired before 2020	14.12 %	— %	— %	— %	— %
Hired after 2019	15.26 %	— %	— %	— %	— %
Judges	8.00 %	17.52 %	17.52 %	17.52 %	17.52 %

*Actuarially Determined Employee Contribution. the 2026 and 2027 contribution will be based on the ADEC from the July 1, 2024 valuation.

	Member	Employer	
		Before 2024	2024 and Later
Public Safety with prior Main System service	5.50 %	9.81 %	11.40 %
National Guard Members	5.50 %	9.81 %	11.40 %
Public Safety without Prior Main System service	5.50 %	7.93 %	9.16 %

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	Member			Employer		
	Before 2024	2024	2025 and Later	Before 8/1/23	8/1/23 to 12/31/23	2024 and Later
Public Safety with Prior Main System service						
BCI Employees	6.00 %	7.00 %	8.00 %	9.81 %	20.67 %	22.26 %
State Public Safety Employees	6.00 %	6.00 %	6.00 %	9.81 %	12.75 %	14.34 %

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, 1600 E. Century Ave., Suite 2, Bismarck, North Dakota 58503.

Administration

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

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

Benefits

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

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

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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 14.3% and the employer rate is 20.7%. Both the member and the employer contribution rate will increase by 0.5% in January 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 Service has an Actuarial Valuation Report produced annually. Requests to obtain or review this report should be addressed to the Executive Director, NDPERS, 1600 E. Century Ave., Suite 2, Bismarck, North Dakota 58503.

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.

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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. For the fiscal year ended June 30, 2023 there were no employer contributions necessary into the plan. Effective July 1, 1999, the "scheduled contribution" will be zero as long as the plan's actuarial value of assets exceeds the actuarial present value of projected benefits. The "scheduled contribution" and amortization will be determined when the plan is not in surplus and will be based on a funding policy adopted by the Employer.

TEACHERS' FUND FOR RETIREMENT (TFFR)

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

Teachers' Fund for Retirement issues a publicly available financial report that may be obtained by writing to the Retirement and Investment Office, 1600 East Century Avenue, Suite 3, P.O. Box 7100, Bismarck, North Dakota 58507-7100.

At June 30, 2023, the number of participating employer units in TFFR was:

Type	Number
Public School Districts	171
County Superintendents	4
Special Education Units	19
Vocational Education Units	4
Other	8
Total	<u>206</u>

Administration

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

Benefits

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

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

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

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

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

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

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

Death and Disability Benefits

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

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.

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EMPLOYEE MEMBERSHIP DATA

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

	<u>PERS</u>	<u>NDHPRS</u>	<u>JSND</u>	<u>TFFR</u>
Retirees and beneficiaries currently receiving benefits:	14,997	143	169	9,615
Terminated Employees:				
Vested	9,585	39	—	2,010
Inactive	8,017	20	—	1,711
Active Employees:				
Vested	17,256	72	1	8,336
Nonvested	7,763	72	—	3,430
Total plan membership	<u>57,618</u>	<u>346</u>	<u>170</u>	<u>25,102</u>
Date of annual valuation	July 1, 2023	July 1, 2023	July 1, 2023	July 1, 2023

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

BASIS OF ACCOUNTING

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

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, 2023:

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	Target Allocation			
	PERS and NDHPRS	JSND	TFFR	RHIC*
Domestic equities	30.9 %	2.0 %	— %	39.0 %
International equities	20.1 %	18.0 %	— %	26.0 %
Private equity	7.0 %	6.0 %	— %	— %
Domestic fixed income	23.0 %	74.0 %	— %	35.0 %
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, 2023:

PERS	8.13 %
NDHPRS	7.86 %
JSND	3.30 %
TFFR	7.35 %
RHIC*	10.82 %

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

METHOD USED TO VALUE INVESTMENTS

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

C. FUNDING STATUS AND PROGRESS

NET PENSION LIABILITY OF THE PLANS

The components of the net pension liability of the Plans at June 30, 2023 were as follows (expressed in thousands):

	PERS	NDHPRS	JSND	TFFR
Total pension liability	\$ 5,828,126	\$ 173,910	\$ 72,139	\$ 4,577,220
Plan fiduciary net position	(3,843,941)	(98,035)	(83,485)	(3,173,908)
Net pension liability (asset)	<u>\$ 1,984,185</u>	<u>\$ 75,875</u>	<u>\$ (11,346)</u>	<u>\$ 1,403,312</u>
Plan fiduciary net position as a percentage of the total pension liability	65.96 %	56.37 %	115.73 %	69.30 %

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ACTUARIAL ASSUMPTIONS

PERS

The total pension liability was determined by an actuarial valuation as of July 1, 2023, 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 current 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. The benefit accrual rate for members first enrolled on or after January 1, 2020 in the Main and Public Safety Systems is 1.75% (compared to 2.00% for members enrolled before January 1, 2020).

The investment return assumption was updated from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020.

In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025 and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

Legislation was passed relating to the Public Safety with Prior Service System. The Public Safety with Prior Service System was expanded to allow peace officers employed by the State to participate. The provisions are similar to the Public Safety with Prior Service System, but with a 6.00 percent employee contribution rate. The benefit multiplier and the vesting requirements for the Bureau of Criminal Investigation group were changed.

HPRS

The total pension liability was determined by an actuarial valuation as of July 1, 2023, 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.

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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 of July 1, 2014 through July 1, 2019. The investment return assumption was decreased from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022.

The employer rate to the System is the statutory contribution rate of 20.70% of payroll. The statutory employer and employee contributions will each increase by 0.5% of pay every year from January 1, 2023 to January 1, 2025, ultimately increasing both by 1.5% of pay.

JSND

The total pension liability was determined by an actuarial valuation as of July 1, 2023, 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 are specific to the type of eligibility condition.

Investment Rate of Return: 3.00%

Cost of Living Adjustment: 2.25%

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

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

The assumptions were updated beginning with the actuarial valuation as of July 1, 2020 based on an experience study covering the period July 1, 2014 through July 1, 2019. The Board approved lowering the investment return assumption from 3.75% to 3.00%, first effective July 1, 2022.

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, 2023, using the following actuarial assumptions:

Actuarial Cost Method: Entry Age

Asset Valuation Method: 5-year smoothed market

Inflation: 2.30%

Salary Increase (Payroll Growth): 3.80% wage inflation, plus step-rate promotional increases for members with less than 30 years of service.

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 expenses, including inflation

Cost of Living Adjustment: None

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Mortality Rates: For the July 1, 2022, 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.

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, 2023 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	6.25 %	Domestic equities	6.85 %	Global equity	6.20 %
International equity	6.95 %	Core fixed income	3.12 %	Global fixed income	3.00 %
Private equity	9.45 %	Limited duration fixed income	1.80 %	Global real assets	4.40 %
Domestic fixed income	2.51 %	Global equity	7.14 %	Cash equivalents	0.90 %
International fixed income	0.00 %	Diversified short-term fixed income	3.00 %		
Global real assets	4.33 %	Short-term corporate fixed income	1.63 %		
Cash equivalents	0.00 %	US high yield	5.54 %		
		Emerging market debt	6.47 %		

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 6.50%; the municipal bond rate is 3.86%; and the resulting Single Discount Rate is 6.50%.

For HPRS, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.86%; and the resulting Single Discount Rate is 5.22%.

For JSND, the discount rate was 3.00% as of June 30, 2023. 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, 2023 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, 2023. Therefore, the long-

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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, 2023.

For TFFR, the discount rate was 7.25% as of June 30, 2023. 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, 2023 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, 2023. 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, 2023.

SENSITIVITY OF NET PENSION LIABILITY

The following presents the net pension liability of the Plans as of June 30, 2023, calculated using the discount rate of 6.5% for PERS, 5.22% for NDHPRS, 3.00% 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 (expressed in thousands):

Net Pension Liability (Asset) As of June 30, 2023	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
PERS	\$ 2,757,175	\$ 1,984,185	\$ 1,345,047
Net Pension Liability (Asset) As of June 30, 2023	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
NDHPRS	\$ 103,459	\$ 75,875	\$ 53,762
Net Pension Liability (Asset) As of June 30, 2023	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
JSND	\$ (4,130)	\$ (11,347)	\$ (17,529)
Net Pension Liability (Asset) As of June 30, 2023	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
TFFR	\$ 1,953,806	\$ 1,403,312	\$ 946,493

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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, 2023***

	JSND	NDHPRS
Total pension liability (asset)		
Service cost	\$ 42	\$ 3,281
Interest	2,342	8,548
Change of benefit terms	—	—
Difference between expected and actual experience	3,413	1,845
Changes of assumptions	4,717	39,467
Benefit payments, including refund of employee contributions	(4,866)	(5,848)
Net change in total pension liability (asset)	5,648	47,293
Total pension liability (asset) - beginning	64,844	123,371
Total pension liability (asset) - ending (a)	<u>\$ 70,492</u>	<u>\$ 170,664</u>
Plan fiduciary net position		
Contributions - employer	\$ —	\$ 2,687
Contributions - employee	9	1,826
Contributions - service credit repurchase	—	160
Transfers and other income	—	—
Net investment income	(5,552)	(6,510)
Benefit payments, including refund of employee contributions	(4,866)	(5,848)
Administrative expense	(18)	(65)
Net change in plan fiduciary net position	(10,427)	(7,750)
Plan fiduciary net position - beginning	96,604	100,076
Plan fiduciary net position - ending (b)	<u>\$ 86,177</u>	<u>\$ 92,326</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (15,685)</u>	<u>\$ 78,338</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	122.25 %	54.10 %
Covered payroll	\$ 61	\$ 12,267
Plan net pension liability (asset) as a percentage of covered payroll	-25,573.44 %	638.60 %

*The 2023 information presented has a measurement date of June 30, 2022. Information is expressed in thousands.

JOB SERVICE NORTH DAKOTA (JSND)

Net Pension Asset

At June 30, 2023, the State recorded a net pension asset of \$15,684,703 for all of the Job Service North Dakota pension plan. The net pension asset was measured as of June 30, 2022 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, 2023 the State recognized pension expense of \$8.9 million. At June 30, 2023 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	6,417,615	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	—	—	—	—
Employer contributions subsequent to the measurement date	—	—	—	—
Total	\$ 6,417,615	\$ —	\$ —	\$ —

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
2024	\$ 1,419,882	\$ —
2025	1,779,382	—
2026	1,401,638	—
2027	1,816,713	—
Total	\$ 6,417,615	\$ —

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 3.00 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 (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate:

	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
State's proportionate share of the net pension asset	(8,404,268)	(15,684,703)	(21,896,493)

NORTH DAKOTA HIGHWAY PATROLMEN'S RETIREMENT SYSTEM (NDHPRS)

Net Pension Liability

At June 30, 2023, the State recorded a net pension liability of \$78,338,680 for all of the North Dakota Highway Patrolmen's Retirement System pension plan. The net pension liability was measured as of June 30, 2022 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, 2023 the State recognized pension expense of \$13.1 million. At June 30, 2023 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	\$ 1,816,557	\$ (1,505,688)	\$ —	\$ —
Changes of assumptions	62,934,353	(37,600,460)	—	—
Net difference between projected and actual earnings on pension plan investments	4,118,396	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	—	—	—	—
Employer contributions subsequent to the measurement date	2,569,335	—	—	—
Total	\$ 71,438,641	\$ (39,106,148)	\$ —	\$ —

\$2,569,335 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, 2024.

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
2024	\$ 9,738,928	\$ —
2025	9,270,689	—
2026	2,470,774	—
2027	7,554,698	—
2028	728,069	—
Total	\$ 29,763,158	\$ —

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 5.02 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 (4.02 percent) or 1-percentage-point higher (6.02 percent) than the current rate:

	1% Decrease (4.02%)	Current Discount Rate (5.02%)	1% Increase (6.02%)
State's proportionate share of the net pension liability	\$ 105,923,042	\$ 78,338,680	\$ 56,286,379

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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, 2023, the State recorded a net pension liability of \$1,434,838,549 for all of the PERS system. The net pension liability was measured as of June 30, 2022 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, 2022 the State's proportion was 48.28 percent, which is a decrease of 0.24 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, 2023, the discrete component units recorded a net pension liability of \$524,000 for all of the PERS system. The net pension liability was measured as of June 30, 2022 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, 2022 the discrete component unit's proportion was 0.018212 percent, which is a decrease of 0.000039 percent from the prior year.

Deferred Inflows and Outflows of Resources

For the year ended June 30, 2023 the State recognized pension expense of \$186.2 million and the component unit recognized pension expense of \$78,000. At June 30, 2023 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	\$ 10,075,778	\$ (27,378,475)	\$ 3,000	\$ (10,000)
Changes of assumptions	871,498,643	(539,590,848)	314,000	(194,000)
Net difference between projected and actual earnings on pension plan investments	55,410,221	—	19,000	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	36,151,694	(42,726,443)	45,000	(15,000)
Employer contributions subsequent to the measurement date	43,823,730	—	13,000	—
Total	\$ 1,016,960,066	\$ (609,695,766)	\$ 394,000	\$ (219,000)

\$43,823,730 and \$13,000 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, 2024.

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
2024	\$ 98,130,037	\$ 46,000
2025	117,911,229	54,000
2026	5,282,925	14,000
2027	141,340,711	48,000
2028	447,994	—
Thereafter	327,674	—
Total	<u>\$ 363,440,570</u>	<u>\$ 162,000</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 5.10 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 (4.10 percent) or 1-percentage-point higher (6.10 percent) than the current rate:

	1% Decrease (4.10%)	Current Discount Rate (5.10%)	1% Increase (6.10%)
State's proportionate share of the net pension liability	\$ 1,900,817,734	\$ 1,434,838,548	\$ 1,052,192,341
Component's proportionate share of the net pension liability	692,000	524,000	387,000

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, 2023, the State recorded a net pension liability of \$7,683,950 for all of the TFFR. The net pension liability was measured as of June 30, 2022 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, 2022 the State's proportion was 0.52836 percent, which is a decrease of 0.041219 percent from the prior year.

Deferred Inflows and Outflows of Resources

For the year ended June 30, 2023 the State recognized pension expense of \$192,376. At June 30, 2023 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	\$ 33,112	\$ (205,157)	\$ —	\$ —
Changes of assumptions	156,247	—	—	—
Net difference between projected and actual earnings on pension plan investments	575,539	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	860,852	(2,063,192)	—	—
Employer contributions subsequent to the measurement date	487,966	—	—	—
Total	<u>\$ 2,113,716</u>	<u>\$ (2,268,349)</u>	<u>\$ —</u>	<u>\$ —</u>

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\$487,966 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, 2024.

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
2024	\$ (153,650)	\$ —
2025	(184,625)	—
2026	(307,683)	—
2027	303,740	—
2028	(111,750)	—
Thereafter	(188,631)	—
Total	\$ (642,599)	\$ —

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	\$ 10,557,044	\$ 7,683,950	\$ 5,301,083

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, 2023.

Pension Plan	Net Pension Asset	Deferred Outflows of Resources Pension	Net Pension Liability	Deferred Inflows of Resources Pension	Pension Expense
Job Service ND	\$ (15,684,703)	\$ 6,417,615	\$ —	\$ —	\$ 8,910,614
ND Highway Patrolmen's Retirement System	—	71,438,641	78,338,680	39,106,148	13,078,940
ND Public Employees' Retirement System	—	1,016,960,066	1,434,838,548	609,695,766	186,243,359
ND Teachers' Fund for Retirement	—	2,113,716	7,683,950	2,268,349	192,376
Total	\$ (15,684,703)	\$ 1,096,930,038	\$ 1,520,861,178	\$ 651,070,263	\$ 208,425,289

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, and as of January 1, 2025 will be the retirement plan offered to new public employees who are not peace officers, judges, or Highway Patrol. The Defined Contribution Plan had 86 participants as of June 30, 2023.

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 \$552,043 for the year ended June 30, 2023.

The defined contribution plan will become the primary retirement plan for new hires after January 1, 2025 for new hires that would currently be eligible for the Main plan.

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 North Dakota University System, 600 E. Blvd, Bismarck, North Dakota 58505.

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 \$46.6 million to TIAA-CREF during the fiscal year ending June 30, 2023.

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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. PERS issues a publicly available financial report that may be obtained by writing to North Dakota Public Employees Retirement System, 1600 E. Century Ave., Suite 2, Bismarck, North Dakota 58503.

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	14,996
Active participants	17,283
Total Membership	<u>32,279</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, 2023 is as follows (expressed in thousands):

	RHIC
Total OPEB liability	\$ 268,293
Plan fiduciary net position	(168,318)
Net OPEB liability (asset)	<u>\$ 99,975</u>
RHIC fiduciary net position as a percentage of the total OPEB liability	<u>62.74 %</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: 5.75%.

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 investment return assumption was decreased from 6.50% to 5.75% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions were adopted by the Board based on an experience study covering the period July 1, 2015, through June 30, 2019. 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, 2023 is summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	6.10 %
Small Cap Domestic Equities	7.10 %
International equities	6.50 %
Core-Plus Fixed Income	2.59 %

Discount Rate

For the purpose of this valuation, the expected rate of return on OPEB plan investments is 5.75%; the municipal bond rate is 3.86%; and the resulting Single Discount Rate is 5.75%. 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, 2023 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

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term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of Net OPEB Liability

The following presents the net OPEB liability of the Plan as of June 30, 2023, calculated using the single discount rate of 5.75%, 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 (expressed in thousands):

Net OPEB Liability (Asset) As of June 30, 2023	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
RHIC	\$ 131,392	\$ 99,975	\$ 73,526

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, 2023, the State reported a liability of \$59,294,894 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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, 2022, the State's proportion was 50.399667 percent, which is an increase of 15.28478496 percent from the prior year.

Deferred Inflows and Outflows of Resources

For the year ended June 30, 2023 the State recognized OPEB expense of \$9.6 million. At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Discrete Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,405,320	\$ (506,615)	\$ —	\$ —
Changes of assumptions	14,935,451	—	—	—
Net difference between projected and actual earnings on OPEB plan investments	7,983,623	—	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,784,185	(2,299,907)	—	—
Employer contributions subsequent to the measurement date	5,849,941	—	—	—
Total	<u>\$ 31,958,520</u>	<u>\$ (2,806,522)</u>	<u>\$ —</u>	<u>\$ —</u>

\$5,849,941 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, 2024.

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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
2024	\$ 6,063,726	\$ —
2025	5,647,431	—
2026	4,935,223	—
2027	6,655,677	—
2028	—	—
Total	\$ 23,302,057	\$ —

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, 2023, calculated using the discount rate of 5.39%, 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 (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
State's proportionate share of the net OPEB liability	\$ 75,685,529	\$ 59,294,894	\$ 45,534,188

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, 2022. 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, 2023. 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..

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	144
Terminated employees entitled to benefits but not yet receiving them	—
Current vested employees	4
Total	<u>148</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 \$952,996 at June 30, 2023 for its net OPEB liability. The net OPEB liability was measured as of July 1, 2022, 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, 2023, the Employer recognized OPEB expense of \$37,738. 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, 2022</u>
Inflation	none
Salary increases	5%
Discount rate	4.09% 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, 2023, calculated using the discount rate of 4.09%, as well as what the net OPEB 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 (expressed in thousands):

Net OPEB Liability As of June 30, 2023	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
Met Life	\$ 1,041	\$ 953	\$ 877

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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 7/1/22	\$ 1,001,072	\$ —	\$ 1,001,072
Changes for the Year:			
Service cost	292	—	292
Interest	37,446	—	37,446
Benefit changes	—	—	—
Experience losses (gains)	—	—	—
Changes of assumptions	—	—	—
Contributions - Employer	—	85,814	85,814
Benefits paid	(85,814)	(85,814)	(171,628)
Administrative expenses	—	—	—
Net changes	<u>(48,076)</u>	<u>—</u>	<u>(48,076)</u>
Balances at 6/30/23	<u>\$ 952,996</u>	<u>\$ —</u>	<u>\$ 952,996</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, 2022.

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, 2023.

OPEB Plan	Deferred Outflows of Resources - OPEB	Net OPEB Liability	Deferred Inflows of Resources - OPEB	OPEB Expense
ND Public Employees' Retirement System	\$ 31,958,520	\$ 59,294,894	\$ 2,806,522	\$ 9,636,802
JSND Met Life Insurance Benefit	—	952,996	—	37,738
Total	<u>\$ 31,958,520</u>	<u>\$ 60,247,890</u>	<u>\$ 2,806,522</u>	<u>\$ 9,674,540</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 \$22,500 or 100% of gross annual compensation for calendar year 2023. 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 16,366 active participants as of June 30, 2023.

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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	\$ 177,247	92 %
Other Jurisdictions	16,106	8 %
Total Value	<u>\$ 193,353</u>	<u>100 %</u>

NOTE 9 - PERS UNIFORM GROUP INSURANCE PROGRAM

The Uniform Group Insurance Program, a proprietary fund, contracted with Sanford Health Plan to provide health care insurance to the employees of the State of North Dakota, or any of its political subdivisions, 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 occurring in 2022. In the event of a loss, the system does not have any risk. For this period, premiums exceeded claims, therefore, a gain of \$26.1 million was returned to the System as an initial settlement in 2022. The final settlement resulted in a decrease to the initial settlement, and resulted in a payable to Sanford Health Plan of \$625,846 for 2023.

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.

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, 2023, was as follows (expressed in thousands):

	Home-Ownership Bond Funds
Condensed Statement of Net Position	
Current assets – other	\$ 238,914
Noncurrent assets – other	1,600,537
Total Assets	<u>1,839,451</u>
Current liabilities – other	86,315
Noncurrent liabilities – other	1,519,308
Total Liabilities	<u>1,605,623</u>
Net position – restricted	217,892
Total Net Position	<u>\$ 217,892</u>
Condensed Statement of Revenues, Expenses and Change in Fund Net Position	
Operating revenues	\$ 60,633
Operating expenses	(48,739)
Operating income	<u>11,894</u>
Change in net position	11,894
Total net position, beginning of year	201,443
Equity transfer out	4,555
Total net position, end of year	<u>\$ 217,892</u>

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	Home-Ownership Bond Funds
Condensed Statement of Cash Flows	
Net cash provided by operating activities	\$ (200,649)
Net cash used for noncapital financing activities	92,523
Net cash used for investing activities	5,920
Net change in cash and cash equivalents	(102,206)
Cash and cash equivalents, beginning of year	295,662
Cash and cash equivalents, end of year	\$ 193,456

NOTE 11 - MAJOR COMPONENT UNIT TRANSACTIONS

BISMARCK STATE COLLEGE AND BISMARCK STATE COLLEGE FOUNDATION

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

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

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 a lease on BSC financial statements and Student Housing, LLC financial statements includes the capitalized asset.

MISU DEVELOPMENT FOUNDATION (MiSUDF)

On September 1, 2020, MiSU and MiSUDF entered into a two-year facility and ground lease agreement to facilitate the remodel of the MiSU's Summer Theatre. The lease contains an option to renew with the consent of both parties. During the agreement, MiSU will manage and conduct performances of plays and events. MiSU is also responsible to operate, maintain, and keep in good repair all public and common facilities and services on the grounds and adjacent facilities. The MiSUDF is responsible for the cost of all improvements to the premises. At the conclusion of the lease, MiSUDF will return to MiSU the right and title to the premises and all leasehold improvements.

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION (NDSCSF)

For the year ended June 30, 2023, NDSCS paid NDSCSF \$174,000 for the rental of NDSCS Fargo building and \$11,000 for parking lots.

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 May 1, 2022 and May 2032. On May 1, 2022, NDSU and NDSU RTP entered into an annual service agreement for Research Building I to continue the services provided as the bonds related to Research Building I have been paid in full and

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NDSU exercised its option to terminate the Research Building I Lease and purchase Research Building I. During fiscal year 2023, total annual rent of \$402,000 was paid by NDSU for these two buildings, in addition to the \$1.27 million of principal and interest paid by NDSU directly to the bond trustee. The annual rent will be re-adjusted by mutual agreement every two years. These agreements are subject to funding and legislative appropriations.

NDSU FOUNDATION

Renaissance Hall

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

Under this refinanced debt issuance and lease agreement, as approved by the SBHE on December 16, 2010, the property is leased to NDSU for rent equal to the semi-annual principal and interest on the bonds, plus all costs incurred by the Foundation incident to ownership of the property. Ownership of the property will transfer to NDSU when the bonds are repaid in full. NDSU paid the Foundation \$417,000 in fiscal year 2023 for debt service under this agreement. As of June 30, 2023, the outstanding balance on the bonds are reflected as "Due to Component Units" by NDSU, is \$2.7 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 2023, NDSU paid \$621,000 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, 2023, the outstanding balance on the bonds, reflected as "Due to Component Units" by NDSU, is \$6.9 million.

Other Transactions

The Foundation provides meeting space rental and database support service to NDSU for an annually negotiated fee. NDSU paid the foundation \$888,000 for the fiscal year ending December 31, 2022.

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 \$123,000 during the fiscal year ending December 31, 2022.

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, 2023.

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.

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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 \$5.2 million in fiscal year 2023. This operating agreement has no specific term and is intended to memorialize various operating agreements, rate structures, duties, and obligations each party has to the other. Expenses reimbursed to UND represent actual costs incurred and are included in training expenses in the consolidated statements of activities.

The UND AF recorded revenue for service and hangar, CRJ, 360-degree tower, and aircraft rental to UND of \$2.3 million in fiscal year 2023, 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, 2023, the UND AF had recorded accounts payable to UND of \$1.3 million for reimbursable costs and services. As of June 30, 2023, the UND AF had recorded accounts receivable from UND of approximately \$234,000, which are included in accounts receivable in the statement of net assets for component units (FASB Basis) – University System Foundation.

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

UNIVERSITY OF NORTH DAKOTA AND RE ARENA, INC.

RE Arena Inc. and UND, enter into an annual operating agreement from July 1, 2020 to September 30, 2030. 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 50 percent of such sponsorship revenue, net of direct costs, and remits 50 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 2023, gross tickets sales were \$5.1 million of which RE Arena, Inc. recognized revenue of \$2.7 million, with a net paid to UND of \$2.5 million.

Gross tickets sales for the next athletic season year are recorded in deferred revenue at gross by REA for a total of \$3.2 million.

REA recognized net sponsorship (advertising) revenue of \$926,000 and net paid to UND in sponsorship (advertising) income of \$926,000. REA allocated \$600,000 of net income to UND athletic department for the year ended May 31, 2023. REA expensed \$1.2 million to UND for utilities, maintenance staff, phone service and other.

At the end of the fiscal year REA owed UND \$107,000 for monthly services.

Amounts are reported on the accrual basis of accounting, which may or may not be the same as that used by UND. REA fiscal year end is May 31 and UND's fiscal year end is June 30. Amounts may differ between entity financial statements 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, 2023, UND provided approximately \$1.8 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 \$256,000 in investment management fees during the year ended June 30, 2023.

During the year ended June 30, 2023, the Organization paid \$3.9 million to the University of North Dakota for building projects.

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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 2023 was \$4,500.

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 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, 2023 were \$2.0 million. The bonds are secured by a lease with UND.

On March 23, 2021, the UND Foundation financed the build of the College of Business and Public Administration building in part with First International Bank & Trust, in an amount up to \$30 million. On July 23, 2023 the UND Foundation modified the University Facilities Bonds, Series 2021 (College of Business and Public Administration Building) to allocate \$13 million of the \$30 million to finance the building of the Frederick "Fritz" Pollard, Jr. Athletic Center. The bonds are now secured by pledged receivables for both building projects. As of June 30, 2023, the outstanding balance on the bonds is \$27.7 million.

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

BANK OF NORTH DAKOTA

The State, through the Bank of North Dakota, is a party to credit related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, financial standby letters of credit and guarantees related to loan programs. Those instruments involve varying degrees, 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.

	<u>Contract Amount</u> <u>(in thousands)</u>
Commitments to extend credit	\$ 1,859,343
Financial standby letters of credit	657,329
Guarantees provided	7,680

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 five to twenty-three years. If the letters issued to Public Finance Authority were ever drawn upon, Public Finance Authority is legally obligated to reimburse the Bank from funds legally available, or from any appropriation made available to the Legislative Assembly after certification by the

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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, 2022 were \$27.3 million.

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, 2022 were \$4.1 million.

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 \$369.1 million at December 31, 2022. 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, 2022.

SCHOOL CONSTRUCTION ASSISTANCE REVOLVING LOAN FUND

As of June 30, 2023, the Fund had six outstanding commitments for \$43.4 million.

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 \$124.8 million at June 30, 2023.

CLEAN SUSTAINABLE ENERGY AUTHORITY

As of June 30, 2023, the Fund had one outstanding commitment for \$100 million.

WATER INFRASTRUCTURE REVOLVING LOAN FUND

As of June 30, 2023, the Fund had one outstanding commitment for \$60 million.

MEDICAL FACILITY INFRASTRUCTURE LOAN FUND

The Fund's exposure to loan loss is represented by the contractual amount of these commitments. There were two pending loan commitments totaling \$8.15 million as of June 30, 2023.

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 \$87.5 million at June 30, 2023.

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 \$67.9 million at June 30, 2023.

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 \$157.1 million at December 31, 2022.

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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 million to convert variable rate federal funds and variable SOFR fallback 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 SOFR Fallback
April 5, 2017	May 1, 2032	\$50,000,000	2.39%	1 Month SOFR Fallback
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 2, 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, 2022:

Swap	National Amount	Fair Value		Changes in Fair Value	
		Classification	Amount	Classification	Amount
June 2014	\$ 50,000,000	Other assets	\$ 2,101,000	Deferred inflow	\$ 8,025,000
April 2015	50,000,000	Other assets	5,289,000	Deferred inflow	7,980,000
August 2016	50,000,000	Other assets	7,944,000	Deferred inflow	8,281,000
April 2017	50,000,000	Other assets	4,852,000	Deferred inflow	9,518,000
June 2017	50,000,000	Other assets	6,145,000	Deferred inflow	9,500,000
March 2018	50,000,000	Other assets	4,440,000	Deferred inflow	10,475,000
June 2018	50,000,000	Other assets	4,313,000	Deferred inflow	10,693,000
April 2019	50,000,000	Other assets	5,284,000	Deferred inflow	11,090,000
Sept 2019	50,000,000	Other assets	11,311,000	Deferred inflow	9,981,000
Oct 2019	50,000,000	Other assets	10,228,000	Deferred inflow	10,296,000
Dec 2019	45,000,000	Other assets	1,161,000	Deferred inflow	1,680,000

At December 31, 2022, 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 SFOR interest rates decrease.

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Using rates as of December 31, 2022, the interest expense of the variable rate federal funds, variable rate 1 month SOFR Fallback and the net swap payments are as follows. As rates vary, the federal fund and 1 month SFOR 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 SOFR Fallback Interest	
2023	\$ 10,707,000	\$ 18,782,000	\$ 4,390,000	\$ (12,464,000)
2024	10,259,000	17,320,000	4,390,000	(11,451,000)
2025	10,259,000	17,320,000	4,390,000	(11,451,000)
2026	10,259,000	17,320,000	4,390,000	(11,451,000)
2027	10,259,000	17,320,000	4,390,000	(11,451,000)
2028-2032	41,334,000	71,986,000	17,560,000	(48,212,000)
2033-2035	4,785,000	12,268,000	—	(7,483,000)
	<u>\$ 97,862,000</u>	<u>\$ 172,316,000</u>	<u>\$ 39,510,000</u>	<u>\$ (113,963,000)</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, 2023, the Agency had eleven swaps with a positive fair value totaling \$15.9 million. 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 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, 2023, the Agency owed the swap providers a fixed rate on the notional amount of the swaps of \$5.99 million and the swap providers owed the Agency a variable rate on the notional amounts of \$9.50 million making the net payment that the Agency owed from the swap providers \$3.51 million.

Due to the difference in the variable rate indices, the swaps had a net positive fair value of \$15.9 million as of June 30, 2023. 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 inflow at June 30, 2023. 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, 2023. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized.

STATE OF NORTH DAKOTA

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, 2023 are as follows:

1. Bond Series	2015 C		2015 E		2015 F		2017 C	
2. Issuance Date	6/23/2015		5/1/2016		12/8/2015		5/10/2017	
3. Maturity Date	1/1/2046		7/1/2036		1/1/2047		7/1/2047	
4. Notional Amount	\$	11,745,000	\$	18,840,000	\$	14,235,000	\$	20,545,000
5. Variable-rate Bonds	\$	11,745,000	\$	18,840,000	\$	14,235,000	\$	20,545,000
6. Fixed Rate	2.486 %		2.257 %		2.320 %		2.783 %	
7. LIBOR Percentage	66.20 %		66.40 %		100.00 %		100.00 %	
8. Additional Percentage	0.10 %		0.22 %		0.00 %		0.00 %	
9. Bonds Variable-rate	0.91000 %		0.91000 %		1.65000 %		2.73904 %	
10. Fair Value	\$	702,000	\$	1,018,000	\$	1,580,000	\$	1,993,000
11. Percentage of LIBOR	3.52282 %		3.65317 %		5.17043 %		5.17403 %	
12. Synthetic Rate	(0.12682)%		(0.48617)%		(1.20043)%		0.35111 %	
13. Actual Synthetic Rate	2.99569 %		1.97825 %		2.29907 %		2.75171 %	
14. Change in Fair Value	\$	377,000	\$	759,000	\$	848,000	\$	1,470,000
15. Optional Termination Date	N/A		N/A		1/1/2025		7/1/2027	

1. Bond Series	2017 H		2018 C		2019 B		2019E	
2. Issuance Date	12/21/2017		6/14/2018		2/13/2019		6/25/2019	
3. Maturity Date	7/1/2039		1/1/2049		1/1/2043		1/1/2050	
4. Notional Amount	\$	28,250,000	\$	9,355,000	\$	25,000,000	\$	12,265,000
5. Variable-rate Bonds	\$	28,250,000	\$	9,355,000	\$	25,000,000	\$	12,265,000
6. Fixed Rate	2.266 %		3.515 %		2.693 %		3.171 %	
7. LIBOR Percentage	66.40 %		100.00 %		70.00 %		100.00 %	
8. Additional Percentage	0.09 %		0.00 %		0.00 %		0.00 %	
9. Bonds Variable-rate	0.90000 %		1.60000 %		1.11000 %		1.60000 %	
10. Fair Value	\$	1,829,000	\$	622,000	\$	1,274,000	\$	1,665,000
11. Percentage of LIBOR	3.52317 %		5.17043 %		3.61930 %		5.17043 %	
12. Synthetic Rate	(0.35717)%		(0.05543)%		0.18320 %		(0.39943)%	
13. Actual Synthetic Rate	2.20287 %		3.49229 %		3.01912 %		3.17019 %	
14. Change in Fair Value	\$	1,331,000	\$	783,000	\$	763,000	\$	1,148,000
15. Optional Termination Date	7/1/2023		7/1/2027		1/1/2024		7/1/2028	

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1. Bond Series	2022C	2022E	2023C
2. Issuance Date	4/28/2022	6/14/2022	2/16/2023
3. Maturity Date	7/1/2052	1/1/2053	7/1/2047
4. Notional Amount	\$ 30,000,000	\$ 25,000,000	\$ 1,330,000
5. Variable-rate Bonds	\$ 30,000,000	\$ 25,000,000	\$ 1,330,000
6. Fixed Rate	2.644 %	3.808 %	4.493 %
7. LIBOR Percentage	100.00 %	100.00 %	100.00 %
8. Additional Percentage	0.05 %	0.05 %	0.15 %
9. Bonds Variable-rate	1.60000 %	1.60000 %	1.60000 %
10. Fair Value	\$ 3,512,000	\$ 1,577,000	\$ 164,000
11. Percentage of LIBOR	5.22043 %	5.22043 %	5.32043 %
12. Synthetic Rate	(0.97643)%	0.18757 %	0.77257 %
13. Actual Synthetic Rate	2.62381 %	3.77559 %	4.30243 %
14. Change in Fair Value	\$ 2,308,000	\$ 2,297,000	\$ 164,000
15. Optional Termination Date	1/1/2032	1/1/2032	7/1/2028

Using rates as of June 30, 2023, 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, 2023. 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		
2024	\$ 720	\$ 3,041	\$ (3,494)	\$ 267
2025	2,385	3,004	(3,443)	1,946
2026	3,175	2,929	(3,359)	2,745
2027	4,860	2,846	(3,262)	4,444
2028	4,575	2,766	(3,166)	4,175
2029-2033	40,525	12,139	(13,620)	39,044
2034-2038	52,620	8,809	(9,157)	52,272
2039-2043	46,015	5,609	(5,430)	46,194
2044-2048	29,310	3,039	(2,883)	29,466
2049-2053	24,380	773	(717)	24,436
	<u>\$ 208,565</u>	<u>\$ 44,955</u>	<u>\$ (48,531)</u>	<u>\$ 204,989</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.

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All losses occasioned by the hazards provided for in the North Dakota Century Code must be paid out of the fund, with the fund being reimbursed by a third-party insurance carrier for all losses in excess of \$1,000,000 per occurrence. The limit of liability of such reinsurance contract is no less than \$1,000,000 during each twelve month period.

STATE BONDING FUND

The State Bonding Fund, an Enterprise Fund, is financed by premiums charged to each State agency for the bonding of public employees and public officials.

FLEET SERVICES

Fleet Services, an Internal Service Fund, represents the State's fleet of automobiles and is administered by the Department of Transportation. The State is self-insured for substantially all automobile insurance (e.g., comprehensive, collision), with the exception of liability, which is provided by the State's Risk Management Fund (RMF). State agencies are charged premiums to cover Fleet Service's RMF assessment and to pay for those losses that are not covered by RMF. These premium charges are factored into the fees agencies are charged when renting the cars.

WORKFORCE SAFETY & INSURANCE

Workforce Safety & Insurance (WSI), an Enterprise Fund, is a State insurance fund and a "no fault" insurance system, covering the State's employers and employees. WSI is financed by premiums assessed to employers. The rate of such premiums is periodically adjusted to assure the solvency of WSI. The premiums are available primarily for the payment of claims to employees injured in the course of employment. During fiscal year 2023, a total of \$73,272,725 in claims was recognized. The liability of \$950,231,000 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, 2023 and 2022:

<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>
2023	\$ 3,850,994	\$ 140,983	\$ (125,457)	\$ 3,866,520
2022	3,748,309	520,593	(417,908)	3,850,994

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 \$16,427,486.

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Revenues to WCP are generated from contributions required from state agencies, boards, commissions, and the University System. The amount contributed from each agency is actuarially determined by Workforce Safety & Insurance and based upon the number of employees, the type of work done, and claims history of each entity. Each entity also pays a deductible of \$250 per claim.

The WCP liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrine, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities will be re-evaluated periodically to take into consideration settled claims, the frequency of claims, and other economic and social factors. An actual study was performed for Workforce Safety & Insurance. The liability estimates are based on that study.

The following table presents the changes in claims liabilities balance for the fiscal years ending June 30, 2023 and 2022:

Fiscal Year	Beginning Balance	Current Year Claims and Changes In Estimates	Claims Payments	Ending Balance
2023	\$ 2,030,107	\$ 5,293,473	\$ (3,266,760)	\$ 4,056,820
2022	3,462,971	1,930,118	(3,362,982)	2,030,107

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 1,219 policies to participating entities for a total building and content coverage of \$20.7 billion. The Bonding Fund is used to provide fidelity bonding of public employees and officials. The Fund has issued 1,986 policies to participating entities. The total coverage for the Bonding Fund is \$896.4 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, 2023 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, 2023, coverage extended to the following employers:

Annual Premium	
\$250 - \$5,000	21,344
\$5,001 - \$50,000	4,372
\$50,001 - \$100,000	383
Over \$100,000	302
Total Employers	<u>26,401</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.

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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.

For the year ended June 30, 2023, 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	\$ 1,285,653	\$ 1,418,879	\$ 1,507,042
Present value basis, discounted at 4%	866,413	950,231	1,004,925

WSI has adjusted the estimated liability for unpaid loss and loss adjustment expense to the actuary's 4 percent discounted expected value of \$950,231,000 at June 30, 2023.

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 2023 calendar year has two coverage levels, with retention limits of \$10 million and \$20 million. For the year ended June 30, 2023 WSI recorded ceded losses of \$389,274 and ceded premiums of \$767,603.

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	
	2023	2022	2023	2022	2023	2022
Unpaid claims and claims adjustment expenses at the beginning of the year	\$ 1,694	\$ 1,808	\$ 134	\$ 134	\$ 998,771	\$ 1,000,099
Incurred claims and claims adjustment expenses:						
Provision for current fiscal year	2,933	1,674	—	(3)	154,234	136,741
Change in provision for prior fiscal year	778	1,151	—	—	(115,213)	(30,454)
Payments and claims and adjustment expenses attributable to:						
Current fiscal year insured events	(3,711)	(2,939)	(134)	(131)	(42,783)	(34,397)
Prior fiscal years' insured events	—	—	134	134	(79,030)	(78,476)
Total Payments	(3,711)	(2,939)	—	3	(121,813)	(112,873)
Change in provision for discount	—	—	—	—	34,252	5,258
Total unpaid claims and claims adjustment expenses at the end of the year	<u>\$ 1,694</u>	<u>\$ 1,694</u>	<u>\$ 134</u>	<u>\$ 134</u>	<u>\$ 950,231</u>	<u>\$ 998,771</u>

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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.

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, 2023, the total outstanding balance on these contracts was \$40.2 million.

MILL AND ELEVATOR

As of June 30, 2023, the Mill had commitments to purchase 3,284,556 bushels of spring wheat and 1,030,798 bushels of durum.

JOB SERVICE NORTH DAKOTA

As of June 30, 2023, the Agency has commitments to pay \$202,707 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 \$4,678,081 of signed commitments for construction projects as of June 30, 2023. The Fund had \$16,522,031 of HIF funds awarded for construction projects as of June 30, 2023. The total paid on these commitments as of June 30, 2023 was \$11,843,951.

DEPARTMENT OF HUMAN SERVICES

As of June 30, 2023, the Department of Human Services had significant commitments for the purchase of various types of services totaling \$549,664,499.

NORTH DAKOTA LOTTERY

The Lottery contracts with a third party to provide an online gaming system and related services through June 30, 2024. Total payment for these services during the year ended June 30, 2023 were \$3.76 million based on 9.573% of ticket sales. The Lottery's future obligation through June 30, 2024 is based on 9.573% of ticket sales. Additionally, the Lottery pays an annual minimum fee of \$325,000 to provide the Player's Club Points for Prizes program.

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION

At June 30, 2023, the North Dakota Department of Transportation (Special Revenue Fund) had non-construction contract commitments of approximately \$146.84 million, of which \$0.4 million represents federal programs which are cost reimbursable. Construction commitments at June 30, 2023 totaled approximately \$592 million, of which \$431 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, 2023, for which funds have not been disbursed or written agreements entered into in the amount of \$1.7 million.

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NORTH DAKOTA SOYBEAN COUNCIL

As of June 30, 2023, the North Dakota Soybean Council had significant commitments of approximately \$4.1 million. This amount mainly consists of grants for the research and development of soybeans.

STATE WATER COMMISSION

As of June 30, 2023, the State Water Commission had long-term commitments of \$329.5 million for various water projects.

UNIVERSITY SYSTEMS

Contracts for the construction of various projects on behalf of the University System have been let as follows (expressed in thousands):

	<u>Original Issue</u>	<u>Paid To Date</u>	<u>Amount To Be Paid</u>
BSC	\$ 41,308	\$ 4,013	\$ 37,295
DCB	7,040	3,048	3,992
MiSU	25,400	12,966	12,434
NDSCS	861	30	831
NDSU	176,449	121,153	55,296
UND	243,037	202,755	40,282
VCSU	26,859	26,545	314
Total	<u>\$ 520,954</u>	<u>\$ 370,510</u>	<u>\$ 150,444</u>

OTHER CONSTRUCTION COMMITMENTS

That State has entered into construction commitments. As of June 30, 2023, the following commitment exists on other construction contracts, in thousands:

Office of Management and Budget	\$ 5,002
Secretary of State	145
Information Technology	63,671
Attorney General	1,316
Judiciary System	1,396
School for Deaf	544
Health Department	6,721
Environmental Quality	481
Department of Human Services	67,278
Highway Patrol	2,118
Corrections and Rehab	5,780
Adjutant General	6,766
State Historical Society	310
Game and Fish	2,985
Parks and Recreation	160
Department of Transportation	397,040

B. LITIGATION

The estimated loss in all of the litigation against the State in which a loss to the State that is reasonably possible to result in an unfavorably outcome is estimated to be \$1.3 million to \$3.5 million.

STATE OF NORTH DAKOTA

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, 2022, was completed and issued in March of 2023. As a result of this audit, approximately \$1.2 million of identifiable questioned costs were noted. Also, there were several findings which had potentially significant, unknown, questioned costs. The State is cooperating with the federal government to resolve the findings and is optimistic these findings will not have a material impact on the State.

NOTE 19 – TOBACCO SETTLEMENT

In November 1998, the North Dakota Attorney General joined forty-five other states and five territories in a settlement agreement against the nation's largest tobacco manufacturer. The settlement money is intended to compensate the State for costs it has incurred in providing health and other services to its citizens that were necessitated by the use of tobacco products. The Master Settlement Agreement includes base payments to states totaling \$220.6 billion for the next 25 years, and continues in perpetuity. The State has received total payments of \$587.97 million as of June 30, 2023. The State recognized revenue of \$24.85 million of tobacco settlement revenue during the year ended June 30, 2023. 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

HOUSING FINANCE AUTHORITY

The Agency issued Series 2023DE Homeownership Revenue Bonds totaling \$200 million in August 2023. The bonds have an interest rate ranging from 3.25% to 5.75% and mature between July 1, 2024 and January 1, 2054.

The Agency issued Series 2023F Homeownership Revenue Bonds totaling \$75 million in December 2023. The bonds have an interest rate ranging from 3.60% to 6.25% and mature between January 1, 2025 and January 1, 2054.

UNIVERSITY SYSTEMS

On September 30, 2023, the NDSU Foundation converted a line of credit for the Nodak Football Performance was converted to a note payable in the amount of \$25.2 million. The interest rate on the note is 0.95 percent and the note matures December 31, 2033.

NOTE 21 - NEW PRONOUNCEMENTS

The State implemented the following new pronouncement for fiscal year 2023:

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. 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

STATE OF NORTH DAKOTA

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 Technology Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA). 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 SBITA 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.

The State will implement the following new pronouncements for fiscal years ending after 2023. Management has not yet determined the effect these Statements will have on the State's financial statements.

GASB Statement No. 99, *Omnibus 2022*, provides guidance on the following accounting matters:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITA are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, enhances the accounting and financial reporting requirements for accounting changes and error corrections. The standard is effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences through aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The standard is effective for fiscal years beginning after December 15, 2023.

Required Supplementary Information



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STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule General Fund For the Biennium Ended June 30, 2023

	Approved Budget 2021-2023 Biennium	Appropriation Adjustments 2021-2023 Biennium	Adjusted Budget 2021-2023 Biennium	Actual Biennium To Date Thru 6-30-23	Difference Uncollected/ Unspent Thru 6-30-23
Budgetary Fund Balance, July 1	\$ 710,259,973	\$ —	\$ 710,259,973	\$ 1,877,183,365	\$ 1,166,923,392
Resources (Inflows):					
Sales and Use Tax	1,765,334,000	314,666,000	2,080,000,000	2,130,643,946	50,643,946
Income Tax	1,003,000,000	363,000,000	1,366,000,000	1,460,468,127	94,468,127
Oil And Gas Production Tax	238,369,403	27,743,229	266,112,632	266,112,633	1
Oil Extraction Tax	161,630,597	(27,743,229)	133,887,368	133,887,368	—
Insurance Premium Tax	101,573,801	29,151,719	130,725,520	132,862,127	2,136,607
Cigarette, Cigar and Tobacco Tax	43,775,200	1,906,435	45,681,635	45,100,319	(581,316)
Wholesale Liquor Tax	16,932,000	2,959,278	19,891,278	20,342,213	450,935
Coal Conversion Tax	—	—	—	1,743,191	1,743,191
Gaming Tax	9,753,592	27,047,724	36,801,316	36,019,391	(781,925)
Lottery	14,600,000	(2,200,000)	12,400,000	13,000,000	600,000
Department Fees and Collections	78,075,658	(1,398,993)	76,676,665	79,090,950	2,414,285
Mineral Leasing Fees	35,000,000	50,621,149	85,621,149	87,773,041	2,151,892
Motor Vehicle Excise Tax	260,864,000	40,136,000	301,000,000	308,681,831	7,681,831
Interest on Public Funds	20,000,000	(4,707,250)	15,292,750	22,715,104	7,422,354
Gas Tax Administration	1,873,744	—	1,873,744	1,873,744	—
Transfers In	595,500,000	(16,893,784)	578,606,216	579,527,952	921,736
Total Revenue Inflows	4,346,281,995	804,288,278	5,150,570,273	5,319,841,937	169,271,664
Amounts Available for Appropriation	5,056,541,968	804,288,278	5,860,830,246	7,197,025,302	1,336,195,056
Charges to Appropriations (Outflows):					
General Government:					
Governor's Office	4,587,944	33,643	4,621,587	4,433,974	187,613
Secretary of State	5,263,621	493,424	5,757,045	5,637,643	119,402
Secretary of State Public Printing	257,931	35,925	293,856	293,856	—
Office of Management and Budget	34,026,399	21,432,021	55,458,420	53,357,727	2,100,693
Information Technology	28,975,953	140,226	29,116,179	28,273,628	842,551
State Auditor	9,119,110	24,882	9,143,992	8,851,504	292,488
State Treasurer	1,705,918	15,929	1,721,847	1,712,720	9,127
Attorney General	42,646,718	1,250,973	43,897,691	41,586,300	2,311,391
Tax Department	64,241,316	24,860	64,266,176	59,039,835	5,226,341
Legislative Assembly	19,692,464	874,899	20,567,363	17,818,268	2,749,095
Legislative Council	16,370,410	4,665,515	21,035,925	13,958,156	7,077,769
Supreme Court	112,312,790	—	112,312,790	108,768,160	3,544,630
Legal Counsel for Indigents	19,294,363	14,198	19,308,561	18,650,593	657,968
Ethics Commission	623,984	45,700	669,684	641,848	27,836
Education:					
Public Instruction	1,658,396,873	272,520	1,658,669,393	1,585,691,758	72,977,635
Land Department	—	2,520	2,520	—	2,520
State Library	5,831,721	7,362	5,839,083	5,502,935	336,148
School for the Deaf	7,406,556	138,286	7,544,842	7,541,224	3,618
School for the Blind	4,761,879	7,019	4,768,898	4,768,865	33
Vocational Education	41,735,063	85,645	41,820,708	40,963,933	856,775
Health & Human Services:					
Dept. of Health	44,103,431	38,375	44,141,806	35,081,773	9,060,033
Dept. of Environmental Quality	13,661,075	27,335	13,688,410	12,498,146	1,190,264
Veteran's Home	5,805,643	7,521	5,813,164	5,805,643	7,521
Indian Affairs Commission	1,095,715	465	1,096,180	849,174	247,006
Veteran's Affairs	1,570,624	56,670	1,627,294	1,485,879	141,415
Dept. of Human Services-Management	97,670,503	8,503,760	106,174,263	78,065,509	28,108,754
Dept. of Human Services-Program and Policy	1,294,065,172	(18,623,928)	1,275,441,244	1,097,447,610	177,993,634
Dept. of Human Services-Centers	98,529,055	27,192,855	125,721,910	118,051,098	7,670,812
Dept. of Human Services-Institutions	87,515,749	13,859,534	101,375,283	98,434,516	2,940,767
Dept. of Human Services-County Social Service	1,240,391	—	1,240,391	33,311	1,207,080
Protection and Advocacy	3,139,350	3,981	3,143,331	3,143,331	—
Job Service	410,229	6,128	416,357	410,261	6,096
Regulatory:					
Industrial Commission	51,595,873	132,055	51,727,928	49,960,373	1,767,555
Labor Commission	2,394,186	1,606	2,395,792	1,666,282	729,510
Public Service Commission	6,431,087	64,528	6,495,615	6,178,489	317,126
Public Safety and Corrections:					
Highway Patrol	36,327,762	93,670	36,421,432	35,675,622	745,810
Corrections & Rehab	218,165,809	6,467,059	224,632,868	214,507,062	10,125,806
Adjutant General	24,862,232	21,976,008	46,838,240	41,735,279	5,102,961
Agriculture & Commerce:					
Department of Commerce	34,667,572	9,403,290	44,070,862	41,323,377	2,747,485
Department of Agriculture	23,959,712	1,710,469	25,670,181	25,481,633	188,548
State Fair	542,833	—	542,833	542,833	—
Racing Commission	407,894	8,243	416,137	416,137	—
Natural Resources:					
Historical Society	19,411,350	1,218,890	20,630,240	19,902,495	727,745
Council on the Arts	1,662,766	18,548	1,681,314	1,680,188	1,126
Parks and Recreation	13,573,491	1,146,606	14,720,097	14,593,420	126,677
Transportation:					
Aeronautics Commission	475,000	—	475,000	475,000	—
Department of Transportation	—	38,838	38,838	38,838	—
Transfers Out	832,421,813	35,835,605	868,257,418	839,517,781	28,739,637
Total Charges to Appropriations	4,992,957,330	138,753,658	5,131,710,988	4,752,493,987	379,217,001
Ending Budgetary Fund Balance	\$ 63,584,638	\$ 665,534,620	\$ 729,119,258	\$ 2,444,531,315	\$ 1,715,412,057

STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule Budget to GAAP Reconciliation General Fund For the Biennium Ended June 30, 2023

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	5,319,841,937
Backing out 2022 activity	(2,595,288,939)
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	56,736,414
Funds considered General funds for GAAP but not for Budget	1,587,093,383
Certain due from other funds are recorded under GAAP, but not Budget	(959,931)
Reimbursement activity between state agencies is eliminated only for GAAP	(158,700)
Proceeds are recorded for new leases and SBITAs on GAAP, but not for Budget	1,862,429
Repayment received on loan receivable are revenue for Budget to GAAP	(620,772)
Total revenues, lease & SBITA acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 4,368,505,821</u>

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	4,752,493,987
Backing out Expenditures from FY2022	(2,320,134,766)
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	(36,585,870)
Funds considered General funds for GAAP but not for Budget	141,116,916
New leases and SBITAs are recorded as expenditures for GAAP, but not for Budget	1,828,537
Certain due to other funds are recorded under GAAP, but not for Budget	15,559,709
Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 2,554,278,513</u>

STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule Federal Fund For the Biennium Ended June 30, 2023

	Approved Budget 2021-2023 Biennium	Appropriation Adjustments 2021-2023 Biennium	Adjusted Budget 2021-2023 Biennium	Actual Biennium To Date Thru 6-30-23	Difference Uncollected/ Unspent Thru 6-30-23
Budgetary Fund Balance, July 1	\$ —	\$ —	\$ —	\$ —	\$ —
Resources (Inflows):					
Other Budgeted Income	5,794,903,920	2,108,677,380	7,903,581,300	5,878,502,267	(2,025,079,033)
Total Revenue Inflows	5,794,903,920	2,108,677,380	7,903,581,300	5,878,502,267	(2,025,079,033)
Amounts Available for Appropriation	5,794,903,920	2,108,677,380	7,903,581,300	5,878,502,267	2,025,079,033
Charges to Appropriations (Outflows):					
General Government:					
Secretary of State	3,121,865	4,021,765	7,143,630	2,339,581	4,804,049
Office of Management and Budget	500,000	12,971,158	13,471,158	5,929,035	7,542,123
Information Technology	14,078,179	132,504,081	146,582,260	47,440,315	99,141,945
State Auditor	1,472,960	(96,789)	1,376,171	971,338	404,833
State Treasurer	50,160,000	95,402,288	145,562,288	145,482,968	79,320
Attorney General	14,650,990	5,567,201	20,218,191	11,916,568	8,301,623
Tax Department	125,000	—	125,000	26,262	98,738
Administrative Hearings	—	20,000	20,000	2,800	17,200
Legislative Assembly	—	152,140	152,140	144,591	7,549
Legislative Council	—	61,373	61,373	61,373	—
Supreme Court	914,563	3,087,261	4,001,824	2,559,234	1,442,590
Education:					
Public Instruction	674,653,996	150,933,613	825,587,609	724,981,165	100,606,444
State Library	4,443,884	965	4,444,849	3,297,873	1,146,976
School for the Deaf	423,109	(290,000)	133,109	132,525	584
School for the Blind	97,500	5,000	102,500	98,919	3,581
Vocational Education	81,814,843	19,556,904	101,371,747	40,566,588	60,805,159
Health & Human Services:					
Dept. of Health	193,256,901	143,117,704	336,374,605	254,542,537	81,832,068
Dept. of Environmental Quality	25,585,277	2,982,850	28,568,127	21,771,936	6,796,191
Veteran's Home	1,300,000	2,240,374	3,540,374	2,406,868	1,133,506
Veteran's Affairs	1,803,650	647,000	2,450,650	1,312,652	1,137,998
Dept. of Human Services-Management	137,298,878	38,584,795	175,883,673	124,487,132	51,396,541
Dept. of Human Services-Program and Policy	2,617,845,768	704,785,111	3,322,630,879	2,945,297,010	377,333,869
Dept. of Human Services-Centers	44,666,940	(16,850,493)	27,816,447	27,517,550	298,897
Dept. of Human Services-Institutions	25,788,340	17,950,822	43,739,162	43,215,618	523,544
Dept. of Human Services-County Social Service	1,176,874	103,749	1,280,623	81,641	1,198,982
Protection and Advocacy	4,263,590	3,104	4,266,694	3,393,859	872,835
Job Service	64,389,161	4,022,302	68,411,463	51,153,014	17,258,449
Regulatory:					
Insurance Department	1,264,642	—	1,264,642	1,176,847	87,795
Industrial Commission	238,004	181,680,552	181,918,556	11,096,684	170,821,872
Labor Commission	516,868	243	517,111	450,802	66,309
Public Service Commission	11,196,971	22,129	11,219,100	8,601,512	2,617,588
Public Safety and Corrections:					
Highway Patrol	17,989,627	2,863,972	20,853,599	17,959,136	2,894,463
Corrections & Rehab	39,462,078	24,696,936	64,159,014	47,521,658	16,637,356
Adjutant General	142,927,728	170,824,160	313,751,888	184,160,278	129,591,610
Agriculture & Commerce:					
Department of Commerce	112,320,270	199,057,328	311,377,598	87,135,528	224,242,070
Department of Agriculture	14,635,914	5,922,623	20,558,537	15,476,270	5,082,267
Natural Resources:					
Historical Society	7,141,953	1,199,146	8,341,099	5,019,284	3,321,815
Council on the Arts	2,537,982	(52,000)	2,485,982	2,387,395	98,587
Game and Fish	41,456,533	952,835	42,409,368	38,875,054	3,534,314
Parks and Recreation	21,595,895	15,948,730	37,544,625	12,189,334	25,355,291
Water Commission	61,066,031	75,043,532	136,109,563	120,600,363	15,509,200
Transportation:					
Aeronautics Commission	845,000	5,000,000	5,845,000	5,086,059	758,941
Department of Transportation	1,355,876,156	104,032,916	1,459,909,072	859,635,111	600,273,961
Total Charges to Appropriations	5,794,903,920	2,108,677,380	7,903,581,300	5,878,502,267	2,025,079,033
Ending Budgetary Fund Balance	\$ —	\$ —	\$ —	\$ —	\$ —

STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule Budget to GAAP Reconciliation Federal Fund For the Biennium ended June 30, 2023

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	5,878,502,267
Backing out 2022 activity	(2,775,046,443)
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	(13,823,356)
Total revenues, lease & SBITA acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 3,089,632,468</u>

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	5,878,502,267
Backing out Expenditures from FY2022	(2,775,046,443)
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	247,984,203
New Loans issued are expenditures for Budget but not for GAAP	(394,370)
GAAP, but not Budget expenditures are reduced by year end inventory balances	19,184,031
Intrafund activity eliminated for GAAP	(258,692,807)
Certain due to other funds are recorded under GAAP, but not for Budget	(10,884,921)
Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 3,100,651,960</u>

STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule State Fund For the Biennium Ended June 30, 2023

	Approved Budget 2021-23 Biennium	Appropriation Adjustments 2021-23 Biennium	Adjusted Budget 2021-23 Biennium	Actual Biennium To Date Thru 6-30-23	Difference Uncollected/ Unspent Thru 6-30-23
Budgetary Fund Balance, July 1	\$ —	\$ —	\$ —	\$ —	\$ —
Resources (Inflows):					
Other Budgeted Income	3,039,308,459	559,217,059	3,598,525,518	2,485,357,964	(1,113,167,554)
Total Revenue Inflows	3,039,308,459	559,217,059	3,598,525,518	2,485,357,964	(1,113,167,554)
Amounts Available for Appropriation	3,039,308,459	559,217,059	3,598,525,518	2,485,357,964	(1,113,167,554)
Charges to Appropriations (Outflows):					
General Government:					
Governor's Office	—	394,246	394,246	320,627	73,619
Secretary of State	5,183,709	448,018	5,631,727	2,231,237	3,400,490
Office of Management & Budget	15,023,413	288,373	15,311,786	10,124,885	5,186,901
Information Technology	232,091,926	84,719,869	316,811,795	214,199,344	102,612,451
State Auditor	4,353,192	102,889	4,456,081	3,687,272	768,809
State Treasurer	20,000,000	—	20,000,000	19,999,900	100
Attorney General	34,508,138	923,047	35,431,185	28,941,463	6,489,722
Administrative Hearings	2,881,529	895	2,882,424	2,031,046	851,378
Legislative Council	70,000	—	70,000	42,392	27,608
Supreme Court	502,500	—	502,500	470,702	31,798
Legal Counsel for Indigents	1,994,850	423	1,995,273	1,506,163	489,110
Education:					
Public Instruction	603,279,754	11,319,360	614,599,114	604,883,079	9,716,035
Land Department	10,402,999	17,694,508	28,097,507	11,594,377	16,503,130
State Library	87,259	—	87,259	41,320	45,939
School for the Deaf	3,086,419	360,298	3,446,717	1,711,016	1,735,701
School for the Blind	1,379,178	401	1,379,579	1,135,183	244,396
Vocational Education	3,204,974	1,500,000	4,704,974	2,972,267	1,732,707
Health & Human Services:					
Dept. of Health	31,361,873	—	31,361,873	21,103,887	10,257,986
Dept. of Environmental Quality	21,384,653	2,072,030	23,456,683	20,278,753	3,177,930
Veteran's Home	19,724,040	258,887	19,982,927	18,233,068	1,749,859
Dept. of Human Services-Management	2,631,764	11,438,680	14,070,444	12,397,324	1,673,120
Dept. of Human Services-Program and Policy	131,394,944	26,258,100	157,653,044	74,327,538	83,325,506
Dept. of Human Services-Centers	26,588,030	(16,000,001)	10,588,029	207,463	10,380,566
Dept. of Human Services-Institutions	17,229,985	(14,440,093)	2,789,892	2,738,753	51,139
Dept. of Human Services-County Social Service	187,500,121	2,000,000	189,500,121	188,869,141	630,980
Job Service	606,102	—	606,102	87,160	518,942
Regulatory:					
Insurance Department	30,209,538	255,149	30,464,687	28,747,835	1,716,852
Industrial Commission	23,255,431	472,512	23,727,943	23,492,943	235,000
Public Service Commission	2,264,724	(20,000)	2,244,724	1,116,513	1,128,211
Financial Institutions	9,106,507	284,402	9,390,909	8,453,589	937,320
Securities Commission	2,808,984	2,015	2,810,999	2,656,226	154,773
Public Safety and Corrections:					
Highway Patrol	12,494,025	70,829	12,564,854	11,828,694	736,160
Corrections & Rehab	27,185,537	—	27,185,537	21,436,457	5,749,080
Adjutant General	27,978,503	20,880,832	48,859,335	16,791,784	32,067,551
Agriculture & Commerce:					
Department of Commerce	39,458,285	27,189,251	66,647,536	30,003,316	36,644,220
Department of Agriculture	19,874,861	2,502,289	22,377,150	15,062,523	7,314,627
Racing Commission	166,601	2	166,603	127,970	38,633
Natural Resources:					
Historical Society	287,999	—	287,999	98,504	189,495
Council of Arts	10,000	349,000	359,000	292,405	66,595
Game and Fish	50,911,601	2,249,026	53,160,627	46,362,200	6,798,427
Parks and Recreation	13,536,498	3,796,961	17,333,459	14,648,401	2,685,058
Water Commission	479,733,098	315,246,143	794,979,241	344,633,374	450,345,867
Transportation:					
Aeronautics Commission	29,896,987	2,361,556	32,258,543	22,126,522	10,132,021
Department of Transportation	893,657,928	54,237,162	947,895,090	653,343,348	294,551,742
Total Charges to Appropriations	3,039,308,459	559,217,059	3,598,525,518	2,485,357,964	1,113,167,554
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, 2023

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	2,485,357,964
Backing out 2022 activity	(1,224,002,680)
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	2,844,171,335
Total revenues, lease & SBITA acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 4,105,526,619</u>

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	2,485,357,964
Backing out Expenditures from FY2022	(1,224,002,680)
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	2,071,264,911
New Loans issued are expenditures for Budget but not for GAAP	(652,193)
GAAP, but not Budget expenditures are reduced by year end inventory balances	(362,747)
Intrafund activity eliminated for GAAP	(568,803,433)
Certain due to other funds are recorded under GAAP, but not for Budget	14,788,425
Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 2,777,590,247</u>

STATE OF NORTH DAKOTA

Note To Required Supplemental Information - Budgetary Reporting For the Biennium Ended June 30, 2023

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 2021-2023 Biennium Budget and Actual Detail (Budgetary Basis) For the Biennium Ended June 30, 2023." This budget information is available through the Office of Management and Budget, 600 East Boulevard Ave Dept. 110, Bismarck, ND 58505. For the 2021-2023 biennium there were general, federal, and special fund supplemental appropriations of \$2,806,648,097.

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, 2023, 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
2023	48.283473%	\$ 1,434,839	\$ 633,498	\$ 1,755,477	226.49%	55.03%
2022	48.518942%	505,713	619,117	1,916,364	81.68%	79.13%
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
2023	\$ 44,608	\$ (44,601)	\$ 7	\$ 660,002	6.76 %
2022	43,631	(43,632)	(1)	633,498	6.89%
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
2023	100.00%	\$ 78,339	\$ 12,402	\$ 92,325	638.6%	54.10%
2022	100.00%	23,295	11,637	100,076	202.28%	81.12%
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
2023	\$ 2,569	\$ (2,569)	\$ —	\$ 12,562	20.45 %
2022	2,479	(2,479)	—	12,402	19.99 %
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
2023	100.00%	\$ (15,685)	\$ 133	\$ 86,177	(25,573.44)%	122.25 %
2022	100.00%	(31,760)	200	96,604	(18,130.18)%	148.98 %
2021	100.00%	(31,122)	386	95,251	(9,892.34)%	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
2023	\$ —	\$ —	\$ —	\$ 61	0.00%
2022	—	—	—	133	0.00%
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
2023	0.528362%	\$ 7,684	\$ 4,053	\$ 15,977	189.59%	67.50%
2022	0.569581%	6,001	4,260	18,696	140.87%	75.70%
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
2023	\$ 488	\$ (488)	\$ —	3,827	12.75%
2022	517	(517)	—	4,053	12.75%
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
2023	50.399667 %	\$ 59,295	\$ 553,794	\$ 778,589	10.71 %	56.28 %
2022	35.114882 %	27,401	571,568	64,027	4.79 %	76.63 %
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)

	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
2023	\$ 6,003	\$ (6,004)	\$ (1)	\$ 547,608	1.10 %
2022	6,257	(6,253)	4	553,794	1.13 %
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)

	2023	2022	2021	2020
Total pension liability (asset)				
Service cost	\$ 224,785	\$ 143,197	\$ 242,751	\$ 135,139
Interest	335,804	345,662	296,285	317,129
Change of benefit terms	(9,139)	—	—	—
Difference between expected and actual experience	72,723	3,714	47,336	213,457
Changes of assumptions	(1,132,003)	1,375,419	(1,743,329)	1,663,289
Benefit payments, including refund of employee contributions	(271,514)	(252,066)	(231,300)	(218,554)
Net change in total pension liability (asset)	<u>(779,344)</u>	<u>1,615,926</u>	<u>(1,388,257)</u>	<u>2,110,460</u>
Total pension liability (asset) - beginning	<u>6,607,469</u>	<u>4,991,543</u>	<u>6,379,800</u>	<u>4,269,340</u>
Total pension liability (asset) - ending (a)	<u>\$ 5,828,125</u>	<u>\$ 6,607,469</u>	<u>\$ 4,991,543</u>	<u>\$ 6,379,800</u>
Plan fiduciary net position				
Contributions - employer	\$ 101,933	\$ 96,631	\$ 91,266	\$ 85,504
Contributions - employee	93,408	89,634	85,915	81,478
Contributions - service credit repurchase	5,151	10,249	7,129	10,819
Contributions - other	—	—	—	—
Net investment income	281,850	(256,072)	844,933	101,106
Transfers from other plans	10	14	(2)	(3)
Benefit payments, including refund of employee contributions	(271,514)	(252,066)	(231,300)	(218,554)
Administrative expense	(2,670)	(2,341)	(2,569)	(2,730)
Net change in plan fiduciary net position	<u>208,168</u>	<u>(313,951)</u>	<u>795,372</u>	<u>57,620</u>
Plan fiduciary net position - beginning	<u>3,635,772</u>	<u>3,949,723</u>	<u>3,154,351</u>	<u>3,096,731</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,843,940</u>	<u>\$ 3,635,772</u>	<u>\$ 3,949,723</u>	<u>\$ 3,154,351</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 1,984,185</u>	<u>\$ 2,971,697</u>	<u>\$ 1,041,820</u>	<u>\$ 3,225,449</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	65.96%	55.03%	79.13%	49.44%
Covered payroll	\$ 1,318,276	\$ 1,248,308	\$ 1,213,676	\$ 1,167,768
Plan net pension liability (asset) as a percentage of covered payroll	150.51%	85.84%	85.84%	276.21%

STATE OF NORTH DAKOTA

2019	2018	2017	2016	2015	2014
\$ 172,184	\$ 164,018	\$ 113,148	\$ 126,444	\$ 104,158	\$ 94,611
294,701	279,835	269,771	243,285	236,420	218,719
—	—	—	—	2	—
(210,896)	(65,346)	(3,612)	15,915	4,396	25,783
(464,473)	125,225	741,492	108,139	(76,152)	—
(197,758)	(182,522)	(162,992)	(149,664)	(134,930)	(119,886)
(406,242)	321,210	957,807	344,119	133,894	219,227
4,675,582	4,354,372	3,396,565	3,052,446	2,918,552	2,699,325
<u>\$ 4,269,340</u>	<u>\$ 4,675,582</u>	<u>\$ 4,354,372</u>	<u>\$ 3,396,565</u>	<u>\$ 3,052,446</u>	<u>\$ 2,918,552</u>
\$ 81,588	\$ 80,727	\$ 78,934	\$ 77,080	\$ 70,842	\$ 61,661
78,213	77,486	76,007	74,219	68,392	59,394
7,220	19,985	11,805	9,179	6,652	8,325
—	—	—	—	—	—
159,824	249,165	311,761	11,334	81,537	316,630
(5)	(24)	32	23,575	—	—
(197,758)	(182,522)	(162,992)	(149,664)	(134,930)	(119,886)
(2,531)	(2,473)	(2,607)	(2,538)	(2,365)	(2,211)
126,551	242,344	312,940	43,185	90,128	323,913
2,970,180	2,727,836	2,414,896	2,371,711	2,281,583	1,957,670
<u>\$ 3,096,731</u>	<u>\$ 2,970,180</u>	<u>\$ 2,727,836</u>	<u>\$ 2,414,896</u>	<u>\$ 2,371,711</u>	<u>\$ 2,281,583</u>
\$ 1,172,609	\$ 1,705,402	\$ 1,626,536	\$ 981,669	\$ 680,735	\$ 636,969
72.53%	63.53%	62.65%	77.70%	77.70%	78.18%
\$ 1,098,416	\$ 1,075,958	\$ 1,063,372	\$ 973,536	\$ 973,536	\$ 888,452
106.75%	158.50%	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)

	2023	2022	2021	2020
Total pension liability (asset)				
Service cost	\$ 5,681	\$ 3,281	\$ 6,693	\$ 2,878
Interest	8,550	8,548	7,305	7,869
Change of benefit terms	—	—	(135)	—
Difference between expected and actual experience	417	1,844	(2,197)	729
Changes of assumptions	(5,010)	39,467	(60,572)	66,142
Benefit payments, including refund of employee contributions	(6,391)	(5,848)	(5,952)	(5,704)
Net change in total pension liability (asset)	<u>3,247</u>	<u>47,292</u>	<u>(54,858)</u>	<u>71,914</u>
Total pension liability (asset) - beginning	170,663	123,371	178,229	106,315
Total pension liability (asset) - ending (a)	<u>\$ 173,910</u>	<u>\$ 170,663</u>	<u>\$ 123,371</u>	<u>\$ 178,229</u>
Plan fiduciary net position				
Contributions - employer	\$ 2,573	\$ 2,687	\$ 2,294	\$ 2,177
Contributions - employee	1,770	1,826	1,548	1,470
Contributions - service credit repurchase	593	160	401	205
Contributions - other	—	—	—	—
Net investment income	7,195	(6,510)	19,638	2,667
Benefit payments, including refund of employee contributions	(6,391)	(5,848)	(5,952)	(5,705)
Administrative expense	(30)	(66)	(37)	(46)
Net change in plan fiduciary net position	<u>5,710</u>	<u>(7,751)</u>	<u>17,892</u>	<u>768</u>
Plan fiduciary net position - beginning	92,325	100,076	82,184	81,416
Plan fiduciary net position - ending (b)	<u>\$ 98,035</u>	<u>\$ 92,325</u>	<u>\$ 100,076</u>	<u>\$ 82,184</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 75,875</u>	<u>\$ 78,338</u>	<u>\$ 23,295</u>	<u>\$ 96,045</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	56.37%	54.10%	81.12%	46.11%
Covered payroll	\$ 11,991	\$ 12,267	\$ 11,516	\$ 11,410
Plan net pension liability (asset) as a percentage of covered payroll	632.76%	638.60%	202.28%	841.78%

STATE OF NORTH DAKOTA

	2019	2018	2017	2016	2015	2014
\$	2,818	\$ 2,738	\$ 2,701	\$ 2,226	\$ 2,038	\$ 1,894
	7,527	7,203	6,951	6,311	6,008	5,750
	—	—	—	—	—	—
	(68)	(621)	22	40	984	(300)
	3,043	—	1,257	3,946	395	—
	(5,391)	(4,981)	(4,806)	(4,713)	(4,746)	(3,784)
	7,929	4,339	6,125	7,810	4,679	3,560
	98,386	94,047	87,922	80,112	75,433	71,873
\$	<u>106,315</u>	<u>\$ 98,386</u>	<u>\$ 94,047</u>	<u>\$ 87,922</u>	<u>\$ 80,112</u>	<u>\$ 75,433</u>
\$	2,091	\$ 2,153	\$ 2,156	\$ 2,127	\$ 2,002	\$ 1,865
	1,412	1,453	1,456	1,436	1,352	1,243
	168	282	249	—	97	87
	—	—	—	—	—	—
	4,251	6,716	8,500	317	2,335	9,240
	(5,391)	(4,981)	(4,806)	(4,713)	(4,746)	(3,784)
	(44)	(30)	(30)	(32)	(31)	(28)
	2,487	5,593	7,525	(865)	1,009	8,623
	78,929	73,336	65,811	66,676	65,667	57,044
\$	<u>81,416</u>	<u>\$ 78,929</u>	<u>\$ 73,336</u>	<u>\$ 65,811</u>	<u>\$ 66,676</u>	<u>\$ 65,667</u>
\$	<u>24,899</u>	<u>\$ 19,457</u>	<u>\$ 20,711</u>	<u>\$ 22,111</u>	<u>\$ 13,436</u>	<u>\$ 9,766</u>
	76.58%	80.22%	77.98 %	74.85 %	83.23 %	87.05 %
\$	10,354	\$ 10,737	\$ 10,629	\$ 10,527	\$ 10,146	\$ 9,348
	240.48%	181.21%	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)

	2023	2022	2021	2020
Total pension liability (asset)				
Service cost	\$ 15	\$ 42	\$ 58	\$ 57
Interest	2,038	2,342	2,629	3,038
Change of benefit terms	—	—	—	—
Difference between expected and actual experience	4,761	3,413	(201)	(1,122)
Changes of assumptions	—	4,717	2,899	540
Benefit payments, including refund of employee contributions	(5,169)	(4,865)	(4,669)	(4,582)
Net change in total pension liability (asset)	<u>1,645</u>	<u>5,649</u>	<u>716</u>	<u>(2,069)</u>
Total pension liability (asset) - beginning	<u>70,493</u>	<u>64,844</u>	<u>64,128</u>	<u>66,197</u>
Total pension liability (asset) - ending (a)	<u><u>\$ 72,138</u></u>	<u><u>\$ 70,493</u></u>	<u><u>\$ 64,844</u></u>	<u><u>\$ 64,128</u></u>
Plan fiduciary net position				
Contributions - employer	\$ —	\$ —	\$ —	\$ —
Contributions - employee	4	9	14	27
Contributions - service credit repurchase	—	—	—	—
Contributions - other	—	—	—	—
Net investment income	2,487	(5,551)	6,025	2,621
Benefit payments, including refund of employee contributions	(5,168)	(4,866)	(4,669)	(4,582)
Administrative expense	(15)	(18)	(17)	(19)
Net change in plan fiduciary net position	<u>(2,692)</u>	<u>(10,426)</u>	<u>1,353</u>	<u>(1,953)</u>
Plan fiduciary net position - beginning	86,177	96,603	95,250	97,203
Plan fiduciary net position - ending (b)	<u><u>\$ 83,485</u></u>	<u><u>\$ 86,177</u></u>	<u><u>\$ 96,603</u></u>	<u><u>\$ 95,250</u></u>
Net pension liability (asset) - ending (a) - (b)	<u><u>\$ (11,347)</u></u>	<u><u>\$ (15,684)</u></u>	<u><u>\$ (31,759)</u></u>	<u><u>\$ (31,122)</u></u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	115.73 %	122.25 %	148.98 %	148.53 %
Covered payroll	\$ 61	\$ 175	\$ 175	\$ 315
Plan net pension liability (asset) as a percentage of covered payroll	-18,478.87%	-25,573.44%	-18,130.18%	-9,892.34%

STATE OF NORTH DAKOTA

2019	2018	2017	2016	2015	2014
\$ 70	\$ 80	\$ 56	\$ 71	\$ 128	\$ 88
3,130	3,501	4,130	4,281	5,026	5,107
—	—	—	—	—	—
(505)	(310)	(1,648)	(2,007)	(1,806)	(1,607)
—	5,812	4,421	70	(310)	—
(4,627)	(4,583)	(4,534)	(4,601)	(4,694)	(4,595)
(1,932)	4,500	2,425	(2,186)	(1,656)	(1,007)
68,129	63,629	61,204	63,390	65,046	66,053
<u>\$ 66,197</u>	<u>\$ 68,129</u>	<u>\$ 63,629</u>	<u>\$ 61,204</u>	<u>\$ 63,390</u>	<u>\$ 65,046</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
29	33	39	44	50	56
—	—	—	—	—	—
—	—	—	—	—	—
6,230	2,919	5,239	4,840	3,260	11,888
(4,627)	(4,583)	(4,534)	(4,601)	(4,694)	(4,595)
(17)	(46)	(13)	(32)	(30)	(31)
1,615	(1,677)	731	251	(1,414)	7,318
95,588	97,265	96,534	96,283	97,697	90,379
<u>\$ 97,203</u>	<u>\$ 95,588</u>	<u>\$ 97,265</u>	<u>\$ 96,534</u>	<u>\$ 96,283</u>	<u>\$ 97,697</u>
<u>\$ (31,006)</u>	<u>\$ (27,459)</u>	<u>\$ (33,636)</u>	<u>\$ (35,330)</u>	<u>\$ (32,893)</u>	<u>\$ (32,651)</u>
146.84 %	140.30 %	152.86 %	157.72 %	151.89 %	150.20 %
\$ 417	\$ 417	\$ 499	\$ 567	\$ 791	\$ 843
-7,443.56%	-6,590.37%	-6,746.56%	-6,256.45%	-4,160.24%	-3,874.93%

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)

	2023	2022	2021	2020
Total pension liability (asset)				
Service cost	\$ 96,101	\$ 92,336	\$ 87,088	\$ 80,591
Interest	318,879	311,929	300,698	306,791
Change of benefit terms	—	—	—	—
Difference between expected and actual experience	(55,451)	(8,505)	8,366	(20,732)
Changes of assumptions	—	—	—	51,813
Benefit payments, including refund of employee contributions	(262,282)	(251,847)	(241,128)	(230,851)
Net change in total pension liability (asset)	<u>97,247</u>	<u>143,913</u>	<u>155,024</u>	<u>187,612</u>
Total pension liability (asset) - beginning	<u>4,479,973</u>	<u>4,336,060</u>	<u>4,181,036</u>	<u>3,993,424</u>
Total pension liability (asset) - ending (a)	<u><u>\$ 4,577,220</u></u>	<u><u>\$ 4,479,973</u></u>	<u><u>\$ 4,336,060</u></u>	<u><u>\$ 4,181,036</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 102,308	\$ 100,331	\$ 98,264	\$ 93,032
Contributions - employee	94,284	92,462	90,557	85,735
Contributions - service credit repurchase	1,109	2,017	2,559	2,175
Contributions - other	(10)	25	126	159
Net investment income	217,471	(198,881)	684,173	86,206
Benefit payments, including refund of employee contributions	(262,282)	(251,847)	(241,128)	(230,851)
Administrative expense	(2,891)	(2,592)	(2,678)	(2,095)
Net change in plan fiduciary net position	<u>149,989</u>	<u>(258,485)</u>	<u>631,873</u>	<u>34,361</u>
Plan fiduciary net position - beginning	<u>3,023,920</u>	<u>3,282,405</u>	<u>2,650,532</u>	<u>2,616,171</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 3,173,909</u></u>	<u><u>\$ 3,023,920</u></u>	<u><u>\$ 3,282,405</u></u>	<u><u>\$ 2,650,532</u></u>
Net pension liability (asset) - ending (a) - (b)	<u><u>\$ 1,403,311</u></u>	<u><u>\$ 1,456,053</u></u>	<u><u>\$ 1,053,655</u></u>	<u><u>\$ 1,530,504</u></u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	69.30 %	67.50 %	75.70 %	63.40 %
Covered payroll	\$ 802,413	\$ 786,912	\$ 770,700	\$ 729,661
Plan net pension liability (asset) as a percentage of covered payroll	174.90 %	185.00 %	136.70 %	209.80 %

*Restated in 2015 due to GASB 68 implementation.

STATE OF NORTH DAKOTA

2019	2018	2017	2016	2015	2014
\$ 77,756	\$ 78,041	\$ 75,476	\$ 68,239	\$ 60,618	\$ 56,752
296,876	287,375	276,412	265,440	249,064	237,821
—	—	—	—	—	—
(23,495)	(27,939)	(10,749)	(8,093)	2,209	9,347
—	—	—	—	171,325	—
(221,228)	(207,979)	(196,516)	(185,969)	(172,239)	(162,259)
129,909	129,498	144,623	139,617	310,977	141,661
3,863,515	3,734,017	3,589,394	3,449,777	3,138,800	2,997,139
<u>\$ 3,993,424</u>	<u>\$ 3,863,515</u>	<u>\$ 3,734,017</u>	<u>\$ 3,589,394</u>	<u>\$ 3,449,777</u>	<u>\$ 3,138,800</u>
\$ 89,445	\$ 86,676	\$ 86,059	\$ 82,840	\$ 78,422	\$ 62,355
82,429	79,878	79,309	76,343	72,268	56,555
1,917	2,181	2,553	2,768	1,601	2,034
159	194	236	45	172	48
135,043	211,345	266,688	8,239	73,205	294,246
(221,228)	(207,979)	(196,516)	(185,969)	(172,239)	(162,259)
(2,251)	(2,129)	(2,173)	(1,852)	(1,923)	(1,586)
85,514	170,166	236,156	(17,586)	51,506	251,393
2,530,657	2,360,491	2,124,335	2,141,921	2,090,415	1,839,584
<u>\$ 2,616,171</u>	<u>\$ 2,530,657</u>	<u>\$ 2,360,491</u>	<u>\$ 2,124,335</u>	<u>\$ 2,141,921</u>	<u>\$ 2,090,977</u>
<u>\$ 1,377,253</u>	<u>\$ 1,332,858</u>	<u>\$ 1,373,526</u>	<u>\$ 1,465,059</u>	<u>\$ 1,307,856</u>	<u>\$ 1,047,823</u>
65.50 %	65.50 %	63.20 %	59.20 %		66.60 %
\$ 701,528	\$ 679,809	\$ 674,971	\$ 649,725	62.10 %	\$ 580,053
196.10 %	196.10 %	203.50 %	225.50 %	\$ 615,105	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)

	2023	2022	2021	2020
Total OPEB liability (asset)				
Service cost	\$ 4,866	\$ 4,004	\$ 4,273	\$ 4,042
Interest	14,548	15,155	14,658	15,498
Change of benefit terms	—	—	—	—
Difference between expected and actual experience	(777)	616	2,165	315
Changes of assumptions	(10,643)	30,533	—	4,372
Benefit payments, including refund of employee contributions	(14,215)	(13,746)	(12,885)	(12,317)
Net change in total OPEB liability (asset)	<u>(6,221)</u>	<u>36,562</u>	<u>8,211</u>	<u>11,910</u>
Total OPEB liability (asset) - beginning	<u>274,514</u>	<u>237,952</u>	<u>229,741</u>	<u>217,831</u>
Total OPEB liability (asset) - ending (a)	<u><u>\$ 268,293</u></u>	<u><u>\$ 274,514</u></u>	<u><u>\$ 237,952</u></u>	<u><u>\$ 229,741</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 12,138	\$ 12,566	\$ 13,111	\$ 13,392
Contributions - employee	11	12	16	16
Contributions - service credit repurchase	282	457	375	557
Net investment income	15,975	(26,757)	36,527	6,905
Benefit payments, including refund of employee contributions	(14,215)	(13,746)	(12,885)	(12,317)
Administrative expense	(356)	(383)	(431)	(454)
Other	—	—	—	10
Net change in plan fiduciary net position	<u>13,835</u>	<u>(27,851)</u>	<u>36,713</u>	<u>8,109</u>
Plan fiduciary net position - beginning	<u>154,483</u>	<u>182,334</u>	<u>145,621</u>	<u>137,512</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 168,318</u></u>	<u><u>\$ 154,483</u></u>	<u><u>\$ 182,334</u></u>	<u><u>\$ 145,621</u></u>
Net OPEB liability (asset) - ending (a) - (b)	<u><u>\$ 99,975</u></u>	<u><u>\$ 120,031</u></u>	<u><u>\$ 55,618</u></u>	<u><u>\$ 84,120</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	62.74 %	56.28 %	76.63 %	63.38 %
Covered payroll	\$ 1,005,183	\$ 1,032,405	\$ 1,090,258	\$ 1,139,971
Plan net OPEB liability (asset) as a percentage of covered employee payroll	9.95 %	11.63 %	5.10 %	7.38 %

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

STATE OF NORTH DAKOTA

2019	2018	2017
\$ 3,828	\$ 3,767	\$ 3,430
15,217	14,485	14,327
—	—	—
(1,374)	2,732	(2,231)
5,002	—	8,861
(11,505)	(11,016)	(10,014)
11,168	9,968	14,373
206,663	196,695	182,322
<u>\$ 217,831</u>	<u>\$ 206,663</u>	<u>\$ 196,695</u>
\$ 12,977	\$ 12,834	\$ 12,576
16	16	16
377	747	464
8,178	8,211	12,074
(11,505)	(11,016)	(10,014)
(437)	(480)	(443)
—	—	10
9,606	10,312	14,683
127,906	117,594	102,921
<u>\$ 137,512</u>	<u>\$ 127,906</u>	<u>\$ 117,604</u>
<u>\$ 80,319</u>	<u>\$ 78,757</u>	<u>\$ 79,091</u>
63.13 %	61.89 %	59.78 %
\$ 1,115,858	\$ 1,094,217	\$ 1,081,841
7.20 %	7.20 %	7.31 %

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

STATE OF NORTH DAKOTA

Required Supplementary Information Schedule of Changes in Net Other Post Employment Benefit Liability and Related Ratios Met Life Insurance Plan Last 10 Fiscal Years* (Dollars in thousands)

	2023	2022	2021	2020
Total OPEB liability (asset)				
Service cost	\$ —	\$ —	\$ —	\$ —
Interest	38	30	32	37
Change of benefit terms	—	—	—	—
Difference between expected and actual experience	—	(17)	—	(192)
Changes of assumptions	—	(138)	—	46
Benefit payments, including refund of employee contributions	(86)	(89)	(83)	(78)
Net change in total OPEB liability (asset)	(48)	(214)	(51)	(187)
Total OPEB liability (asset) - beginning	1,001	1,215	1,266	1,453
Total OPEB liability (asset) - ending (a)	<u>\$ 953</u>	<u>\$ 1,001</u>	<u>\$ 1,215</u>	<u>\$ 1,266</u>
Plan fiduciary net position				
Contributions - employer	\$ 86	\$ 89	\$ 83	\$ 78
Contributions - employee	—	—	—	—
Contributions - service credit repurchase	—	—	—	—
Contributions - other	—	—	—	—
Net investment income	—	—	—	—
Benefit payments, including refund of employee contributions	(86)	(89)	(83)	(78)
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>\$ 953</u>	<u>\$ 1,001</u>	<u>\$ 1,266</u>	<u>\$ 1,266</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

2019	2018
\$ 4	\$ 4
42	43
—	—
—	—
—	—
(84)	(80)
<u>(38)</u>	<u>(33)</u>
1,491	1,524
<u>\$ 1,453</u>	<u>\$ 1,491</u>

\$ 84	\$ 80
—	—
—	—
—	—
—	—
(84)	(80)
—	—
<u>—</u>	<u>—</u>
—	—
—	—
<u>\$ —</u>	<u>\$ —</u>
<u>\$ 1,453</u>	<u>\$ 1,491</u>

0.00 %	0.00 %
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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$191,274	\$157,390	\$157,543	\$140,537	\$127,129	\$125,714	\$116,564	\$124,336	\$107,514	\$107,864
Contribution in relation to the actuarially determined contribution	101,933	96,631	91,266	85,504	81,588	80,727	78,934	77,081	70,843	61,661
Contribution deficiency (excess)	<u>\$89,341</u>	<u>\$60,759</u>	<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>
Covered payroll	1,318,276	1,248,308	1,213,676	1,167,768	1,098,416	1,075,958	1,063,372	1,048,548	973,536	888,452
Contributions as a percentage of covered payroll	7.73 %	7.74 %	7.52 %	7.32 %	7.43 %	7.50 %	7.42 %	7.35 %	7.28 %	6.94 %

Highway Patrolmen's Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$5,107	\$3,921	\$4,081	\$3,256	\$2,936	\$2,949	\$3,060	\$2,307	\$2,201	\$2,348
Contribution in relation to the actuarially determined contribution	2,574	2,687	2,293	2,177	2,091	2,153	2,156	2,127	2,002	1,865
Contribution deficiency (excess)	<u>\$ 2,533</u>	<u>\$ 1,234</u>	<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>
Covered payroll	11,991	12,267	11,516	11,410	10,354	10,737	10,629	10,527	10,146	9,348
Contributions as a percentage of covered payroll	21.47 %	21.90 %	19.91 %	19.08 %	20.20 %	20.05 %	20.28 %	20.21 %	19.73 %	19.95 %

Job Service North Dakota

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Contribution in relation to the actuarially determined contribution	—	—	—	—	—	—	—	—	—	—
Contribution deficiency (excess)	<u>\$ —</u>									
Covered payroll	61	133	200	386	417	417	499	565	674	843
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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$97,252	\$97,341	\$101,655	\$93,688	\$90,778	\$88,307	\$89,231	\$84,724	\$71,168	\$59,513
Contribution in relation to the actuarially determined contribution	102,308	100,331	98,264	93,032	89,445	86,676	86,059	82,840	78,422	62,355
Contribution deficiency (excess)	<u>\$(5,056)</u>	<u>\$(2,990)</u>	<u>\$3,391</u>	<u>\$656</u>	<u>\$1,333</u>	<u>\$1,631</u>	<u>\$3,172</u>	<u>\$1,884</u>	<u>\$(7,254)</u>	<u>\$(2,842)</u>
Covered payroll	802,413	786,912	770,700	729,661	701,528	679,809	674,971	649,725	615,105	580,053
Contributions as a percentage of covered payroll	12.75 %	12.75 %	12.75 %	12.75 %	12.75 %	12.75 %	12.75 %	12.75 %	12.75 %	10.75 %

Retiree Health Insurance Credit Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$14,766	\$12,414	\$13,340	\$12,145	\$12,707	\$12,252	\$11,696	\$7,544	\$6,439	\$7,014
Contribution in relation to the actuarially determined contribution	12,138	12,566	13,111	13,392	12,977	12,835	12,575	12,350	11,479	10,710
Contribution deficiency (excess)	<u>\$2,628</u>	<u>\$(152)</u>	<u>\$229</u>	<u>\$(1,247)</u>	<u>\$(270)</u>	<u>\$(583)</u>	<u>\$(879)</u>	<u>\$(4,806)</u>	<u>\$(5,040)</u>	<u>\$(3,696)</u>
Covered payroll	1,005,183	1,032,405	1,090,258	1,139,971	1,115,858	1,094,217	1,081,841	1,142,375	1,052,657	1,001,204
Contributions as a percentage of covered payroll	1.21 %	1.22 %	1.20 %	1.17 %	1.16 %	1.17 %	1.16 %	1.08 %	1.09 %	1.07 %

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, 2023

ND Public Employees Retirement System

Benefit Changes Effective January 1, 2025, the Main System is closed to new members. Employees newly enrolled into the system on January 1, 2025 and later will participate in a new Defined Contribution Plan.

State employees participating in the Main System on January 1, 2025 who are at least age 18 with 5 years or less of participation will be eligible to irrevocably elect to transfer to the existing DC Plan during a three-month election period ending March 31, 2025. For members who elect to transfer to the existing DC Plan, NDPERS will transfer a lump sum from the Main System to the DC Plan based on the actuarial present value of the accrued benefit as of January 1, 2025, plus interest from January 1, 2025 to the date of transfer. The state employer of an employee who elects to transfer to the existing DC Plan shall contribute an additional amount of \$3,333 annually for up to three years, provided the employee continues employment.

Member and/or employer contribution rates were changed for all plans except the Judges Plan.

For BCI members who retire on or after August 1, 2023, the multiplier is 3.00% for the first twenty years and 1.75% for additional years. For BCI members hired on or after August 1, 2023, the vesting requirement is changed from 3 years to 10 years.

Peace Officers employed by the State who were Main System participants transferred to the Public Safety with prior Main System service effective August 1, 2023.

Changes of Assumptions There were no assumption changes made since the prior valuation.

Highway Patrolmen's Retirement System

Benefit Changes There were no changes made in the plan provisions since the prior valuation.

Changes of Assumptions There were no assumption changes made since the prior valuation.

Job Service North Dakota

Benefit Changes There were no changes made in the plan provisions since the prior valuation.

Changes of Assumptions There were no assumption changes made since the prior valuation.

Retiree Health Insurance Credit Plan

Benefit Changes There were no changes made in the plan provisions since the prior valuation.

Changes of Assumptions There were no assumption changes made since the prior valuation.

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, 2023

Schedule of Employer Contributions

PERS

Valuation Date	July 1, 2022
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	2.25%
Salary Increases	3.50% to 17.75% including inflation
Investment Rate of Return	6.5%
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 investment return assumption was updated from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020.</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, 2023

HPRS

Valuation Date	July 1, 2023
Actuarial Cost Method	Entry Age Normal Method
Amortization Method	Level Percentage of Payroll, Open Period Assumed annual payroll growth of 3.50%
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	6.5%
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), sexdistinct, 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. The investment return assumption was decreased from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022.</p> <p>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.</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, 2023

JSND

Valuation Date	July 1, 2023
Actuarial Cost Method	Frozen Initial Liability (Aggregate since no initial Liability remains)
Amortization Method	Not Applicable
Asset Valuation Method	5-Year smoothed marked
Inflation	2.25%
COLA	2.25%
Salary Increases	3.50%
Investment Rate of Return	3.00%
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. The Board approved lowering the investment return assumption from 3.75 percent to 3.00 percent, first effective July 1, 2022.</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, 2023

TFFR:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization Period	20 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, 2023

RHIC

Valuation Date	July 1, 2023
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	5.75%
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>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

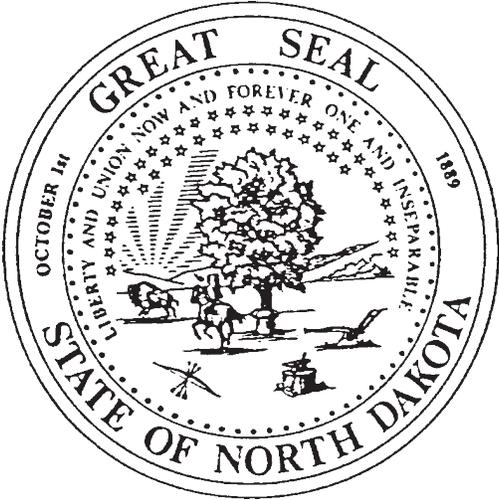
	Public Employees Retirement System	Highway Patrolmen's Retirement System	Job Service North Dakota	Teachers' Fund for Retirement	Retiree Health Insurance Credit Fund
2023	8.13 %	7.86 %	3.30 %	7.35 %	10.82 %
2022	(6.32)%	(6.50)%	(5.55)%	(6.17)%	(14.48)%
2021	27.43 %	23.90 %	6.81 %	26.36 %	25.58 %
2020	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 %

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, 2023

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, 2022:</p> <ul style="list-style-type: none">• The discount rate is 4.09 percent based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2022, compared to the prior discount rate of 2.66%.• Mortality was updated from table RP-2014 adjusted to 2006 and projected using scale MP-2019 to table PubG-2010 Headcount Weighted with improvement scale MP-2021.



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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.

960-Building Authority

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.

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.

935-Legacy Bond Program

Legacy Bond Program through the Bank of North Dakota to be used for infrastructure projects and programs.

STATE OF NORTH DAKOTA

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2023

	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	Legacy Bond Program	Total	Building Authority	
ASSETS								
Cash Deposits at the Bank of ND	\$ 204,938	\$ 673,908	\$ 878,846	\$ 32,000	\$ 42,407,000	\$ 42,439,000	\$ 423,000	\$ 43,740,846
Cash and Cash Equivalents	—	190,038	190,038	—	—	—	—	190,038
Investments at the Bank of ND	—	—	—	236,000	478,256,000	478,492,000	—	478,492,000
Investments	44,917,425	7,375,174	52,292,599	—	—	—	—	52,292,599
Accounts Receivable - Net	—	3,255	3,255	—	—	—	—	3,255
Taxes Receivable - Net	96,243	517	96,760	—	—	—	—	96,760
Interest Receivable - Net	117,101	20,699	137,800	—	73,000	73,000	—	210,800
Due from Other Funds	—	9	9	—	—	—	—	9
Loans and Notes Receivable - Net	33,177,357	—	33,177,357	—	—	—	—	33,177,357
Total Assets	78,513,064	8,263,600	86,776,664	268,000	520,736,000	521,004,000	423,000	608,203,664
DEFERRED OUTFLOWS OF RESOURCES								
Total Deferred Outflows of Resources	—	—	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 78,513,064	\$ 8,263,600	\$ 86,776,664	\$ 268,000	\$ 520,736,000	\$ 521,004,000	\$ 423,000	\$ 608,203,664
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	9,270	22,666	31,936	6,000	—	6,000	—	37,936
Securities Lending Collateral	6,540,937	—	6,540,937	—	—	—	—	6,540,937
Due to Other Funds	140,223	—	140,223	—	—	—	—	140,223
Total Liabilities	6,690,430	22,666	6,713,096	6,000	—	6,000	—	6,719,096
DEFERRED INFLOWS OF RESOURCES								
Total Deferred Inflows of Resources	—	—	—	—	—	—	—	—
Fund Balances:								
Nonspendable	71,585,466	7,519,292	79,104,758	—	—	—	—	79,104,758
Restricted	—	—	—	262,000	520,736,000	520,998,000	423,000	521,421,000
Committed	237,168	721,642	958,810	—	—	—	—	958,810
Total Fund Balances	71,822,634	8,240,934	80,063,568	262,000	520,736,000	520,998,000	423,000	601,484,568
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 78,513,064	\$ 8,263,600	\$ 86,776,664	\$ 268,000	\$ 520,736,000	\$ 521,004,000	\$ 423,000	\$ 608,203,664

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2023

	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	Legacy Bond Program	Total	Building Authority	
REVENUES								
Individual and Corporate Income Taxes	\$ —	\$ 28,608	\$ 28,608	\$ —	\$ —	\$ —	\$ —	\$ 28,608
Oil, Gas, and Coal Taxes	1,440,993	—	1,440,993	—	—	—	—	1,440,993
Licenses, Permits and Fees	—	16,809	16,809	—	—	—	—	16,809
Sales and Services	—	10,130	10,130	—	—	—	—	10,130
Interest and Investment Income	2,090,354	540,110	2,630,464	3,000	4,848,000	4,851,000	18,000	7,499,464
Miscellaneous	—	547,966	547,966	—	—	—	—	547,966
Total Revenues	3,531,347	1,143,623	4,674,970	3,000	4,848,000	4,851,000	18,000	9,543,970
EXPENDITURES								
Current:								
General Government	321,174	60,775	381,949	—	—	—	—	381,949
Health and Human Services	—	149,226	149,226	—	—	—	—	149,226
Regulatory	—	—	—	—	76,754,539	76,754,539	—	76,754,539
Debt Service:								
Principal	—	—	—	5,955,000	—	5,955,000	—	5,955,000
Interest and Other Charges	—	—	—	4,526,000	13,821,000	18,347,000	—	18,347,000
Bond and Note Cost of Issuance	—	—	—	—	1,523,000	1,523,000	—	1,523,000
Total Expenditures	321,174	210,001	531,175	10,481,000	92,098,539	102,579,539	—	103,110,714
Revenues over (under) Expenditures	3,210,173	933,622	4,143,795	(10,478,000)	(87,250,539)	(97,728,539)	18,000	(93,566,744)
OTHER FINANCING SOURCES (USES)								
Bonds and Notes Issued	—	—	—	—	319,038,000	319,038,000	—	319,038,000
Transfers In	—	—	—	10,047,000	—	10,047,000	—	10,047,000
Transfers Out	(1,850,719)	—	(1,850,719)	—	(24,513,461)	(24,513,461)	(3,712,000)	(30,076,180)
Total Other Financing Sources (Uses)	(1,850,719)	—	(1,850,719)	10,047,000	294,524,539	304,571,539	(3,712,000)	299,008,820
Net Change in Fund Balances	1,359,454	933,622	2,293,076	(431,000)	207,274,000	206,843,000	(3,694,000)	205,442,076
Fund Balances - Beginning of Year	70,463,180	7,307,312	77,770,492	693,000	313,462,000	314,155,000	4,117,000	396,042,492
Fund Balances - End of Year	<u>\$ 71,822,634</u>	<u>\$ 8,240,934</u>	<u>\$ 80,063,568</u>	<u>\$ 262,000</u>	<u>\$ 520,736,000</u>	<u>\$ 520,998,000</u>	<u>\$ 423,000</u>	<u>\$ 601,484,568</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.

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 Permanent Loan Fund

Fund used to make loans to North Dakota 2011 flood-damaged homeowners to provide financial assistance needed to repair their home.

961-Clean Sustainable Energy Loan Fund

Fund used to enhance the production of clean sustainable energy, to make the state a world leader in the productions of clean sustainable energy, and to diversity and grow the state's economy.

900-Agriculture Diversification and Development Fund

Fund used for loan disbursements, grants, and administrative costs.

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 - Water Infrastructure Revolving Loan Fund

Accounts for supplementary financing in conjunction with federal moneys available to improve adequate water supplies.

FIRE AND TORNADO

211 (923) - State Fire and Tornado Fund

Accounts for state agencies and political subdivisions to insure against loss to the public buildings, fixtures and permanent contents therein, through fire, lightning, windstorm, etc.

GUARANTEED STUDENT LOAN

969 - North Dakota Guaranteed Student Loan

Accounts for the revenues and expenses associated with the administration, development and operation of the guaranteed loan program.

HIT PLANNING LOAN FUND

987 – HIT Planning Loan Fund

Fund to provide low-interest loans to health care entities to improve health information technology infrastructure.

INFORMATION TECHNOLOGY DEPARTMENT

408 (903) - Edutech Fund

Fund used for professional development sessions and presentations by the Information and Technology Department.

476 (908) – SW Interoperable Radio Network Fund

Fund used for a radio broadcasting system for the state that enables seamless interoperable communications from local, state, and federal levels.

MILL AND ELEVATOR

970 – Mill and Elevator

Accounts for revenues and expenditures associated with the operation of the Mill and Elevator.

PERS UNIFORM GROUP INSURANCE

980 - Public Employees Retirement System Group Insurance

Accounts for the administrative revenues and expenses associated with this insurance purchasing pool.

ROUGH RIDER INDUSTRIES

926 - Roughrider Industries

Accounts for the revenues and expenses associated with the operation, manufacture and sale of products made by the prison inmates.

STATE FAIR

601 (977) - State Fair

Accounts for revenues and expenditures associated with the operation of the State Fair.

STATE LOTTERY FUND

966 (292) - State Lottery Fund

Accounts for operations of the North Dakota lottery.

STUDENT LOAN

975 - North Dakota Student Loan Trust

Accounts for loans to students in post secondary education. The trust acquires eligible loans guaranteed or insured by the United States government or the North Dakota Guaranteed Student Loan Program.

UNEMPLOYMENT COMPENSATION FUND

967 - Job Service-Expendable Trust Fund

Accounts for State unemployment taxes collected from employers for the purpose of paying unemployment benefits.

STATE OF NORTH DAKOTA

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2023

	Addiction Counselor Internship Loan	Agriculture Diversification Development Fund	Bonding	Clean Sustainable Energy Loan Fund	Edutech	Fire and Tornado	Guaranteed Student Loan
ASSETS							
Current Assets:							
Cash Deposits at the Bank of ND	\$ 116,820	\$ 6,096,812	\$ 682,075	\$ 364,000	\$ 524,697	\$ 987,811	\$ 50,186,679
Cash and Cash Equivalents	—	—	1,054,118	—	—	1,164,196	—
Investments at the Bank of ND	—	—	—	—	—	—	—
Investments	—	—	2,040,880	—	—	16,444,349	—
Accounts Receivable - Net	—	—	156,322	—	27,950	60,859	—
Interest Receivable - Net	923	—	26,664	79,000	—	142,649	—
Intergovernmental Receivable - Net	—	—	—	—	—	—	—
Due from Other Funds	—	—	—	—	55,311	—	43,097
Prepaid Items	—	2,007,351	—	—	—	550,938	—
Inventory	—	—	—	—	—	—	—
Loans and Notes Receivable - Net	13,699	—	—	1,121,000	—	—	—
Other Assets	—	—	—	—	—	—	—
Restricted Cash at the Bank of ND	—	—	—	—	78,537	—	1,843
Restricted Cash and Cash Equivalents	—	—	—	—	—	—	—
Restricted Investments at the Bank of ND	—	—	—	—	—	—	—
Restricted Loans Receivable - Net	—	—	—	—	—	—	—
Total Current Assets	131,442	8,104,163	3,960,059	1,564,000	686,495	19,350,802	50,231,619
Noncurrent Assets:							
Loans and Notes Receivable - Net	55,069	—	—	32,140,000	—	—	—
Other Noncurrent Assets	—	—	—	—	—	—	—
Capital Assets:							
Nondepreciable	—	—	—	—	—	—	—
Depreciable, Net	—	—	—	—	—	—	—
Total Noncurrent Assets	55,069	—	—	32,140,000	—	—	—
Total Assets	186,511	8,104,163	3,960,059	33,704,000	686,495	19,350,802	50,231,619
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	—	—	37	—	144,188	216	477,574
Accrued Payroll	—	—	2,004	—	6,171	15,451	—
Securities Lending Collateral	—	—	16,407	—	—	93,534	—
Interest Payable	—	—	—	1,509,000	—	—	—
Intergovernmental Payable	—	—	—	—	—	7,799	—
Due to Other Funds	—	—	—	35,022,000	540	—	5,000
Claims/Judgments Payable	—	—	134,068	—	—	2,933,355	—
Compensated Absences Payable	—	—	—	—	—	—	—
Leases/SBITAs Payable	—	—	—	—	—	—	—
Bonds Payable	—	—	—	—	—	—	—
Financial Derivative Instrument	—	—	—	—	—	—	—
Unearned Revenue	—	—	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	—	1,654,407
Total Current Liabilities	—	—	152,516	36,531,000	150,899	3,050,355	2,136,981
Noncurrent Liabilities:							
Compensated Absences Payable	—	—	—	—	—	—	—
Leases/SBITAs Payable	—	—	—	—	—	—	—
Bonds Payable	—	—	—	—	—	—	—
Net Pension Liability	—	—	—	—	—	—	—
Net Pension OPEB	—	—	—	—	—	—	—
Other Noncurrent Liabilities	—	—	—	—	—	—	27,644,871
Total Noncurrent Liabilities	—	—	—	—	—	—	27,644,871
Total Liabilities	—	—	152,516	36,531,000	150,899	3,050,355	29,781,852
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	—	—	—	—	—	—	—
Loan Purposes	—	—	—	—	—	—	—
Unemployment Compensation	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
Unrestricted	186,511	8,104,163	3,807,543	(2,827,000)	535,596	16,300,447	20,449,767
Total Net Position	\$ 186,511	\$ 8,104,163	\$ 3,807,543	\$ (2,827,000)	\$ 535,596	\$ 16,300,447	\$ 20,449,767

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 Permanent Loan Program	Roughrider Industries	School Construction Assistance Loan Fund
\$ —	\$ 20,647,000	\$ 60,427,873	\$ 6,971,000	\$ 9,322,000	\$ 225	\$ 1,656,216	\$ 10,307,071	\$ 11,144,168	\$ 38,104,000
—	—	—	—	—	—	2,858,504	—	500	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	55,676,252	—	—	—
—	—	306,476	—	—	80,692,136	300,339	—	982,696	—
433	842,000	—	8,000	24,000	—	—	29,562	—	1,564,000
—	—	—	—	—	—	—	—	—	—
—	—	3,106,674	—	—	—	—	—	185,712	—
—	—	—	—	—	—	2,023,103	—	34,506	—
—	—	—	—	—	—	46,036,722	—	3,300,977	—
265,492	11,792,000	—	2,707,000	2,060,000	2,117,647	—	4,222,765	—	23,696,000
—	—	—	—	—	—	108,845	—	401	—
2,835,337	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
3,101,262	33,281,000	63,841,023	9,686,000	11,406,000	130,869,833	60,600,156	14,559,398	15,648,960	63,364,000
294,368	123,494,000	—	16,503,000	39,325,000	6,352,941	—	27,608,791	—	250,306,000
—	—	—	—	—	963,471	—	—	—	—
—	—	2,161,790	—	—	18,899,156	—	—	—	—
—	—	18,121,509	—	—	159,586,782	—	—	1,425,783	—
294,368	123,494,000	20,283,299	16,503,000	39,325,000	185,802,350	96,925	27,608,791	1,425,783	250,306,000
3,395,630	156,775,000	84,124,322	26,189,000	50,731,000	316,672,183	60,697,081	42,168,189	17,074,743	313,670,000
—	—	—	—	—	148,375	—	—	—	—
—	—	—	—	—	17,059,774	—	—	2,726,524	—
—	—	—	—	—	583,918	—	—	97,995	—
—	—	—	—	—	17,792,067	—	—	2,824,519	—
1,120	—	1,216,884	—	—	30,964,606	874,790	5,403	320,580	—
—	—	25,210	—	—	528,229	109,241	—	168,427	—
—	—	—	—	—	—	—	—	—	—
—	—	43,080	—	—	—	—	—	—	—
—	165,000	40,000,000	28,000	53,000	110,588,654	8,905	13,749,354	18,396	349,000
—	—	—	—	—	—	—	—	—	—
—	—	56,271	—	—	98,609	7,137	—	—	—
—	—	—	—	—	8,115,585	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	148,375	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	3,291,163	—	—	—	—
1,120	165,000	41,341,445	28,000	53,000	153,735,221	1,000,073	13,754,757	507,403	349,000
—	—	27,688	—	—	1,079,519	78,027	—	—	—
—	—	12,340,138	—	—	20,041,099	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	24,149,157	—	—	3,937,829	—
—	—	—	—	—	939,974	—	—	174,706	—
—	—	—	—	—	—	—	—	—	—
—	—	12,367,826	—	—	46,209,749	78,027	—	4,112,535	—
1,120	165,000	53,709,271	28,000	53,000	199,944,970	1,078,100	13,754,757	4,619,938	349,000
—	—	—	—	—	9,477,546	—	—	1,560,703	—
—	—	—	—	—	8,083	—	—	2,932	—
—	—	—	—	—	9,485,629	—	—	1,563,635	—
—	—	7,843,810	—	—	135,431,478	96,925	—	1,425,783	—
—	—	—	—	—	—	—	—	—	—
2,835,337	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
559,173	156,610,000	22,571,241	26,161,000	50,678,000	(10,397,827)	59,522,056	28,413,432	12,289,906	313,321,000
\$ 3,394,510	\$ 156,610,000	\$ 30,415,051	\$ 26,161,000	\$ 50,678,000	\$ 125,033,651	\$ 59,618,981	\$ 28,413,432	\$ 13,715,689	\$ 313,321,000

STATE OF NORTH DAKOTA

Combining Statement of Net Position Nonmajor Enterprise Funds (Continued) June 30, 2023

	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Water Infrastructure Revolving Loan Fund	Total
ASSETS						
Current Assets:						
Cash Deposits at the Bank of ND	\$ 8,887,499	\$ 9,192,032	\$ —	\$ 67,327	\$ 24,884,000	\$ 260,569,305
Cash and Cash Equivalents	149,273	603,159	—	310,697,903	—	316,527,653
Investments at the Bank of ND	2,000,000	—	—	—	—	2,000,000
Investments	—	—	—	—	—	74,161,481
Accounts Receivable - Net	62,412	374,979	—	28,298,220	—	111,262,389
Interest Receivable - Net	—	—	1,000	1,509,811	237,000	4,465,042
Intergovernmental Receivable - Net	—	—	—	638,965	—	638,965
Due from Other Funds	—	—	7,000	830	—	3,398,624
Prepaid Items	53,169	12,500	—	—	—	4,681,567
Inventory	—	—	—	—	—	49,337,699
Loans and Notes Receivable - Net	—	—	—	—	2,719,000	50,714,603
Other Assets	—	—	—	—	—	109,246
Restricted Cash at the Bank of ND	—	—	—	—	—	2,915,717
Restricted Cash and Cash Equivalents	—	—	713,000	—	—	713,000
Restricted Investments at the Bank of ND	—	—	1,000,000	—	—	1,000,000
Restricted Loans Receivable - Net	—	—	59,000	—	—	59,000
Total Current Assets	11,152,353	10,182,670	1,780,000	341,213,056	27,840,000	882,554,291
Noncurrent Assets:						
Loans and Notes Receivable - Net	—	—	434,000	—	36,656,000	533,169,169
Other Noncurrent Assets	—	1,515,183	—	—	—	2,478,654
Capital Assets:						
Nondepreciable	806,667	—	—	—	—	21,867,613
Depreciable, Net	20,194,441	112,836	—	—	—	199,538,276
Total Noncurrent Assets	21,001,108	1,628,019	434,000	—	36,656,000	757,053,712
Total Assets	32,153,461	11,810,689	2,214,000	341,213,056	64,496,000	1,639,608,003
DEFERRED OUTFLOWS OF RESOURCES						
Decrease in Fair Value of Hedging Derivatives	—	—	—	—	—	148,375
Derived from Pensions	1,894,257	1,153,800	—	—	—	22,834,355
Derived from OPEB	39,782	43,830	—	—	—	765,525
Total Deferred Outflows of Resources	1,934,039	1,197,630	—	—	—	23,748,255
LIABILITIES						
Current Liabilities:						
Accounts Payable	12,753	649,894	—	9,790,337	—	44,458,382
Accrued Payroll	166,593	92,900	—	—	—	1,114,226
Securities Lending Collateral	—	—	—	—	—	109,941
Interest Payable	—	—	—	—	—	1,552,080
Intergovernmental Payable	—	—	—	1,460,885	—	1,468,684
Due to Other Funds	—	7,412,650	6,000	95,343	49,000	207,550,842
Claims/Judgments Payable	—	—	—	—	—	3,067,423
Compensated Absences Payable	70,000	—	—	—	—	175,746
Leases/SBITAs Payable	—	34,002	—	—	—	8,205,858
Bonds Payable	135,000	—	—	—	—	135,000
Financial Derivative Instrument	—	—	—	—	—	148,375
Unearned Revenue	—	354,362	—	—	—	354,362
Other Current Liabilities	—	—	—	—	—	4,945,570
Total Current Liabilities	384,346	8,543,808	6,000	11,346,565	49,000	273,286,489
Noncurrent Liabilities:						
Compensated Absences Payable	29,644	71,469	—	—	—	1,286,347
Leases/SBITAs Payable	—	72,489	—	—	—	32,453,726
Bonds Payable	1,007,754	—	1,000,000	—	—	2,007,754
Net Pension Liability	2,691,825	1,699,032	—	—	—	32,477,843
Net Pension OPEB	88,361	79,618	—	—	—	1,282,659
Other Noncurrent Liabilities	—	—	—	—	—	27,644,871
Total Noncurrent Liabilities	3,817,584	1,922,608	1,000,000	—	—	97,153,200
Total Liabilities	4,201,930	10,466,416	1,006,000	11,346,565	49,000	370,439,689
DEFERRED INFLOWS OF RESOURCES						
Derived from Pensions	1,158,895	717,562	—	—	—	12,914,706
Derived from OPEB	10,212	1,747	—	—	—	22,974
Total Deferred Inflows of Resources	1,169,107	719,309	—	—	—	12,937,680
Net Position						
Net Investment in Capital Assets	19,858,356	6,345	—	—	—	164,662,697
Restricted for:						
Debt Service	—	—	772,000	—	—	772,000
Loan Purposes	—	—	—	—	—	2,835,337
Unemployment Compensation	—	—	—	329,866,491	—	329,866,491
Other	—	1,515,183	—	—	—	1,515,183
Unrestricted	8,858,107	301,066	436,000	—	64,447,000	780,327,181
Total Net Position	\$ 28,716,463	\$ 1,822,594	\$ 1,208,000	\$ 329,866,491	\$ 64,447,000	\$ 1,279,978,889



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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, 2023

	Addiction Counselor Internship Loan	Agriculture Diversification Development Fund	Bonding	Clean Sustainable Energy Loan Fund	Edutech	Fire and Tornado	Guaranteed Student Loan
OPERATING REVENUES							
Sales and Services	\$ —	\$ —	\$ 6,628	\$ —	\$ 622,833	\$ 2,576,474	\$ 2,478,655
Royalties and Rents	—	—	—	—	—	—	—
Interest and Investment Income	4,364	—	—	433,000	—	—	—
Miscellaneous	—	—	—	—	—	—	—
Total Operating Revenues	4,364	—	6,628	433,000	622,833	2,576,474	2,478,655
OPERATING EXPENSES							
Cost of Sales and Services	—	—	—	—	—	—	—
Salaries and Benefits	—	—	—	—	195,663	—	—
Operating	3,348	1,375,000	—	1,062,000	686,299	755,939	2,464,655
Claims	—	—	—	—	—	4,529,478	—
Interest	—	145,837	—	1,415,000	—	—	—
Depreciation	—	—	—	—	—	—	—
Miscellaneous	—	—	114	—	—	89,297	—
Total Operating Expenses	3,348	1,520,837	114	2,477,000	881,962	5,374,714	2,464,655
Operating Income (Loss)	1,016	(1,520,837)	6,514	(2,044,000)	(259,129)	(2,798,240)	14,000
NONOPERATING REVENUES (EXPENSES)							
Grants and Contracts	—	—	—	—	—	—	—
Interest and Investment Income (Loss)	361	—	70,798	1,000	—	1,002,696	52,137
Interest Expense	—	—	(3,935)	—	—	(39,158)	—
Loss on Sale of Capital Assets	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
Total Nonoperating Revenues (Expenses)	361	—	66,863	1,000	—	963,538	52,137
Income (Loss) Before Contributions and Transfers	1,377	(1,520,837)	73,377	(2,043,000)	(259,129)	(1,834,702)	66,137
Transfers In	—	—	—	—	—	—	—
Transfer Out	—	—	—	—	—	—	—
Change in Net Position	1,377	(1,520,837)	73,377	(2,043,000)	(259,129)	(1,834,702)	66,137
Total Net Position - Beginning of Year, as Restated	185,134	9,625,000	3,734,166	(784,000)	794,725	18,135,149	20,383,630
Total Net Position - End of Year	\$ 186,511	\$ 8,104,163	\$ 3,807,543	\$ (2,827,000)	\$ 535,596	\$ 16,300,447	\$ 20,449,767

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 Permanent Loan Program	Roughrider Industries
\$ —	\$ —	\$ 6,617,928	\$ —	\$ —	\$ 445,841,075	\$ 356,058,747	\$ —	\$ 10,057,943
—	—	—	—	—	—	—	—	132,783
22,048	2,420,000	—	17,000	435,000	—	—	377,617	—
—	—	—	—	—	—	6,215	146,808	188,998
22,048	2,420,000	6,617,928	17,000	435,000	445,841,075	356,064,962	524,425	10,379,724
—	—	—	—	—	380,471,835	—	—	6,101,836
—	—	150,767	—	—	24,761,502	1,174,951	—	2,880,060
5,526	951,000	2,884,652	2,711,000	224,000	11,096,917	356,831,654	281,090	1,008,346
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	2,948,086	—	—	7,300,087	26,834	—	168,023
—	—	—	—	—	—	—	—	—
5,526	951,000	5,983,505	2,711,000	224,000	423,630,341	358,033,439	281,090	10,158,265
16,522	1,469,000	634,423	(2,694,000)	211,000	22,210,734	(1,968,477)	243,335	221,459
—	—	—	—	—	—	—	—	—
—	75,000	58,527	25,000	28,000	90,643	2,274,876	28,878	—
—	—	(334,358)	—	—	(5,025,601)	—	—	—
—	—	—	—	—	(120,074)	—	—	—
—	—	—	—	—	82,563	(280,000)	—	—
—	75,000	(275,831)	25,000	28,000	(4,972,469)	1,994,876	28,878	—
16,522	1,544,000	358,592	(2,669,000)	239,000	17,238,265	26,399	272,213	221,459
—	24,598,000	—	—	—	—	—	—	—
(3,000,000)	—	—	—	—	(9,104,608)	—	—	—
(2,983,478)	26,142,000	358,592	(2,669,000)	239,000	8,133,657	26,399	272,213	221,459
6,377,988	130,468,000	30,056,459	28,830,000	50,439,000	116,899,994	59,592,582	28,141,219	13,494,230
\$ 3,394,510	\$ 156,610,000	\$ 30,415,051	\$ 26,161,000	\$ 50,678,000	\$ 125,033,651	\$ 59,618,981	\$ 28,413,432	\$ 13,715,689

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, 2023

	School Construction Assistance Loan Fund	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Water Infrastructure Revolving Loan Fund	Total
OPERATING REVENUES							
Sales and Services	\$ —	\$ 7,478,686	\$ 39,507,316	\$ —	\$ 91,932,860	\$ —	\$ 963,179,145
Royalties and Rents	—	—	—	—	—	—	132,783
Interest and Investment Income	4,888,000	—	—	30,000	—	846,000	9,473,029
Miscellaneous	—	—	—	—	—	—	342,021
Total Operating Revenues	4,888,000	7,478,686	39,507,316	30,000	91,932,860	846,000	973,126,978
OPERATING EXPENSES							
Cost of Sales and Services	—	—	—	—	—	—	386,573,671
Salaries and Benefits	—	2,220,714	1,261,935	—	—	—	32,645,592
Operating	1,492,000	5,316,563	26,902,605	14,000	—	389,000	416,455,594
Claims	—	—	—	—	68,868,118	—	73,397,596
Interest	—	—	3,459	46,000	—	—	1,610,296
Depreciation	—	1,176,501	36,786	—	—	—	11,656,317
Miscellaneous	—	—	—	—	—	—	89,411
Total Operating Expenses	1,492,000	8,713,778	28,204,785	60,000	68,868,118	389,000	922,428,477
Operating Income (Loss)	3,396,000	(1,235,092)	11,302,531	(30,000)	23,064,742	457,000	50,698,501
NONOPERATING REVENUES (EXPENSES)							
Grants and Contracts	—	1,249,774	—	—	—	—	1,249,774
Interest and Investment Income (Loss)	127,000	13,066	15,640	7,000	5,072,711	—	8,943,333
Interest Expense	—	(45,175)	—	—	—	—	(5,448,227)
Loss on Sale of Capital Assets	—	—	—	—	—	—	(120,074)
Other	—	(640)	—	—	—	—	(198,077)
Total Nonoperating Revenues (Expenses)	127,000	1,217,025	15,640	7,000	5,072,711	—	4,426,729
Income (Loss) Before Contributions and Transfers	3,523,000	(18,067)	11,318,171	(23,000)	28,137,453	457,000	55,125,230
Transfers In	—	271,417	—	—	—	—	24,869,417
Transfer Out	(39,000)	—	(11,280,000)	—	—	—	(23,423,608)
Change in Net Position	3,484,000	253,350	38,171	(23,000)	28,137,453	457,000	56,571,039
Total Net Position - Beginning of Year, as Restated	309,837,000	28,463,113	1,784,423	1,231,000	301,729,038	63,990,000	1,223,407,850
Total Net Position - End of Year	\$ 313,321,000	\$ 28,716,463	\$ 1,822,594	\$ 1,208,000	\$ 329,866,491	\$ 64,447,000	\$ 1,279,978,889



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STATE OF NORTH DAKOTA

Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Fiscal Year Ended June 30, 2023

	Addiction Counselor Internship Loan	Agriculture Diversification Development Fund	Bonding	Clean Sustainable Energy Loan Fund	Edutech	Fire and Tornado	Guaranteed Student Loan
Cash Flows from Operating Activities:							
Receipts from Customers and Users	\$ —	\$ —	\$ 9,793	\$ —	\$ 549,389	\$ 2,515,653	\$ 2,652,232
Interest Income on Loans	—	—	—	—	—	—	—
Receipts from Loan Principal Repayments	—	—	—	—	—	—	1,417,010
Receipts from Other Funds	—	—	—	—	—	—	—
Receipts from Others	—	—	—	—	—	—	—
Payments to Other Funds	—	—	—	—	—	3,940	—
Payments for Loan Funds	—	—	—	49,000	—	—	(4,847,899)
Payments to Suppliers	—	—	(224)	—	(582,656)	(964,948)	(812,091)
Payments to Employees	—	—	1,689	—	(211,048)	15,451	—
Claim Payments	—	—	—	—	—	(3,379,247)	—
Payments to Others	(6,182)	(3,528,188)	—	(107,000)	—	—	—
Other	—	—	—	—	—	—	—
Net Cash Provided by (Used for) Operating Activities	(6,182)	(3,528,188)	11,258	(58,000)	(244,315)	(1,809,151)	(1,590,748)
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	—	—	—	—	—	—	—
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	—	—	—	—	—	—	—
Proceeds from Bonds	—	—	—	20,000,000	—	—	—
Principal Payments - Bonds	—	—	—	—	—	—	—
Interest Payments - Bonds	—	—	—	—	—	—	—
Payment of Bond Issue Costs	—	—	—	—	—	—	—
Principal Payments on Lease/SBITA Payable	—	—	—	—	—	—	—
Interest Paid on Lease/SBITA Payable	—	—	—	—	—	—	—
Net Cash Provided by (Used for) Capital and Related Financing Activities	—	—	—	20,000,000	—	—	—
Cash Flows from Investing Activities:							
Proceeds from Sale and Maturities of Investment Securities	—	—	—	—	—	—	—
Purchase of Investment Securities	—	—	—	—	—	—	—
Net Increase (Decrease) In Investments	—	—	(70,979)	—	—	630,461	—
Interest and Dividends on Investments	361	—	63,192	1,000	—	952,273	52,137
Net Decrease In Loans	—	—	—	(20,012,000)	—	—	—
Disbursements for Loans and Loan Purchases	—	—	—	—	—	—	—
Receipt of Loan Principal Repayments	—	—	—	—	—	—	—
Proceeds from Collection of Loans and Notes Receivable	13,675	—	—	—	—	—	—
Loan Income Received	3,268	—	—	366,000	—	—	—
Net Cash Provided by (Used for) Investing Activities	17,304	—	(7,787)	(19,645,000)	—	1,582,734	52,137
Net Change in Cash:							
Net Increase (Decrease) in Cash and Cash Equivalents	11,122	(3,528,188)	3,471	297,000	(244,315)	(226,417)	(1,538,611)
Cash and Cash Equivalents at June 30, 2022	105,698	9,625,000	1,732,722	67,000	847,549	2,378,424	51,727,133
Cash and Cash Equivalents at June 30, 2023	\$ 116,820	\$ 6,096,812	\$ 1,736,193	\$ 364,000	\$ 603,234	\$ 2,152,007	\$ 50,188,522
Reconciliation:							
Current:							
Cash Deposits at the Bank of North Dakota	116,820	6,096,812	1,054,118	364,000	524,697	987,811	50,186,679
Cash and Cash Equivalents	—	—	682,075	—	—	1,164,196	—
Restricted Cash Deposits at the Bank of North Dakota	—	—	—	—	78,537	—	1,843
Restricted Cash and Cash Equivalents	—	—	—	—	—	—	—
Cash and Cash Equivalents	\$ 116,820	\$ 6,096,812	\$ 1,736,193	\$ 364,000	\$ 603,234	\$ 2,152,007	\$ 50,188,522

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 Permanent Loan Program	Roughrider Industries	School Construction Assistance Loan Fund
\$ —	\$ —	\$ 4,245,970	\$ —	\$ —	\$ 544,403,772	\$ 382,754,653	\$ —	\$ 10,656,021	\$ —
22,326	—	—	—	—	—	—	—	—	—
581,461	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	235,327	—
—	—	—	—	—	—	—	(198,177)	(435,251)	—
—	—	—	—	—	—	—	—	—	—
(6,292)	—	(4,042,626)	—	—	(479,695,166)	(356,132,724)	—	(8,235,998)	(1,325,000)
—	—	(117,792)	—	—	(21,736,183)	(1,154,979)	—	(2,445,443)	—
—	(592,000)	—	(198,000)	(227,000)	—	—	(91,320)	—	—
—	—	—	—	—	—	(728,081)	—	—	—
597,495	(592,000)	85,552	(198,000)	(227,000)	42,972,423	24,738,869	(289,497)	(225,344)	(1,325,000)
—	—	—	—	—	59,950,464	—	—	—	—
—	—	—	—	—	(75,057,611)	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	(4,915,278)	—	—	—	—
—	24,598,000	—	—	—	—	—	—	—	—
(3,000,000)	—	—	—	—	(7,760,359)	(280,000)	—	—	(39,000)
—	—	—	—	—	—	—	(2,411,657)	—	—
—	—	—	—	—	—	—	—	—	—
(3,000,000)	24,598,000	—	—	—	(27,782,784)	(280,000)	(2,411,657)	—	(39,000)
—	—	(14,992)	—	—	(21,301,583)	—	—	(290,087)	—
—	—	20,000,000	—	—	14,897,776	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	(54,859)	—	—	(8,295,991)	—	—	—	—
—	—	(308,728)	—	—	(815,913)	—	—	—	—
—	—	19,621,421	—	—	(15,515,711)	—	—	(290,087)	—
—	—	—	—	—	—	165,304,190	—	—	—
—	—	—	—	—	—	(190,611,521)	—	—	—
—	—	—	—	—	—	2,274,876	—	—	—
—	75,000	58,527	34,000	28,000	9,913	—	28,878	—	127,000
—	—	—	—	—	—	—	—	—	—
—	(34,644,000)	—	(4,894,000)	—	—	—	—	—	(34,775,000)
—	—	—	—	—	—	—	—	—	19,048,000
—	8,051,000	—	—	2,042,000	—	—	6,038,521	—	—
—	2,355,000	—	—	436,000	—	—	385,318	—	4,841,000
—	(24,163,000)	58,527	(4,860,000)	2,506,000	9,913	(23,032,455)	6,452,717	—	(10,759,000)
(2,402,505)	(157,000)	19,765,500	(5,058,000)	2,279,000	(316,159)	1,426,414	3,751,563	(515,431)	(12,123,000)
5,237,842	20,804,000	40,662,373	12,029,000	7,043,000	316,384	3,088,306	6,555,508	11,660,099	50,227,000
\$ 2,835,337	\$ 20,647,000	\$ 60,427,873	\$ 6,971,000	\$ 9,322,000	\$ 225	\$ 4,514,720	\$ 10,307,071	\$ 11,144,668	\$ 38,104,000
—	20,647,000	60,427,873	6,971,000	9,322,000	—	1,656,216	10,307,071	11,144,168	38,104,000
—	—	—	—	—	225	2,858,504	—	500	—
2,835,337	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
\$ 2,835,337	\$ 20,647,000	\$ 60,427,873	\$ 6,971,000	\$ 9,322,000	\$ 225	\$ 4,514,720	\$ 10,307,071	\$ 11,144,668	\$ 38,104,000

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows Nonmajor Enterprise Funds (Continued) For the Fiscal Year Ended June 30, 2023

	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Water Infrastructure Revolving Loan Fund	Total
Cash Flows from Operating Activities:						
Receipts from Customers and Users	\$ 7,444,951	\$ 29,959,785	\$ 87,000	\$ 87,320,096	\$ —	\$ 1,072,599,315
Interest Income on Loans	—	—	—	—	—	22,326
Receipts from Loan Principal Repayments	—	—	—	—	—	1,998,471
Receipts from Other Funds	—	—	—	—	—	235,327
Receipts from Others	—	—	—	1,063,907	—	1,063,907
Payments to Other Funds	—	—	—	—	—	(629,488)
Payments for Loan Funds	—	—	—	—	—	(4,798,899)
Payments to Suppliers	(5,371,007)	(17,391,875)	(14,000)	(6,375,106)	(193,000)	(881,142,713)
Payments to Employees	(1,809,594)	(1,049,630)	—	(2,822,385)	—	(31,329,914)
Claim Payments	—	—	—	(28,359,050)	—	(31,738,297)
Payments to Others	—	(123,928)	—	(860,388)	—	(5,734,006)
Other	—	—	—	—	—	(728,081)
Net Cash Provided by (Used for) Operating Activities	264,350	11,394,352	73,000	49,967,074	(193,000)	119,817,948
Cash Flows from Noncapital Financing Activities:						
Proceeds from Sale of Notes and Other Borrowings	—	—	—	—	—	59,950,464
Principal Payments - Notes and Other Borrowings	—	—	—	—	—	(75,057,611)
Interest Payments - Bonds	—	—	(43,000)	—	—	(43,000)
Interest Payments - Notes and Other Borrowings	—	—	—	—	—	(4,915,278)
Transfers In	—	—	—	—	—	24,598,000
Transfers Out	—	(9,480,000)	—	—	—	(20,559,359)
Principal Payments on Due To Other Funds	—	—	—	—	—	(2,411,657)
Grants Received	1,521,191	—	—	—	—	1,521,191
Net Cash Provided by (Used for) Noncapital Financing Activities	1,521,191	(9,480,000)	(43,000)	—	—	(6,917,250)
Cash Flows from Capital and Related Financing Activities:						
Acquisition and Construction of Capital Assets	(321,930)	—	—	—	—	(21,928,592)
Proceeds from Bonds	—	—	—	—	—	54,897,776
Principal Payments - Bonds	(130,000)	—	—	—	—	(130,000)
Interest Payments - Bonds	(45,175)	—	—	—	—	(45,175)
Payment of Bond Issue Costs	(12,900)	—	—	—	—	(12,900)
Principal Payments on Lease/SBITA Payable	—	—	—	—	—	(8,350,850)
Interest Paid on Lease/SBITA Payable	—	—	—	—	—	(1,124,641)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(510,005)	—	—	—	—	23,305,618
Cash Flows from Investing Activities:						
Proceeds from Sale and Maturities of Investment Securities	—	—	2,000,000	—	—	167,304,190
Purchase of Investment Securities	—	—	(2,000,000)	—	—	(192,611,521)
Net Increase (Decrease) In Investments	—	—	—	—	—	2,834,358
Interest and Dividends on Investments	13,065	14,354	6,000	4,584,140	85,000	6,132,840
Net Decrease In Loans	—	—	—	—	—	(20,012,000)
Disbursements for Loans and Loan Purchases	—	—	—	—	(7,210,000)	(81,523,000)
Receipt of Loan Principal Repayments	—	—	—	—	2,788,000	21,836,000
Proceeds from Collection of Loans and Notes Receivable	—	—	—	—	—	16,145,196
Loan Income Received	—	—	—	—	749,000	9,135,586
Net Cash Provided by (Used for) Investing Activities	13,065	14,354	6,000	4,584,140	(3,588,000)	(70,758,351)
Net Change in Cash:						
Net Increase (Decrease) in Cash and Cash Equivalents	1,288,601	1,928,706	36,000	54,551,214	(3,781,000)	55,447,965
Cash and Cash Equivalents at June 30, 2022	7,748,171	7,866,485	677,000	256,214,016	28,665,000	525,277,710
Cash and Cash Equivalents at June 30, 2023	\$ 9,036,772	\$ 9,795,191	\$ 713,000	\$ 310,765,230	\$ 24,884,000	\$ 580,725,675
Reconciliation:						
Current:						
Cash Deposits at the Bank of North Dakota	9,036,772	9,192,032	—	67,327	24,884,000	261,090,396
Cash and Cash Equivalents	—	603,159	—	310,697,903	—	316,006,562
Restricted Cash Deposits at the Bank of North Dakota	—	—	—	—	—	2,915,717
Restricted Cash and Cash Equivalents	—	—	713,000	—	—	713,000
Cash and Cash Equivalents	\$ 9,036,772	\$ 9,795,191	\$ 713,000	\$ 310,765,230	\$ 24,884,000	\$ 580,725,675

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Fiscal Year Ended June 30, 2023**

	Addiction Counselor Internship Loan	Agriculture Diversification Development Fund	Bonding	Clean Sustainable Energy Loan Fund	Edutech	Fire and Tornado	Guaranteed Student Loan
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:							
Operating Income (Loss)	\$ 1,016	\$ (1,520,837)	\$ 6,514	\$ (2,044,000)	\$ (259,129)	\$ (2,798,240)	\$ 14,000
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:							
Depreciation	—	—	—	—	—	—	—
Amortization\Accretion	—	—	—	—	—	—	—
Reclassification of Interest Revenue\Expense	—	—	—	—	—	—	—
Net Depreciation In Fair Value of Investments	—	—	—	—	—	—	—
Interest Expense Paid on Lease & SBITA Activities	—	—	—	—	—	—	—
Interest Received on Program Loans	—	—	—	(433,000)	—	—	—
Receipt of Loan Principal Repayments	—	—	—	—	—	—	—
Provision for Losses	(2,834)	—	—	1,001,000	—	—	(2,255,899)
Other	—	—	—	—	—	—	—
Deferred Outflows	—	—	(165)	—	—	—	—
Deferred Inflows	—	—	(150)	—	—	—	—
Change in Assets and Liabilities:							
(Increase) Decrease in Accounts Receivable	—	—	3,279	—	(18,133)	(60,821)	173,961
(Increase) Decrease in Interest Receivable	(4,364)	—	—	—	—	—	—
(Increase) Decrease in Due From	—	—	—	—	(55,311)	—	—
(Increase) Decrease in Intergovernmental Receivable	—	—	—	—	—	—	—
(Increase) Decrease in Notes Receivable	—	—	—	—	—	—	—
(Increase) Decrease in Prepaid Items	—	(2,007,351)	—	—	—	(208,873)	—
(Increase) Decrease in Inventories	—	—	—	—	—	—	—
(Increase) Decrease in Other Assets	—	—	—	—	—	—	—
Increase (Decrease) in Accounts Payable	—	—	(224)	—	117,503	(136)	477,574
Increase (Decrease) in Claims\Judgments Payable	—	—	—	—	—	1,239,528	—
Increase (Decrease) in Intergovernmental Payable	—	—	—	—	—	3,940	—
Increase (Decrease) in Accrued Payroll	—	—	2,004	1,418,000	(15,385)	15,451	—
Increase (Decrease) in Compensated Absences Payable	—	—	—	—	—	—	—
Increase (Decrease) in Amounts Held for Others	—	—	—	—	—	—	—
Increase (Decrease) in Due To	—	—	—	—	(13,860)	—	—
Increase (Decrease) in Net Pension Liability	—	—	—	—	—	—	—
Increase (Decrease) in Net OPEB Liability	—	—	—	—	—	—	—
Increase (Decrease) in Other Liabilities	—	—	—	—	—	—	(384)
Total Adjustments	(7,198)	(2,007,351)	4,744	1,986,000	14,814	989,089	(1,604,748)
Net Cash Provided by (Used for) Operating Activities	\$ (6,182)	\$ (3,528,188)	\$ 11,258	\$ (58,000)	\$ (244,315)	\$ (1,809,151)	\$ (1,590,748)
Noncash Transactions:							
Net Change in Fair Value of Investments	\$ —	\$ —	\$ 29,728	\$ —	\$ —	\$ 1,092,107	\$ —
Reduction in pension and OPEB liability	—	—	—	—	—	(371,002)	—
Interest Revenue on Prize Reserves	—	—	—	—	—	—	—
Lease for building	—	—	—	—	—	—	—
Total Noncash Transactions	\$ —	\$ —	\$ 29,728	\$ —	\$ —	\$ 721,105	\$ —

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows Nonmajor Enterprise Funds (Continued) For the Fiscal Year Ended June 30, 2023

	HIT Planning Loan Fund	Infrastructure Revolving Loan Fund	Interoperable Radio Network Fund	Innovation Loan Fund	Medical Facility Infrastructure Loan Fund	Mill and Elevator
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:						
Operating Income (Loss)	\$ 16,522	\$ 1,469,000	\$ 634,423	\$ (2,694,000)	\$ 211,000	\$ 22,210,734
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	—	—	2,948,086	—	—	7,300,087
Amortization\Accretion	—	—	—	—	—	8,544,375
Reclassification of Interest Revenue\Expense	—	—	—	(17,000)	(435,000)	—
Net Depreciation In Fair Value of Investments	—	—	—	—	—	—
Interest Expense Paid on Lease & SBITA Activities	—	—	—	—	—	632,462
Interest Received on Program Loans	—	(2,420,000)	—	—	—	—
Receipt of Loan Principal Repayments	—	—	—	—	—	—
Provision for Losses	—	332,000	—	2,505,000	—	—
Other	—	—	—	—	—	209,197
Deferred Outflows	—	—	—	—	—	(1,073,880)
Deferred Inflows	—	—	—	—	—	—
Change in Assets and Liabilities:						
(Increase) Decrease in Accounts Receivable	—	—	109,196	—	—	19,921,956
(Increase) Decrease in Interest Receivable	278	—	—	—	—	—
(Increase) Decrease in Due From	—	27,000	(2,481,154)	—	(3,000)	—
(Increase) Decrease in Intergovernmental Receivable	—	—	—	—	—	—
(Increase) Decrease in Notes Receivable	581,461	—	—	—	—	(8,470,677)
(Increase) Decrease in Prepaid Items	—	—	—	—	—	(268,087)
(Increase) Decrease in Inventories	—	—	—	—	—	(6,172,638)
(Increase) Decrease in Other Assets	—	—	—	—	—	(28,512)
Increase (Decrease) in Accounts Payable	(766)	—	(1,063,426)	—	—	(3,951,108)
Increase (Decrease) in Claims\Judgments Payable	—	—	—	—	—	—
Increase (Decrease) in Intergovernmental Payable	—	—	(2,416)	—	—	—
Increase (Decrease) in Accrued Payroll	—	—	5,287	—	—	421,042
Increase (Decrease) in Compensated Absences Payable	—	—	27,688	—	—	38,709
Increase (Decrease) in Amounts Held for Others	—	—	—	—	—	—
Increase (Decrease) in Due To	—	—	(92,132)	8,000	—	—
Increase (Decrease) in Net Pension Liability	—	—	—	—	—	3,639,448
Increase (Decrease) in Net OPEB Liability	—	—	—	—	—	—
Increase (Decrease) in Other Liabilities	—	—	—	—	—	19,315
Total Adjustments	580,973	(2,061,000)	(548,871)	2,496,000	(438,000)	20,761,689
Net Cash Provided by (Used for) Operating Activities	\$ 597,495	\$ (592,000)	\$ 85,552	\$ (198,000)	\$ (227,000)	\$ 42,972,423
Noncash Transactions:						
Net Change in Fair Value of Investments	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Reduction in pension and OPEB liability	—	—	—	—	—	—
Interest Revenue on Prize Reserves	—	—	—	—	—	—
Lease for building	—	—	—	—	—	—
Total Noncash Transactions	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

STATE OF NORTH DAKOTA

PERS Uniform Group Insurance	Rebuilders Permanent Loan Program	Roughrider Industries	School Construction Assistance Loan Fund	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Water Infrastructure Revolving Loan Fund	Total
\$ (1,968,477)	\$ 243,335	\$ 221,460	\$ 3,396,000	\$ (1,235,092)	\$ 11,300,708	\$ (30,000)	\$ 23,064,742	\$ 372,000	\$ 50,611,679
26,834	—	205,234	—	1,176,501	36,786	—	—	—	11,693,528
—	—	—	—	—	—	—	—	—	8,544,375
—	(377,617)	—	(4,888,000)	—	—	44,000	—	(761,000)	(6,434,617)
—	—	4,137	—	—	—	—	—	—	4,137
—	—	—	—	—	—	—	—	—	632,462
—	—	—	—	—	—	—	—	—	(2,853,000)
—	—	—	—	—	—	55,000	—	—	55,000
—	(146,808)	—	150,000	—	—	—	—	191,000	1,773,459
—	—	—	—	—	—	—	—	—	209,197
—	—	(928,774)	—	(665,109)	(400,902)	—	—	—	(3,068,830)
—	—	(1,236,446)	—	(865,055)	(518,346)	—	—	—	(2,619,997)
25,957,683	—	276,296	—	(33,736)	(101,418)	—	(4,510,379)	—	41,717,884
—	—	—	—	—	—	(1,000)	—	—	(5,086)
92,105	—	(435,251)	—	—	—	1,000	(830)	—	(2,855,441)
—	—	—	—	—	—	—	28,736,448	—	28,736,448
—	—	—	—	—	—	—	—	—	(7,889,216)
—	—	(2,798)	—	6,560	(790)	—	—	—	(2,481,339)
—	—	(838,332)	—	—	—	—	—	—	(7,010,970)
(88,177)	—	—	—	—	(118,646)	—	—	—	(235,335)
715,497	(8,407)	143,820	—	(61,002)	31,210	—	2,556,426	—	(1,043,039)
—	—	—	—	—	—	—	—	—	1,239,528
(16,568)	—	—	—	—	—	—	77,066	—	62,022
18,462	—	(34)	—	—	7,003	—	—	—	1,871,830
1,510	—	—	—	(5,039)	11,705	—	—	—	74,573
—	—	—	—	166,593	—	—	—	—	166,593
—	—	(235,327)	17,000	—	(7,670)	4,000	43,601	5,000	(271,388)
—	—	2,502,362	—	1,735,461	1,068,190	—	—	—	8,945,461
—	—	97,509	—	44,268	44,655	—	—	—	186,432
—	—	800	—	—	41,867	—	—	—	61,598
26,707,346	(532,832)	(446,804)	(4,721,000)	1,499,442	93,644	103,000	26,902,332	(565,000)	69,206,269
\$ 24,738,869	\$ (289,497)	\$ (225,344)	\$ (1,325,000)	\$ 264,350	\$ 11,394,352	\$ 73,000	\$ 49,967,074	\$ (193,000)	\$ 119,817,948
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,121,835
—	—	—	—	—	—	—	—	—	(371,002)
—	—	—	—	—	(517)	—	—	—	(517)
—	—	—	—	—	(43,892)	—	—	—	(43,892)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ (44,409)	\$ —	\$ —	\$ —	\$ 706,424

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, 2023

	Central Services	Fleet Services	Information Technology Department	Risk Management	Total
ASSETS					
Current Assets:					
Cash Deposits at the Bank of ND	\$ 1,083,121	\$ 29,831,470	\$ 7,624,175	\$ 773,833	\$ 39,312,599
Cash and Cash Equivalents	300	—	—	1,514,491	1,514,791
Investments at the Bank of ND	—	—	—	532,285	532,285
Investments	—	—	—	5,640,474	5,640,474
Accounts Receivable - Net	2,431	1,178,099	73,252	—	1,253,782
Interest Receivable - Net	—	—	—	54,515	54,515
Intergovernmental Receivable - Net	7,417	39,933	360,801	—	408,151
Due from Other Funds	380,281	3,613,942	9,237,513	132,593	13,364,329
Prepaid Items	41,020	53,765	4,661,726	209,619	4,966,130
Inventory	149,772	—	—	—	149,772
Total Current Assets	1,664,342	34,717,209	21,957,467	8,857,810	67,196,828
Noncurrent Assets:					
Capital Assets:					
Depreciable, Net	1,327,017	94,558,889	29,089,457	96,646	125,072,009
Total Noncurrent Assets	1,327,017	94,558,889	29,089,457	96,646	125,072,009
Total Assets	2,991,359	129,276,098	51,046,924	8,954,456	192,268,837
DEFERRED OUTFLOWS OF RESOURCES					
Derived from Pensions	1,178,314	3,036,311	54,142,050	592,033	58,948,708
Derived from OPEB	41,604	90,746	1,784,726	22,348	1,939,424
Total Deferred Outflow of Resources	1,219,918	3,127,057	55,926,776	614,381	60,888,132
LIABILITIES					
Current Liabilities:					
Accounts Payable	137,249	1,449,317	1,674,006	3,478	3,264,050
Accrued Payroll	107,543	250,299	3,945,851	39,753	4,343,446
Securities Lending Collateral	—	—	—	37,586	37,586
Interest Payable	5,355	—	1,056,228	6,075	1,067,658
Intergovernmental Payable	—	1,750	—	—	1,750
Due to Other Funds	18,282	319,787	30,018	15,799	383,886
Claims/Judgments Payable	—	—	—	1,074,449	1,074,449
Compensated Absences Payable	6,753	8,447	332,704	5,490	353,394
Notes Payable	—	—	443,584	—	443,584
Leases/SBITAs Payable	142,772	—	11,645,795	—	11,788,567
Total Current Liabilities	417,954	2,029,600	19,128,186	1,182,630	22,758,370
Noncurrent Liabilities:					
Claims/Judgments Payable	—	—	—	6,848,891	6,848,891
Compensated Absences Payable	69,294	87,546	3,647,014	56,640	3,860,494
Notes Payable	—	—	906,607	—	906,607
Leases/SBITAs Payable	1,319,966	—	19,566,972	—	20,886,938
Net Pension Liability	1,719,109	4,523,861	71,757,059	862,077	78,862,106
Net OPEB Liability	76,345	174,771	3,014,857	40,398	3,306,371
Total Noncurrent Liabilities	3,184,714	4,786,178	98,892,509	7,808,006	114,671,407
Total Liabilities	3,602,668	6,815,778	118,020,695	8,990,636	137,429,777
DEFERRED INFLOWS OF RESOURCES					
Derived from Pensions	804,262	1,885,229	28,162,068	345,208	31,196,767
Derived from OPEB	8,565	7,232	62,413	1,355	79,565
Total Deferred Inflow of Resources	812,827	1,892,461	28,224,481	346,563	31,276,332
NET POSITION					
Net Investment in Capital Assets	(135,722)	94,558,889	(4,560,912)	96,646	89,958,901
Unrestricted	(68,496)	29,136,027	(34,710,564)	134,992	(5,508,041)
Total Net Position	(204,218)	123,694,916	(39,271,476)	231,638	84,450,860

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, 2023

	Central Services	Fleet Services	Information Technology Department	Risk Management	Total
OPERATING REVENUES					
Sales and Services	\$ 2,508,307	\$ 41,837,029	\$ 91,154,086	\$ 4,216,561	\$ 139,715,983
Grants and Contributions	—	24,000	—	—	24,000
Miscellaneous	—	271,193	—	—	271,193
Total Operating Revenues	<u>2,508,307</u>	<u>42,132,222</u>	<u>91,154,086</u>	<u>4,216,561</u>	<u>140,011,176</u>
OPERATING EXPENSES					
Cost of Sales and Services	809,467	—	—	—	809,467
Salaries and Benefits	1,407,473	4,248,159	51,139,068	519,109	57,313,809
Operating	452,082	21,837,545	44,509,810	1,069,750	67,869,187
Claims	—	—	—	5,434,456	5,434,456
Interest	—	—	1,542,869	—	1,542,869
Depreciation	434,977	9,053,837	12,703,374	39,991	22,232,179
Miscellaneous	—	199,009	—	—	199,009
Total Operating Expenses	<u>3,103,999</u>	<u>35,338,550</u>	<u>109,895,121</u>	<u>7,063,306</u>	<u>155,400,976</u>
Operating Income (Loss)	<u>(595,692)</u>	<u>6,793,672</u>	<u>(18,741,035)</u>	<u>(2,846,745)</u>	<u>(15,389,800)</u>
NONOPERATING REVENUES					
Interest and Investment Income	—	—	—	429,228	429,228
Interest Expense	(96,413)	—	—	(14,741)	(111,154)
Gain on Sale of Capital Assets	11,704	1,902,839	—	—	1,914,543
Total Nonoperating Revenues (Expenses)	<u>(84,709)</u>	<u>1,902,839</u>	<u>—</u>	<u>414,487</u>	<u>2,232,617</u>
Income (Loss) Before Contributions and Transfers	<u>(680,401)</u>	<u>8,696,511</u>	<u>(18,741,035)</u>	<u>(2,432,258)</u>	<u>(13,157,183)</u>
Transfers In	—	53,066	—	—	53,066
Changes in Net Position	<u>(680,401)</u>	<u>8,749,577</u>	<u>(18,741,035)</u>	<u>(2,432,258)</u>	<u>(13,104,117)</u>
Total Net Position - Beginning of Year, as restated	<u>476,183</u>	<u>114,945,339</u>	<u>(20,530,441)</u>	<u>2,663,896</u>	<u>97,554,977</u>
Total Net Position - End of Year	<u>\$ (204,218)</u>	<u>\$ 123,694,916</u>	<u>\$ (39,271,476)</u>	<u>\$ 231,638</u>	<u>\$ 84,450,860</u>

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended June 30, 2023

	Central Services	Fleet Services	Information Technology	Risk Management	Total
Cash Flows from Operating Activities:					
Receipts from Customers and Users	\$ 726,019	\$ 305,868	\$ 2,570,440	\$ —	\$ 3,602,327
Receipts from Other Funds	1,768,391	41,459,062	91,498,839	4,216,561	138,942,853
Payments to Other Funds	—	—	—	(3,390,313)	(3,390,313)
Payments to Suppliers	(1,456,998)	(21,997,214)	(46,011,520)	(1,090,811)	(70,556,543)
Payments to Employees	(1,021,148)	(3,184,394)	(42,786,761)	(467,638)	(47,459,941)
Claim Payments	—	—	—	(148,862)	(148,862)
Net Cash Provided by (Used for) Operating Activities	16,264	16,583,322	5,270,998	(881,063)	20,989,521
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	—	(15,327,831)	(368,875)	—	(15,696,706)
Proceeds from Sale of Capital Assets	22,500	3,982,416	—	—	4,004,916
Principal Payments - Notes and Other Borrowings	—	—	(1,538,368)	—	(1,538,368)
Interest Payments - Notes and Other Borrowings	—	—	(101,485)	—	(101,485)
Payment on Leases	(135,462)	—	—	—	(135,462)
Interest Payments - Leases	(65,425)	—	—	—	(65,425)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(178,387)	(11,292,349)	(7,608,737)	—	(19,079,473)
Cash Flows from Investing Activities:					
Proceeds from Sale and Maturities of Investment Securities	—	—	—	1,097,558	1,097,558
Interest and Dividends on Investments	—	—	—	75,657	75,657
Net Cash Provided by Investing Activities	—	—	—	1,173,215	1,173,215
Net Change in Cash:					
Net Increase (Decrease) in Cash and Cash Equivalents	(162,123)	5,290,973	(2,337,739)	292,152	3,083,263
Cash and Cash Equivalents at June 30, 2022	1,245,544	24,540,497	9,961,914	1,996,172	37,744,127
Cash and Cash Equivalents at June 30, 2023	\$ 1,083,421	\$ 29,831,470	\$ 7,624,175	\$ 2,288,324	\$ 40,827,390
Reconciliation:					
Cash Deposits at the Bank of North Dakota	\$ 1,083,121	\$ 29,831,470	\$ 7,624,175	\$ 773,833	\$ 39,312,599
Cash and Cash Equivalents	300	—	—	1,514,491	1,514,791
Cash and Cash Equivalents	\$ 1,083,421	\$ 29,831,470	\$ 7,624,175	\$ 2,288,324	\$ 40,827,390
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	\$ (595,690)	\$ 6,769,672	\$ (18,741,036)	\$ (2,846,745)	\$ (15,413,799)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	434,977	9,053,837	12,703,374	39,991	22,232,179
Reclassification of Interest Revenue/Expense	—	—	1,542,869	—	1,542,869
Deferred Outflows	(466,878)	(1,463,496)	(22,834,331)	(180,516)	(24,945,221)
Deferred Inflows	(345,719)	(797,301)	(19,066,661)	(311,873)	(20,521,554)
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	15,354	483,064	148,255	62,694	709,367
(Increase) Decrease in Due From	(204,394)	(726,721)	1,608,137	(125,005)	552,017
(Increase) Decrease in Intergovernmental Receivable	49,725	11,570	1,158,801	—	1,220,096
(Increase) Decrease in Prepaid Items	(29,560)	(15,873)	979,023	(61,767)	871,823
Increase in Inventories	(21,470)	—	—	—	(21,470)
Increase (Decrease) in Accounts Payable	1,387	55,212	—	(24,782)	31,817
Increase In Interest Payable	—	—	(1,832,433)	—	(1,832,433)
Increase in Claims/Judgments Payable	—	—	—	2,042,239	2,042,239
Increase (Decrease) in Intergovernmental Payable	—	(1,675)	—	—	(1,675)
Increase in Accrued Payroll	19,929	21,846	514,939	2,640	559,354
Increase in Compensated Absences Payable	7,519	8,445	414,224	9,581	439,769
Increase (Decrease) in Due To	(30,957)	(109,529)	(648,301)	(19,159)	(807,946)
Increase (Decrease) In Net OPEB Liability	46,133	100,957	1,751,337	(2,614)	1,895,813
Decrease In Net Pension Liability	1,135,908	3,193,314	47,572,801	534,253	52,436,276
Total Adjustments	611,954	9,813,650	24,012,034	1,965,682	36,403,320
Net Cash Provided by (Used for) Operating Activities	\$ 16,264	\$ 16,583,322	\$ 5,270,998	\$ (881,063)	\$ 20,989,521
Noncash Transactions:					
Net Change in Fair Value of Investments	—	—	—	340,207	340,207
Decrease in Securities Lending Collateral	—	—	—	(28,064)	(28,064)
Assumption of Notes Payable	—	—	1,572,911	—	1,572,911
Assets Acquired Through Lease	893,324	—	5,351,207	—	6,244,531
Total Noncash Transactions	\$ 893,324	\$ —	\$ 6,924,118	\$ 312,143	\$ 8,129,585

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 - Local Option Lodging Tax Suspense

Accounts for city and county lodging tax collected by the State Tax Commissioner.

435 - Local Option Sales Tax Suspense

Accounts for city and county sales and use tax collected by the State Tax Commissioner.

437 - City Motor Vehicle Rental Tax

Accounts for city motor vehicle rental tax collected by the State Tax Commissioner.

438 - Local Option Restaurant and Lodging Tax Suspense

A city or county 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 or county 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 or county 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, 2023

	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	\$ 310,449	\$ 141,830	\$ —	\$ 74,529	\$ 153,440	\$ 1,627,141
Cash and Cash Equivalents	—	—	—	—	—	—
Receivables:						
Contributions Receivable	1,124,519	188,162	730,304	716	540,907	1,351,210
Accounts Receivable - Net	—	—	—	—	—	—
Taxes Receivable for Other Governments - Net	—	—	—	—	—	—
Interest Receivable - Net	—	—	205,075	592	—	901
Due from Other Funds	—	—	—	—	—	423,007
Due from Fiduciary Funds	—	—	—	—	—	—
Due from Component Units	—	—	—	—	—	—
Total Receivables	1,124,519	188,162	935,379	1,308	540,907	1,775,118
Investments, at Fair Value:						
Investments at the Bank of ND	—	—	—	—	—	—
Equities	—	—	—	—	—	—
Equity Pool	—	—	57,445,750	16,756,911	—	109,976,710
Fixed Income Pool	3,794,656	144,806	20,977,571	66,225,503	—	55,046,287
Cash and Cash Pool	3,229,142	474,570	118,186	565,354	—	96,387
Real Estate Pool	—	—	18,556,629	—	—	—
Mutual Funds	186,329,521	19,044,485	—	—	—	—
Total Investments	193,353,319	19,663,861	97,098,136	83,547,768	—	165,119,384
Invested Securities Lending Collateral	—	—	688,698	—	—	—
Capital Assets (Net of Depreciation)	60,799	378	1,607	488	20,861	60,478
Total Assets	194,849,086	19,994,231	98,723,820	83,624,093	715,208	168,582,121
DEFERRED OUTFLOWS OF RESOURCES						
Derived from Pensions	—	—	—	—	—	—
Total Deferred Outflows of Resources	—	—	—	—	—	—
LIABILITIES						
Accounts Payable	41,199	99	—	138,773	22,973	263,984
Accrued Payroll	40,198	—	—	—	24,755	—
Securities Lending Collateral	—	—	688,698	—	—	—
Due to Local Governments	—	—	—	—	—	—
Tax Refunds Payable	—	—	—	—	—	—
Due to Other Funds	4,106	159	—	—	2,206	85
Amounts Held in Custody for Others	18,755	—	—	—	—	—
Compensated Absences Payable	25,766	—	—	—	15,366	—
Total Liabilities	130,024	258	688,698	138,773	65,300	264,069
DEFERRED INFLOWS OF RESOURCES						
Derived from Pensions	—	—	—	—	—	—
Unavailable Revenue	—	—	—	—	—	—
Total Deferred Inflows of Resources	—	—	—	—	—	—
NET POSITION						
Net Position Restricted for:						
Pension Benefits	194,719,062	19,993,973	98,035,122	83,485,320	—	168,318,052
Other Employee Benefits	—	—	—	—	649,908	—
External Investment Pool Participants	—	—	—	—	—	—
Individuals, Organizations, and Other Governments	—	—	—	—	—	—
Other Purposes	—	—	—	—	—	—
Total Net Position Restricted for Pension Benefits and Other Purposes	\$ 194,719,062	\$ 19,993,973	\$ 98,035,122	\$ 83,485,320	\$ 649,908	\$ 168,318,052

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
\$ 19,915,979	\$ 24,098,801	\$ 46,322,169	\$ —	\$ —	\$ —	\$ —	\$ —
219,547	—	219,547	—	—	—	—	—
13,078,615	28,897,866	45,912,299	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
7,983,009	10,215,544	18,405,121	346,490	5,023	111,807	55,868	519,188
—	—	423,007	—	—	—	—	—
—	889	889	—	—	—	—	—
—	—	—	—	—	—	—	—
21,061,624	39,114,299	64,741,316	346,490	5,023	111,807	55,868	519,188
—	—	—	—	—	—	—	—
—	1,765,727,972	1,765,727,972	82,904,294	2,530,071	49,647,373	21,319,921	156,401,659
2,252,475,123	—	2,436,654,494	—	—	—	—	—
822,540,528	785,396,084	1,754,125,435	56,558,501	4,477,988	20,153,424	16,619,424	97,809,337
4,634,124	11,329,975	20,447,738	580,540	210,006	820,986	416,716	2,028,248
727,614,219	550,692,368	1,296,863,216	34,711,164	—	12,921,799	4,241,311	51,874,274
—	—	205,374,006	—	—	—	—	—
3,807,263,994	3,113,146,399	7,479,192,861	174,754,499	7,218,065	83,543,582	42,597,372	308,113,518
26,778,457	24,099,094	51,566,249	1,057,283	42,409	658,782	183,941	1,942,415
141,846	2,580,327	2,866,784	—	—	—	—	—
3,875,381,447	3,203,038,920	7,644,908,926	176,158,272	7,265,497	84,314,171	42,837,181	310,575,121
—	1,715,386	1,715,386	—	—	—	—	—
—	1,715,386	1,715,386	—	—	—	—	—
3,973,724	5,760,090	10,200,842	110,280	5,040	50,200	33,638	199,158
159,382	—	224,335	—	—	—	—	—
26,778,457	24,099,094	51,566,249	1,057,283	42,409	658,782	183,941	1,942,415
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
437,901	39,647	484,104	—	—	—	—	—
—	—	18,755	—	—	—	—	—
91,241	—	132,373	—	—	—	—	—
31,440,705	29,898,831	62,626,658	1,167,563	47,449	708,982	217,579	2,141,573
—	947,020	947,020	—	—	—	—	—
—	—	—	—	—	—	—	—
—	947,020	947,020	—	—	—	—	—
3,843,940,742	3,173,908,455	7,582,400,726	—	—	—	—	—
—	—	649,908	—	—	—	—	—
—	—	—	174,990,709	7,218,048	83,605,189	42,619,602	308,433,548
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
\$ 3,843,940,742	\$ 3,173,908,455	\$ 7,583,050,634	\$ 174,990,709	\$ 7,218,048	\$ 83,605,189	\$ 42,619,602	\$ 308,433,548

STATE OF NORTH DAKOTA

Combining Statement of Fiduciary Net Position Pension, Investment and Private-Purpose Trust Funds (Continued) June 30, 2023

	Private-Purpose Trust Funds				
	Grain Insolvency Trust Fund	Student and Cultural Donations	Mandan Remediation Trust	College SAVE	Total
ASSETS					
Cash Deposits at the Bank of ND	\$ 717,943	\$ 2,809	\$ 5,649,130	\$ —	\$ 6,369,882
Cash and Cash Equivalents	—	—	—	939,054	939,054
Receivables:					
Contributions Receivable	—	—	—	—	—
Accounts Receivable - Net	—	—	—	186,787	186,787
Taxes Receivable for Other Governments - Net	—	—	—	—	—
Interest Receivable - Net	—	2,071	—	—	2,071
Due from Other Funds	—	—	—	—	—
Due from Fiduciary Funds	—	—	—	—	—
Due from Component Units	—	—	—	—	—
Total Receivables	—	2,071	—	186,787	188,858
Investments, at Fair Value:					
Investments at the Bank of ND	—	—	—	—	—
Equities	—	—	—	—	—
Equity Pool	—	—	—	—	—
Fixed Income Pool	—	1,368,048	—	—	1,368,048
Cash and Cash Pool	—	—	—	—	—
Real Estate Pool	—	—	—	—	—
Mutual Funds	—	—	—	541,739,388	541,739,388
Total Investments	—	1,368,048	—	541,739,388	543,107,436
Invested Securities Lending Collateral	—	53,471	—	—	53,471
Capital Assets (Net of Depreciation)	—	—	—	—	—
Total Assets	717,943	1,426,399	5,649,130	542,865,229	550,658,701
DEFERRED OUTFLOWS OF RESOURCES					
Derived from Pensions	—	—	—	—	—
Total Deferred Outflows of Resources	—	—	—	—	—
LIABILITIES					
Accounts Payable	—	298	5,300	1,544,991	1,550,589
Accrued Payroll	—	—	—	—	—
Securities Lending Collateral	—	53,471	—	—	53,471
Due to Local Governments	—	—	—	—	—
Tax Refunds Payable	—	—	—	—	—
Due to Other Funds	—	—	—	—	—
Amounts Held in Custody for Others	—	—	—	—	—
Compensated Absences Payable	—	—	—	—	—
Other Liabilities	—	—	—	—	—
Total Liabilities	—	53,769	5,300	1,544,991	1,604,060
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	717,943	1,372,630	5,643,830	541,320,238	549,054,641
Total Net Position Restricted for Pension Benefits and Other Purposes	\$ 717,943	\$ 1,372,630	\$ 5,643,830	\$ 541,320,238	\$ 549,054,641

Custodial Funds

Child Support	Student and Other	Tax Collection	Total
\$ 4,922,794	\$ 4,415,213	\$ 31,557,990	\$ 40,895,997
—	330,540	—	330,540
—	—	—	—
402	884,230	—	884,632
—	—	51,880,677	51,880,677
—	174	—	174
245,839	975	—	246,814
—	—	—	—
—	22,957	—	22,957
246,241	908,336	51,880,677	53,035,254
—	50,000	—	50,000
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	50,000	—	50,000
—	—	—	—
—	—	—	—
5,169,035	5,704,089	83,438,667	94,311,791
—	—	—	—
—	—	—	—
4,820,884	61,232	—	4,882,116
—	103,491	—	103,491
—	—	—	—
—	—	79,191,331	79,191,331
—	—	59,503	59,503
348,151	—	—	348,151
—	—	—	—
—	—	—	—
—	9,066	—	9,066
5,169,035	173,860	79,250,834	84,593,729
—	—	—	—
—	—	4,187,830	4,187,830
—	—	4,187,830	4,187,830
—	—	—	—
—	—	—	—
—	5,530,229	—	5,530,229
—	—	3	3
\$ —	\$ 5,530,229	\$ 3	\$ 5,530,232

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, 2023

	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	—	552,043	2,573,696	—	—	12,137,476
Employee	16,562,670	535,002	1,769,864	4,298	5,570,672	10,741
From Participants	—	—	—	—	—	—
Student, Patient, and Inmate Accounts	—	—	—	—	—	—
Tax Collections for Local Governments	—	—	—	—	—	—
Transfers from Other Funds	495,000	36,367	—	—	—	—
Transfers from Other Plans	1,264,001	—	—	—	—	—
Donations	—	—	—	—	—	—
Total Contributions	18,321,671	1,123,412	4,343,560	4,298	5,570,672	12,148,217
Investment Income:						
Net Change in Fair Value of Investments	19,096,661	1,129,361	6,007,729	(556,475)	—	12,315,155
Interest and Dividends	130,675	922,360	1,452,182	3,323,785	1,196	4,144,674
Less Investment Expense	—	326	268,922	280,428	—	484,757
	19,227,336	2,051,395	7,190,989	2,486,882	1,196	15,975,072
Securities Lending Activity:						
Securities Lending Income	—	—	4,363	—	—	—
Less Securities Lending Expense	—	—	—	—	—	—
Net Securities Lending Income	—	—	4,363	—	—	—
Repurchase Service Credit	—	—	592,870	—	—	282,185
Miscellaneous Income	280,000	1,776	65	—	868,513	1
Total Additions	37,829,007	3,176,583	12,131,847	2,491,180	6,440,381	28,405,475
DEDUCTIONS						
Benefits Paid to Participants	11,084,431	256,679	6,226,332	5,168,647	5,576,619	—
Child Support Distributions	—	—	—	—	—	—
Distributions to District Courts	—	—	—	—	—	—
Distributions of Taxes to Local Governments	—	—	—	—	—	—
Student, Patient, and Inmate Accounts	—	—	—	—	—	—
Refunds	—	—	164,784	—	—	6,234
Prefunded Credit Applied	—	—	—	—	—	14,208,566
Transfer to Other Plans	—	—	—	—	215,000	—
Payments in Accordance with Trust Agreements	—	—	—	—	—	—
Administrative Expenses	810,593	9,690	30,106	14,683	497,445	355,695
Total Deductions	11,895,024	266,369	6,421,222	5,183,330	6,289,064	14,570,495
Redemption of Units at \$1.00 Per Unit	—	—	—	—	—	—
Net Increase (Decrease) in Fiduciary Net Position	25,933,983	2,910,214	5,710,625	(2,692,150)	151,317	13,834,980
Net Position - Beginning of Year, as Restated	168,785,079	17,083,759	92,324,497	86,177,470	498,591	154,483,072
Net Position - End of Year	\$ 194,719,062	\$ 19,993,973	\$ 98,035,122	\$ 83,485,320	\$ 649,908	\$ 168,318,052

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
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
101,933,327	102,307,888	219,504,430	—	—	—	—	—
93,407,915	94,283,739	212,144,901	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	531,367	—	—	—	—	—
—	—	1,264,001	—	—	—	—	—
—	—	—	—	—	—	—	—
195,341,242	196,591,627	433,444,699	—	—	—	—	—
235,395,847	175,293,526	448,681,804	8,993,835	268,360	6,141,701	2,637,840	18,041,736
56,987,131	49,487,353	116,449,356	2,797,983	166,512	1,282,186	821,064	5,067,745
10,704,698	7,478,535	19,217,666	455,543	14,828	224,157	109,475	804,003
281,678,280	217,302,344	545,913,494	11,336,275	420,044	7,199,730	3,349,429	22,305,478
171,284	198,283	373,930	8,306	643	5,378	3,829	18,156
—	39,632	39,632	1,664	136	1,075	791	3,666
171,284	158,651	334,298	6,642	507	4,303	3,038	14,490
5,151,247	1,108,690	7,134,992	—	—	—	—	—
10,885	—	1,161,240	—	—	—	—	—
482,352,938	415,161,312	987,988,723	11,342,917	420,551	7,204,033	3,352,467	22,319,968
253,174,353	254,361,928	535,848,989	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
18,023,294	7,920,125	26,114,437	—	—	—	—	—
—	—	14,208,566	—	—	—	—	—
316,367	—	531,367	—	—	—	—	—
—	—	—	—	—	—	—	—
2,670,084	2,891,047	7,279,343	—	—	—	—	—
274,184,098	265,173,100	583,982,702	—	—	—	—	—
—	—	—	(3,750,000)	—	(5,057,996)	(750,000)	(9,557,996)
208,168,840	149,988,212	404,006,021	7,592,917	420,551	2,146,037	2,602,467	12,761,972
3,635,771,902	3,023,920,243	7,179,044,613	167,397,792	6,797,497	81,459,152	40,017,135	295,671,576
\$ 3,843,940,742	\$ 3,173,908,455	\$ 7,583,050,634	\$ 174,990,709	\$ 7,218,048	\$ 83,605,189	\$ 42,619,602	\$ 308,433,548

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, 2023

	Private-Purpose Trust Funds				Total
	Grain Insolvency Trust Fund	Cultural Donations	Remediation Trust	College SAVE	
ADDITIONS					
Contributions:					
Child Support Collections	\$ —	\$ —	\$ —	\$ —	—
Collections for District Courts	—	—	—	—	—
Employer	—	—	—	—	—
Employee	—	—	—	—	—
From Participants	—	—	—	45,535,022	45,535,022
Student, Patient, and Inmate Accounts	—	—	—	—	—
Tax Collections for Local Governments	—	—	—	—	—
Transfers from Other Funds	—	—	—	—	—
Transfers from Other Plans	—	—	—	—	—
Donations	—	—	—	—	—
Total Contributions	—	—	—	45,535,022	45,535,022
Investment Income:					
Net Change in Fair Value of Investments	—	57,060	—	(104,791,838)	(104,734,778)
Interest and Dividends	2,019	32,579	89,728	12,254,418	12,378,744
Less Investment Expense	—	4,383	—	—	4,383
	2,019	85,256	89,728	(92,537,420)	(92,360,417)
Securities Lending Activity:					
Securities Lending Income	—	2,188	—	—	2,188
Less Securities Lending Expense	—	—	—	—	—
Net Securities Lending Income	—	2,188	—	—	2,188
Repurchase Service Credit	—	—	—	—	—
Miscellaneous Income	99,000	2,528	—	—	101,528
Total Additions	101,019	89,972	89,728	(47,002,398)	(46,721,679)
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	—	46,052	17,627	55,381,845	55,445,524
Administrative Expenses	—	1,088	10,315	3,586,782	3,598,185
Total Deductions	—	47,140	27,942	58,968,627	59,043,709
Redemption of Units at \$1.00 Per Unit	—	—	—	—	—
Net Increase (Decrease) in Fiduciary Net Position	101,019	42,832	61,786	(105,971,025)	(105,765,388)
Net Position - Beginning of Year, as Restated	616,924	1,329,798	5,582,044	647,291,263	654,820,029
Net Position - End of Year	\$ 717,943	\$ 1,372,630	\$ 5,643,830	\$ 541,320,238	\$ 549,054,641

Custodial Funds			
Child Support	Students and Other	Tax Collection	Total
\$ 136,117,894	\$ —	\$ —	\$ 136,117,894
—	2,485,700	—	2,485,700
—	—	—	—
—	—	—	—
—	7,280	—	7,280
—	6,459,333	—	6,459,333
—	—	377,790,820	377,790,820
—	—	—	—
—	—	—	—
—	2,564,361	—	2,564,361
136,117,894	11,516,874	377,790,820	525,425,588
—	—	—	—
—	174	—	174
—	—	—	—
—	174	—	174
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	1,064,944	—	1,064,944
136,117,894	12,581,992	377,790,820	526,490,706
—	—	—	—
136,117,894	—	—	136,117,894
—	2,360,832	—	2,360,832
—	—	376,289,353	376,289,353
—	6,903,483	—	6,903,483
—	—	25,312	25,312
—	—	—	—
—	—	—	—
—	—	—	—
—	3,587,372	1,476,154	5,063,526
136,117,894	12,851,687	377,790,819	526,760,400
—	—	—	—
—	(269,695)	1	(269,694)
—	5,799,924	2	5,799,926
\$ —	\$ 5,530,229	\$ 3	\$ 5,530,232

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**Schedule 1 -- Net Position by Component
Last Ten Fiscal Years**
(accrual basis of accounting)

	2014	2015	2016	2017
Governmental Activities				
Net Investment in Capital Assets	\$ 2,502,234,624	\$ 3,622,722,021	\$ 4,299,696,899	\$ 4,759,286,304
Restricted	4,976,564,822	6,254,673,532	6,246,873,312	6,224,908,099
Unrestricted	7,109,867,360	6,812,545,677	5,781,826,861	5,989,501,438
Total Governmental Activities Net Position	\$ 14,588,666,806	\$ 16,689,941,230	\$ 16,328,397,072	\$ 16,973,695,841
Business-Type Activities				
Net Investment in Capital Assets	844,395,270	1,023,384,933	1,155,758,401	1,223,438,996
Restricted	600,269,799	485,012,106	533,664,273	888,080,253
Unrestricted	1,287,315,405	1,439,859,232	1,528,847,402	1,633,421,219
Total Business-Type Activities Net Position	\$ 2,731,980,474	\$ 2,948,256,271	\$ 3,218,270,076	\$ 3,744,940,468
Primary Government				
Net Investment in Capital Assets	3,346,629,894	4,646,106,954	5,455,455,300	5,982,725,300
Restricted	5,576,834,621	6,739,685,638	6,780,537,585	7,112,988,352
Unrestricted	8,397,182,765	8,252,404,909	7,310,674,263	7,622,922,657
Total Primary Government Net Position	\$ 17,320,647,280	\$ 19,638,197,501	\$ 19,546,667,148	\$ 20,718,636,309

2018	2019	2020	2021	2022	2023
\$ 4,988,838,700	\$ 5,185,682,467	\$ 5,427,964,743	\$ 5,558,196,905	\$ 5,673,770,741	\$ 5,794,753,920
6,355,103,413	6,639,785,616	6,543,041,908	7,676,068,973	8,029,841,388	8,895,773,769
7,172,275,944	8,786,695,069	9,578,050,070	11,474,698,414	11,480,822,257	13,582,081,892
<u>\$ 18,516,218,057</u>	<u>\$ 20,612,163,152</u>	<u>\$ 21,549,056,721</u>	<u>\$ 24,708,964,292</u>	<u>\$ 25,184,434,386</u>	<u>\$ 28,272,609,581</u>
1,214,133,386	1,246,740,894	1,243,098,375	1,339,862,982	1,419,736,052	1,475,621,076
924,610,477	972,887,591	1,374,338,655	1,670,769,520	1,538,720,043	684,412,102
1,779,197,611	1,904,500,531	1,952,266,055	1,905,177,868	1,986,232,970	2,921,112,813
<u>\$ 3,917,941,474</u>	<u>\$ 4,124,129,016</u>	<u>\$ 4,569,703,085</u>	<u>\$ 4,915,810,370</u>	<u>\$ 4,944,689,065</u>	<u>\$ 5,081,145,991</u>
6,202,972,086	6,432,423,361	6,671,063,118	6,898,059,887	7,093,506,793	7,270,374,996
7,279,713,890	7,612,673,207	7,917,380,563	9,346,838,493	9,568,561,431	9,580,185,871
8,951,473,555	10,691,195,600	11,530,316,125	13,379,876,282	13,467,055,227	16,503,194,705
<u>\$ 22,434,159,531</u>	<u>\$ 24,736,292,168</u>	<u>\$ 26,118,759,806</u>	<u>\$ 29,624,774,662</u>	<u>\$ 30,129,123,451</u>	<u>\$ 33,353,755,572</u>

STATE OF NORTH DAKOTA

Schedule 2 -- Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2014	2015	2016	2017
Expenses				
Governmental Activities:				
General Governmental	\$ 1,283,916,089	\$ 1,171,207,640	\$ 1,055,377,601	\$ 955,118,609
Education	1,075,062,067	1,415,255,393	1,175,550,087	1,214,358,440
Health and Human Services	1,433,598,932	1,706,333,172	1,776,822,167	1,851,801,955
Regulatory	54,727,821	66,743,817	69,084,070	76,261,665
Public Safety and Corrections	243,149,474	249,290,966	227,617,802	238,515,283
Agriculture and Commerce	96,055,152	106,455,113	106,845,611	100,774,792
Natural Resources	119,395,831	236,079,321	321,992,458	286,546,075
Transportation	1,066,103,806	603,812,692	679,070,102	529,532,248
Interest on Long Term Debt	7,601,561	7,154,580	1,334,285	2,677,665
Total Governmental Activities Expenses	5,379,610,733	5,562,332,694	5,413,694,183	5,255,586,732
Business-Type Activities:				
Bank of North Dakota	76,366,749	71,053,171	85,822,027	88,791,813
Housing Finance	40,901,946	37,510,475	40,245,934	40,997,193
Loan Programs	12,759,106	11,366,158	17,322,830	13,172,549
State Lottery	19,264,562	20,359,788	26,038,434	20,637,595
Unemployment Compensation	113,988,509	144,920,974	225,358,209	156,930,938
University System	1,129,869,106	1,170,159,474	1,211,438,892	1,204,936,394
Workers Compensation	418,500,961	377,926,363	366,662,703	254,467,332
Other	269,600,028	549,799,020	569,432,422	571,077,157
Total Business-Type Activities Expenses	2,081,250,967	2,383,095,423	2,542,321,451	2,351,010,971
Total Primary Government Expenses	\$ 7,460,861,700	\$ 7,945,428,117	\$ 7,956,015,634	\$ 7,606,597,703
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Governmental	38,080,695	37,107,914	36,278,126	33,728,302
Education	6,064,710	6,806,001	7,071,212	7,530,807
Health and Human Services	39,915,016	64,507,593	42,982,802	43,283,756
Regulatory	45,384,490	25,862,700	52,583,727	29,390,590
Public Safety and Corrections	28,552,402	30,428,332	24,446,658	23,272,409
Agriculture and Commerce	36,600,243	31,198,196	38,222,183	35,559,194
Natural Resources	29,681,837	33,895,342	35,142,635	35,392,128
Transportation	120,058,651	132,160,558	122,699,922	124,378,227
Operating Grants and Contributions	2,083,789,612	1,888,797,868	1,755,539,596	2,221,211,526
Capital Grants and Contributions	11,045,879	1,388,033	3,416,338	1,205,837
Total Governmental Activities Program Revenues	2,439,173,535	2,252,152,537	2,118,383,199	2,554,952,776
Business-Type Activities:				
Charges for Services:				
Bank of North Dakota	155,548,000	175,117,000	207,836,000	223,476,000
Housing Finance	36,150,366	34,386,013	36,286,659	37,984,271
Loan Programs	7,548,651	10,365,115	12,212,352	11,530,798
State Lottery	27,051,014	27,212,010	35,736,460	27,744,572
Unemployment Compensation	133,701,408	127,328,232	147,802,377	193,118,386
University System	507,302,753	517,570,660	537,645,053	546,737,253
Workers Compensation	318,779,835	339,806,696	308,682,776	244,720,318
Other	276,895,777	554,752,747	573,829,155	577,288,875
Operating Grants and Contributions	439,950,824	312,136,231	298,603,154	380,842,641
Capital Grants and Contributions	18,703,628	36,923,275	29,609,083	32,025,992
Total Business-Type Activities Program Revenues	1,921,632,256	2,135,597,979	2,188,243,069	2,275,469,106
Total Primary Government Program Revenues	\$ 4,360,805,791	\$ 4,387,750,516	\$ 4,306,626,268	\$ 4,830,421,882
Net (Expense)/Revenue				
Governmental Activities	(2,940,437,198)	(3,310,180,157)	(3,295,310,984)	(2,700,633,956)
Business-Type Activities	(159,618,711)	(247,497,444)	(354,078,382)	(75,541,865)
Total Primary Government Net Expense	\$ (3,100,055,909)	\$ (3,557,677,601)	\$ (3,649,389,366)	\$ (2,776,175,821)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Individual and Corporate Income Taxes	700,867,920	732,975,064	414,964,865	418,040,178
Sales and Use Taxes	1,756,777,615	1,804,380,378	1,348,342,960	1,236,701,340
Oil, Gas and Coal Taxes	3,335,934,782	2,734,507,198	1,457,361,212	1,490,398,754
Business and Other Taxes	82,437,250	92,936,834	99,295,506	98,374,118
Unrestricted Investment Earnings	130,011,232	117,643,232	64,347,477	489,070,430
Tobacco Settlement	23,652,803	21,789,723	22,776,760	21,599,800
Miscellaneous	198,533,139	161,725,312	119,545,563	119,134,899
Contributions to Permanent Fund Principal	14,251,211	16,382,336	15,637,987	11,895,026
Special Items	—	—	(4,948,596)	—
Extraordinary Item	—	—	—	(38,379,966)
Transfers	(424,008,500)	(542,713,254)	(603,556,908)	(503,278,766)
Total Governmental Activities	5,818,457,452	5,139,626,823	2,933,766,826	3,343,555,813
Business-Type Activities:				
Miscellaneous	1,857,975	9,562,071	93,003	4,846,618
Special Items	—	—	—	—
Transfers	455,888,029	535,979,992	611,332,622	598,094,515
Total Business-Type Activities	457,746,004	545,542,063	611,425,625	602,941,133
Total Primary Government	\$ 6,276,203,456	\$ 5,685,168,886	\$ 3,545,192,451	\$ 3,946,496,946
Change in Net Position				
Governmental Activities	2,878,020,254	1,829,446,666	(361,544,158)	642,921,857
Business-Type Activities	298,127,293	298,044,619	257,347,243	527,399,268
Total Primary Government	\$ 3,176,147,547	\$ 2,127,491,285	\$ (104,196,915)	\$ 1,170,321,125

2018	2019	2020	2021	2022	2023
\$ 1,034,864,058	\$ 1,183,233,944	\$ 1,034,052,808	\$ 1,214,720,174	\$ 1,511,677,383	\$ 1,640,333,057
1,208,513,849	1,238,988,634	1,288,935,269	1,440,183,047	1,537,651,374	1,579,569,829
1,930,264,975	1,947,263,363	2,077,950,367	2,429,626,253	2,527,706,456	2,753,186,043
60,781,953	61,213,248	78,441,824	262,054,990	153,118,491	232,362,836
241,143,887	230,666,579	249,751,212	303,434,122	259,572,771	326,906,314
95,411,926	99,247,117	107,574,065	235,626,424	138,348,393	175,559,082
230,194,737	261,307,506	217,545,757	292,875,625	326,713,061	306,630,292
444,530,511	443,629,333	429,801,053	518,412,351	546,264,425	679,592,179
2,502,540	1,952,361	1,691,314	4,267,910	4,973,283	24,213,233
5,248,208,436	5,467,502,085	5,485,743,669	6,701,200,896	7,006,025,637	7,718,352,865
86,073,174	98,931,503	103,391,326	93,811,024	67,629,011	76,924,292
46,083,037	52,714,991	56,536,682	60,546,134	56,986,319	74,380,121
13,320,203	12,665,669	16,395,752	11,287,518	8,811,142	12,579,456
23,214,880	26,174,686	18,929,003	23,631,524	21,962,144	28,204,785
115,486,597	84,205,911	611,219,223	731,052,695	75,427,408	68,868,118
1,178,669,412	1,198,989,180	1,227,857,663	1,349,698,370	1,350,756,645	1,427,038,459
270,197,345	297,497,091	220,279,394	208,717,011	213,028,340	196,649,154
632,911,836	594,491,102	616,265,019	652,042,298	771,218,508	818,848,351
2,365,956,484	2,365,670,133	2,870,874,062	3,130,786,574	2,565,819,517	2,703,492,736
\$ 7,614,164,920	\$ 7,833,172,218	\$ 8,356,617,731	\$ 9,831,987,470	\$ 9,571,845,154	\$ 10,421,845,601
33,504,205	37,185,115	31,944,485	39,724,160	34,801,028	42,833,545
6,987,309	7,147,934	10,566,897	11,240,158	38,841,000	28,783,948
48,201,500	80,627,617	47,748,086	40,135,912	42,907,917	24,376,640
31,489,459	29,490,252	37,130,755	43,663,963	45,108,826	50,903,881
30,370,076	32,002,961	20,811,638	18,539,074	23,597,161	23,700,287
40,756,601	32,809,364	38,228,838	37,917,725	42,576,324	43,441,972
33,128,741	38,390,527	44,662,134	41,529,095	43,343,120	45,924,091
120,482,453	120,377,945	116,062,224	121,945,135	115,516,012	115,690,263
2,156,381,884	2,121,702,987	2,028,277,553	4,178,131,574	2,869,390,395	3,789,645,123
94,772	106,834	1,939	—	4,090,669	3,045,978
2,501,397,000	2,499,841,536	2,375,434,549	4,532,826,796	3,260,172,452	4,168,345,728
221,210,000	251,626,000	279,302,000	248,655,000	205,560,000	288,783,000
39,821,469	49,362,786	58,096,789	49,989,561	44,366,000	65,371,000
7,391,511	13,095,470	17,114,318	15,543,719	13,284,979	11,985,500
31,520,906	35,511,058	24,505,932	30,501,286	29,329,209	39,507,316
162,161,260	114,657,558	452,421,028	549,743,788	82,240,700	91,932,860
549,206,645	540,691,218	528,517,702	546,245,171	586,903,796	604,037,145
239,542,884	249,787,742	230,442,756	185,328,576	169,374,325	190,575,569
639,883,523	600,125,017	623,799,925	655,012,904	805,400,331	829,737,785
363,266,299	410,790,831	596,060,095	855,176,187	135,133,591	202,540,217
4,769,350	19,925,817	17,501,749	17,610,105	54,601,115	31,018,883
2,258,773,847	2,285,573,497	2,827,762,294	3,153,806,297	2,126,194,046	2,355,489,275
\$ 4,760,170,847	\$ 4,785,415,033	\$ 5,203,196,843	\$ 7,686,633,093	\$ 5,386,366,498	\$ 6,523,835,003
(2,746,811,436)	(2,967,660,549)	(3,110,309,120)	(2,168,374,100)	(3,745,853,185)	(3,550,007,137)
(107,182,637)	(80,096,636)	(43,111,768)	23,019,723	(439,625,471)	(348,003,461)
\$ (2,853,994,073)	\$ (3,047,757,185)	\$ (3,153,420,888)	\$ (2,145,354,377)	\$ (4,185,478,656)	\$ (3,898,010,598)
452,792,812	604,088,632	513,419,336	581,766,062	646,802,135	812,953,433
1,326,248,557	1,435,129,762	1,364,664,641	1,327,568,100	1,459,331,771	1,725,168,258
2,196,877,038	2,586,569,876	1,949,036,077	1,746,983,327	3,027,333,528	2,967,166,869
100,127,079	110,714,853	107,173,491	128,552,656	137,741,934	146,852,833
380,164,919	360,264,138	333,528,092	1,676,824,486	(905,927,220)	787,382,703
55,305,183	20,752,400	21,159,397	22,586,170	23,205,519	24,844,863
163,996,339	231,745,021	190,047,481	185,658,136	316,225,687	400,722,677
4,393,122	11,014,244	9,515,851	11,162,710	4,870,341	9,148,366
—	—	—	—	—	—
(367,497,321)	(290,718,287)	(440,249,767)	(365,978,579)	(483,294,196)	(254,142,416)
4,312,407,728	5,069,560,639	4,048,294,599	5,315,123,068	4,226,289,499	6,620,097,586
2,921,705	5,162,713	3,576,763	336,679	2,723,709	3,217,757
—	—	—	—	—	—
285,002,133	277,018,465	485,109,074	334,080,678	454,006,736	448,310,037
287,923,838	282,181,178	488,685,837	334,417,357	456,730,445	451,527,794
\$ 4,600,331,566	\$ 5,351,741,817	\$ 4,536,980,436	\$ 5,649,540,425	\$ 4,683,019,944	\$ 7,071,625,380
1,565,596,292	2,101,900,090	937,985,479	3,146,748,968	480,436,314	3,070,090,449
180,741,201	202,084,542	445,574,069	357,437,080	17,104,974	103,524,333
\$ 1,746,337,493	\$ 2,303,984,632	\$ 1,383,559,548	\$ 3,504,186,048	\$ 497,541,288	\$ 3,173,614,782

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

(modified accrual basis of accounting)

	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 2,447,681,621	\$ 3,465,933,483	\$ 3,908,797,255	\$ 4,761,588,134
Restricted	—	—	—	—
Committed	1,365,420,166	1,332,805,458	997,494,805	364,544,853
Unassigned	1,421,552,566	1,061,519,282	421,702,619	353,772,107
Total General Fund	<u>5,234,654,353</u>	<u>5,860,258,223</u>	<u>5,327,994,679</u>	<u>5,479,905,094</u>
All Other Governmental Funds				
Nonspendable	88,250,884	179,976,824	197,452,648	208,038,662
Restricted	4,913,528,772	6,037,108,398	6,000,049,002	5,996,248,585
Committed	1,628,346,627	1,230,446,562	617,111,539	480,910,925
Assigned	224,403,093	—	79,512,397	228,964,056
Unassigned	—	(8,477,525)	(3,376,686)	(3,146,889)
Total All Other Governmental Funds	<u>6,854,529,376</u>	<u>7,439,054,259</u>	<u>6,890,748,900</u>	<u>6,911,015,339</u>
Total Fund Balances, Governmental Funds	<u><u>\$ 12,089,183,729</u></u>	<u><u>\$ 13,299,312,482</u></u>	<u><u>\$ 12,218,743,579</u></u>	<u><u>\$ 12,390,920,433</u></u>

2018	2019	2020	2021	2022	2023
\$ 5,551,216	\$ 6,638,440	\$ 6,194,850	\$ 7,560,989	\$ 7,983,403	\$ 7,356,933
8,990,891	279,367	396	1,189,782	567,263	—
411,711,769	348,222,819	1,066,688,590	1,020,424,743	1,136,436,411	1,532,804,951
6,242,855,378	7,231,354,796	7,655,894,378	9,708,645,637	9,795,178,076	11,199,264,744
6,669,109,254	7,586,495,422	8,728,778,214	10,737,821,151	10,940,165,153	12,739,426,628
216,171,493	101,738,203	103,260,391	136,551,832	134,831,158	127,402,160
6,124,510,110	6,488,554,439	6,410,963,955	7,514,294,011	7,876,626,867	8,759,261,125
398,555,411	1,187,965,245	840,247,407	953,335,924	1,319,832,396	1,939,645,375
381,732,051	374,609,779	419,726,973	386,292,467	265,429,426	301,458,315
—	(1,642,214)	(4,821,080)	(9,019,900)	—	—
7,120,969,065	8,151,225,452	7,769,377,646	8,981,454,334	9,596,719,847	11,127,766,975
<u>\$ 13,790,078,319</u>	<u>\$ 15,737,720,874</u>	<u>\$ 16,498,155,860</u>	<u>\$ 19,719,275,485</u>	<u>\$ 20,536,885,000</u>	<u>\$ 23,867,193,603</u>

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

(modified accrual basis of accounting)

	2014	2015	2016	2017
Revenues				
Individual and Corporate Income Taxes	\$ 736,426,799	\$ 714,657,090	\$ 424,229,756	\$ 397,563,377
Sales and Use Taxes	1,747,358,775	1,790,646,715	1,353,955,780	1,227,777,645
Oil, Gas, and Coal Taxes	3,336,441,100	2,734,607,036	1,457,086,135	1,489,177,632
Business and Other Taxes	85,216,692	93,445,691	99,743,017	99,358,473
Licenses, Permits and Fees	205,896,279	215,706,207	207,163,123	201,347,912
Intergovernmental	1,433,023,985	1,626,610,762	1,643,431,832	1,718,291,215
Sales and Services	54,206,137	81,988,980	57,382,857	56,713,042
Royalties and Rents	474,293,031	398,048,916	237,379,524	256,351,062
Fines and Forfeits	23,022,332	26,167,673	22,979,377	25,792,953
Interest and Investment Income	515,486,326	149,053,816	63,615,120	863,607,155
Tobacco Settlement	33,896,173	30,512,364	31,872,848	25,677,716
Commodity Assessments	24,788,270	23,662,092	25,007,037	27,771,103
Miscellaneous	37,337,036	17,176,577	43,591,538	19,059,502
Total Revenues	8,707,392,935	7,902,283,919	5,667,437,944	6,408,488,787
Expenditures				
Current:				
General Government	391,604,389	690,034,696	363,410,801	375,462,221
Education	1,073,921,730	1,116,260,493	1,174,928,314	1,212,413,715
Health and Human Services	1,430,474,509	1,707,702,397	1,774,061,712	1,830,146,819
Regulatory	47,317,516	58,625,606	60,161,098	66,319,143
Public Safety and Corrections	230,055,951	237,542,738	216,354,458	221,427,867
Agriculture and Commerce	95,791,431	106,304,742	106,791,473	100,053,823
Natural Resources	107,874,535	185,712,117	307,669,526	270,375,075
Transportation	1,015,136,123	550,382,661	613,815,927	446,115,824
Intergovernmental - Revenue Sharing	887,469,331	811,392,745	693,793,125	574,300,791
Capital Outlay	250,938,968	648,582,253	770,056,268	585,432,696
Debt Service:				
Principal	18,094,333	35,744,666	63,766,311	11,576,381
Interest and Other Charges	7,999,247	7,915,666	4,544,267	2,809,155
Bond and Note Cost of Issuance	—	—	—	—
Total Expenditures	5,556,678,063	6,156,200,780	6,149,353,280	5,696,433,510
Revenue over (under) Expenditures	3,150,714,872	1,746,083,139	(481,915,336)	712,055,277
Other Financing Sources (Uses)				
Bonds and Notes Issued	—	—	—	—
Payment of Refunded Bonds	—	—	—	—
Lease Acquisitions	52,526	244,493	149,891	1,728,159
Sale of Capital Assets	336,557	49,910	5,712,951	27,150
Other	—	—	—	—
Transfers In	104,808,196	1,176,200,047	838,882,833	346,374,625
Transfers Out	(528,711,650)	(1,718,913,302)	(1,443,399,242)	(849,628,391)
Total Other Financing Sources (Uses)	(423,514,371)	(542,418,852)	(598,653,567)	(501,498,457)
Extraordinary Item	—	—	—	(38,379,966)
Net Changes in Fund Balances	\$ 2,727,200,501	\$ 1,203,664,287	\$ (1,080,568,903)	\$ 172,176,854
Debt Service as a Percentage of Noncapital Expenditures	<1%	<1%	1%	<1%

2018	2019	2020	2021	2022	2023
\$ 459,742,512	\$ 594,902,271	\$ 514,474,130	\$ 580,658,626	\$ 664,895,947	\$ 806,747,080
1,308,380,507	1,447,039,166	1,382,950,275	1,326,013,473	1,461,872,541	1,722,350,685
2,198,245,617	2,586,461,875	1,949,413,720	1,746,635,471	3,016,379,426	2,978,251,411
100,050,115	113,491,911	107,904,881	125,055,742	138,985,340	149,088,825
209,425,979	208,629,095	205,881,199	205,204,816	197,636,285	198,612,574
1,666,435,743	1,722,371,509	1,935,418,579	2,954,711,047	2,894,663,210	3,115,793,060
59,147,530	87,945,566	63,647,829	61,109,068	61,158,343	63,823,059
358,554,090	428,518,481	350,303,312	353,401,250	617,606,229	680,664,152
27,794,757	31,643,952	28,740,584	36,954,902	24,960,386	39,725,547
668,469,231	568,502,158	267,822,601	2,736,264,540	(1,183,555,882)	1,187,959,595
55,305,183	20,752,400	21,159,397	22,586,170	23,205,519	24,844,863
25,879,090	24,055,725	23,180,351	27,911,971	27,563,462	32,367,127
32,577,808	26,261,882	32,010,373	27,671,984	24,438,015	40,751,317
<u>7,170,008,162</u>	<u>7,860,575,991</u>	<u>6,882,907,231</u>	<u>10,204,179,060</u>	<u>7,969,808,821</u>	<u>11,040,979,295</u>
196,145,504	212,878,777	221,601,805	421,622,553	411,498,194	551,474,755
1,205,816,564	1,236,434,495	1,286,565,575	1,417,944,095	1,519,738,946	1,577,259,003
1,895,273,724	1,901,317,937	2,036,979,868	2,346,331,566	2,485,114,631	2,661,241,445
50,990,125	44,017,306	66,636,947	238,371,129	137,003,570	202,896,412
217,079,519	206,073,620	228,482,829	248,403,023	235,852,853	287,859,738
93,502,803	97,290,753	106,261,515	230,631,647	137,476,833	172,097,075
210,225,132	240,134,308	196,940,075	264,426,811	306,294,713	272,864,649
369,478,453	359,256,938	330,326,337	380,064,758	397,269,719	508,032,541
826,616,477	964,483,838	805,934,582	761,332,025	1,115,020,869	1,067,904,006
339,847,100	341,357,479	383,713,350	401,825,733	296,216,316	426,673,396
16,169,612	10,839,024	20,566,373	6,434,015	17,247,882	23,077,580
2,532,662	2,073,539	1,800,116	4,027,874	6,418,386	20,432,118
—	—	—	—	1,886,000	1,523,000
<u>5,423,677,675</u>	<u>5,616,158,014</u>	<u>5,685,809,372</u>	<u>6,721,415,229</u>	<u>7,067,038,912</u>	<u>7,773,335,718</u>
1,746,330,487	2,244,417,977	1,197,097,859	3,482,763,831	904,655,909	3,267,643,577
42,812,909	—	3,344,100	89,728,267	389,962,280	319,038,000
(20,347,000)	—	—	—	—	—
175,968	184,258	145,827	1,310,560	14,086,369	4,306,452
19,343	1,141,039	269,769	191,812	644	84,718
—	—	—	—	—	—
291,318,581	285,737,190	563,143,071	742,667,620	444,562,760	537,885,413
(658,815,902)	(576,455,477)	(1,003,565,640)	(1,108,701,068)	(927,860,759)	(792,371,894)
<u>(344,836,101)</u>	<u>(289,392,990)</u>	<u>(436,662,873)</u>	<u>(274,802,809)</u>	<u>(79,248,706)</u>	<u>68,942,689</u>
—	—	—	—	—	—
<u>\$ 1,401,494,386</u>	<u>\$ 1,955,024,987</u>	<u>\$ 760,434,986</u>	<u>\$ 3,207,961,022</u>	<u>\$ 823,521,203</u>	<u>\$ 3,336,586,266</u>
<1%	<1%	<1%	<1%	<1%	<1%

Schedule 5
Taxable Sales by Industry
Last Ten Calendar Years

	Calendar Year			
	2013	2014	2015	2016
Mining and Oil Extraction	\$4,374,052,860	\$5,194,104,870	\$3,195,799,670	\$1,270,571,326
Construction	985,079,023	965,197,436	893,628,575	788,360,652
Manufacturing	1,334,723,444	1,527,873,493	1,256,620,179	955,191,364
Transportation, Communications, And Public Utilities	569,453,738	630,444,105	566,226,446	359,835,574
Wholesale	6,434,467,781	7,391,400,913	5,339,698,317	3,564,195,615
Retail	6,569,146,675	6,900,590,520	6,634,790,900	6,137,317,234
Services	3,441,014,994	3,684,213,017	3,176,227,835	2,547,155,903
Accommodation and Food Service	1,756,625,375	1,928,607,097	1,839,842,915	1,705,940,154
Miscellaneous				
Total	\$25,464,563,890	\$28,222,431,451	\$22,902,834,837	\$17,328,567,822
Effective Tax Rate	5.08 %	5.00 %	5.35 %	5.42 %

Source: ND State Tax Department

Schedule 6
Sales Tax Revenue Payers by Industry
Calendar Years 2013 and 2022

(Dollars are in Millions)

	Calendar Year 2013			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail Trade	11,276	36.2 %	\$ 393	30.3 %
Wholesale Trade	5,139	16.5 %	\$ 319	24.6 %
Services	8,650	27.7 %	\$ 219	17.0 %
Transportation, Communications, And Public Utilities	505	1.6 %	\$ 28	2.2 %
Manufacturing	2,489	8.0 %	\$ 67	5.2 %
Construction	2,516	8.1 %	\$ 49	3.8 %
Miscellaneous				
Mining and Oil Extraction	616	2.0 %	\$ 219	16.9 %
Total	31,191	100.0 %	\$ 1,294	100.0 %

Source: ND State Tax Department

Calendar Year

2017	2018	2019	2020	2021	2022
\$ 1,933,586,774	\$ 2,798,102,134	\$ 3,099,269,900	\$ 1,670,338,769	\$ 1,550,152,783	\$ 2,214,642,058
572,742,527	581,608,306	618,279,202	552,912,062	572,799,245	725,447,618
940,433,285	1,073,576,742	1,167,694,348	199,376,511	1,138,536,628	1,404,869,602
325,778,272	520,830,231	607,973,352	309,734,767	542,253,695	438,619,126
3,971,599,479	4,849,827,096	4,972,679,709	3,840,938,987	4,239,430,757	5,843,206,893
6,039,261,375	6,253,114,138	6,686,103,548	7,175,885,046	8,117,420,573	8,536,747,803
2,411,082,485	2,420,785,043	2,537,470,588	3,361,463,017	2,328,226,383	2,818,238,152
1,706,215,062	1,765,283,726	1,834,041,363	1,476,480,919	1,853,920,237	2,020,329,248
\$ 17,900,699,259	\$ 20,263,127,416	\$ 21,523,512,010	\$ 18,587,130,078	\$ 20,342,740,301	\$ 24,002,100,500
5.06 %	5.12 %	5.11 %	5.13 %	5.13 %	4.96 %

Calendar Year 2022

Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
16,325	33.5 %	\$ 423.42	35.6 %
6,954	14.3 %	289.82	24.3 %
15,862	32.5 %	240	20.2 %
613.00	1.3 %	21.76	1.8 %
4,950	10.1 %	69.69	5.9 %
3,284	6.7 %	35.98	3.0 %
783	1.6 %	109.85	9.2 %
48,771	100.0 %	\$ 1,190.52	100.0 %

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

(dollars in thousands)

	Fiscal Year			
	2014	2015	2016	2017
Governmental Activities				
Revenue Bonds	\$ 163,031	\$ 129,345	\$ 64,049	\$ 54,105
Leases Payable	667	600	467	1,695
SBITA Payable	—	—	—	—
Notes Payable	4,981	4,412	3,891	2,181
Total Governmental Activities	168,679	134,357	68,407	57,981
Business-type Activities				
Revenue Bonds	901,527	884,086	1,040,019	1,019,125
Certificates of Participation	—	—	—	—
Leases Payable	44,774	41,224	38,533	41,425
SBITA Payable	—	—	—	—
Notes Payable	484,763	665,792.00	747,186	1,299,860
Total Business-Type Activities	1,431,064	1,591,102	1,825,738	2,360,410
Total Primary Government	\$ 1,599,743	\$ 1,725,459	\$ 1,894,145	\$ 2,418,391
Debt as a Percentage of Personal Income ¹	4.1 %	4.3 %	4.4 %	5.8 %
Amount of Debt per Capita ¹	\$ 2,279	\$ 2,383	\$ 2,560	\$ 3,195

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					
2018	2019	2020	2021	2022	2023
\$ 40,429	\$ 29,950	\$ 19,730	\$ 112,488	\$ 491,725	\$ 786,774
1,415	1,118	834	3,301	40,409	41,401
—	—	—	—	—	46,668
22,248	21,897	14,817	16,406	17,157	15,835
64,092	52,965	35,381	132,195	549,291	890,678
1,242,368	1,525,285	1,666,599	1,692,518	1,795,064	1,902,600
—	96,843	104,120	104,123	262,217	260,727
40,058	54,359	51,662	49,950	67,495	78,125
—	—	—	—	—	22,336
1,289,686	1,120,787	648,266	198,740	135,353	698,447
2,572,112	2,797,274	2,470,647	2,045,331	2,260,127	2,962,234
\$ 2,636,204	\$ 2,850,239	\$ 2,506,028	\$ 2,177,526	\$ 2,809,418	\$ 3,852,912
6.4 %	6.9 %	6.1 %	4.8 %	5.5 %	7.5 %
\$ 3,478	\$ 3,760	\$ 3,306	\$ 2,845	\$ 3,625	\$ 4,944

Schedule 8
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Requirements		Coverage
				Principal	Interest	
BUILDING AUTHORITY BONDS						
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
2022	12,008,000	—	12,008,000	7,185,000	4,838,000	1.00
2023	10,050,000	—	10,050,000	5,955,000	4,526,000	0.96
<i>Pledged revenues include interest and lease payments.</i>						
WATER COMMISSION BONDS						
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						
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						
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>						
LEGACY BONDS						
2022	\$ 389,848,000	\$ 1,886,000	\$ 387,962,000	\$ —	\$ —	—
2023	323,886,000	78,277,539	245,608,461	—	13,821,000	17.77
<i>Pledged revenues include user fees.</i>						

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Requirements		Coverage
				Principal	Interest	
STUDENT LOAN TRUST						
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
2022	36,000	15,000	21,000	—	10,000	2.10
2023	37,000	14,000	23,000	—	46,000	0.50

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

HOUSING FINANCE AGENCY						
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
2022	59,012,000	41,917,000	17,095,000	266,540,000	28,989,000	0.06
2023	87,644,000	52,234,000	35,410,000	123,540,000	33,300,000	0.23

Pledged revenues include income and proceeds from mortgage loan activity.

UNIVERSITY SYSTEM						
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)
2022	939,531,681	1,233,808,828	(294,277,147)	44,274,373	25,014,172	(4.25)
2023	975,769,896	1,299,337,474	(323,567,578)	35,301,656	23,661,813	(5.49)

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, 2023**

The state may issue or guarantee the payment of bonds, provided that all bonds in excess of two million dollars shall be secured by first mortgage upon real estate in amounts not to exceed sixty-five percent of its value; or upon real and personal property of state-owned utilities, enterprises, or industries, in amounts not exceeding its value, and provided further, that the state shall not issue or guarantee bonds upon property of state-owned utilities, enterprises, or industries in excess of ten million dollars.

No further indebtedness shall be incurred by the state unless evidenced by a bond issue, which shall be authorized by law for certain purposes, to be clearly defined. Every law authorizing a bond issue shall provide for levying an annual tax, or make other provision, sufficient to pay the interest semiannually, and the principal within thirty years from the date of the issue of such bonds and shall specially appropriate the proceeds of such tax, or of such other provisions to the payment of said principal and interest, and such appropriation shall not be repealed nor the tax or other provisions discontinued until such debt, both principal and interest, shall have been paid. No debt in excess of the limit named herein shall be incurred except for the purpose of repelling invasion, suppressing insurrection, defending the state in time of war or to provide for the public defense in case of threatened hostilities.

The State is in compliance with the Legal Debt Margin.

Source: North Dakota Constitution, Art. X, Section 13.

The State of North Dakota has had no General Obligation Bonded Debt since Fiscal Year 1998. No Schedule of Ratios of General Bonded Debt is being presented.

Schedule 10
Demographic and Economic Indicators
Last Ten Calendar Years

<u>Year</u>	<u>Population (a)</u>	<u>Total Personal Income (b) (000's)</u>	<u>Per Capita Personal Income (b)</u>	<u>ND Unemployment Rate (c)</u>	<u>Annual Average UI Covered Employment (d)</u>
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
2021	774,948	\$50,793,100	\$65,544	3.7 %	400,472
2022	779,261	\$51,574,500	\$66,184	2.1 %	411,308

Source:

- (a) Census Bureau
- (b) Bureau of Economic Analysis
- (c) Local Area Unemployment Statistics program (SA)
- (d) Quarterly Census of Employment and Wages program

**Schedule 11
Principal Employers**

North Dakota Century Code 52-01-02 and 52-01-03 prohibits Job Service North Dakota from disclosing information provided to them by employers, including the employer name and number of employees, unless authorized by the employer. Sufficient permission has not been received to allow for presentation of this schedule.

The following schedule is being presented as an alternative to the principal employer schedule:

**Schedule 12
Employment by Industry
Current Calendar Year and Ten Years Ago**

<u>Industry</u>	<u>2022</u>			<u>2013</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percent of Total Nonagricultural Wage and Salary Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percent of Total Nonagricultural Wage and Salary Employment</u>
Government	81,800	1	19.14 %	79,900	1	17.95 %
Educational and Health Services	67,000	2	15.68 %	61,200	2	13.75 %
Retail Trade	44,900	3	10.51 %	48,600	3	10.92 %
Leisure and Hospitality	38,900	4	9.10 %	39,200	4	8.81 %
Professional and Business Services	34,700	5	8.12 %	33,100	5	7.44 %
Manufacturing	27,300	6	6.39 %	25,400	10	5.71 %
Construction	26,000	7	6.08 %	32,800	6	7.37 %
Financial Activities	24,400	8	5.71 %	22,900	11	5.14 %
Wholesale Trade	23,000	9	5.38 %	26,400	7	5.93 %
Transportation, Warehousing and Utilities	22,600	10	5.29 %	26,200	8	5.89 %
Logging and Mining	16,200	11	3.79 %	26,200	8	5.89 %
Other Services	14,700	12	3.44 %	16,400	12	3.68 %
Information	5,800	13	1.36 %	6,800	13	1.53 %
Total	<u>427,300</u>		<u>100 %</u>	<u>445,100</u>		<u>100 %</u>

Source: Job Service North Dakota: Current Employment Statistics Program.

Schedule 13
Education Enrollment
Last Ten Academic Years

Public School Enrollment

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Kindergarten	9,033	8,925	8,841	9,271	9,324	9,620	8,992	9,524	9,235	8,636
Grades 1-3	25,960	26,585	26,320	26,316	26,663	27,208	26,812	27,034	27,696	27,888
Grades 4-6	23,751	24,513	25,244	26,076	26,580	26,622	25,880	26,246	26,759	27,268
Grades 7-8	15,299	15,642	16,115	16,511	16,845	17,561	17,742	17,707	17,603	17,419
Grades 9-12	30,235	30,405	30,343	30,771	31,430	31,847	32,619	33,347	34,092	34,556
Total Enrollment	104,278	106,070	106,863	108,945	110,842	112,858	112,045	113,858	115,385	115,767
Special Education Students	13,675	13,988	14,429	15,175	15,902	16,459	16,485	17,054	17,686	—

Source: Department of Public Instruction

University System Full-Time Equivalent Student Enrollment

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Bismarck State College	2,909	2,912	2,860	2,646	2,611	2,598	2,558	2,390	2,466	2,599
Dakota College at Bottineau	518	459	490	527	590	596	552	615	550	576
Dickinson State University	1,176	1,070	1,114	1,128	1,090	1,093	1,147	1,154	1,155	1,118
Lake Region State College	978	981	971	995	1,005	974	867	791	797	858
Mayville State University	798	796	782	784	817	801	801	815	784	734
Minot State University	2,600	2,570	2,591	2,467	2,483	2,399	2,273	2,242	2,167	2,135
ND State College Of Science	2,272	2,305	2,298	2,253	2,126	2,076	2,020	2,029	2,064	2,124
North Dakota State University	12,934	12,834	12,782	12,784	12,394	11,704	11,252	10,861	10,701	10,552
University of North Dakota	12,420	12,455	12,180	11,964	11,585	11,164	10,933	10,842	10,760	10,955
Valley City State University	990	1,031	1,044	1,086	1,096	1,164	1,160	1,090	1,073	1,112
Williston State College	579	738	756	763	806	783	703	668	646	658
Total	38,174	38,151	37,870	37,398	36,603	35,352	34,268	33,497	33,164	33,421

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**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
EXECUTIVE BRANCH										
Adjutant General	177	170	155	155	155	155	151	154	203	141
Aeronautics Commission	6	6	7	7	7	7	7	7	6	6
Bank of North Dakota	180	180	182	183	190	190	190	174	182	165
Barley Council	5	5	5	5	5	1	1	1	1	1
Beef Commission	2	2	2	3	3	3	4	4	4	2
Career and Technical Education	34	29	27	27	25	25	55	55	47	49
Corn Council	6	6	6	6	6	3	3	3	2	3
Council on the Arts	5	5	5	5	5	5	5	5	6	5
Department of Agriculture	77	77	77	77	73	74	78	78	78	78
Department of Commerce	70	69	69	69	54	66	62	61	53	58
Department of Corrections and Rehabilitation	813	834	838	845	845	895	899	906	829	835
Department of Emergency Services	70	76	79	79	79	76	63	68	65	64
Department of Environmental Quality	0	0	0	0	0	2	158	163	148	152
Department of Financial Institutions	29	29	30	31	30	30	31	31	28	31
Department of Human Services	2,203	2,215	2,216	2,218	2,163	2,140	2,223	2,273	1,973	2,008
Department of Public Instruction	99	100	100	92	92	94	89	87	78	78
Department of Transportation	1,084	1,082	1,081	1,081	1,047	1,008	985	985	941	937
Department of Trust Lands	31	34	34	33	30	30	29	30	28	30
Ethics Commission	0	0	0	0	0	0	2	2	1	1
Game and Fish Department	158	164	163	163	163	164	166	165	164	164
Highway Patrol	213	215	215	204	204	204	204	202	184	179
Historical Society	72	73	80	80	77	78	77	81	79	81
Indian Affairs Commission	5	5	5	5	5	4	4	4	3	4
Industrial Commission	93	114	113	114	106	108	108	108	93	99
Information Technology Department	341	354	350	352	346	447	400	455	435	450
Job Service North Dakota	239	238	182	182	182	182	173	159	143	144
Milk Marketing Board	6	6	6	6	6	4	4	4	1	1
ND Department of Health	354	365	366	368	360	365	205	213	203	204
ND Horse Racing Commission	2	2	2	2	2	2	2	2	2	2
ND Housing Finance Agency	46	40	41	41	41	42	43	43	49	48
ND Mill and Elevator Association	134	135	142	147	153	151	150	153	155	149
ND Vision Services/School for the Blind	33	33	32	32	30	30	29	29	27	28
North Dakota University System	7,904	8,028	8,012	7,532	7,290	7,207	7,192	7,165	7,222	7,295
Office of Administrative Hearings	5	5	5	5	5	5	5	5	5	5

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
EXECUTIVE BRANCH, Continued										
Office of Management and Budget	134	132	124	123	117	118	114	109	100	101
Office of the Attorney General	217	248	253	253	240	249	246	249	236	230
Office of the Governor	18	18	18	19	17	17	17	17	16	16
Office of the Insurance Commissioner	49	49	49	49	46	46	41	41	33	33
Office of the Labor Commissioner	13	15	15	15	14	14	14	15	9	10
Office of the State Auditor	55	61	62	62	57	57	59	59	53	51
Office of the State Tax Commissioner	134	134	135	135	132	132	123	123	106	108
Office of the State Treasurer	8	8	8	8	7	7	7	7	7	7
Oilseed Council	1	2	1	1	1	1	1	1	1	1
Parks and Recreation Department	55	65	66	65	63	62	62	58	56	57
Protection and Advocacy	28	28	28	28	28	29	29	23	27	29
Public Employees Retirement System	33	33	35	35	35	35	35	36	36	35
Public Service Commission	44	46	46	47	47	47	44	44	42	41
Retirement and Investment Office	19	19	19	19	19	20	20	18	17	25
School for the Deaf	50	51	51	51	51	51	51	50	44	43
Secretary of State	31	34	34	34	32	32	32	33	28	29
Securities Department	9	9	9	9	10	9	9	11	8	8
Seed Department	30	30	30	31	31	30	30	30	23	23
Soybean Council	7	8	8	8	7	6	6	6	6	4
State Fair Association	28	27	27	26	27	28	26	26	19	21
State Library	30	31	30	30	29	29	28	28	24	26
Veteran's Affairs Department	8	8	9	9	9	7	7	8	8	8
Veterans Home	118	120	116	118	120	119	118	119	94	93
Water Commission	90	95	96	96	93	93	93	93	81	91
Wheat Commission	8	8	8	8	8	6	6	6	5	5
Workforce Safety and Insurance	256	266	265	265	265	267	265	264	234	241
LEGISLATIVE BRANCH										
Legislative Council	36	36	37	36	36	36	36	36	37	39
JUDICIAL BRANCH										
Judiciary Branch	363	364	392	392	355	363	363	362	351	353
Total State Employees	16,368	16,639	16,598	16,121	15,675	15,707	15,679	15,747	15,139	15,225

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
Office of the Tax Commissioner										
Number of returns filed electronically 1	383,906	412,559	428,347	391,234	460,464	447,690	417,060	463,418	446,023	436,694
Education										
Department of Public Instruction										
Public School Enrollment 2	104,278	106,070	106,863	108,945	110,842	112,858	112,045	113,858	115,385	115,767
North Dakota University System										
Full Time Equivalent Student Enrollment 3	38,174	38,151	37,870	37,398	36,603	35,352	34,268	33,497	33,164	33,421
Health and Human Services										
North Dakota Department of Health										
Number of Autopsies Performed in ND 4	261	258	244	234	239	176	111	200	213	NA
North Dakota Department of Environmental Quality										
Air Quality - Percent of Facilities in Compliance 4	99	100	100	100	99	99	99	98	99	NA
Public Water Systems - Percent of Facilities in Compliance 4	95	96	98	99	98	99	100	100	99	NA
Department of Human Services										
Number of TANF Caseloads	2,773	2,515	2,367	2,313	2,206	1,968	1,981	2,035	1,712	1,223
Number of Medicaid Recipients	105,539	114,364	122,374	123,766	124,371	122,304	119,763	121,527	141,051	149,775
Regulatory										
Office of the Insurance Commissioner										
Licensed Insurance Agents 4	61,142	65,671	66,882	75,769	73,304	83,193	94,289	106,243	112,489	130,075
Public Service Commission										
Weighing and Measuring Devices Inspected	5,892	5,446	6,136	5,172	5,183	4,653	3,526	5,191	5,155	4,091
Weights and Measures Quality Assurance Inspections	166	249	216	207	160	79	180	302	269	379
Gas Pipeline Safety Inspections	127	72	81	82	78	42	49	106	42	73
Gas Pipeline Safety Inspection-Person Days	162	124	134	150	191	122	153	236	155	209
Public Safety and Corrections										
Department of Corrections and Rehabilitation										
Average Daily Adult Prison Population 4	1,617	1,767	1,794	1,813	1,709	1,766	1,492	1,459	1,603	NA
Office of the Attorney General-Bureau of Investigations										
Criminal Cases Opened 4	478	449	558	514	339	427	407	355	381	NA
Drug Cases Opened 3	380	387	544	446	278	402	338	325	281	NA
Office of the Attorney General-Crime Laboratory										
Toxicology Alcohol Blood and Breath Analyses 4	6,523	6,472	5,472	5,201	4,298	4,007	3,080	3,712	—	NA
Methamphetamine/Amphetamine Samples Processed 4	2,942	4,527	4,669	3,932	4,077	3,284	2,782	1,686	—	NA
Office of the Adjutant General										
Assigned National Guard 5	4,167	4,006	3,980	4,032	4,002	4,094	4,155	4,223	4,111	4,089
Agriculture and Commerce										
Department of Agriculture										
Pounds of Pesticide Waste Collected	310,754	384,857	137,297	180,692	340,074	521,584	114,597	258,115	258,115	302,773
Job Service North Dakota (JSND)										
Net Job Growth from Nonfarm Employment 4	16,900	(7,600)	(19,200)	(2,500)	3,700	4,500	-29,300	4,300	10,200	NA
Source: Current Employment Statistics, BLS - JSND										
New Private Sector Businesses 4	940	382	(67)	(281)	-172	336	115	542	1,502	NA
Source: Quarterly Census of Employment & Wages, BLS - JSND										
Game and Fish Department										
Registered Boats 4	53,558	61,328	67,026	57,220	60,660	62,672	60,123	63,523	79,391	NA
Hunting and Fishing Licenses Issued	357,488	354,728	356,548	351,704	343,709	343,530	342,272	377,378	357,154	NA
Department of Parks and Recreation										
Park Visitations 4	1,187,022	1,211,150	1,182,628	1,196,868	1,211,744	1,214,226	1,296,509	1,292,896	1,135,530	NA
Camping Nights 4	68,480	71,075	73,316	71,555	72,831	72,979	94,079	97,241	88,625	NA
Snowmobile Registrations 4	3,743	8,958	2,779	8,767	2,762	7,478	10,316	7,261	10,046	NA
OHV Registrations 4	26,200	12,753	25,316	13,673	27,148	13,115	42,509	39,289	46,485	NA
Transportation										
Department of Transportation										
Registered Vehicles 4	1,159,317	1,168,252	1,160,042	1,159,040	1,184,472	1,188,053	1,182,587	1,097,305	1,203,810	NA
Licensed Drivers	527,541	545,027	555,935	561,667	561,333	566,015	557,164	559,778	563,161	585,817
Unemployment Compensation										
Job Service North Dakota										
Number of Covered Workers 4	444,658	437,078	417,150	414,039	417,578	422,826	395,988	400,472	411,308	NA
Workforce Safety and Insurance										
Number of Claims Filed	26,395	24,798	21,227	20,045	19,830	19,913	18,813	17,845	17,477	18,128
Number of Covered Workers	418,234	435,993	427,899	408,107	405,367	409,559	414,371	386,414	391,512	402,018

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**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	631,997	632,039	631,794	631,806	631,806	631,806	631,761	631,629	631,629	631,480
ND University System										
Buildings	528	528	534	534	516	516	470	475	449	450
*Buildings Square Footage	15,852,457	15,852,457	16,299,100	16,299,100	16,571,905	16,571,905	16,682,484	16,543,663	16,174,990	N/A
Health and Human Services										
Dept. of Human Services										
Buildings	63	63	63	63	63	63	60	60	60	60
Public Safety and Corrections										
Department of Corrections and Rehabilitation										
Buildings	71	71	71	70	70	70	70	70	70	70
Buildings										
Office of the Adjutant General										
Headquarters, Camp and Armory Buildings	280	298	298	302	330	327	319	319	319	327
Natural Resources										
Game and Fish Department										
Wildlife Management Areas	204	201	200	201	201	201	202	203	201	202
Boats, ATV's, Snowmobiles, Tractors, Other	462	460	472	491	493	498	506	520	536	558
Dept. of Parks and Recreation										
Park/Recreational Sites	15	15	15	15	15	15	15	15	14	14
Park Maintenance Vehicles/Equipment	305	305	363	392	364	409	420	430	384	392
Transportation										
Department of Transportation										
Roadway Miles Maintained	8,509	8,563	8,614	8,614	8,614	8,622	8,624	8,624	8,624	8,624
Fleet Vehicles	3,652	3,664	3,726	3,740	3,541	3,406	3,386	3,291	3,291	3,345
Heavy Equipment	441	448	441	445	479	480	489	489	489	495
Buildings	142	158	159	162	164	165	167	169	169	171

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1 Net Earned Required Contribution and Investment Revenues	\$ 133	\$ 70	\$ 173	\$ 101	\$ 42	\$ 204	\$ 183	\$ 68	\$ (185)	\$ 77
2 Unallocated Expenses	33	36	67	26	21	25	8	(16)	9	4
3 Estimated Incurred Claims and Expense, End of Policy Year	39	94	26	21	87	39	(1)	59	3	0
4 Paid (Cumulative) as of:										
End of Policy Year	(32)	(35)	(77)	(86)	(19)	(106)	(136)	(193)	(131)	134
One Year Later	(32)	(35)	(77)	(86)	(19)	(106)	(136)	(193)	(131)	
Two Years Later	(32)	(35)	(77)	(86)	(19)	(106)	(14)	(193)		
Three Years Later	(32)	(35)	(77)	(86)	(19)	(106)	(14)			
Four Years Later	(32)	(35)	(77)	(86)	(19)	(106)				
Five Years Later	(32)	(35)	(77)	(86)	19					
Six Years Later	(32)	(35)	(77)	(86)						
Seven Years Later	(32)	(35)	(77)							
Eight Years Later	(32)	(35)								
Nine Years Later	(32)									
5 Re-estimated Incurred Claims and Expenses:										
End of Policy Year	39	94	26	(21)	87	39	(1)	59	3	0
One Year Later	39	94	26	(21)	87	39	(1)	59	3	
Two Years Later	39	94	26	(21)	87	39	(1)	59		
Three Years Later	39	94	26	(21)	87	39	(1)			
Four Years Later	39	94	26	(21)	87	39				
Five Years Later	39	94	26	(21)	87					
Six Years Later	39	94	26	(21)						
Seven Years Later	39	94	26							
Eight Years Later	39	94								
Nine Years Later	39									
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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1 Net Earned Required Contribution and Investment Revenues	\$ 5,388	\$ (2,124)	\$ 2,908	\$ 4,765	\$ 3,567	\$ 3,845	\$ 2,704	\$ 4,989	\$ 54	\$ 4,000
2 Unallocated Expenses	915	800	912	1,348	1,118	874	541	705	635	795
3 Estimated Incurred Claims and Expense, End of Policy Year	998	1,141	3,039	4,750	2,352	2,953	2,576	3,511	1,674	2,933
4 Paid (Cumulative) as of:										
End of Policy Year	562	9,378	8,890	3,805	8,318	3,218	2,253	3,705	2,939	3,711
One Year Later	1,067	1,553	3,117	4,466	1,158	3,218	2,253	3,705	2,939	
Two Years Later	1,080	1,564	3,119	4,466	1,158	3,218	2,253	3,705		
Three Years Later	1,080	1,564	3,119	4,466	1,158	3,218	2,253			
Four Years Later	1,080	1,564	3,119	4,466	1,158	3,218				
Five Years Later	1,080	1,564	3,119	4,466	1,158					
Six Years Later	1,080	1,564	3,119	4,466						
Seven Years Later	1,080	1,564	3,119							
Eight Years Later	1,080	1,564								
Nine Years Later	1,080									
5 Reestimated Incurred Claims and Expenses:										
End of Policy Year	998	1,516	3,039	4,750	2,352	3,040	2,953	3,511	1,674	2,933
One Year Later	1,146	1,725	3,292	4,692	3,153	3,040	2,953	3,511	1,674	
Two Years Later	1,122	1,723	3,229	4,634	3,153	3,040	2,953	3,511		
Three Years Later	1,122	1,723	3,226	4,634	3,153	3,040	2,576			
Four Years Later	1,122	1,723	3,226	4,634	3,153	3,040				
Five Years Later	1,122	1,723	3,226	4,634	3,251					
Six Years Later	1,122	1,723	3,226	4,634						
Seven Years Later	1,122	1,723	3,222							
Eight Years Later	1,122	1,723								
Nine Years Later	1,122									
6 Increase in Estimated Incurred Claims and Expense From End of Policy Year	125	582	191	(58)	0	87	0	0	0	0

Schedule 17
Claims Development Information
Last Ten Fiscal Years
(Expressed In Thousands)

Workforce Safety & Insurance

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1 Net Earned Required Contribution and Investment Revenues	\$ 502	\$ 408	\$ 377	\$ 396	\$ 343	\$ 386	\$ 353	\$ 429	\$ (31)	\$ 249
2 Unallocated Expenses	41	41	43	47	44	45	44	48	43	49
3 Estimated Incurred Claims and Expense, End Of Policy Year	338	315	229	198	193	187	177	145	126	140
4 Paid (Cumulative) as of:										
End of Policy Year	65	61	41	40	42	42	42	33	34	43
One Year Later	111	102	74	65	76	69	62	50	52	
Two Years Later	128	120	84	73	76	77	67	54		
Three Years Later	140	132	84	78	80	82	70			
Four Years Later	148	140	88	82	82	85				
Five Years Later	154	146	91	84	83					
Six Years Later	158	150	92	85						
Seven Years Later	160	152	93							
Eight Years Later	162	153								
Nine Years Later	163									
5 Reestimated Incurred Claims and Expenses:										
End of Policy Year	338	315	229	198	192	187	177	145	126	140
One Year Later	321	283	204	177	179	174	156	118	133	
Two Years Later	299	271	191	164	172	168	134	103		
Three Years Later	291	267	174	154	157	151	123			
Four Years Later	285	265	161	141	140	137				
Five Years Later	277	263	148	131	131					
Six Years Later	265	250	139	126						
Seven Years Later	249	240	133							
Eight Years Later	235	231								
Nine Years Later	228									
6 Increase in Estimated Incurred Claims and Expense From End of Policy Year	(110)	(83)	(229)	(73)	(62)	(49)	(54)	(41)	(13)	0

**Schedule 18
Agricultural Production**

Value of Export Shares of Agricultural Commodities - 2021 - 2022

	2021 Dollars (Mil.)	2021 % of U.S.	2022 Dollars (Mil.)	2022 % of U.S.
Wheat	1,077.8	14.91	1,499.4	18.02
Soybeans and Products	1,428.1	4.32	1,655.1	4.09
Other Oil Seeds and Products	714.6	34.25	764.9	37.99
Vegetables Fresh and Processed	294.9	4.04	259.0	3.37
Grain Products	141.3	3.55	188.4	4.10
Vegetable Oils	240.1	6.03	251.5	5.87
Feeds and Other Feed Grains	238.6	2.07	309.1	6.73
Corn	381.5	2.05	420.7	2.27
Other Plant Products	190.1	1.02	235.5	1.23
Beef, Veal and Pork	182.8	0.98	188.0	0.97
Other Livestock Products	64.8	1.28	72.5	1.48
Hides and Skins	13.9	1.19	12.7	1.14
Dairy Products	11.6	0.15	13.4	0.14
Other Poultry Products	3.1	0.12	4.5	0.16
Total	\$ 4,983.2	3.52 %	\$ 5,874.7	3.80 %

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.

2023 Crop Rank Among States

North Dakota Ranks	Crop Description	North Dakota Produces
1st	Canola	85 %
	Flaxseed	79 %
	Pinto Beans	70 %
	Spring Wheat	55 %
	Durum Wheat	49 %
	Sunflower Non-oil	48 %
	SunFlower Oil	48 %
	All Dry Edible Beans	40 %
	Honey Production	25 %
	Oats	23 %
	Rye	22 %

Source: North Dakota Agricultural Statistics August 2023