

State Auditor Joshua C. Gallion

# State of North Dakota Single Audit Report

For the two-year period ended June 30, 2020





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The 2020 and 2019 Comprehensive Annual Financial Reports were issued separately.

STATE AUDITOR
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March 17, 2021

Honorable Doug Burgum Governor, State of North Dakota

Members of the Legislative Assembly of the State of North Dakota

Mr. Joe Morrissette, Director Office of Management and Budget

We are pleased to submit the single audit of the State of North Dakota, covering the fiscal years ended June 30, 2020 and 2019.

This report complies with the State's audit requirements, including those placed upon the State as a condition for the receipt of federal funds for fiscal years 2020 and 2019. The audit meets the requirements of Chapter 54-10 of the North Dakota Century Code, the Single Audit Act Amendments of 1996, and the provisions of the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (contained in Title 2 of the U.S. Code of Federal Regulations Part 200).

We issued separate reports on the State of North Dakota's financial statements for fiscal years 2020 and 2019. These reports are included in the State of North Dakota's *Comprehensive Annual Financial Report* issued under separate cover for each of the two fiscal years ended June 30, 2020 and 2019 and are available upon request.

Respectfully submitted,

Joshua C. Gallion State Auditor

# **Single Audit Report**

**Auditor's Section** 





## Report on Internal Control and Compliance

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards

The Honorable Doug Burgum, Governor of North Dakota Members of the North Dakota Legislative Assembly

We have audited, in accordance with auditing standards general accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of North Dakota as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the state's basic financial statements and have issued our report thereon dated December 10, 2020.

Our report includes a reference to other auditors who audited the following entities, as described in our report on the state of North Dakota's financial statements:

Addiction Counselor Internship

Loan Program

Bank of North Dakota

Beginning Farmer Revolving Loan Fund

Building Authority College SAVE

Community Water Facility Loan Fund

Comprehensive Health Association of

North Dakota

Covid Pace Recovery Program

Department of Trust Lands

North Dakota Development Fund

Guaranteed Student Loan Program

Housing Finance Agency Housing Incentive Fund

Infrastructure Revolving Loan Fund

Innovation Technology Fund

Job Service North Dakota Mandan Remediation Trust

Medical Facility Infrastructure Loan Program

PACE and AG PACE Funds

Public Employees Retirement System

Public Finance Authority Rebuilders Loan Program

Retirement and Investment Office

School Construction Assistance Revolving

Loan Fund

Small Employer Loan Fund

State Fair Association

State Historical Society of North Dakota

Foundation

Student Loan Trust

Workforce Safety and Insurance

This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the North Dakota University System's foundations, that are reported as discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

## **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control described in the accompanying *Schedule of Findings, Recommendations, and Responses* as item 2020-01 that we consider to be a material weakness.

## **Responses to Findings**

The Office of Management and Budget's response to the finding identified in our audit is described in the accompanying *Schedule of Findings, Recommendations, and Responses*. This response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Compliance and Other Matters**

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the state of North Dakota's internal control or on compliance. This 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 and compliance. Accordingly, this communication is not suitable for any other purpose.

Joshua C. Gallion State Auditor

December 10, 2020

STATE AUDITOR Joshua C. Gallion



## Report on Internal Control and Compliance

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards

The Honorable Doug Burgum, Governor of North Dakota Members of the North Dakota Legislative Assembly

We have audited, in accordance with auditing standards general accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of North Dakota as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the state's basic financial statements and have issued our report thereon dated December 11, 2019.

Our report includes a reference to other auditors who audited the following entities, as described in our report on the state of North Dakota's financial statements:

Addiction Counselor Internship

Loan Program
Bank of North Dakota

Beginning Farmer Revolving Loan Fund

Building Authority College SAVE

Community Water Facility Loan Fund Comprehensive Health Association of

North Dakota

Department of Trust Lands

**Development Fund** 

**Guaranteed Student Loan Program** 

Housing Finance Agency Housing Incentive Fund

Infrastructure Revolving Loan Fund

Job Service North Dakota Mandan Remediation Trust

Medical Facility Infrastructure Loan Program

PACE and AG PACE Funds

Public Employees Retirement System

Public Finance Authority Rebuilders Loan Program

Retirement and Investment Office

School Construction Assistance Revolving

Loan Fund

State Fair Association

State Historical Society of North Dakota

Foundation
Student Loan Trust

Workforce Safety and Insurance

This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those

auditors. The financial statements of the North Dakota University System's foundations, that are reported as discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

## **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control described in the accompanying *Schedule of Findings, Recommendations, and Responses* as item 2019-01 that we consider to be a significant weakness. We noted another deficiency involving internal control that we have reported to the management of the Office of Management and Budget in a letter dated December 11, 2019.

## **Responses to Findings**

The Office of Management and Budget's responses to the findings identified in our audit are described in the accompanying *Schedule of Findings, Recommendations, and Responses*. These responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## **Compliance and Other Matters**

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the state of North Dakota's internal control or on compliance. This 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 and compliance. Accordingly, this communication is not suitable for any other purpose.

Joshua C. Gallion State Auditor

December 11, 2019

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# REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

## 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

Mr. Joe Morrissette, Director Office of Management and Budget

## Report on Compliance for Each Major Federal Program

We have audited the State of North Dakota's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the State of North Dakota's major Federal programs for the years ended June 30, 2020 and 2019. The State of North Dakota's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

## Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

## Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State of North Dakota's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of North Dakota's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for each major federal program. However, our audit does not provide a legal determination of the State of North Dakota's compliance.

## Basis for Qualified Opinion on the Child Care Development Fund (CCDF) Cluster

As described in the accompanying schedule of findings and questioned costs, the State of North Dakota did not comply with certain compliance requirements that are applicable to the major federal programs listed below. Compliance with such requirements is necessary, in our opinion, for the State of North Dakota to comply with the requirements applicable to that program.

| Program/Cluster Title                   | Compliance Requirement       | Finding Number       |
|---|------------------------------|----------------------|
| CCDF Cluster (CFDA's 93.575 and 93.596) | Special Tests and Provisions | 2020-009<br>2020-014 |

## **Qualified Opinion on the CCDF Cluster**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of North Dakota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the CCDF Cluster for the years ended June 30, 2020 and 2019.

## Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State of North Dakota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the years ended June 30, 2020 and 2019.

## Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-002, 2020-004, 2020-005, 2020-006, 2020-007, 2020-010, 2020-011, 2020-012, 2020-013, 2020-015, 2020-017, 2020-018, 2020-019, 2020-020, 2020-021, 2020-022, 2020-023, 2020-024, 2020-025, 2020-026, 2020-027, and 2020-028. Our opinion on each major federal program is not modified with respect to these matters.

The State of North Dakota's response to the noncompliance findings identified in our audit is described in the accompanying management's response and corrective action. The State of North Dakota's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

Management of the State of North Dakota is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State of North Dakota's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the State of North Dakota's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of North Dakota's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-009 and 2020-014 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-002, 2020-003, 2020-004, 2020-008, 2020-011, 2020-012, 2020-013, 2020-016, 2020-017, 2020-018, 2020-019, 2020-020, 2020-021, 2020-024, 2020-025, and 2020-027 to be significant deficiencies.

The State of North Dakota's responses to the internal control over compliance findings identified in our audit are described in the accompanying management's response and corrective action. The State of North Dakota's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance 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 for the State of North Dakota as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the State of North Dakota's basic financial statements. We issued our reports thereon dated December 10, 2020 and December 11, 2019, respectively, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information

has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Joshua C. Gallion State Auditor

Bismarck, North Dakota

March 17, 2021

# Schedule of Findings and Questioned Costs - Index

Fiscal Years Ended June 30, 2020 and 2019

## **SECTION I**

Summary of Auditors' Results, Page D-4 Identification of Major Programs, Page D-5

## **SECTION II**

Schedule of Financial Statement Findings, Page D-6

## **SECTION III**

Schedule of Federal Findings and Questioned Costs for Federal Awards, Page D-9

# **Department of Commerce**

| CFDA NUMBER                    | FEDERAL AGENCY                              | FINDING NUMBER |
|--------------------------------|---|----------------|
| 14.228, 14.239, 81.042, 93.569 | DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | 2020-001       |
|                                | DEPARTMENT OF ENERGY                        |                |
|                                | DEPARTMENT OF HEALTH AND HUMAN SERVICES     |                |

# **Department of Human Services**

| CFDA NUMBER            | FEDERAL AGENCY                               | FINDING NUMBER |
|------------------------|--|----------------|
| 93.777, 93.778, 93.767 | U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | 2020-002       |
| 93.777, 93.778, 93.767 | U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | 2020-003       |
| 93.777, 93.778         | U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | 2020-004       |
| 93.777, 93.778         | U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | 2020-005       |
| 93.777, 93.778         | U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | 2020-006       |
| 93.777, 93.778         | U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | 2020-007       |
| 93.777, 93.778, 93.563 | U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | 2020-008       |
| 93.575, 93.596         | U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | 2020-009       |
| 93.575, 93.596         | U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | 2020-010       |
| 93.575, 93.596         | U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | 2020-011       |
| 93.575, 93.596         | U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | 2020-012       |

## **Schedule of Findings and Questioned Costs - Index**

Fiscal Years Ended June 30, 2020 and 2019

| 93.575, 93.596 | U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | 2020-013 |
|----------------|--|----------|
| 93.575, 93.596 | U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | 2020-014 |
| 93.575, 93.596 | U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | 2020-015 |
| 93.575, 93.596 | U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | 2020-016 |
| 93.558         | U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | 2020-017 |
| 93.658         | U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | 2020-018 |
| 84.126         | U.S. DEPARTMENT OF EDUCATION                 | 2020-019 |

# **Department of Public Instruction**

| CFDA NUMBER  | FEDERAL AGENCY  | FINDING NUMBER |
|--|---|----------------|
| 84.027, 84.173   | U.S. DEPARTMENT OF EDUCATION                              | 2020-020       |
| 10.565, 10.568, 10.553,<br>10.555, 10.558, 10.559,<br>10.560, 10.582 | U.S. DEPARTMENT OF AGRICULTURE (USDA)                     | 2020-021       |
| 84.173, 10.553, 10.555,  | DEPARTMENT OF EDUCATION  DEPARTMENT OF AGRICULTURE (USDA) | 2020-022       |
| 10.553, 10.555, 10.559   | U.S. DEPARTMENT OF AGRICULTURE (USDA)                     | 2020-023       |

# **Department of Transportation**

| CFDA NUMBER  | FEDERAL AGENCY                    | FINDING NUMBER |
|--|-----------------------------------|----------------|
| 20.513, 20.505, 20.526,<br>20.600, 20.616, 20.205,<br>20.509 | U.S. DEPARTMENT OF TRANSPORTATION | 2020-024       |
| 20.509   | U.S. DEPARTMENT OF TRANSPORTATION | 2020-025       |
| 20.509   | U.S. DEPARTMENT OF TRANSPORTATION | 2020-026       |

**Schedule of Findings and Questioned Costs - Index** 

Fiscal Years Ended June 30, 2020 and 2019

# **State Treasurer's Office**

| CFDA NUMBER    | FEDERAL AGENCY                  | FINDING NUMBER |
|----------------|---------------------------------|----------------|
| 15.433, 15.437 | U.S. DEPARTMENT OF THE INTERIOR | 2020-027       |

# **University System**

| CFDA NUMBER | FEDERAL AGENCY               | FINDING NUMBER |
|-------------|------------------------------|----------------|
| 84.425      | U.S. DEPARTMENT OF EDUCATION | 2020-028       |

## **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2020 and 2019

# **Section I Summary of Auditors' Results**

Dollar threshold used to distinguish between Type A and Type B programs: \$13,255,999

Auditee qualified as a low risk auditee? No

| FINANCIAL STATEMENTS  | 2020       | 2019       |
|---|------------|------------|
| Type of auditors' report issued   | Unmodified | Unmodified |
| Internal control over financial reporting:  |            |            |
| Material weakness(es) identified?   | Yes        | No         |
| Significant deficiency(ies) identified that are not considered to be material weakness(es)?   | No         | Yes        |
| Noncompliance material to financial statements noted?   | No         | No         |
|   |            |            |
| FEDERAL AWARDS  | 2020       | 2019       |
|   |            |            |
| Internal control over major programs:   |            |            |
| Internal control over major programs:  Material weakness(es) identified?  | Yes        | Yes        |
| 1 1 1   | Yes<br>Yes | Yes<br>Yes |
| Material weakness(es) identified? Significant deficiency(ies) identified that are   |            |            |
| Material weakness(es) identified?  Significant deficiency(ies) identified that are not considered to be material weakness(es)?  Type of auditors' report issued on compliance for               |            |            |
| Material weakness(es) identified? Significant deficiency(ies) identified that are not considered to be material weakness(es)? Type of auditors' report issued on compliance for major programs: | Yes        | Yes        |

## **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2020 and 2019

# **Identification of Major Programs**

| CFDA Number(s)         | Name of Federal Program or Cluster                                      |
|------------------------|---|
| 12.401                 | National Guard Military Operations and Maintenance (O&M) Projects       |
| 14.228                 | Community Development Block Grants                                      |
| 15.433                 | Flood Control Act Lands   |
| 15.437                 | Minerals Leasing Act  |
| 15.518                 | Garrison Diversion Unit   |
| 15.605, 15.611, 15.626 | Fish and Wildlife Cluster   |
| 20.205, 20.219         | Highway Planning and Construction Cluster                               |
| 20.509                 | Formula Grants for Rural Areas and Tribal Transit Program               |
| 21.019                 | Coronavirus Relief Fund   |
| 84.010                 | Title I Grants to Local Educational Agencies                            |
| 84.027, 84.173         | Special Education Cluster (IDEA)  |
| 84.126                 | Rehabilitation Services Vocational Rehabilitation Grants to States      |
| 84.287                 | Twenty-First Century Community Learning Centers                         |
| 84.425                 | Education Stabilization Fund  |
| 93.044, 93.045, 93.053 | Aging Cluster   |
| 93.558                 | TANF Cluster  |
| 93.563                 | Child Support Enforcement   |
| 93.569                 | Community Services Block Grant  |
| 93.575, 93.596         | Child Care Development Fund Cluster                                     |
| 93.767                 | Children's Health Insurance Program                                     |
| 93.777, 93.778         | Medicaid Cluster  |
| 97.036                 | Disaster Grants – Public Assistance (Presidentially Declared Disasters) |
| 97.067                 | Homeland Security Grant Program   |
| Various                | Research and Development Cluster  |

## **Schedule of Financial Statement Findings**

Fiscal Years Ended June 30, 2019 and 2020

## Office of Management and Budget

## **FINDING TYPE:** Financial Statement

Finding F19-1

Finding Title: Lack of Required Note Disclosures

### **CRITERIA**

According to the "Standards for Internal Control in the Federal Government", management should identify, analyze, and respond to significant changes that could impact the internal control system. Management should also design control activities in response to the entity's objectives and risks to achieve an effective internal control system. (Green Book, GAO-14-704G para 9.01, 10.02)

GASB Statement 88, paragraph 5, states "a government should disclose in notes to financial statements summarized information about assets pledged as collateral for debt."

GASB Statement 62, paragraph 22, states that interest cost should be disclosed in the notes to the financial statements. For an accounting period in which some interest cost is capitalized, the total amount of interest cost incurred during the period and the amount thereof that has been capitalized should be disclosed.

### **CONDITION**

The Office of Management and Budget does not have adequate procedures in place to ensure inclusion of required disclosures from component auditor reports in the Comprehensive Annual Financial Reports (CAFR). The Bank of North Dakota audit report contained a note disclosure identifying \$1.47 billion of securities assigned as collateral for debt which was not included in the CAFR note disclosures as required by Governmental Accounting Standards Board (GASB) statement 88. In addition, the North Dakota University System audit report disclosed \$4 million of capitalized interest as required by GASB statement 62 which was not included in the CAFR note disclosures.

## **CAUSE**

The Office of Management and Budget has not designed adequate procedures to ensure the inclusion of required items from component auditor reports.

## **EFFECT**

There is potential for incomplete note disclosure and non-compliance with GASB requirements. The Office of Management and Budget revised the note disclosures to include the identified errors of this finding.

## **RECOMMENDATION**

We recommend the Office of Management and Budget improve procedures to ensure disclosure of GASB reporting requirements from component audit reports are included in the CAFR.

## OFFICE OF MANAGEMENT AND BUDGET RESPONSE/CORRECTIVE ACTION PLAN

See "Management's Response and Corrective Action" section of this report.

## **Schedule of Financial Statement Findings**

Fiscal Years Ended June 30, 2019 and 2020

## FINDING TYPE: Financial Statement

Finding F20-1

Finding Title: Untimely Capitalization and Depreciation of Transportation Projects

## **CRITERIA**

Construction of assets that are substantially complete and available for use on June 30 are not construction in progress. When assets are substantially complete and meet the state's capitalized threshold, the construction in progress status needs to be removed and an asset needs to be added to asset records. This cost to acquire, construct or improve a capital asset is not recognized immediately as expense when occurred, but instead capitalized and allocated over the asset's estimated useful life in the form of depreciation expense. The purpose of recognizing depreciation expense is to allocate a proportionate share of the cost of the capital asset to each period that receives a benefit. No benefit is received until the capital asset is substantially ready to be placed into service.

Standards for internal control require that transactions are promptly recorded to maintain their relevance and value to management in controlling operation and making decisions. Also, management should design control activities so that all transactions are completely and accurately recorded.

#### References:

Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements for State and Local Governments". Reporting Capital Assets. Paragraphs 18, 19, 21. 1999.

Government Finance Officers Association (GFOA). "Governmental Accounting, Auditing, and Financial Reporting (GAAFR) Blue Book." Capital Assets. 2012.

North Dakota Office of Management and Budget, "GAAP Closing Procedure Manual." General Fixed Assets Closing Package. 2020

North Dakota Office of Management and Budget, "Fiscal and Administrative Policy." Fixed Asset Policies, appendix A. August 2019

U.S. Government Accountability Office (GAO), "Standards for Internal Control in the Federal Government." Design of Appropriate Control Activities. (GAO-14-704G para 10.03). September 2014.

## CONDITION

The Department of Transportation did not capitalize and depreciate state oil impact projects that were substantially complete and in use. These projects were still included in construction in progress at June 30, 2020. Considering the Department's fiscal review period for project closeout which determines accurate project costs, the audit identified projects without financial activity since June 30, 2017 and 2018 for calculating capitalizable costs and depreciation, respectively. Total costs for these projects was \$332,139,681. These projects should have

## **Schedule of Financial Statement Findings**

Fiscal Years Ended June 30, 2019 and 2020

been reclassified from non-depreciable to depreciable capital assets for reporting on the Government-wide Statement of Net Position and accrued depreciation expense of \$3,727,377 during the audit period.

## **CAUSE**

The Department of Transportation does not capitalize projects until a final fiscal review is completed which may take multiple years. The capitalization of a project may be delayed if there is a backlog of projects for a final fiscal review. A reporting process has not been established for the preparation of the CAFR to identify projects that are substantially complete, but not yet capitalized in the asset management records.

### **EFFECT**

Potential for a material misstatement on the Statement of Net Position for Capital Assets, Depreciable (Net) and Nondepreciable. Depreciation expense is not recorded timely to be accrued for each period that the state benefits from use of the capital assets.

## **RECOMMENDATION**

We recommend Office of Management and Budget ensure Department of Transportation infrastructure projects are capitalized and depreciated timely after the project is substantially complete and available for use.

## OFFICE OF MANAGEMENT AND BUDGET RESPONSE/CORRECTIVE ACTION PLAN

See "Management's Response and Corrective Action" section of this report.

## **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

# **Department of Commerce**

| FINDING TYPE: Significant Deficiency - Other Noncompliance |  |
|--|--|
| Finding  | 2020-001   |
| Federal Program:   | Community Development Block Grants, Community Services Block Grant, HOME Investment Partnerships Program, Weatherization Assistance for Low-Income Persons   |
| CFDA #:  | 14.228, 14.239, 81.042, 93.569   |
| Federal Award Number(s) and Year(s):                       | B-13-DC-38-0001, B-14-DC-38-0001, B-15-DC-38-0001, B-16-DC-38-0001, B-17-DC-38-0001, B-18-DC-38-0001, B-19-DC-38-0001 (2013, 2014, 2015, 2016, 2017, 2018, 2019)   |
|  | 2017G994002, 2018G994002ACF, 2019G994002ACF, 2020G994002, 2020G990915 (2017, 2018, 2019, 2020)   |
|  | HOME 12: M12-SG380100, HOME 13: M13-SG380100, HOME 14: M14-SG380100, HOME 15: M15-SG380100, HOME 16: M16-SG380100, HOME 17: M17-SG380100, HOME 18: M18-SG380100, HOME 19: M19-SG380100, HOME 20: M20-SG380100 (2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020) |
|  | DOE 17-19: DE-EE0007940 (2017, 2018, 2019, 2020)   |
| Federal Agency:  | U.S. Department of Housing and Urban Development<br>U.S. Department of Energy<br>U.S. Department of Health and Human Services  |
|  |  |
| Compliance Requirement:                                    | Other  |
| Questioned Cost:   | \$0  |

## **CRITERIA**

2 CFR 200.510(b)(1-6), states that the grantee is responsible for the accurate preparation of the Schedule of Federal Awards.

According to "Standards for Internal Control in the Federal Government" quality information needs to be communicated to enable personnel to perform key roles in achieving the entities objectives. (GAO-14.704G paragraphs 14.02 and 14.03)

#### CONDITION

The Department of Commerce does not have proper controls in place to ensure accuracy of the data that is included on the Schedule of Expenditures of Federal Awards (SEFA). The following was noted on the fiscal year 2019 SEFA:

## **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

- An independent review was not performed on the Schedule of Expenditures of Federal Awards.
- The total amount of expenditures was overstated by \$11.2 million. Of that amount:
  - o The Community Development Block Grant program was overstated by \$5.5 million.
  - o The Community Services Block Grant program was overstated by \$3.2 million.
  - o The HOME Investment Partnerships Program was overstated by \$3.1 million.
  - o The Weatherization Assistance for Low-Income Persons was overstated by \$2.5 million

## **CAUSE**

Due to employee turnover, inexperienced staff prepared the SEFA without supervisory review

## **EFFECT**

Inaccurate information was initially reported in the Schedule of Expenditures of Federal Awards and detected and corrected through the audit.

### CONTEXT

Incorrect expenditures reported on the fiscal year 2019 SEFA totaled \$11.2 million and affected 14 programs. For fiscal year 2019, 100% (2 out of 2) of the Federal programs reviewed as major programs had incorrect expenditure amounts reported on the SEFA. These 2 programs made up 53% (\$8.2 million) of the overall total corrected Federal expenditures (\$14.7 million) listed on the Department of Commerce's SEFA for fiscal year 2019.

### RECOMMENDATION

We recommend the Department of Commerce accurately prepare and perform an independent review of the Schedule of Expenditures of Federal Awards.

## DEPARTMENT OF COMMERCE RESPONSE/CORRECTIVE ACTION PLAN

See "Management's Response and Corrective Action" section of this report.

## **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

# **Department of Human Services**

| FINDING TYPE: Significant Deficiency - Other Noncompliance |  |
|--|--|
| Finding  | 2020-002   |
| Federal Program:   | Medicaid Cluster and Children's Health Insurance Program                               |
| CFDA #:  | 93.777, 93.778, 93.767   |
| Federal Award Number(s) and Year(s):                       | 1905ND5ADM, 1905ND5MAP, 1905ND5021 (2019)<br>2005ND5ADM, 2005ND5MAP, 2005ND5021 (2020) |
| Federal Agency:  | U.S. Department of Health and Human Services   |
|  | Centers for Medicare and Medicaid Services   |
| Compliance Requirement:                                    | Eligibility  |
| Questioned Cost:   | \$4,782  |

### **CRITERIA**

42 CFR 431.10 states the State Medicaid Agency or its designee is required to determine client eligibility in accordance with eligibility requirements defined in the approved State plan.

42 CFR 435.603 (a)(2) states that the agency must apply the financial methodologies set forth in this section in determining the financial eligibility of all individuals for Medicaid.

42 CFR 457.965 states the State must include in each applicant's record facts to support the State's determination of the applicant's eligibility for CHIP.

45 CFR 75.303 states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

## CONDITION

During our testing of eligibility, we noted that eligibility was not properly determined by the Department of Human Services (DHS) in the Children's Health Insurance Program and Medicaid.

DHS did not properly determine eligibility in 4 of 60 Children's Health Insurance Program (CHIP) cases reviewed. Each of the cases were missing either income verifications, a narrative to support determinations, or both. The errors resulted in improper payments totaling \$4,659. When projected against the entire population, the likely questioned costs total \$1,119,228.

DHS did not properly determine eligibility in 1 of the 60 Medicaid cases reviewed due to a lack of updated income information on the individual. As a result, auditor was unable to determine if the individual should have been eligible for Medicaid or not. The error resulted in an improper payment totaling \$123. When projected against the entire population, the likely questioned costs total \$695,468.

## **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

The Department's Quality Control Unit did their own review and also identified eligibility determination errors as noted below.

The eligibility testing required by Center for Medicare and Medicaid Services (CMS) performed by the Department's Quality Control Unit for the calendar year 2019 for the Medicaid program identified 14 of the 200 active cases tested had eligibility determination errors, an error rate of 7%. While 35 out of the 200 negative cases tested had eligibility determination errors, an error rate of 17.5%.

The eligibility testing required by Center for Medicare and Medicaid Services (CMS) performed by the Department's Quality Control Unit for the calendar year 2019 for the Children's Health Insurance Program (CHIP) identified 27 of the 200 active cases tested had eligibility determination errors, an error rate of 13.5%. While 28 out of the 200 negative cases tested had eligibility determination errors, an error rate of 14%.

Due to the public health emergency (Covid-19) CMS has changed its requirements for the payment review portion of active cases. It is no longer required to determine payment error amounts. As a result, we are unable to identify improper Federal payment amounts for the eligibility errors of the Department's Quality Control Unit testing.

## **CAUSE**

The Department is not documenting how the amount of income was determined. Also, the Department is relying on applicants to provide updated income when there are changes in employment status. These employment changes are not communicated timely to the Department. The Department verifies income with North Dakota Job Service periodically, but between income verifications the applicant is required to provide updated information when income changes.

## **EFFECT**

Unallowable payments were made to providers on behalf of individuals whose eligibility for the CHIP and Medicaid was not proper.

## CONTEXT

There were 126,060 CHIP and Medicaid cases that received over \$2.6 billion in payments for fiscal years ended June 30, 2019 and 2020.

## **IDENTIFICATION AS A REPEAT FINDING**

Finding 2018-002 and 2018-006 were reported in the immediate prior year. Finding 2016-004 and 2016-016 were made in previous years.

## **RECOMMENDATION**

We recommend the Department of Human Services ensure eligibility determinations made for the Medicaid and CHIP programs are proper.

## DEPARTMENT OF HUMAN SERVICES RESPONSE/CORRECTIVE ACTION PLAN

See "Management's Response and Corrective Action" section of this report.

## **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

| FINDING TYPE: Significant Deficiency |  |
|--------------------------------------|--|
| Finding                              | 2020-003   |
| Federal Program:                     | Medicaid Cluster and Children's Health Insurance Program                               |
| CFDA #:                              | 93.777, 93.778, 93.767   |
| Federal Award Number(s) and Year(s): | 1905ND5ADM, 1905ND5MAP, 1905ND5021 (2019)<br>2005ND5ADM, 2005ND5MAP, 2005ND5021 (2020) |
| Federal Agency:                      | U.S. Department of Health and Human Services   |
|                                      | Centers for Medicare and Medicaid Services   |
| Compliance Requirement:              | Reporting  |
| Questioned Cost:                     | \$0  |

## **CRITERIA**

45 CFR 75.303 states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

#### CONDITION

The Department of Human Services (DHS) is not completing a reconciliation between PeopleSoft, the state's accounting system, and the Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI report (CMS-21 Report). DHS also did not complete a reconciliation between PeopleSoft and the grant expenditures reported on the Quarterly Statement of Expenditures for the Medical Assistance Program (CMS-64 Report).

For both of these reports, the two quarters tested for each report did not have reconciliations completed.

## **CAUSE**

The reconciliations were not completed primarily due to turnover in staff.

## **EFFECT**

There is risk of fiscal year-end financial reporting being inaccurate if reconciliations between the Federal report and PeopleSoft are not completed as it could potentially misstate the reporting on the Schedule of Expenditures of Federal Awards. The auditors' testing of CMS reports did not identify any significant errors in financial reporting.

## CONTEXT

CHIP expenditures were \$46,531,367 during the audit period. After the auditor inquired about reconciliations, DHS did complete reconciliations for both grant and admin expenditures. No errors were noted.

Medicaid grant expenditures were \$1,451,818,930 during the audit period. Admin expenditures were reconciled and are not included in this expenditure amount.

## **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

### RECOMMENDATION

We recommend the Department of Human Services perform reconciliations between the Federal reports and PeopleSoft on a consistent basis.

## DEPARTMENT OF HUMAN SERVICES RESPONSE/CORRECTIVE ACTION PLAN

See "Management's Response and Corrective Action" section of this report.

| FINDING TYPE: Significant Deficiency - Other Noncompliance |  |
|--|--|
| Finding  | 2020-004   |
| Federal Program:   | Medicaid Cluster   |
| CFDA #:  | 93.777, 93.778   |
| Federal Award Number(s) and Year(s):                       | 1905ND5ADM, 1905ND5MAP (2019)<br>2005ND5ADM, 2005ND5MAP (2020)     |
| Federal Agency:  | U.S. Department of Health and Human Services                       |
|  | Centers for Medicare and Medicaid Services                         |
| Compliance Requirement:                                    | Activities Allowed or Unallowed<br>Allowable Costs/Cost Principles |
| Questioned Cost:   | \$8,460  |

### **CRITERIA**

45 CFR 75.403 states that in order to be allowable under Federal awards, a cost must be necessary and reasonable for the performance of the Federal award. Duplicate payments are neither necessary nor reasonable.

45 CFR 75.303 states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

## **CONDITION**

Sixty potential duplicate payments were tested from the Medicaid Management Information System (MMIS). Testing identified 10 of these were duplicate payments from MMIS.

## **CAUSE**

The Department does not have proper procedures in place to detect and prevent duplicate or improper payments from being issued

## **EFFECT**

The known unallowable costs charged to the program were \$8,460 and when projected against the entire population, the likely questioned costs were \$74,776.

## **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

#### CONTEXT

632 sets of duplicates totaling \$2.1 million were identified as potential duplicate payments.

### **IDENTIFICATION AS A REPEAT FINDING**

Finding 2018-005 was reported in the immediate prior year. Finding 2016-008 was made in the previous year.

### RECOMMENDATION

We recommend the Department of Human Services strengthen procedures and controls to prevent duplicate payments.

### DEPARTMENT OF HUMAN SERVICES RESPONSE/CORRECTIVE ACTION PLAN

See "Management's Response and Corrective Action" section of this report.

| FINDING TYPE: Other Noncompliance    |  |
|--------------------------------------|--|
| Finding                              | 2020-005   |
| Federal Program:                     | Medicaid Cluster   |
| CFDA #:                              | 93.777, 93.778   |
| Federal Award Number(s) and Year(s): | 1905ND5ADM, 1905ND5MAP (2019) 2005ND5ADM, 2005ND5MAP (2020)        |
| Federal Agency:                      | U.S. Department of Health and Human Services                       |
|                                      | Centers for Medicare and Medicaid Services                         |
| Compliance Requirement:              | Activities Allowed or Unallowed<br>Allowable Costs/Cost Principles |
| Questioned Cost:                     | \$493  |

## **CRITERIA**

42 CFR 431.960 (c) (1) states a medical review error is an error resulting in an overpayment or underpayment that is determined from a review of the provider's medical record or other documentation supporting the service(s) claimed, Code of Federal Regulations that are applicable to conditions of payment, the State's written policies, and a comparison between the documentation and written policies and the information presented on the claim resulting in Federal and/or State improper payments.

42 CFR 431.960 (c) (3) states medical review errors include, but are not limited to, the following: (i) lack of documentation, (ii) insufficient documentation, and (iii) procedure coding errors.

## CONDITION

Medicaid providers submitted claims for payments for which the provider did not retain the required documentation to support the service billed in 6 of 382 claims tested. This resulted in improper payments of \$231. When projected against the entire population, the likely questioned costs totaled \$4,999,047.

## **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

The Department of Human Service completed Medicaid adjustments that were not coded correctly in 2 of the 120 claim adjustments tested. This resulted in improper adjustments of \$262. When projected against the entire population, the likely questioned costs totaled \$101,665.

### **CAUSE**

Medicaid providers did not retain proper documentation to support Medicaid claims and claim adjustments. In addition, the Department did not ensure providers were coding claims and adjustments properly.

#### **EFFECT**

Unallowable or inaccurate payments and adjustments were made to providers without proper documentation.

#### CONTEXT

There were 121,684 individuals that were Medicaid eligible during our audit period of July 1, 2018, through June 30, 2020.

## RECOMMENDATION

We recommend Department of Human Services ensure providers retain the proper documentation and are coding claims correctly for Medicaid claims and adjustments.

### DEPARTMENT OF HUMAN SERVICES RESPONSE/CORRECTIVE ACTION PLAN

See "Management's Response and Corrective Action" section of this report.

| FINDING TYPE: Other Noncompliance    |   |
|--------------------------------------|---|
| Finding                              | 2020-006  |
| Federal Program:                     | Medicaid Cluster  |
| CFDA #:                              | 93.777, 93.778  |
| Federal Award Number(s) and Year(s): | 1905ND5ADM, 1905ND5MAP (2019) 2005ND5ADM, 2005ND5MAP (2020) |
| Federal Agency:                      | U.S. Department of Health and Human Services                |
|                                      | Centers for Medicare and Medicaid Services                  |
| Compliance Requirement:              | Special Tests and Provisions                                |
| Questioned Cost:                     | Unknown   |

## **CRITERIA**

42 CFR 456.5 The agency must establish and use written criteria for evaluating the appropriateness and quality of Medicaid services. This section does not apply to services in hospitals and mental hospitals. For these facilities, see the following sections: 456.122 and 456.132 of subpart C; and 456.232 of subpart D.

The North Dakota Program Integrity Unit Audit Oversight outlines the type and frequency of audits to be performed.

## **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

#### CONDITION

The Department of Human Services Program Integrity Unit did not fully execute their audit oversight document for the Medicaid Program. Per the audit oversight document the new rehabilitation provider audit and the recipient analysis are to be completed semi-annually. The new rehabilitation provider audit was scheduled to start in the first quarter of calendar year 2019, however, it was never completed and it was determined to discontinue these audits. While the recipient analysis was completed during the second half of calendar year 2018 and all of calendar year 2019, it had not been completed yet for calendar year 2020. Additionally, the ambulance audits are to be conducted on a weekly basis. While the ambulance audits were completed for most of calendar years 2018 and 2019, there were no reviews completed for December 2018 and audits stopped after February 2020.

### **CAUSE**

The new rehabilitation provider audit was not completed due to the lack of time and resources as well as upper management's decision to focus on audits that have a bigger fiscal impact. The semi-annual recipient analysis was not completed for 2020 as the compliance technician was new to the position and due to a lack of communication did not realize they needed to complete the analysis. The ambulance reviews have not been completed since February 2020 due to the changing of staff and procedures.

#### **EFFECT**

The audits completed as required by the Audit Oversight document are the primary process to identify improper use of Medicaid funds. If the audits are not being completed timely, individuals could be misusing Medicaid funds.

## CONTEXT

The Recipient Analysis and New Rehabilitation Provider Audits are required, by the Audit Oversight document, to be performed once every six months. Additionally, Ambulance Audits are required by the Audit Oversight document to be performed weekly. The Department did not perform all of these required reviews timely during the audit period.

#### **IDENTIFICATION AS A REPEAT FINDING**

Finding 2018-003 was reported in the immediate prior year. Findings 2016-003, 2014-002, 2012-003 were made in previous years.

#### RECOMMENDATION

We recommend the Department of Human Services ensure the Program Integrity Unit fully executes their Audit Oversight policy.

## DEPARTMENT OF HUMAN SERVICES RESPONSE/CORRECTIVE ACTION PLAN

See "Management's Response and Corrective Action" section of this report.

## **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

| FINDING TYPE: Other Noncompliance    |  |
|--------------------------------------|--|
| Finding                              | 2020-007                                     |
| Federal Program:                     | Medicaid Cluster                             |
| CFDA #:                              | 93.777, 93.778                               |
| Federal Award Number(s) and Year(s): | 2005ND5ADM, 2005ND5MAP (2020)                |
| Federal Agency:                      | U.S. Department of Health and Human Services |
|                                      | Centers for Medicare and Medicaid Services   |
| Compliance Requirement:              | Special Tests and Provisions                 |
| Questioned Cost:                     | Unknown                                      |

## **CRITERIA**

NCCI Medicaid Technical Guidance Manual Section 7.1.2 states at a minimum, the following elements must be included in the confidentiality agreements for any contracted party using the Medicaid NCCI files posted to the Medicaid Integrity Institute:

- Disclosure shall be limited to only those responsible for the implementation of the quarterly state Medicaid NCCI edit files. Disclosure shall not be made prior to the start of the new calendar quarter.
- After the start of the new calendar quarter, a Contracted Party may disclose only non-confidential information contained in the Medicaid NCCI edit files that is also available to the general public found on the Medicaid NCCI webpage.
- The Contracted Party agrees to use any non-public information from the quarterly state Medicaid NCCI
  edit files only for any business purposes directly related to the implementation of the Medicaid NCCI
  methodologies in the particular state.
- New, revised, or deleted Medicaid NCCI edits shall not be published or otherwise shared with
  individuals, medical societies, or any other entities unless it is a Contracted Party prior to the posting of
  the Medicaid NCCI edits on the Medicaid NCCI webpage.
- Implementation of New, revised, or deleted Medicaid NCCI edits shall not occur prior to the first day of the calendar quarter.
- Only a state Medicaid agency has the discretion to release additional information for selected individual edits or limited ranges of edits from the files posted on the Medicaid Integrity Institute.
- State Medicaid agencies must impose penalties, up to and including loss of contract, for violations of any confidentiality agreement relating to use of the MII edit files.

## **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

#### CONDITION

The Department of Human Services does not have a confidentiality agreement in place with Cotiviti in regards to the NCCI. Medicaid National Correct Coding Initiative (NCCI) methodologies must be applied to Medicaid fee-for-service claims submitted with, and reimbursed on the basis of, Healthcare Common Procedure Coding System codes and Current Procedural Terminology codes. The NCCI files are to be updated on a quarterly basis as required by the Medicaid Integrity Institute. The Department of Human Services contracts with Cotiviti to implement the correct quarterly files from Medicaid Integrity Institute. The NCCI Medicaid Technical Guidance Manual requires a confidentiality agreement to be in place for any contracted party using the Medicaid NCCI files.

#### **CAUSE**

The Department of Human Services was unaware of the requirement to have a confidentiality agreement

## **EFFECT**

The lack of a confidentiality agreement with Cotiviti could result in Cotiviti using non-public information from the quarterly state Medicaid NCCI edit files for non-business purposes without any penalties being imposed. Additionally, the lack of a confidentiality agreement with Cotiviti could lead to Cotiviti not updating the quarterly files timely.

## **CONTEXT**

There were 121,684 individuals that were Medicaid eligible during our audit period of July 1, 2018, through June 30, 2020 that had claims being processed by the Department of Human Services through Cotiviti.

## **RECOMMENDATION**

We recommend the Department of Human Services ensure a confidentiality agreement is in place with Cotiviti in regards to National Correct Coding Initiative.

## DEPARTMENT OF HUMAN SERVICES RESPONSE/CORRECTIVE ACTION PLAN

See "Management's Response and Corrective Action" section of this report.

## **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

| FINDING TYPE: Significant Deficiency |  |
|--------------------------------------|--|
| Finding                              | 2020-008   |
| Federal Program:                     | Medicaid Cluster and Child Support Enforcement   |
| CFDA #:                              | 93.777, 93.778, 93.563   |
| Federal Award Number(s) and Year(s): | 1905ND5ADM, 1905ND5MAP, 1901NDCEST, 1901NDCSES (2019)<br>2005ND5ADM, 2005ND5MAP, 2001NDCEST, 2001NDCSES (2020) |
| Federal Agency:                      | U.S. Department of Health and Human Services   |
|                                      | Centers for Medicare and Medicaid Services   |
| Compliance Requirement:              | Activities Allowed or Unallowed<br>Allowable Costs/Cost Principles   |
| Questioned Cost:                     | \$0  |

## **CRITERIA**

Standards for Internal Control in the Federal Government (Green Book) requires management to monitor the effectiveness of internal control over the assigned processes performed by service organizations. Monitoring activities related to service organizations may include the use of work performed by external parties. (GAO-14-704G para 16.08)

45 CFR 75.303 states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

2 CFR 200.303(e) states that the non-Federal entity must take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.

AU-C Section 402.08 "Audit Considerations Relating to an Entity Using a Service Organization" defines a services organization as an organization that provides services to user entities that are relevant to those user entities' internal control over financial reporting.

## CONDITION

The Department of Human Services contracts with Health Management Systems to exchange Medicaid recipients information to inquire if those recipients maintain third party liability/health insurance coverage. The Department of Human Services exchanges personal recipient information, however, has not received a System and Organization Controls (SOC) report for Health Management System (HMS) since 2018, which was for the time frame of March 1, 2017 to February 28, 2018. The Child Support Division also participates in the contract with HMS to look for hits in the national health insurance database applicable to eligible child support individuals for potential 3rd party liability.

## **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

### **CAUSE**

The HMS contract expired on September 30, 2017. Following procurement procedures, the new contract was established with HMS. After the contract was reprocured, there was miscommunication among Department of Human Services personnel on whether a SOC report was required or not with the current contract.

### **EFFECT**

The lack of a SOC report for HMS, could lead to the Department of Human Services exchanging Medicaid recipients' and eligible child support individuals' information with an outside service organization with potential control weaknesses to protect personal information.

#### CONTEXT

There were 121,684 individuals that were Medicaid eligible during our audit period of July 1, 2018, through June 30, 2020. In addition, the Child Support Division submits a monthly extract file to HMS which contains approximately 50,000 children for whom there is an order for support. This extract file could include social security numbers for the children, custodial parents, and noncustodial parents.

## **RECOMMENDATION**

We recommend the Department of Human Services ensures SOC reports are obtained on all outside service organizations on a regular, consistent basis.

## DEPARTMENT OF HUMAN SERVICES RESPONSE/CORRECTIVE ACTION PLAN

See "Management's Response and Corrective Action" section of this report.

| FINDING TYPE: Material Weakness - Material Noncompliance |  |
|--|--|
| Finding  | 2020-009   |
| Federal Program:   | CCDF Cluster   |
| CFDA #:  | 93.575, 93.596   |
| Federal Award Number(s) and Year(s):                     | 2018G996005, 2018G999004, G2018G999005 (2018)<br>2019G996005, 2019G999004, G2019G999005 (2019)<br>2020G996005, 2020G999004, 2020G999005 (2020) |
| Federal Agency:  | U.S. Department of Health and Human Services   |
|  | Administration for Children and Families   |
| Compliance Requirement:                                  | Special Tests and Provisions   |
| Questioned Cost:   | \$0  |

## **CRITERIA**

45 CFR 98.41(1)(i)(A) states lead agencies shall assure that children receiving services under the CCDF are age-appropriately immunized. Those health and safety provisions shall incorporate the latest recommendation for childhood immunization of the respective state. Lead agencies may exempt: (1) Children who are cared for by relatives, provided there are no other unrelated children who are cared for in the same setting. (2) Children who

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

receive care in their own homes, provided there are no other unrelated children who are cared for in the home. (3) Children whose parents object to immunization on religious grounds. (4) Children whose medical condition contraindicates immunization.

45 CFR 98.41(iv) requires prevention and response to emergencies due to food and allergic reactions. Allergic reactions are identified on the Statement of Health for each individual child.

45 CFR 98.41 states that lead agencies must certify that procedures are in effect to ensure that child care providers, for which assistance is provided under the Child Care Assistance Program, comply with all applicable health and safety requirements.

North Dakota Century Code section 50-11.1-07 requires a licensee to maintain records as the Department prescribes regarding each child, and shall report to the Department or the Department's authorized agent, when requested, upon forms furnished by the Department, facts the Department may require with reference to each child.

#### CONDITION

The Department of Human Services does not ensure that child care providers have records for enrolled children as identified by Federal health and safety requirements. Required records include immunization records and a statement of health for each child enrolled with the provider. Of 83 licenses tested, 27 were either missing records or did not have documentation identifying records were reviewed during the licensing process resulting in a 33% error rate.

#### **CAUSE**

Department approval of child care licenses does not include verification that county licensors reviewed required child care records and ensured missing documentation was obtained.

#### **EFFECT**

Children could be at risk due to unidentified health concerns.

#### CONTEXT

During fiscal year 2017 and 2018, there were 2,174 licensed providers that received payments totaling \$29.4 million.

#### **IDENTIFICATION AS A REPEAT FINDING**

Finding 2018-007 was reported in the immediate prior year.

#### RECOMMENDATION

We recommend the Department of Human Services develop procedures to ensure required child care records are maintained by the child care provider.

#### DEPARTMENT OF HUMAN SERVICES RESPONSE/CORRECTIVE ACTION PLAN

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

| FINDING TYPE: Significant Deficiency - Other Noncompliance |  |  |
|--|--|--|
| Finding  | 2020-010   |  |
| Federal Program:   | CCDF Cluster   |  |
| CFDA #:  | 93.575, 93.596   |  |
| Federal Award Number(s) and Year(s):                       | 2018G996005, 2018G999004, G2018G999005 (2018)<br>2019G996005, 2019G999004, G2019G999005 (2019)<br>2020G996005, 2020G999004, 2020G999005 (2020) |  |
| Federal Agency:  | U.S. Department of Health and Human Services   |  |
|  | Administration for Children and Families   |  |
| Compliance Requirement:                                    | Activities Allowed or Unallowed<br>Allowable Costs/Cost Principles   |  |
| Questioned Cost:   | \$34,782   |  |

#### **CRITERIA**

North Dakota Administrative Code 75-02-01.3-10 states that the caretaker of each eligible child who receives or is offered child care services for which financial assistance is provided through the child care and development fund may choose the approved relative provider, registrant, holder of a self-declaration, or licensed provider of services to that child.

Department of Human Services Child Care Assistance Policy Manual section 400-28-105-25 states that the household's provider must be licensed (including military, tribal and out-of state), self-declared, or an approved relative provider. The license must be current and have an expiration date later than the date of the Child Care Assistance Provider's application.

45 CFR 75.303 states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

#### CONDITION

The Department of Human Services issued Child Care Assistance payments to providers that were improperly licensed. The Department requires that an individual is either an approved relative, self-declared, or licensed child care provider in order to receive payments. 27 of 83 provider licenses reviewed were determined to be improperly licensed, an error rate of 33%. These providers received \$34,782 in payments during the period of improper licensure. These known questioned costs were not projected to the population as not all improperly licensed providers received child care assistance payments during the period of being improperly licensed.

#### **CAUSE**

The Department has not designed consistent procedures to ensure licensing applications include all required documents. In addition, they rely on the licensing process and do not perform sufficient independent verifications that payments are issued to properly licensed providers.

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

#### **EFFECT**

Payments are being issued to child care providers that may not be eligible to receive them.

#### CONTEXT

During fiscal year 2017 and 2018, there were 2,174 licensed providers that received payments totaling \$29.4 million.

#### **IDENTIFICATION AS A REPEAT FINDING**

Finding 2018-010 was reported in the immediate prior year. Finding 2016-021 was made in the previous year.

#### **RECOMMENDATION**

We recommend the Department of Human Services ensure that child care providers have met all necessary licensing requirements prior to issuing Child Care Assistance payments.

#### DEPARTMENT OF HUMAN SERVICES RESPONSE/CORRECTIVE ACTION PLAN

See "Management's Response and Corrective Action" section of this report.

| FINDING TYPE: Significant Deficiency - Other Noncompliance |  |  |
|--|--|--|
| Finding  | 2020-011   |  |
| Federal Program:   | CCDF Cluster   |  |
| CFDA #:  | 93.575, 93.596   |  |
| Federal Award Number(s) and Year(s):                       | 2018G996005, 2018G999004, G2018G999005 (2018)<br>2019G996005, 2019G999004, G2019G999005 (2019)<br>2020G996005, 2020G999004, 2020G999005 (2020) |  |
| Federal Agency:  | U.S. Department of Health and Human Services   |  |
|  | Administration for Children and Families   |  |
| Compliance Requirement:                                    | Special Tests and Provisions   |  |
| Questioned Cost:   | \$0  |  |

#### **CRITERIA**

North Dakota Century Code (NDCC) section 50-11.1-07.2 requires that the Department or the Department's authorized agency issue a correction order whenever it is determined upon inspection that a program or premises is not in compliance with this chapter or rules adopted under this chapter.

NDCC section 50-11.1-07.3 requires the Department or the Department's authorized agent shall re-inspect an early childhood program issued a correction order under NDCC section 50-11.1-07.2, at the end of the period allowed for correction.

45 CFR 98.41 requires that lead agencies must certify that procedures are in effect to ensure that providers serving children who receive subsidies comply with all applicable health and safety requirements.

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

45 CFR 75.303 states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

#### CONDITION

The Department of Human Services is not properly monitoring corrective orders issued to child care providers and performing re-inspections of identified deficiencies within specified time frames. Fifty-two of 520 (10%) corrective orders issued during our audit period did not identify a date the orders were determined to be corrected. In addition, 163 of 520 (31%) corrective orders were not re-inspected within the 24 hour, 20 day, or 60 day time frame allowed for correction.

#### CAUSE

The Department's procedures for monitoring the resolution of corrective orders is ineffective.

#### **EFFECT**

Child care providers are operating without proper follow up of corrective orders jeopardizing the health and safety of children. In addition, the Department is not ensuring providers are meeting health and safety requirements as required by 45 CFR section 98.41.

#### CONTEXT

During fiscal years 2019 and 2020, there were 1,944 licensed providers receiving payments from the Child Care Assistance program.

The following list is the number of corrective orders issued by calendar year:

2020 - 70 (through July) 2019 - 314 2018 - 136

### **IDENTIFICATION AS A REPEAT FINDING**

Finding 2018-013 was reported in the immediate prior year. Finding 2016-026 was made in the previous year.

#### RECOMMENDATION

We recommend the Department of Human Services develop procedures to monitor and ensure the resolution of corrective orders including that resolution occurs within specified time frames.

#### DEPARTMENT OF HUMAN SERVICES RESPONSE/CORRECTIVE ACTION PLAN

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

| FINDING TYPE: Significant Deficiency - Other Noncompliance |  |  |
|--|--|--|
| Finding  | 2020-012   |  |
| Federal Program:   | CCDF Cluster   |  |
| CFDA #:  | 93.575, 93.596   |  |
| Federal Award Number(s) and Year(s):                       | 2018G996005, 2018G999004, G2018G999005 (2018)<br>2019G996005, 2019G999004, G2019G999005 (2019)<br>2020G996005, 2020G999004, 2020G999005 (2020) |  |
| Federal Agency:  | U.S. Department of Health and Human Services   |  |
|  | Administration for Children and Families   |  |
| Compliance Requirement:                                    | Activities Allowed or Unallowed<br>Allowable Costs/Cost Principles   |  |
| Questioned Cost:   | \$1,347  |  |

#### **CRITERIA**

45 CFR 75.403 states that in order to be allowable under Federal awards, a cost must be necessary and reasonable for the performance of the Federal award. Duplicate payments are neither necessary nor reasonable.

45 CFR 75.303 states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

#### **CONDITION**

The Department of Human Services issued duplicate and other improper payments to child care providers receiving payments from the Child Care Assistance program. We tested 60 payments and identified \$1,347 of improper payments. These errors projected to the remaining population of potential duplicate payments, would result in additional likely questioned costs of \$4,113.

The identified circumstances are as follows:

- 3 Duplicate payments were made due to a system defect in SPACES that caused a second payment to be paid for 3 cases. This resulted in duplicate payments of \$859.
- 7 Duplicate payment were made when a case worker did not notice that a payment had already been sent out. This resulted in duplicate payment of \$488.

#### **CAUSE**

The Department does not have proper procedures in place to detect and prevent duplicate or improper payments from being issued.

#### **EFFECT**

The Department issued payments that were not allowable under the Child Care Development Block Grant.

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

#### CONTEXT

The audit identified 1,031 potential duplicate payments totaling \$147,251 during the audit period. 10 out of the 60 potential duplicate payments tested were errors totaling \$1,347.

#### **IDENTIFICATION AS A REPEAT FINDING**

Finding 2018-011 was reported in the immediate prior year. Finding 2016-022 was made in the previous year.

#### RECOMMENDATION

We recommend the Department of Human Services develop and implement procedures to detect and prevent duplicate and other improper payments from being issued under the Child Care Assistance program.

#### DEPARTMENT OF HUMAN SERVICES RESPONSE/CORRECTIVE ACTION PLAN

See "Management's Response and Corrective Action" section of this report.

| FINDING TYPE: Significant Deficiency - Other Noncompliance |   |  |
|--|---|--|
| Finding  | 2020-013  |  |
| Federal Program:   | CCDF Cluster  |  |
| CFDA #:  | 93.575, 93.596  |  |
| Federal Award Number(s) and Year(s):                       | 2019G996005, 2019G999004, G2019G999005 (2019)<br>2020G996005, 2020G999004, 2020G999005 (2020) |  |
| Federal Agency:  | U.S. Department of Health and Human Services  |  |
|  | Administration for Children and Families  |  |
| Compliance Requirement:                                    | Eligibility   |  |
| Questioned Cost:   | \$1,698   |  |

#### **CRITERIA**

45 CFR 98.68(c) states that lead agencies must have procedures in place for documenting and verifying eligibility.

45 CFR 98.45(k) states that lead agencies shall establish a sliding fee scale, based on family size, income, and other appropriate factors, that provides for cost sharing by families that receive CCDF child care services.

45 CFR 98.20(a) states that children must be under age 13, reside with a family whose income does not exceed 85 percent of State/territorial/tribal median income for a family of the same size, and reside with a parent who is working or attending a job training or education program; or are in need of, or are receiving protective services. Lead agencies may choose to provide services during period of job search.

#### CONDITION

The Department of Human Services did not properly determine eligibility in 5 of 60 child care assistance cases tested by the auditor. Each of the cases had one or more of the following errors: improperly calculated household

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

income, missing birth records, and missing income verifications. The errors resulted in improper payments totaling \$1,698. When projected against the entire population, the projected error is \$873,187.

#### **CAUSE**

The Department did not collect or maintain proper documentation to determine eligibility. In addition, data entry and income calculations were not being completed consistently and accurately.

#### **EFFECT**

Unallowable payments were made to providers on behalf of individuals whose eligibility for the Child Care Assistance Program were not proper.

#### CONTEXT

There were 5,694 cases that received over \$29.3 million in payments for fiscal years ended June 30, 2019 and 2020.

#### **IDENTIFICATION AS A REPEAT FINDING**

Finding 2018-012 was reported in the immediate prior year. Findings 2016-018, 2016-028, 2014-020, 2014-017, 2012-018, 2012-024, 2010-022, 2008-006 were made in previous years.

#### RECOMMENDATION

We recommend the Department of Human Services:

- 1. Develop and implement controls to ensure that all eligibility workers are collecting and maintaining all applicable information for Child Care Assistance eligibility determinations, and
- 2. Properly determine eligibility for individuals receiving Child Care Assistance and issue payments that comply with requirements set in the Code of Federal Regulations for Child Care Development Funds.

#### DEPARTMENT OF HUMAN SERVICES RESPONSE/CORRECTIVE ACTION PLAN

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

| FINDING TYPE: Material Weakness - Material Noncompliance |  |  |
|--|--|--|
| Finding  | 2020-014   |  |
| Federal Program:   | CCDF Cluster   |  |
| CFDA #:  | 93.575, 93.596   |  |
| Federal Award Number(s) and Year(s):                     | 2018G996005, 2018G999004, G2018G999005 (2018)<br>2019G996005, 2019G999004, G2019G999005 (2019)<br>2020G996005, 2020G999004, 2020G999005 (2020) |  |
| Federal Agency:  | U.S. Department of Health and Human Services   |  |
|  | Administration for Children and Families   |  |
| Compliance Requirement:                                  | Special Tests and Provisions   |  |
| Questioned Cost:   | \$0  |  |

#### **CRITERIA**

45 CFR 98.41 states that lead agencies must certify that procedures are in effect to ensure that child care providers, for which assistance is provided under the Child Care Assistance Program, comply with all applicable health and safety requirements.

45 CFR 75.303 states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

#### CONDITION

The Department of Human Services is not ensuring child care centers, self-declared, group, preschool, and school-age providers comply with all health and safety standards as defined by North Dakota Administrative Code. The checklists used by county licensors, when conducting annual on-site licensing studies, do not contain all necessary health and safety requirements. The licensing study does not include items related to the following health and safety standard requirements: prevention and control of infectious diseases; prevention of sudden infant death syndrome and use of safe sleeping practices; administration of medication, consistent with standards of parental consent; prevention and responses to emergencies due to food and allergic reaction; building and physical premises safety, including identification and protection from hazards, bodies of water, and vehicular traffic; prevention of shaken baby syndrome, abusive head trauma, and child maltreatment; emergency preparedness and response planning; appropriate precautions if transporting children; pediatric first aid and cardiopulmonary resuscitation; and recognition of child abuse & neglect.

#### **CAUSE**

The Department did not update licensing materials to include verification that all required health and safety standards were met prior to licensing.

#### **EFFECT**

Child care providers may be operating without complying with health and safety requirements, potentially jeopardizing the health and safety of children.

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

#### CONTEXT

Disbursements for the fiscal years ended June 30, 2019 and 2020 totaled \$29,366,169 for the CCDF program. The State of North Dakota had 1,944 licensed providers and 230 self declared providers during the audit period.

#### **IDENTIFICATION AS A REPEAT FINDING**

Finding 2018-014 was reported in the immediate prior year. Finding 2016-029 was made in the previous year.

#### **RECOMMENDATION**

We recommend the Department of Human Services:

- 1. Update the licensing study to include requirements for all necessary health and safety standards for child care centers, self-declared, group, preschool, and school-age providers, and
- 2. Ensure providers meet all health and safety standards required to be licensed.

#### DEPARTMENT OF HUMAN SERVICES RESPONSE/CORRECTIVE ACTION PLAN

See "Management's Response and Corrective Action" section of this report.

| FINDING TYPE: Other Noncompliance    |  |  |
|--------------------------------------|--|--|
| Finding                              | 2020-015   |  |
| Federal Program:                     | CCDF Cluster   |  |
| CFDA #:                              | 93.575, 93.596   |  |
| Federal Award Number(s) and Year(s): | 2018G996005, 2018G999004, G2018G999005 (2018)<br>2019G996005, 2019G999004, G2019G999005 (2019)<br>2020G996005, 2020G999004, 2020G999005 (2020) |  |
| Federal Agency:                      | U.S. Department of Health and Human Services   |  |
|                                      | Administration for Children and Families   |  |
| Compliance Requirement:              | Special Tests and Provisions   |  |
| Questioned Cost:                     | \$0  |  |

#### **CRITERIA**

45 CFR 98.42 requires that not less than annually, an unannounced inspection for compliance with child care licensing standards, which shall include an inspection for compliance with health and safety and fire standards, shall be completed.

Department policy 620-01-116 states, the authorized agent is required to perform an unannounced review at least annually for each licensed or self-declared child care provider.

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

#### **CONDITION**

The Department of Human Services is not performing annual unannounced inspections of self-declared child care providers in operation. An annual unannounced inspection was not completed on 10 of 23 self-declared providers that were tested.

#### **CAUSE**

The Department's procedures for ensuring unannounced visits are performed annually by county licensors are ineffective.

#### **EFFECT**

Child care providers are operating child care facilities without proper monitoring of whether health and safety conditions have been met.

#### **CONTEXT**

During fiscal years 2019 and 2020, there were 230 self-declared providers from the Child Care Assistance program.

#### **IDENTIFICATION AS A REPEAT FINDING**

Finding 2018-017 was reported in the immediate prior year. Finding 2016-027 was made in the previous year.

#### RECOMMENDATION

We recommend the Department of Human Services perform annual unannounced inspections of self-declared child care providers in operation as required by the Code of Federal Regulations and Department policy.

#### DEPARTMENT OF HUMAN SERVICES RESPONSE/CORRECTIVE ACTION PLAN

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

| FINDING TYPE: Significant Deficiency |  |  |
|--------------------------------------|--|--|
| Finding                              | 2020-016   |  |
| Federal Program:                     | CCDF Cluster   |  |
| CFDA #:                              | 93.575, 93.596   |  |
| Federal Award Number(s) and Year(s): | 2018G996005, 2018G999004, G2018G999005 (2018)<br>2019G996005, 2019G999004, G2019G999005 (2019)<br>2020G996005, 2020G999004, 2020G999005 (2020) |  |
| Federal Agency:                      | U.S. Department of Health and Human Services   |  |
|                                      | Administration for Children and Families   |  |
| Compliance Requirement:              | Special Tests and Provisions   |  |
| Questioned Cost:                     | \$0  |  |

#### **CRITERIA**

45 CFR 75.303 states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

The Department's Early Childhood Services Quality Assurance Policy (620-01-20-20) requires the regional office to perform random provider reviews on an annual basis with the authorized agent.

#### CONDITION

The Department of Human Services' monitoring procedures of the county licensors of child care providers is ineffective. The Department's Early Childhood Services supervisors perform procedural reviews of county licensor activities. The selection procedures do not include assurance that activities of all county licensors are reviewed. In addition, errors identified during our testing indicate these reviews are clearly ineffective at identifying material weaknesses and inconsistencies. These errors include nonperformance of unannounced visits, lack of monitoring of corrective orders, and improperly licensed providers.

#### **CAUSE**

The Department has not designed monitoring procedures to carry out the purpose of licensing early childhood service providers to safeguard the health, safety, and development of children.

#### **EFFECT**

Child care providers are operating without complying with licensing requirements and proper monitoring of health and safety conditions which may jeopardize the health and safety of children.

#### **CONTEXT**

The Child Care Assistance program has 5 regional representatives. DHS has created county zone areas throughout the State. This structure has not been fully implemented by assigning zones and responsibilities and, until it is, this finding applies to the regional supervisor responsibilities according to DHS policy.

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

#### **IDENTIFICATION AS A REPEAT FINDING**

Finding 2018-018 was reported in the immediate prior year. Finding 2016-025 was made in the previous year.

#### **RECOMMENDATION**

We recommend the Department of Human Services perform effective monitoring procedures to ensure all functions of the Child Care Assistance program are properly completed including monitoring correction orders, completing unannounced visits, and properly licensing providers.

#### DEPARTMENT OF HUMAN SERVICES RESPONSE/CORRECTIVE ACTION PLAN

See "Management's Response and Corrective Action" section of this report.

| FINDING TYPE: Significant Deficiency - Other Noncompliance |  |
|--|--|
| Finding  | 2020-017                                     |
| Federal Program:   | TANF Cluster                                 |
| CFDA #:  | 93.558                                       |
| Federal Award Number(s) and Year(s):                       | 1901NDTANF, 2001NDTANF (2019, 2020)          |
| Federal Agency:  | U.S. Department of Health and Human Services |
|  |  |
| Compliance Requirement:                                    | Special Tests and Provisions                 |
| Questioned Cost:   | Unknown                                      |

#### **CRITERIA**

45 CFR §261.60 states: (a) A State must report the actual hours that an individual participates in an activity, subject to the qualifications in paragraphs (b) and (c) of this section and §261.61(c). It is not sufficient to report the hours an individual is scheduled to participate in an activity.

45 CFR §261.61 states: (a) A State must support each individual's hours of participation through documentation in the case file. In accordance with §261.62, a State must describe in its Work Verification Plan the documentation it uses to verify hours of participation in each activity.

North Dakota's Work Verification Plan outlines the use of JOBS Employment Contractors to determine the individual's hours of participation. The process includes sampling of the JOBS Employment Contractor work to ensure accuracy.

45 CFR §261.20 states: (c) If the data show that a State met both participation rates in a fiscal year, then the percentage of historic State expenditures that it must expend under TANF, pursuant to §263.1 of this chapter, decreases from 80 percent to 75 percent for that fiscal year. This is also known as the State's TANF "maintenance-of-effort" (MOE) requirement.(d) If the data show that a State did not meet a minimum work participation rate for a fiscal year, a State could be subject to a financial penalty.

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

#### CONDITION

The Department of Human Services (DHS) is not in compliance with the Work Verification Plan in regards to monitoring data used to calculate the work participation rate.

The work participation rate effects the maintenance-of-effort requirement and could result in sanctions if minimum work participation rates are not met.

DHS contracts with Job Opportunities and Basic Skills (JOBS) Employment Contractors to verify work verification documents provided by the client in meeting their work participation hours requirements. This sampling was halted during SPACES implementation.

DHS uses this information to report data on their State Work Participation Rates on the ACF-199 report.

#### **CAUSE**

Since SPACES went live, DHS has fallen behind on sending cases to the JOBS work contractors for audit and therefore audits and results thereof are not available.

#### **EFFECT**

DHS's reported Work Participation Rates could be incorrectly calculated which could result in additional maintenance-of-effort requirements and Federal sanctions.

#### CONTEXT

No sampling was provided by the Department of Human Services to the JOBS contractors following the March 2019 implementation of the SPACES eligibility system (February 2019 was last monthly sample).

#### **RECOMMENDATION**

We recommend the Department of Human Services ensure compliance with the Work Verification Plan. This includes the JOBS verification of TANF cases and maintenance of results for work participation status accuracy.

### DEPARTMENT OF HUMAN SERVICES RESPONSE/CORRECTIVE ACTION PLAN

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

| FINDING TYPE: Significant Deficiency - Other Noncompliance |  |  |
|--|--|--|
| Finding  | 2020-018                                     |  |
| Federal Program:   | Foster Care - Title IV-E                     |  |
| CFDA #:  | 93.658                                       |  |
| Federal Award Number(s) and Year(s):                       | 2019G994107, 2020G994107 (2019, 2020)        |  |
| Federal Agency:  | U.S. Department of Health and Human Services |  |
|  | Administration for Children and Families     |  |
| Compliance Requirement:                                    | Subrecipient Monitoring                      |  |
| Questioned Cost:   | \$0  |  |

#### **CRITERIA**

Per Title 2 CFR 200.331, pass-through entities are required to "(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:

- (1) The subrecipient's prior experience with the same or similar subawards;
- (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;
- (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
- (4) The extent and results of Federal awarding agency monitoring (eg. if the subrecipient also receives Federal awards directly from a Federal awarding agency)."

45 CFR 75.303 states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

#### CONDITION

The Department of Human Services (DHS) risk assessment process of subrecipients is insufficient. DHS did complete a risk assessment for every subrecipient, but the risk assessments are not being used to determine the nature and extent of subrecipient monitoring.

### **CAUSE**

The Department of Human Services has developed policies and procedures to determine the nature and extent of subrecipient monitoring to be performed but the policies and procedures do not take into account the results of the risk assessments performed.

#### **EFFECT**

DHS may be performing insufficient subrecipient monitoring of high risk subrecipients.

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

#### CONTEXT

Payments to subrecipients under the Foster Care program totaled \$10,160,284 during fiscal years 2019 and 2020.

#### **IDENTIFICATION AS A REPEAT FINDING**

Finding 2018-035 was reported in the immediate prior year. Finding 2016-060 was made in the previous year.

#### RECOMMENDATION

We recommend the Department of Human Services ensure subrecipient risk assessments are used to determine the nature and extent of subrecipient monitoring.

#### DEPARTMENT OF HUMAN SERVICES RESPONSE/CORRECTIVE ACTION PLAN

See "Management's Response and Corrective Action" section of this report.

| FINDING TYPE: Significant Deficiency - Other Noncompliance |  |  |
|--|--|--|
| Finding  | 2020-019   |  |
| Federal Program:   | Rehabilitation Services - Vocational Rehabilitation Grants to States |  |
| CFDA #:  | 84.126   |  |
| Federal Award Number(s) and Year(s):                       | H126A180051 (2018)   |  |
| Federal Agency:  | U.S. Department of Education   |  |
|  |  |  |
| Compliance Requirement:                                    | Period of Performance  |  |
| Questioned Cost:   | \$94,081   |  |

#### **CRITERIA**

The following criteria note that Federal funds must be obligated by the end of the two-year period of performance window and those obligations must be liquidated within 90 days after the end date of period of performance.

#### 2 CFR 200.343 requires:

"Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award.

#### 34 CFR 361.64 requires:

" (a) Except as provided in paragraph (b) of this section, any Federal funds, including reallotted funds, that are appropriated for a fiscal year to carry out a program under this part that are not obligated by the State by the beginning of the succeeding fiscal year and any program income received during a fiscal year that is not obligated by the State by the beginning of the succeeding fiscal year remain available for obligation by the State during that succeeding fiscal year.

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

(b) Federal funds appropriated for a fiscal year remain available for obligation in the succeeding fiscal year only to the extent that the State met the matching requirement for those Federal funds by obligating, in accordance with 34 CFR 76.707, the non-Federal share in the fiscal year for which the funds were appropriated."

The following criteria pertains to the establishment and maintenance of effective internal control to ensure payments are made within the correct period of performance.

45 CFR 75.303 states the non-Federal entity must, "establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

#### CONDITION

The Department of Human Services made payments under the Vocational Rehabilitation program outside of the 2018 grant award period of performance which was 10/1/17 - 9/30/19 with an allowable liquidation period, to pay for obligations, through 12/31/19. Payments made after the liquidation period totaled \$94,081 for the 2018 grant.

#### **CAUSE**

The Department of Human Services, Vocational Rehabilitation Program, did not properly update speedcharts, which provide for automated coding within the State's accounting system, at its Regional Human Service Centers. This issue was noted in three of the four errors found in sampling and permitted unallowable costs to be charged to the 2018 Federal grant. The final error was due to improper coding when the payment was entered into the system. In addition, review of the program's internal controls regarding period of performance proved inadequate to detect payments made outside of the period of performance as documentation of the review to ensure expenditures are applied to the correct period of performance was not maintained.

#### **EFFECT**

Unallowable costs totaling \$94,081 were charged to the grant and are questioned costs.

#### **CONTEXT**

The Department of Human Services, Vocational Rehabilitation program, had expenditures of approximately \$7.6 million from the 2018 grant award during the audit period. Of this amount, \$94,081 was identified as a known questioned cost from 66 payments. These are all payments after the period of performance.

#### **IDENTIFICATION AS A REPEAT FINDING**

Finding 2018-031 was reported in the immediate prior year. Finding 2016-053 was made in the previous year.

#### RECOMMENDATION

We recommend the Department of Human Services implement procedures to prevent and detect Vocational Rehabilitation payments from occurring outside the period of performance.

#### DEPARTMENT OF HUMAN SERVICES RESPONSE/CORRECTIVE ACTION PLAN

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

# **Department of Public Instruction**

| FINDING TYPE: Significant Deficiency - Other Noncompliance |   |  |
|--|---|--|
| Finding  | 2020-020  |  |
| Federal Program:   | Special Education Cluster   |  |
| CFDA #:  | 84.027, 84.173  |  |
| Federal Award Number(s) and Year(s):                       | H027A150049, H027A160049, H027A170049, H027A180049, H173A150094, H173A160094, H173A170094, H173A180094 (2016, 2017, 2018, 2019) |  |
| Federal Agency:  | U.S. Department of Education  |  |
|  |   |  |
| Compliance Requirement:                                    | Subrecipient Monitoring   |  |
| Questioned Cost:   | \$0   |  |

#### **CRITERIA**

2 CFR 200.331(d) states that all pass through entities must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward. Pass through entity monitoring of the subrecipient must include following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits.

Standards for Internal Control in the Federal Government (Green Book) require management to establish and operate monitoring activities to monitor the internal control system and evaluate the results. (GAO-14-704G para 16.01)

#### CONDITION

The Department of Public Instruction is not ensuring timely and appropriate action was taken on deficiencies noted during fiscal subrecipient monitoring of the Special Education Cluster. During testing of subrecipient monitoring, we noted 3 of the 8 subrecipients tested each had one monitoring finding, but no timely follow-up procedures were completed by the Department to ensure the findings were resolved.

#### CAUSE

The tracking spreadsheet for fiscal subrecipient monitoring only includes when the audit was completed or when it is planned. There is no tracking of the results, if there were recommendations, and if any follow-up was completed on those recommendations.

#### **EFFECT**

If deficiencies are not resolved, subrecipients receiving Federal funds may not be in compliance with Federal statutes, regulations, and the terms and conditions of the subaward.

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

#### **CONTEXT**

The Department of Public Instruction paid approximately \$59 million in Federal funds between 07/01/2018-06/30/2020 to over 30 Special Education Cluster subrecipients. During the audit period 23 subrecipients received fiscal monitoring procedures.

#### **RECOMMENDATION**

We recommend the Department of Public Instruction strengthen fiscal subrecipient monitoring procedures for the Special Education Cluster to ensure timely and appropriate action is taken on deficiencies noted during the fiscal review.

#### DEPARTMENT OF PUBLIC INSTRUCTION RESPONSE/CORRECTIVE ACTION PLAN

See "Management's Response and Corrective Action" section of this report.

| FINDING TYPE: Significant Deficiency - Other Noncompliance |   |  |
|--|---|--|
| Finding  | 2020-021  |  |
| Federal Program:   | Commodity Supplemental Food Program, Emergency Food Assistance Program (Administrative Costs), School Breakfast Program, National School Lunch Program, Child and Adult Care Food Program, Summer Food Services Program for Children, Fresh Fruit and Vegetable Program |  |
| CFDA #:  | 10.565, 10.568, 10.553, 10.555, 10.558, 10.559, 10.560, 10.582  |  |
| Federal Award Number(s) and Year(s):                       | 3ND810817, 3ND810827, 3ND300309, 3ND310378 (2017, 2018)   |  |
| Federal Agency:  | U.S. Department of Agriculture (USDA)   |  |
|  |   |  |
| Compliance Requirement:                                    | Subrecipient Monitoring   |  |
| Questioned Cost:   | \$0   |  |

#### **CRITERIA**

2 CFR 200.331(f) states that a pass-through entity must verify that every subrecipient is audited as required by 2 CFR 200 Subpart F.

2 CFR 200.331(d)(2) states that a pass-through entity must ensure subrecipients take timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity through audits, on-site reviews, and other means.

2 CFR 200.521(d) states that a pass-through entity must issue a management decision within six months of acceptance of the audit report by the Federal Audit Clearinghouse (FAC).

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

Standards for Internal Control in the Federal Government (Green Book) require management to establish and operate monitoring activities to monitor the internal control system and evaluate the results. (GAO-14-704G para 16.01)

#### **CONDITION**

The Department of Public Instruction did not ensure that all subrecipients were audited under 2 CFR 200 Subpart F as applicable.

For two subrecipients who received a total of \$2,288,238 in Federal funds from the Department of Public Instruction during Fiscal Year 2018, the Department did not ensure that the necessary audits were completed, issue management decisions within a timely manner, or ensure corrective action was taken on any deficiencies identified. One of these subrecipients did submit an audit into the Federal audit clearinghouse and there were five recommendations to review. The other subrecipient never had an audit completed.

For three subrecipients who received a total of \$625,464 in Federal funds from the Department of Public Instruction during Fiscal Year 2018, the Department did not issue management decisions within a timely manner or ensure corrective action was taken on any deficiencies identified. All three subrecipients submitted an audit to the Federal audit clearinghouse and one of the three subrecipients had a total of 14 audit recommendations. The remaining two subrecipients did not have any audit recommendations.

#### **CAUSE**

The Department of Public Instruction is not completing all elements of the tracking spreadsheet or reviewing the spreadsheet to ensure all subrecipients are included, management decisions are done within six months, and that appropriate and timely corrective action is being taken by the subrecipients.

#### **EFFECT**

Subrecipients spending more than \$750,000 from all Federal sources may not be obtaining audits as required or implementing a corrective action plan in a timely manner if findings are noted in audits that were completed.

#### CONTEXT

The Department of Public Instruction disbursed Federal dollars to a total of 258 subrecipients during Fiscal Year 2018 that received \$25,000 or more in Federal funds. We sampled 60 of these subrecipients which resulted in 5 errors for an error rate of 8.3%.

#### **IDENTIFICATION AS A REPEAT FINDING**

Finding 2018-041 was reported in the immediate prior year.

#### RECOMMENDATION

We recommend the Department of Public Instruction:

- Ensure all subrecipients obtain audits in accordance with 2 CFR 200 Subpart F if they meet the requirements,
- Issue management decisions within a timely manner, and,
- Ensure subrecipients took timely corrective action on deficiencies identified in the audits.

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

### DEPARTMENT OF PUBLIC INSTRUCTION RESPONSE/CORRECTIVE ACTION PLAN

See "Management's Response and Corrective Action" section of this report.

| FINDING TYPE: Other Noncompliance    |   |  |  |  |  |
|--------------------------------------|---|--|--|--|--|
| Finding                              | 2020-022  |  |  |  |  |
| Federal Program:                     | Title I Grants to Local Educations Agencies, Twenty-First Century Community Learning Centers, Special Education Cluster, Child Nutrition Cluster, Child and Adult Care Food Program, Supporting Effective Instruction State Grant |  |  |  |  |
| CFDA #:                              | 84.010, 84.287, 84.027, 84.173, 10.553, 10.555, 10.556, 10.559, 10.558, 84.367  |  |  |  |  |
| Federal Award Number(s) and Year(s): | S010A180034, S010A180034 - 18A, S287C180034, H027A180049, H027A180049 - 18A, H173A180094 (2018)   |  |  |  |  |
|                                      | S010A190034, S010A190034 - 19A, S287C190034, H027A190049, H027A190049 - 19A, H173A190094, S367A190033, S367A190033 - 19A (2019)   |  |  |  |  |
|                                      | 3ND300309 (2020)  |  |  |  |  |
| Federal Agency:                      | U.S. Department of Education U.S. Department of Agriculture (USDA)  |  |  |  |  |
|                                      |   |  |  |  |  |
| Compliance Requirement:              | Subrecipient Monitoring   |  |  |  |  |
| Questioned Cost:                     | \$0   |  |  |  |  |

#### **CRITERIA**

31 U.S.C 7502(f)(2)(A) states that each pass-through entity shall provide subrecipients the Federal requirements which govern the use of such awards.

2 CFR 200.332 states the required information that pass-through entities must disclose. This includes information related to Federal award identification, requirements imposed by the pass-through entity on the subrecipient, any additional requirements, approved Federally recognized indirect cost rate, requirements that the subrecipient allow access to records, and appropriate terms and conditions concerning closeout of the subaward.

#### CONDITION

The Department of Public Instruction did not make subrecipients aware of all required grant award information for the Title I Grants to Local Education Agencies, Twenty-First Century Community Learning Centers, Special Education Cluster, Child Nutrition Cluster, Child and Adult Care Food Program, and Supporting Effective Instruction State Grant.

- Title I Errors
  - o Missing information for all 40 tested grant awards:
    - Identification of whether the award is R&D,

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

- Whether there were are any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports,
- Appropriate terms and conditions concerning closeout of the subaward.
- o 1 out of the 40 in the sample had an incorrect DUNS number on the grant award.
- 21st Century Errors:
  - o Missing information on 2 of 3 tested grant awards:
    - 1 instance of incorrect Subrecipient name (which must match the name associated with its unique entity identifier);
    - 2 instances of missing Federal Award Date of award to the recipient by the Federal agency;
- Special Ed Errors
  - Missing information for all 15 tested grant awards:
    - Federal Award Date of award to the recipient by the Federal agency
    - CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement
  - o 1 out of the 15 in the sample had a DUNS number error.
- Child Nutrition Cluster and Child and Adult Care Food Program Errors:
  - o Missing information for all 14 tested grant awards::
    - Federal Award Identification Number (FAIN),
    - Subaward Period of Performance Start and End Date,
    - Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient,
    - Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current obligation,
    - Total Amount of the Federal Award committed to the subrecipient by the pass-through entity,
    - Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity,

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

- Identification of whether the award is R&D,
- Indirect cost rate for the Federal award (including if the de minimis rate is charged),
- Whether there are any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports,
- An approved Federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient, or a de minimis indirect cost rate, and
- Appropriate terms and conditions concerning closeout of the subaward.
- Supporting Effective Instruction State Grant Errors
  - o Missing information for all 11 tested grant awards:
    - Identification of whether the award is R&D,
    - Whether there are any additional requirements that the pass-through entity imposes
      on the subrecipient in order for the pass-through entity to meet its own responsibility
      to the Federal awarding agency including identification of any required financial and
      performance reports, and
    - Appropriate terms and conditions concerning closeout of the subaward.

#### **CAUSE**

For the Child Nutrition Cluster and Child and Adult Care Food Program, the program agreement or NDFoods system were not updated following the prior audit finding. The individual responsible for updating the program agreement and NDFoods system indicated they were not aware that changes were to be made from the prior audit finding.

For the Title I Grants to Local Education Agencies and Supporting Effective Instruction State Grant, the consolidated application in STARS system was not updated for all required grant award information. The R & D field was missed when requesting updates to the consolidated application in STARS following the prior audit finding. Also, the program staff indicated they were not aware the consolidated application was being cut-off from view in STARS so the entire application and award information could not be seen.

For the Twenty-First Century Community Learning Centers program and the Special Education Cluster, data entry errors caused incorrect award information to be entered into the award agreement.

#### **EFFECT**

Subrecipients may not have been aware of all necessary grant information and requirements.

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

#### CONTEXT

The number of grant agreements during the time period analyzed is listed below. The time period was July 1, 2018 to June 30, 2020 for all programs listed except for programs D - F. For these programs, the number of grant agreements below are for the time period of July 1, 2019 to June 30, 2020.

- A. The Title I Grants to Local Education Agencies: 274
- B. The Twenty-First Century Community Learning Centers: 11
- C. The Special Education Cluster program: 123
- D. The Child Nutrition Cluster: 203
- E. The Child and Adult Care Food Program: 104
- F. The Supporting Effective Instruction State Grant: 117

#### **IDENTIFICATION AS A REPEAT FINDING**

Finding 2018-042 was reported in the immediate prior year. Finding 2016-068 was made in the previous year.

#### **RECOMMENDATION**

We recommend the Department of Public Instruction ensure that subrecipients are made aware of all required grant award information.

#### DEPARTMENT OF PUBLIC INSTRUCTION RESPONSE/CORRECTIVE ACTION PLAN

See "Management's Response and Corrective Action" section of this report.

| FINDING TYPE: Other Noncompliance             |                                       |  |  |  |
|---|---------------------------------------|--|--|--|
| Finding                                       | 2020-023                              |  |  |  |
| Federal Program:                              | Child Nutrition Cluster               |  |  |  |
| CFDA #:                                       | 10.553, 10.555, 10.559                |  |  |  |
| Federal Award Number(s) and Year(s):          | 3ND300309 (2018)                      |  |  |  |
| Federal Agency:                               | U.S. Department of Agriculture (USDA) |  |  |  |
|   | Food and Nutrition Service            |  |  |  |
| Compliance Requirement: Period of Performance |                                       |  |  |  |
| Questioned Cost:                              | \$32,523                              |  |  |  |

#### **CRITERIA**

2 CFR 200.343(b) states unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award.

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

2 CFR 200.309 states a non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance.

#### CONDITION

The Department of Public Instruction made payments after the period of performance. Although the underlying obligations occurred within the period of performance, payments totaling \$19,684 did not comply with the Federal period of performance requirements for the Child Nutrition Cluster. These payments were made after the 90 day payment period following the end of the applicable grant awards. There is also a payment of \$12,839 which lacked documentation to determine if the underlying obligations occurred within the period of performance and did not comply with the Federal period of performance liquidation period requirements for the Child Nutrition Cluster. The projection on the known questioned costs of \$32,523 is an additional \$1,153 in payments made after the period of performance.

#### **CAUSE**

For 2 out of 5 items tested, the Department of Public Instruction's system, NDFoods, and PeopleSoft, the state's accounting system, did not properly communicate payment of claims. Two separate payments of the 5 items tested were in error due to untimely identification of an incorrect reimbursement rate being applied to meals which lead to a subsequent correction payment made after the period of performance. Finally, 1 additional payment separate from the errors already identified, was an error due to a lack of documentation of the transaction.

#### **EFFECT**

The Department of Public Instruction charged unallowable costs to the grant.

#### CONTEXT

26 of the 6,636 disbursements that were made by the Department of Public Instruction for the Child Nutrition Cluster for grants that ended during fiscal years 2019 and 2020 were paid outside of the 90 day period of performance.

#### **IDENTIFICATION AS A REPEAT FINDING**

Finding 2018-039 was reported in the immediate prior year.

#### RECOMMENDATION

We recommend the Department of Public Instruction ensure Child Nutrition Cluster obligations occur within the period of performance and that payments are not made after the period of performance.

### DEPARTMENT OF PUBLIC INSTRUCTION RESPONSE/CORRECTIVE ACTION PLAN

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

# **Department of Transportation**

| FINDING TYPE: Significant Deficiency - Other Noncompliance |   |  |  |  |  |  |  |
|--|---|--|--|--|--|--|--|
| Finding  | 2020-024  |  |  |  |  |  |  |
| Federal Program:   | Enhanced Mobility of Seniors and Individuals with Disabilities, Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research, Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs, State and Community Highway Safety, National Priority Safety Programs, Highway Planning and Construction, Formula Grants for Rural Areas and Tribal Transit Program |  |  |  |  |  |  |
| CFDA #:  | 20.513, 20.505, 20.526, 20.600, 20.616, 20.205, 20.509  |  |  |  |  |  |  |
| Federal Award Number(s) and Year(s):                       | ID-2016-009, ND-2016-001, ND-2016-008 (2016) ID-2017-007, 2017002, ND-2017-004, ND-2017-012, ND-2017-009, ND-2017-008, 984154 (2017) 018004, ND-2018-008, ND-2018-006, ND-2018-007 (2018) 9A37518300004020ND0, 69A3751830000405bNDL, 69A3751830000405dNDH 2019)   |  |  |  |  |  |  |
| Federal Agency:  | U.S. Department of Transportation   |  |  |  |  |  |  |
|  | Federal Transit Administration  |  |  |  |  |  |  |
| Compliance Requirement:                                    | Subrecipient Monitoring   |  |  |  |  |  |  |
| Questioned Cost:   | Unknown   |  |  |  |  |  |  |

#### **CRITERIA**

2 CFR 200.332(f) requires a pass-through entity to verify that every subrecipient is audited as required by 2 CFR 200 Subpart F and (g) consider whether the results of the subrecipient's audits necessitate adjustments to the pass-through entity's own records and (h) consider taking enforcement action against noncompliant subrecipients.

Standards for Internal Control in the Federal Government" (Green Book) requires management assign responsibilities and perform ongoing monitoring of the design and operating effectiveness of the internal control as part of the normal course of operations. Management must also communicate policies and procedures to personnel so that personnel can implement the control activities for their assigned responsibilities and ensure corrective actions. (Green Book, para. 3.07, 12.02, 12.04, 16.05, 17.05)

#### CONDITION

The North Dakota Department of Transportation failed to adequately track which subrecipients required Uniform Guidance audits and review audit reports for findings within 6 months.

### Schedule of Federal Findings and Questioned Costs

Fiscal Years Ended June 30, 2019 and 2020

#### **CAUSE**

The client inadvertently failed adequately follow-up with subrecipients to determine if a Single Audit report was required and also failed to adequately review the reports that were reported for any issues related to Department grants.

#### **EFFECT**

Subrecipients spending more than \$750,000 from all sources including the Department of Transportation may not be obtaining audits as required and issues related to Department of Transportation funding may be unresolved.

#### CONTEXT

The Department of Transportation's subrecipient audit tracking spreadsheets following state fiscal years 2018 and 2019, the Department identified 131 and 117 subrecipients, respectively, each year. The Department's tracking for fiscal year 2018 identified certifications and all further audit documentation was not received for 9 subrecipients as well as 4 additional audits which were noted to have been completed, but no review by the Department of Transportation's Audit Services was completed within 6 months. For fiscal year 2019, certifications and all further audit documentation was not received for 11 subrecipients as well as 10 additional audits which were noted to have been completed but no review by the Department of Transportation's Audit Services was completed within 6 months.

#### RECOMMENDATION

We recommend the Department of Transportation identify annually, based on the subrecipient's fiscal year, all subrecipients that spent \$750,000 or more in Federal awards from all sources through developed certification procedures. We also recommend the Department of Transportation ensure the certification tracking method is completed, to ensure all required audits are completed within nine months of the subrecipient's fiscal year end, management decisions are issued within six months of receiving the audit report, and timely and appropriate corrective action of all findings.

#### DEPARTMENT OF TRANSPORTATION RESPONSE/CORRECTIVE ACTION PLAN

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

| FINDING TYPE: Significant Deficiency - Other Noncompliance |   |  |  |  |
|--|---|--|--|--|
| Finding  | 2020-025  |  |  |  |
| Federal Program:   | Formula Grants for Rural Areas                                    |  |  |  |
| CFDA #:  | 20.509  |  |  |  |
| Federal Award Number(s) and Year(s):                       | ND-2018-007-00, ND-2019-008-00, ND-2020-004-00 (2018, 2019, 2020) |  |  |  |
| Federal Agency:  | U.S. Department of Transportation                                 |  |  |  |
|  | Federal Transit Administration                                    |  |  |  |
| Compliance Requirement:                                    | Subrecipient Monitoring   |  |  |  |
| Questioned Cost:   | \$0   |  |  |  |

#### **CRITERIA**

2 CFR 200.332 (b) states that all pass-through entities must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

Standards for Internal Control in the Federal Government" (Green Book) requires management identify, analyze, and respond to risks related to achieving the defined objectives. (Green Book, para. 7.01)

#### CONDITION

The Department of Transportation is not evaluating each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining appropriate subrecipient monitoring.

#### **CAUSE**

The Department of Transportation indicated the cause was client oversight due to the fact the requirement was not included in the previous state plan. However, the Department has since developed a risk assessment tool to evaluate subrecipient's risk of noncompliance starting in 2021.

#### **EFFECT**

High-risk subrecipients may not be subjected to adequate monitoring procedures to ensure Federal funds were used for authorized purposes in compliance with Federal statutes, regulations, and the terms and conditions of the subaward.

#### **CONTEXT**

The Formula Grants for Rural Areas had 30 subrecipients in the audit period.

#### **RECOMMENDATION**

We recommend the Department of Transportation evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

#### DEPARTMENT OF TRANSPORTATION RESPONSE/CORRECTIVE ACTION PLAN

See "Management's Response and Corrective Action" section of this report.

| FINDING TYPE: Other Noncompliance    |   |  |  |  |
|--------------------------------------|---|--|--|--|
| Finding                              | 2020-026  |  |  |  |
| Federal Program:                     | Formula Grants for Rural Areas                                    |  |  |  |
| CFDA #:                              | 20.509  |  |  |  |
| Federal Award Number(s) and Year(s): | ND-2018-007-00, ND-2019-008-00, ND-2020-004-00 (2018, 2019, 2020) |  |  |  |
| Federal Agency:                      | U.S. Department of Transportation                                 |  |  |  |
|                                      | Federal Transit Administration                                    |  |  |  |
| Compliance Requirement:              | Subrecipient Monitoring   |  |  |  |
| Questioned Cost:                     | \$0   |  |  |  |

#### **CRITERIA**

2 CFR §200.332 Requirements for pass-through entities.

#### All pass-through entities must:

- (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:
  - (1) Federal award identification.
    - (i) Subrecipient name (which must match the name associated with its unique entity identifier);
    - (ii) Subrecipient's unique entity identifier;
    - (iii) Federal Award Identification Number (FAIN);
    - (iv) Federal Award Date (see the definition of Federal award date in §200.1 of this part) of award to the recipient by the Federal agency;
    - (v) Subaward Period of Performance Start and End Date;
    - (vi) Subaward Budget Period Start and End Date;
    - (vii) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
    - (viii) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation;
    - (ix) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
    - (x) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

- (xi) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
- (xii) Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;
- (xiii) Identification of whether the award is R&D; and
- (xiv) Indirect cost rate for the Federal award (including if the de minimis rate is charged) per §200.414.

### **CONDITION**

The Department of Transportation did not provide the subrecipient unique entity identifier, Federal award identification number, and Federal award date as required by 2 CFR 200.332(a) related to Federal award identification to subrecipients.

#### **CAUSE**

The previous grant agreements used for the Formula Grants for Other than Urbanized Areas program did not contain the necessary information.

#### **EFFECT**

Subrecipients may not have the required information.

#### CONTEXT

The Formula Grants for Rural Areas had 30 subrecipients in the audit period.

#### **RECOMMENDATION**

We recommend the Department of Transportation ensure subrecipients are provided all required information related to Federal award identification.

#### DEPARTMENT OF TRANSPORTATION RESPONSE/CORRECTIVE ACTION PLAN

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

### **State Treasurer's Office**

| FINDING TYPE: Significant Deficiency - Other Noncompliance |  |  |  |  |
|--|--|--|--|--|
| Finding  | 2020-027   |  |  |  |
| Federal Program:   | Flood Control Act Lands and Minerals Leasing Act               |  |  |  |
| CFDA #:  | 15.433, 15.437   |  |  |  |
| Federal Award Number(s) and Year(s):                       | Certification by ND SAO Mineral Royalty Audits (2018 and 2019) |  |  |  |
| Federal Agency:  | U.S. Department of the Interior                                |  |  |  |
|  |  |  |  |  |
| Compliance Requirement:                                    | Subrecipient Monitoring  |  |  |  |
| Questioned Cost:   | \$0  |  |  |  |

#### **CRITERIA**

2 CFR 200.332(f) states that a pass-through entity must verify that every subrecipient is audited as required by 2 CFR 200 Subpart F.

- 2 CFR 200.332(d)(2) states that a pass-through entity must ensure subrecipients take timely and appropriate action on all deficiencies detected through audits pertaining to the Federal award provided to the subrecipient from the pass-through entity.
- 2 CFR 200.512 states that all audit reports must be completed and submitted within nine months of the end of the audit period.
- 2 CFR 200.521 (d) states that a pass-through entity must issue a management decision within six months of acceptance of the audit report by the Federal Audit Clearinghouse (FAC).
- 2 CFR 200.303 (a) states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

#### **CONDITION**

The State Treasurer's Office (STO) did not ensure that all subrecipients were audited under OMB 2 CFR 200 Subpart F as applicable.

For three of the four subrecipients tested who received a total of \$18,978,662 in Federal funds from the State Treasurer's Office during Fiscal Year 2018, the STO did not ensure that the necessary audits were completed, issue management decisions within a timely manner, or ensure corrective action was taken on any deficiencies identified.

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

For three of the four subrecipients tested who received a total of \$45,815,902 in Federal funds from the State Treasurer's Office during Fiscal Year 2019, the STO did not ensure that the necessary audits were completed, issue management decisions within a timely manner, or ensure corrective action was taken on any deficiencies identified.

#### **CAUSE**

The State Treasurer's Office does not have all the necessary monitoring procedures in place to ensure all the subrecipient audit requirements are being met. The annual certification form that the State Treasurer's Office utilizes does not have the subrecipient indicate if they spent \$750,000 or more in Federal awards from all sources during their fiscal year.

#### **EFFECT**

Subrecipients spending more than \$750,000 from all Federal sources including the State Treasurer's Office may not be obtaining audits as required or implementing a corrective action plan in a timely manner if findings are noted in audits that were completed.

#### CONTEXT

The State Treasurer's Office (STO) did not receive audits for subrecipients that received a significant amount of Federal funds from the STO. The State Treasurer's Office disbursed Federal dollars to a total of 26 subrecipients during Fiscal Year 2018 and 21 subrecipients during Fiscal Year 2019 for a total of 47 subrecipients given \$86,704,892 for the two years. We sampled the audit report monitoring of 8 of these subrecipients. We found noncompliance with monitoring for 6 of the 8 subrecipients tested for an error rate of 75%. These six subrecipients that were missing audit reports had received \$64,794,564 from the STO which is 75% of all dollars paid out to all subrecipients for the 2 years (\$64,794,564 / \$86,704,892 = 75%).

#### RECOMMENDATION

We recommend the State Treasurer's Office identify annually, through a certification process, all subrecipients that spent \$750,000 or more in Federal awards from all sources during their fiscal year. We also recommend the State Treasurer's Office enhance their existing tracking procedures to ensure all required audits are completed within nine months of the subrecipient's fiscal year end, management decisions are issued within six months of receiving the audit report, and timely and appropriate corrective action is taken on all applicable findings.

#### STATE TREASURERS OFFICE RESPONSE/CORRECTIVE ACTION PLAN

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

# **University System**

| FINDING TYPE: Other Noncompliance    |   |
|--------------------------------------|---|
| Finding                              | 2020-028  |
| Federal Program:                     | Higher Education Emergency Relief Fund  |
| CFDA #:                              | 84.425  |
| Federal Award Number(s) and Year(s): | LRSC - P425E202511, MASU - P425E204366, NDSCS - P425E202841, WSC - P425E203267 (2020) |
| Federal Agency:                      | U.S. Department of Education  |
|                                      |   |
| Compliance Requirement:              | Reporting   |
| Questioned Cost:                     | \$0   |

#### **CRITERIA**

Part 4 Section C of the Certification and Agreement states in part: "Recipient shall promptly comply with section 18004(e) of the CARES Act and (i) report to the Secretary thirty (30) days from the date of this certification and agreement".

A May 6th Electronic Announcement from the Office of Post Secondary Education Regarding the Higher Education Emergency Relief Funds Reporting states in part: "The Certification and Agreement directs each institution applying for HEERF funds to comply with Section 18004(e) of the CARES Act and submit an initial report (the "30-day Fund Report") to the Secretary thirty (30) days from the date of the institution's Certification and Agreement to the Department. The Department will provide instructions for providing the required information to the Secretary in the near future. In the meantime, each HEERF participating institution must post the information listed below on the institution's primary website. The Department would like to receive the most current information from the date when the institution received its allocation for emergency financial aid grants to students, and the institution should have received its allocation within a few days after submitting the Certification and Agreement. Accordingly, the following information must appear in a format and location that is easily accessible to the public 30 days after the date when the institution received its allocation under 18004(a)(1)".

#### CONDITION

Lake Region State College, Mayville State University and North Dakota State College of Science did not submit their 30 day fund report to their web site within the required 30 days for the Higher Education Emergency Relief Funds. Williston State College did not complete a 30 day fund report for the Higher Education Emergency Relief Funds.

#### **CAUSE**

There was a lack of guidance regarding what information is to be reported and where to report.

### **Schedule of Federal Findings and Questioned Costs**

Fiscal Years Ended June 30, 2019 and 2020

#### **EFFECT**

Information was not reported in a timely matter.

#### CONTEXT

Lake Region State College was three days late in reporting the \$29,062 that had been distributed to date. Mayville State University was nine days late in reporting the \$35,500 that had been distributed to date. North Dakota State College of Science was seven days late in reporting the \$351,282 that had been distributed to date. Williston State College did not report that they had not distributed any money to date.

#### **RECOMMENDATION**

We recommend that Lake Region State College, Mayville State University, North Dakota State College of Science, and Williston State College comply with the reporting requirements of the Higher Education Emergency Relief Fund.

#### **UNIVERSITY SYSTEM RESPONSE/CORRECTIVE ACTION PLAN**

# **Single Audit Report**

**Auditee's Section** 



# STATE OF NORTH DAKOTA SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

### For the Fiscal Year Ended June 30, 2020

| CFDA<br>NUMBER PROGRAM TITLE                             | STATE AGENCY PASS THROUGH ENTITY |                     | IDENTIFYING<br>NUMBER | EXPENDITURES |         | AMOUNT TO SUBRECIPIENTS |         |
|--|----------------------------------|---------------------|-----------------------|--------------|---------|-------------------------|---------|
| Corporation For National And Community Service           |                                  |                     |                       |              |         |                         |         |
| Unclustered  |                                  |                     |                       |              |         |                         |         |
| Direct Programs:   |                                  |                     |                       |              |         |                         |         |
| 94.003 State Commissions                                 | 60100                            |                     |                       | \$           | 63,903  | \$                      |         |
| 94.006 AmeriCorps  | 60100                            |                     |                       |              | 301,403 |                         | 298,065 |
| 94.008 Commission Investment Fund                        | 60100                            |                     |                       |              | 52,475  |                         |         |
| 94.009 Training and Technical Assistance                 | 60100                            |                     |                       |              | 4,582   |                         |         |
| Total for Unclustered                                    |                                  |                     |                       | \$           | 422,363 | \$                      | 298,065 |
| Foster Grandparent/Senior Companion Cluster              |                                  |                     |                       |              |         |                         |         |
| Direct Programs:   |                                  |                     |                       |              |         |                         |         |
| 94.011 Foster Grandparent Program                        | 32500                            |                     |                       | \$           | 56      | \$                      |         |
| Total for Foster Grandparent/Senior Companion Cluster    |                                  |                     |                       | \$           | 56      | \$                      |         |
| Total For Corporation For National And Community Service |                                  |                     |                       | \$           | 422,419 | \$                      | 298,065 |
| Department Of Commerce                                   |                                  |                     |                       |              |         |                         |         |
| Unclustered  |                                  |                     |                       |              |         |                         |         |
| Direct Programs:   |                                  |                     |                       |              |         |                         |         |
| 11.303 Economic Development Technical Assistance         | UND                              |                     |                       | \$           | 105,609 | \$                      |         |
| 11.549 State and Local Implementation Grant Program      | 11200                            |                     |                       |              | 243,579 | _                       |         |
| Total for Unclustered                                    |                                  |                     |                       | \$           | 349,188 | \$                      |         |
| Unclustered  |                                  |                     |                       |              |         |                         |         |
| Pass Through Non-State Entity:                           |                                  |                     |                       |              |         |                         |         |
| 11.U01 National Mesonet Program Prime Contract           | NDSU                             | Synoptic Data Corp. | S2017-0124            | \$           | 251,818 | \$                      |         |
| 11.U02 National Mesonet Program Prime Contract           | NDSU                             | Synoptic Data Corp. | S2020-141             |              | 41,196  |                         |         |
| Total for Unclustered                                    |                                  |                     |                       | \$           | 293,014 | \$                      |         |
| Economic Development Cluster<br>Direct Programs:         |                                  |                     |                       |              |         |                         |         |
| 11.307 Economic Adjustment Assistance                    | BSC                              |                     |                       | \$           | 289,283 | \$                      |         |
| Total for Economic Development Cluster                   |                                  |                     |                       | \$           | 289,283 |                         |         |

# STATE OF NORTH DAKOTA SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

### For the Fiscal Year Ended June 30, 2020

| CFDA<br>NUMBER PROGRAM TITLE |   | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER               | EXPENDITURES |    | AMOUNT TO SUBRECIPIENTS |         |
|------------------------------|---|-------------------------------------|-------------------------------------|--------------|----|-------------------------|---------|
| Research                     | & Development Cluster   |                                     |                                     |              |    |                         |         |
| Direct Pro                   | grams:  |                                     |                                     |              |    |                         |         |
| 11.609                       | Measurement and Engineering Research and Standards                | NDSU                                |                                     | \$ 32        | 8  | \$                      |         |
| Total for I                  | Research & Development Cluster                                    |                                     |                                     | \$ 32        | 8  | \$                      |         |
| Total For                    | Department Of Commerce  |                                     |                                     | \$ 931,81    | 3  | \$                      |         |
| Departme                     | ent Of Defense  |                                     |                                     |              |    |                         |         |
| Uncluster                    |   |                                     |                                     |              |    |                         |         |
| Direct Pro                   | grams:  |                                     |                                     |              |    |                         |         |
| 12.002                       | Procurement Technical Assistance For Business Firms               | UND                                 |                                     | \$ 189,75    | 4  | \$                      |         |
| 12.112                       | Payments to States in Lieu of Real Estate Taxes                   | 12000                               |                                     | 187,29       | 8  |                         | 187,298 |
| 12.401                       | National Guard Military Operations and Maintenance (O&M) Projects | 54000                               |                                     | 33,284,14    | 5  |                         |         |
| 12.903                       | GenCyber Grants Program   | NDSU                                |                                     | 83,21        | 7  |                         | 41,617  |
| Nonmone                      | tary Assistance:  |                                     |                                     |              |    |                         |         |
| 12.401                       | National Guard Military Operations and Maintenance (O&M) Projects | 54000                               |                                     | \$ 12,33     | 7  | \$                      |         |
| Total for U                  | Unclustered   |                                     |                                     | \$ 33,756,75 | 51 | \$                      | 228,915 |
| Uncluster                    | ed  |                                     |                                     |              |    |                         |         |
| Direct Pro                   | grams:  |                                     |                                     |              |    |                         |         |
| 12.U01                       | Archaeological Services Midipaldi Butte Garrison                  | 70100                               | W9128F-16-D-0043 Task<br>Order 0001 | \$ 4,69      | 3  | \$                      |         |
| 12.U02                       | Educational Service Agreement - Air Force                         | UND                                 | F33600-99-A-0080                    | 60,87        | 2  |                         |         |
| 12.U03                       | Educational Service Agreement - Army                              | UND                                 | W81K04-17-H-0099                    | 192,12       | 5  |                         |         |
| 12.U04                       | Flight Training Program SROTC Cadets                              | UND                                 | MOA UND Flight Training             | 183,70       | 7  |                         |         |
| 12.U05                       | Navy - Educational Service Agreement                              | UND                                 | N00140-98-G2501                     | 95,16        | 8  |                         |         |
| Total for U                  | Unclustered   |                                     |                                     | \$ 536,56    | 55 | \$                      |         |
| Research                     | & Development Cluster   |                                     |                                     |              |    |                         |         |
| Direct Pro                   | •   |                                     |                                     |              |    |                         |         |
| 12.300                       | Basic and Applied Scientific Research                             | NDSU                                |                                     | \$ 207,60    | 3  | \$                      |         |
| 12.420                       | Military Medical Research and Development                         | UND                                 |                                     | 247,73       | 5  |                         | 99,592  |
| 12.431                       | Basic Scientific Research   | NDSU                                |                                     | 460,84       | 1  |                         |         |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY             | IDENTIFYING<br>NUMBER | EXI | PENDITURES |    | MOUNT TO<br>RECIPIENTS |
|----------------|--|-----------------|---------------------------------|-----------------------|-----|------------|----|------------------------|
| 12.RD          | Cape Experiment 2019 (CapeEx19)  | UND             |                                 | N0017819C2609         |     | 765,346    |    | 83,254                 |
| 12.RD          | DOA-ESTCP HygroscopicCoolTower   | UND             |                                 | W912HQ17C0050         |     | 330,229    |    |                        |
| Pass Thro      | ugh Non-State Entity:  |                 |                                 |                       |     |            |    |                        |
| 12.225         | Commercial Technologies for Maintenance Activities Program                   | NDSU            | PPG Industries, Inc.            | 2018102-140967        | \$  | 46,396     | \$ |                        |
| 12.225         | Commercial Technologies for Maintenance Activities Program                   | NDSU            | PPG Industries, Inc.            | 201828-140912         |     | 85,127     |    |                        |
| 12.225         | Commercial Technologies for Maintenance Activities Program                   | NDSU            | PPG Industries, Inc.            | 201852-140920         |     | 48,831     |    |                        |
| 12.225         | Commercial Technologies for Maintenance Activities Program                   | NDSU            | PPG Industries, Inc.            | 201854-140922         |     | 70,980     |    |                        |
| 12.225         | Commercial Technologies for Maintenance Activities Program                   | NDSU            | PPG Industries, Inc.            | 201926-140968         |     | 37,951     |    |                        |
| 12.300         | Basic and Applied Scientific Research  | UND             | Colorado State University       | G-00976-1             |     | 237,784    |    |                        |
| 12.420         | Military Medical Research and Development                                    | UND             | Institute for Clinical Research | FCCC 22784-02         |     | 87,414     |    |                        |
| 12.910         | Research and Technology Development  | NDSU            | PPG Industries, Inc.            | 201635-140828         |     | 36,472     |    | 4,746                  |
| 12.910         | Research and Technology Development  | NDSU            | PPG Industries, Inc.            | 201637-140831         |     | 2,296      |    |                        |
| 12.910         | Research and Technology Development  | NDSU            | PPG Industries, Inc.            | 201853-140921         |     | 198,874    |    |                        |
| 12.RD          | Electronically Tunable Materials and Devices                                 | NDSU            | University of Dayton            | RSC17005              |     | 30,451     |    |                        |
| 12.RD          | Electronically Tunable Materials and Devices Using Subwa                     | NDSU            | Macaulay-Brown Inc              | PO:DSC6511-01         |     | 93,349     |    |                        |
| 12.RD          | Experimental Investigation of the Effect of Sweep                            | NDSU            | Ohio Aerospace Institute        | R-700-202370-41022    |     | 38,964     |    |                        |
| 12.RD          | HMMWV Augmented Reality  | UND             | AM General, LLC                 | PO 4800000814         |     | 194,859    |    |                        |
| Total for R    | Research & Development Cluster   |                 |                                 |                       | \$  | 3,221,502  | \$ | 187,592                |
| Total For      | Department Of Defense  |                 |                                 |                       | \$  | 37,514,818 | \$ | 416,507                |
| Departme       | nt Of Education  |                 |                                 |                       |     |            |    |                        |
| Unclustere     |  |                 |                                 |                       |     |            |    |                        |
| Direct Prog    |  | 00.100          |                                 |                       | •   | 000 000    | Φ. | 504 770                |
| 84.002         | Adult Education - Basic Grants to States                                     | 20100           |                                 |                       | \$  | 836,086    | \$ | 561,772                |
| 84.010         | Title I Grants to Local Educational Agencies                                 | 20100           |                                 |                       |     | 37,771,962 |    | 37,299,821             |
| 84.011         | Migrant Education State Grant Program  | 20100           |                                 |                       |     | 594,532    |    | 412,178                |
| 84.013         | Title I State Agency Program for Neglected and Delinquent Children and Youth | 20100           |                                 |                       |     | 90,539     |    |                        |
| 84.031         | Higher Education Institutional Aid   | MASU            |                                 |                       |     | 458,511    |    |                        |
| 84.048         | Career and Technical Education Basic Grants to States                        | 27000           |                                 |                       |     | 4,932,261  |    | 2,641,551              |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER EXPENDITURES | AMOUNT TO<br>SUBRECIPIENTS |
|----------------|---|-------------------------------------|------------------------------------|----------------------------|
| 84.126         | Rehabilitation Services Vocational Rehabilitation Grants to States  | 32500                               | 16,255,038                         |                            |
| 84.144         | Migrant Education Coordination Program  | 20100                               | 71,829                             | 55,286                     |
| 84.161         | Rehabilitation Services Client Assistance Program   | 32500                               | 130,005                            |                            |
| 84.169         | Independent Living - State Grants   | 32500                               | 48,026                             | 48,026                     |
| 84.177         | Rehabilitation Services Independent Living Services for Older Individuals Who are Blind                                 | 32500                               | 439,955                            |                            |
| 84.181         | Special Education-Grants for Infants and Families   | 32500                               | 2,942,744                          |                            |
| 84.187         | Supported Employment Services for Individuals with the Most Significant Disabilities                                    | 32500                               | 263,914                            |                            |
| 84.196         | Education for Homeless Children and Youth   | 20100                               | 224,966                            | 118,088                    |
| 84.224         | Assistive Technology  | 32500                               | 224,096                            |                            |
| 84.240         | Program of Protection and Advocacy of Individual Rights   | 36000                               | 177,013                            |                            |
| 84.287         | Twenty-First Century Community Learning Centers   | 20100                               | 6,485,330                          | 6,249,178                  |
| 84.299         | Indian Education Special Programs for Indian Children   | UND                                 | 343,307                            | 36,000                     |
| 84.325         | Special Education - Personnel Development to Improve Services and Results for Children with Disabilities                | MISUB                               | 238,885                            |                            |
| 84.326         | Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities | MISU                                | 82,631                             |                            |
| 84.358         | Rural Education   | 20100                               | 87,655                             | 87,655                     |
| 84.365         | English Language Acquisition State Grants   | 20100                               | 407,758                            | 241,990                    |
| 84.367         | Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)                         | 20100                               | 9,502,655                          | 9,465,351                  |
| 84.369         | Grants for State Assessments and Related Activities   | 20100                               | 2,290,664                          | 12,475                     |
| 84.371         | Comprehensive Literacy Development  | 20100                               | 8,308,999                          | 7,936,712                  |
| 84.372         | Statewide Longitudinal Data Systems   | 20100                               | 1,445,603                          |                            |
| 84.377         | School Improvement Grants   | 20100                               | 572,337                            | 557,545                    |
| 84.384         | Statewide Data Systems, Recovery Act  | 20100                               | 132,269                            |                            |
| 84.407         | Transition Programs for Students with Intellectual Disabilities into Higher Education                                   | MISU                                | 352,194                            |                            |
| 84.424         | Student Support and Academic Enrichment Program   | 20100                               | 4,845,459                          | 4,820,202                  |
| 84.425         | Education Stabilization Fund  | LRSC                                | 283,382                            |                            |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY                                   | IDENTIFYING<br>NUMBER | EX | PENDITURES  | MOUNT TO<br>RECIPIENTS |
|----------------|--|-----------------|---|-----------------------|----|-------------|------------------------|
| 84.425         | Education Stabilization Fund   | 20100           |   |                       |    | 353,957     | 353,957                |
| 84.425         | Education Stabilization Fund   | MISUB           |   |                       |    | 275,325     |                        |
| 84.425         | Education Stabilization Fund   | NDSCS           |   |                       |    | 358,762     |                        |
| 84.425         | Education Stabilization Fund   | UND             |   |                       |    | 5,491,551   |                        |
| 84.425         | Education Stabilization Fund   | DSU             |   |                       |    | 350,628     |                        |
| 84.425         | Education Stabilization Fund   | BSC             |   |                       |    | 625,581     |                        |
| 84.425         | Education Stabilization Fund   | WSC             |   |                       |    | 313,541     |                        |
| 84.425         | Education Stabilization Fund   | MISU            |   |                       |    | 1,020,193   |                        |
| 84.425         | Education Stabilization Fund   | NDSU            |   |                       |    | 7,604,748   |                        |
| 84.425         | Education Stabilization Fund   | VCSU            |   |                       |    | 433,371     |                        |
| 84.425         | Education Stabilization Fund   | MASU            |   |                       |    | 43,058      |                        |
| Nonmonet       | ary Assistance:  |                 |   |                       |    |             |                        |
| 84.906         | American Printing House for the Blind  | 25300           | American Printing House for the Blind                 |                       | \$ | 107,691     | \$                     |
| Pass Thro      | ugh Non-State Entity:  |                 |   |                       |    |             |                        |
| 84.010         | Title I Grants to Local Educational Agencies                                   | UND             | Grand Forks Public School District Building Authority | N/A                   | \$ | 88,347      | \$                     |
| 84.371         | Comprehensive Literacy Development   | NDSU            | Fargo Public Schools                                  | NDSRCL                |    | 1,003       |                        |
| 84.411         | Education Innovation and Research (formerly Investing in Innovation (i3) Fund) | NDSU            | National Writing Project                              | 14-ND02-2018iC3WP     |    | 1,423       |                        |
| 84.411         | Education Innovation and Research (formerly Investing in Innovation (i3) Fund) | NDSU            | National Writing Project                              | 14-ND02-2019i3C3WP    |    | 68,111      |                        |
| 84.418         | Promoting Readiness of Minors in Supplemental Security Income                  | MISU            | Utah State Office of Rehabilitation                   | 146213                |    | 16,036      |                        |
| Total for U    | Inclustered  |                 |   |                       | \$ | 117,993,931 | \$<br>70,897,787       |
|                | & Development Cluster ugh Non-State Entity:                                    |                 |   |                       |    |             |                        |
| 84.305         | Education Research, Development and Dissemination                              | UND             | California State University, Chico                    | SUB18-059             | \$ | 55,470      | \$                     |
| Total for R    | Pesearch & Development Cluster   |                 |   |                       | \$ | 55,470      | \$<br>                 |
|                | lucation Cluster (IDEA)  |                 |   |                       |    | ·           |                        |
| `              | Special Education Grants to States   | 20100           |   |                       | \$ | 33,843,020  | \$<br>30,377,280       |

| CFDA<br>NUMBER | PROGRAM TITLE                                       | STATE<br>AGENCY | PASS THROUGH ENTITY                           | IDENTIFYING<br>NUMBER | EXI | PENDITURES | MOUNT TO<br>RECIPIENTS |
|----------------|---|-----------------|---|-----------------------|-----|------------|------------------------|
| 84.173         | Special Education Preschool Grants                  | 20100           |   |                       |     | 932,407    | 890,744                |
| Pass Thro      | ough Non-State Entity:                              |                 |   |                       |     |            |                        |
| 84.027         | Special Education Grants to States                  | 25200           | North Dakota Department of Public Instruction | N/A                   | \$  | 25,609     | \$                     |
| 84.173         | Special Education Preschool Grants                  | 25200           | North Dakota Department of Public Instruction | N/A                   |     | 1,006      |                        |
| Total for :    | Special Education Cluster (IDEA)                    |                 |   |                       | \$  | 34,802,042 | \$<br>31,268,024       |
| Student F      | inancial Assistance Cluster<br>grams:               |                 |   |                       |     |            |                        |
| 84.007         | Federal Supplemental Educational Opportunity Grants | LRSC            |   |                       | \$  | 20,786     | \$                     |
| 84.007         | Federal Supplemental Educational Opportunity Grants | WSC             |   |                       |     | 24,164     |                        |
| 84.007         | Federal Supplemental Educational Opportunity Grants | MASU            |   |                       |     | 75,009     |                        |
| 84.007         | Federal Supplemental Educational Opportunity Grants | BSC             |   |                       |     | 96,800     |                        |
| 84.007         | Federal Supplemental Educational Opportunity Grants | DSU             |   |                       |     | 147,288    |                        |
| 84.007         | Federal Supplemental Educational Opportunity Grants | NDSU            |   |                       |     | 832,638    |                        |
| 84.007         | Federal Supplemental Educational Opportunity Grants | MISU            |   |                       |     | 135,344    |                        |
| 84.007         | Federal Supplemental Educational Opportunity Grants | VCSU            |   |                       |     | 74,557     |                        |
| 84.007         | Federal Supplemental Educational Opportunity Grants | MISUB           |   |                       |     | 35,900     |                        |
| 84.007         | Federal Supplemental Educational Opportunity Grants | NDSCS           |   |                       |     | 173,428    |                        |
| 84.033         | Federal Work-Study Program                          | LRSC            |   |                       |     | 46,483     |                        |
| 84.033         | Federal Work-Study Program                          | NDSCS           |   |                       |     | 115,994    |                        |
| 84.033         | Federal Work-Study Program                          | MISUB           |   |                       |     | 43,842     |                        |
| 84.033         | Federal Work-Study Program                          | UND             |   |                       |     | 869,951    |                        |
| 84.033         | Federal Work-Study Program                          | DSU             |   |                       |     | 202,021    |                        |
| 84.033         | Federal Work-Study Program                          | NDSU            |   |                       |     | 392,583    |                        |
| 84.033         | Federal Work-Study Program                          | WSC             |   |                       |     | 24,344     |                        |
| 84.033         | Federal Work-Study Program                          | MASU            |   |                       |     | 58,044     |                        |
| 84.033         | Federal Work-Study Program                          | VCSU            |   |                       |     | 75,468     |                        |
| 84.033         | Federal Work-Study Program                          | BSC             |   |                       |     | 31,381     |                        |
| 84.033         | Federal Work-Study Program                          | MISU            |   |                       |     | 139,986    |                        |

| CFDA<br>NUMBER | PROGRAM TITLE                | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER EXPENDITURES | AMOUNT TO SUBRECIPIENTS |
|----------------|------------------------------|-------------------------------------|------------------------------------|-------------------------|
| 84.038         | Federal Perkins Loan Program | UND                                 | 12,987,100                         |                         |
| 84.038         | Federal Perkins Loan Program | MASU                                | 596,762                            |                         |
| 84.038         | Federal Perkins Loan Program | MISUB                               | 232,048                            |                         |
| 84.038         | Federal Perkins Loan Program | DSU                                 | 922,847                            |                         |
| 84.038         | Federal Perkins Loan Program | MISU                                | 2,233,221                          |                         |
| 84.038         | Federal Perkins Loan Program | BSC                                 | 201,400                            |                         |
| 84.038         | Federal Perkins Loan Program | NDSU                                | 6,393,689                          |                         |
| 84.038         | Federal Perkins Loan Program | NDSCS                               | 1,067,206                          |                         |
| 84.038         | Federal Perkins Loan Program | LRSC                                | 337,741                            |                         |
| 84.038         | Federal Perkins Loan Program | VCSU                                | 703,917                            |                         |
| 84.038         | Federal Perkins Loan Program | WSC                                 | 127,801                            |                         |
| 84.063         | Federal Pell Grant Program   | MASU                                | 1,970,895                          |                         |
| 84.063         | Federal Pell Grant Program   | WSC                                 | 1,254,860                          |                         |
| 84.063         | Federal Pell Grant Program   | MISU                                | 2,899,319                          |                         |
| 84.063         | Federal Pell Grant Program   | BSC                                 | 2,662,274                          |                         |
| 84.063         | Federal Pell Grant Program   | NDSCS                               | 2,998,210                          |                         |
| 84.063         | Federal Pell Grant Program   | VCSU                                | 1,375,492                          |                         |
| 84.063         | Federal Pell Grant Program   | LRSC                                | 1,301,092                          |                         |
| 84.063         | Federal Pell Grant Program   | NDSU                                | 9,807,870                          |                         |
| 84.063         | Federal Pell Grant Program   | MISUB                               | 1,180,077                          |                         |
| 84.063         | Federal Pell Grant Program   | DSU                                 | 1,581,511                          |                         |
| 84.063         | Federal Pell Grant Program   | UND                                 | 8,981,874                          |                         |
| 84.268         | Federal Direct Student Loans | UND                                 | 71,147,487                         |                         |
| 84.268         | Federal Direct Student Loans | NDSCS                               | 6,904,680                          |                         |
| 84.268         | Federal Direct Student Loans | WSC                                 | 1,252,161                          |                         |
| 84.268         | Federal Direct Student Loans | LRSC                                | 2,051,497                          |                         |
| 84.268         | Federal Direct Student Loans | BSC                                 | 6,186,959                          |                         |
| 84.268         | Federal Direct Student Loans | MASU                                | 3,970,155                          |                         |
| 84.268         | Federal Direct Student Loans | VCSU                                | 4,606,025                          |                         |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER EXPENDITURES | AMOUNT TO SUBRECIPIENTS |
|----------------|---|-------------------------------------|------------------------------------|-------------------------|
| 84.268         | Federal Direct Student Loans  | MISUB                               | 2,039,784                          |                         |
| 84.268         | Federal Direct Student Loans  | NDSU                                | 50,763,907                         |                         |
| 84.268         | Federal Direct Student Loans  | MISU                                | 8,288,466                          |                         |
| 84.268         | Federal Direct Student Loans  | DSU                                 | 4,120,665                          |                         |
| 84.379         | Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) | MASU                                | 35,365                             |                         |
| 84.379         | Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) | UND                                 | 79,172                             |                         |
| 84.379         | Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) | MISU                                | 19,252                             |                         |
| 84.379         | Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) | NDSU                                | 15,008                             |                         |
| 84.379         | Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) | VCSU                                | 6,103                              |                         |
| Total for S    | Student Financial Assistance Cluster  |                                     | \$ 226,919,903                     | \$                      |
| TRIO Clus      | ster  |                                     |                                    |                         |
| Direct Pro     | grams:  |                                     |                                    |                         |
| 84.042         | TRIO Student Support Services   | DSU                                 | \$ 291,147                         | \$                      |
| 84.042         | TRIO Student Support Services   | NDSU                                | 489,425                            |                         |
| 84.042         | TRIO Student Support Services   | MISU                                | 466,074                            |                         |
| 84.042         | TRIO Student Support Services   | UND                                 | 389,633                            |                         |
| 84.042         | TRIO Student Support Services   | LRSC                                | 279,047                            |                         |
| 84.044         | TRIO Talent Search  | UND                                 | 522,871                            |                         |
| 84.047         | TRIO Upward Bound   | UND                                 | 353,951                            |                         |
| 84.047         | TRIO Upward Bound   | NDSU                                | 271,889                            |                         |
| 84.066         | TRIO Educational Opportunity Centers  | UND                                 | 414,704                            |                         |
| 84.217         | TRIO McNair Post-Baccalaureate Achievement  | UND                                 | 277,484                            |                         |
| Total for 7    | TRIO Cluster  |                                     | \$ 3,756,225                       | \$                      |
| Total For      | Department Of Education   |                                     | \$ 383,527,571                     | \$ 102,165,811          |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY | PASS THROUGH ENTITY                        | IDENTIFYING<br>NUMBER | EXI | PENDITURES | <br>MOUNT TO<br>RECIPIENTS |
|----------------|---|-----------------|--|-----------------------|-----|------------|----------------------------|
| Departme       | ent Of Energy   |                 |  |                       |     |            |                            |
| Uncluster      | ed  |                 |  |                       |     |            |                            |
| Direct Pro     | grams:  |                 |  |                       |     |            |                            |
| 81.041         | State Energy Program  | 60100           |  |                       | \$  | 187,483    | \$<br>148,497              |
| 81.042         | Weatherization Assistance for Low-Income Persons              | 60100           |  |                       |     | 2,792,078  | 2,645,411                  |
| Total for      | Inclustered   |                 |  |                       | \$  | 2,979,561  | \$<br>2,793,908            |
| Uncluster      | ed  |                 |  |                       |     |            |                            |
| Direct Pro     | grams:  |                 |  |                       |     |            |                            |
| 81.U01         | Direct Restitution (Supplemental Crude Oil Overcharge Refund) | 60100           |  | N/A                   | \$  | 3,872      | \$<br>3,872                |
| 81.U02         | State Heating Oil & Propane (SHOPP)                           | 60100           |  | DE-EI0002989          |     | 2,599      |                            |
| 81.U03         | Stripperwell Settlement (Petroleum Violation Escrow Funds)    | 60100           |  | N/A                   |     | 2,239      |                            |
| Total for      | Inclustered   |                 |  |                       | \$  | 8,710      | \$<br>3,872                |
| Research       | & Development Cluster   |                 |  |                       |     |            |                            |
| Direct Pro     | grams:  |                 |  |                       |     |            |                            |
| 81.049         | Office of Science Financial Assistance Program                | UND             |  |                       | \$  | 113,331    | \$                         |
| 81.057         | University Coal Research                                      | UND             |  |                       |     | 36,517     | (1,435)                    |
| 81.086         | Conservation Research and Development                         | UND             |  |                       |     | 744,440    | 44,726                     |
| 81.087         | Renewable Energy Research and Development                     | UND             |  |                       |     | 410,690    | 229,494                    |
| 81.089         | Fossil Energy Research and Development                        | UND             |  |                       |     | 12,557,752 | 1,791,391                  |
| Pass Thro      | ough Non-State Entity:  |                 |  |                       |     |            |                            |
| 81.042         | Weatherization Assistance for Low-Income Persons              | UND             | Nevada Department of Business and Industry | N/A                   | \$  | 42,300     | \$                         |
| 81.042         | Weatherization Assistance for Low-Income Persons              | UND             | Nevada Rural Housing, Inc.                 | N/A                   |     | 6,135      |                            |
| 81.049         | Office of Science Financial Assistance Program                | UND             | Envergex LLC                               | DE-SC0015204          |     | 97,842     |                            |
| 81.049         | Office of Science Financial Assistance Program                | UND             | Mainstream Engineering Corporation         | DE0522/PO# 0659069    |     | 2,566      |                            |
| 81.049         | Office of Science Financial Assistance Program                | UND             | Mainstream Engineering Corporation         | DE8580B               |     | 259,893    |                            |
| 81.049         | Office of Science Financial Assistance Program                | UND             | Physical Sciences Inc.                     | SC80628-1964-46       |     | 6,453      |                            |
| 81.049         | Office of Science Financial Assistance Program                | UND             | Reaction Engineering International         | REI 8270-1            |     | 10,029     |                            |
| 81.049         | Office of Science Financial Assistance Program                | UND             | TDA Research, Inc.                         | N/A                   |     | 191,801    |                            |
| 81.087         | Renewable Energy Research and Development                     | NDSU            | University of Oklahoma                     | 2020-42               |     | 22,273     |                            |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY | PASS THROUGH ENTITY                    | IDENTIFYING<br>NUMBER     | EXPENDITURES  | -  | AMOUNT TO<br>BRECIPIENTS |
|----------------|---|-----------------|--|---------------------------|---------------|----|--------------------------|
| 81.087         | Renewable Energy Research and Development   | NDSU            | Washington State University            | 136936-G004139            | 9,342         |    |                          |
| 81.089         | Fossil Energy Research and Development  | UND             | Barr Engineering Company               | UND-DE-FE0031756-Period 1 | 178,301       |    |                          |
| 81.089         | Fossil Energy Research and Development  | UND             | Battelle Memorial Institute            | PO US001-0000726698       | 366,881       |    |                          |
| 81.089         | Fossil Energy Research and Development  | UND             | Gas Technology Institute               | S601                      | 60,824        |    |                          |
| 81.089         | Fossil Energy Research and Development  | UND             | Membrane Technology and Research, Inc. | 387-DOE-FE-0031632        | 11,212        |    |                          |
| 81.089         | Fossil Energy Research and Development  | UND             | Minnkota Power Cooperative Inc.        | PO#200336                 | 131,722       |    |                          |
| 81.089         | Fossil Energy Research and Development  | UND             | Pennsylvania State University          | 5963-UND-DOE-6825         | 103,015       |    |                          |
| 81.089         | Fossil Energy Research and Development  | UND             | Pennsylvania State University          | S000045-USDOE             | 108,340       |    |                          |
| 81.089         | Fossil Energy Research and Development  | UND             | United Technologies Corporation        | PO 2606146 - 001          | 72,080        |    |                          |
| 81.089         | Fossil Energy Research and Development  | UND             | University of Alaska Fairbanks         | PO 528936 / Sub 19-0014   | 56,250        |    |                          |
| 81.089         | Fossil Energy Research and Development  | UND             | University of Wyoming                  | 1004172-UND               | 1,649,583     |    |                          |
| 81.121         | Nuclear Energy Research, Development and Demonstration  | NDSU            | UT-Battelle, LLC                       | 4000179773                | 5,320         |    |                          |
| 81.RD          | Study of Tight Oil Properties   | UND             | Sandia Corporation                     | 1515304                   | 27            |    |                          |
| 81.RD          | Technical Review and Input of NETL Research - Task 4  | UND             | Leidos Holdings, Inc.                  | P010227025                | 440,691       |    |                          |
| Total for F    | Research & Development Cluster  |                 |  |                           | \$ 17,695,610 | \$ | 2,064,176                |
| Total For      | Department Of Energy  |                 |  |                           | \$ 20,683,881 | \$ | 4,861,956                |
| Departme       | ent Of Health And Human Services  |                 |  |                           |               |    |                          |
| Unclustere     |   |                 |  |                           |               |    |                          |
| Direct Pro     | grams:  |                 |  |                           |               |    |                          |
| 93.041         | Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation | 32500           |  |                           | \$ 183        | \$ |                          |
| 93.042         | Special Programs for the Aging, Title VII, Chapter 2, Long<br>Term Care Ombudsman Services for Older Individuals        | 32500           |  |                           | 16,691        |    |                          |
| 93.043         | Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services                     | 32500           |  |                           | 96,095        |    |                          |
| 93.047         | Special Programs for the Aging, Title VI, Part A, Grants to Indian Tribes, Part B, Grants to Native Hawaiians           | UND             |  |                           | 217,086       |    |                          |
| 93.048         | Special Programs for the Aging, Title IV, and Title II, Discretionary Projects  | MISU            |  |                           | 221,922       |    |                          |
| 93.048         | Special Programs for the Aging, Title IV, and Title II, Discretionary Projects  | UND             |  |                           | 464,391       |    |                          |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER EXPENDITURES | AMOUNT TO SUBRECIPIENTS |
|----------------|---|-------------------------------------|------------------------------------|-------------------------|
| 93.052         | National Family Caregiver Support, Title III, Part E  | 32500                               | 772,309                            |                         |
| 93.069         | Public Health Emergency Preparedness  | 30100                               | 4,585,944                          | 1,990,319               |
| 93.071         | Medicare Enrollment Assistance Program  | 40100                               | 5,922                              |                         |
| 93.071         | Medicare Enrollment Assistance Program  | MISU                                | 68,338                             |                         |
| 93.072         | Lifespan Respite Care Program   | 32500                               | 80,806                             | 6,370                   |
| 93.079         | Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance | 20100                               | 91,658                             |                         |
| 93.092         | Affordable Care Act (ACA) Personal Responsibility Education Program   | NDSU                                | 162,958                            | 104,316                 |
| 93.103         | Food and Drug Administration Research   | NDSU                                | 29,024                             |                         |
| 93.103         | Food and Drug Administration Research   | 60200                               | 100,532                            |                         |
| 93.103         | Food and Drug Administration Research   | 30100                               | 71,978                             |                         |
| 93.107         | Area Health Education Centers   | UND                                 | 303,657                            |                         |
| 93.110         | Maternal and Child Health Federal Consolidated Programs   | 30100                               | 303,284                            | 157,340                 |
| 93.116         | Project Grants and Cooperative Agreements for Tuberculosis<br>Control Programs  | 30100                               | 200,187                            | 17,723                  |
| 93.124         | Nurse Anesthetist Traineeship   | UND                                 | 18,609                             |                         |
| 93.127         | Emergency Medical Services for Children   | 30100                               | 20,787                             |                         |
| 93.130         | Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices                 | 30100                               | 153,363                            | 3,000                   |
| 93.136         | Injury Prevention and Control Research and State and Community Based Programs   | 30100                               | 408,493                            | 205,889                 |
| 93.137         | Community Programs to Improve Minority Health Grant Program   | 30100                               | 121,946                            |                         |
| 93.138         | Protection and Advocacy for Individuals with Mental Illness   | 36000                               | 423,892                            |                         |
| 93.150         | Projects for Assistance in Transition from Homelessness (PATH)  | 32500                               | 299,800                            |                         |
| 93.155         | Rural Health Research Centers   | UND                                 | 134,429                            |                         |
| 93.165         | Grants to States for Loan Repayment   | 30100                               | 552,923                            | 552,923                 |
| 93.178         | Nursing Workforce Diversity   | UND                                 | 543,573                            |                         |
| 93.211         | Telehealth Programs   | UND                                 | 82,825                             |                         |
| 93.217         | Family Planning Services  | 30100                               | 1,558,282                          | 1,166,976               |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER EXPENDITURES | AMOUNT TO SUBRECIPIENTS |
|----------------|---|-------------------------------------|------------------------------------|-------------------------|
| 93.223         | Development and Coordination of Rural Health Services   | UND                                 | 2,313,265                          | 385,970                 |
| 93.236         | Grants to States to Support Oral Health Workforce Activities  | 30100                               | 307,324                            | 31,927                  |
| 93.241         | State Rural Hospital Flexibility Program  | UND                                 | 951,401                            | 306,714                 |
| 93.243         | Substance Abuse and Mental Health Services Projects of Regional and National Significance   | 32500                               | 1,865,474                          |                         |
| 93.251         | Early Hearing Detection and Intervention  | MISU                                | 234,847                            | 52,350                  |
| 93.267         | State Grants for Protection and Advocacy Services   | 36000                               | 69,356                             |                         |
| 93.268         | Immunization Cooperative Agreements   | 30100                               | 1,929,519                          | 488,024                 |
| 93.270         | Viral Hepatitis Prevention and Control  | 30100                               | 138,395                            | 47,795                  |
| 93.283         | Centers for Disease Control and Prevention Investigations and Technical Assistance  | 30100                               | 20,257                             |                         |
| 93.301         | Small Rural Hospital Improvement Grant Program  | UND                                 | 423,194                            | 353,628                 |
| 93.305         | PPHF 2018: Office of Smoking and Health-National State-<br>Based Tobacco Control Programs-Financed in part by 2018<br>Prevention and Public Health funds (PPHF) | 30100                               | 925,080                            | 71,219                  |
| 93.314         | Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program  | MISU                                | 150,030                            |                         |
| 93.319         | Outreach Programs to Reduce the Prevalence of Obesity in High Risk Rural Areas  | NDSU                                | 468,391                            | 84,137                  |
| 93.323         | Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)  | 30100                               | 1,623,695                          |                         |
| 93.324         | State Health Insurance Assistance Program   | 40100                               | 208,142                            |                         |
| 93.336         | Behavioral Risk Factor Surveillance System  | 30100                               | 374,557                            |                         |
| 93.354         | Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response   | 30100                               | 3,060,845                          | 179,426                 |
| 93.366         | State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes   | 30100                               | 582,282                            | 180,870                 |
| 93.387         | National and State Tobacco Control Program  | 30100                               | 3,869                              |                         |
| 93.423         | 1332 State Innovation Waivers   | 40100                               | 8,000                              |                         |
| 93.426         | Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke  | 30100                               | 1,660,563                          | 790,633                 |
| 93.434         | Every Student Succeeds Act/Preschool Development Grants   | 20100                               | 1,108,301                          |                         |
| 93.498         | Provider Relief Fund  | UND                                 | 55,003                             |                         |
|                |   |                                     |                                    |                         |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER EXPENDITURES | AMOUNT TO SUBRECIPIENTS |
|----------------|--|-------------------------------------|------------------------------------|-------------------------|
| 93.498         | Provider Relief Fund   | NDSU                                | 6                                  | _                       |
| 93.539         | PPHF Capacity Building Assistance to Strengthen Public<br>Health Immunization Infrastructure and Performance financed<br>in part by Prevention and Public Health Funds | 30100                               | 5,375                              |                         |
| 93.556         | Promoting Safe and Stable Families   | 32500                               | 629,825                            | 184,655                 |
| 93.563         | Child Support Enforcement  | 32500                               | 12,502,219                         |                         |
| 93.564         | Child Support Enforcement Research   | 32500                               | 38,084                             |                         |
| 93.566         | Refugee and Entrant Assistance State/Replacement Designee Administered Programs  | 32500                               | 1,630,963                          | 934,703                 |
| 93.568         | Low-Income Home Energy Assistance  | 32500                               | 21,264,555                         | 488,163                 |
| 93.569         | Community Services Block Grant   | 60100                               | 3,484,460                          | 3,337,298               |
| 93.586         | State Court Improvement Program  | 18000                               | 259,711                            |                         |
| 93.590         | Community-Based Child Abuse Prevention Grants  | 32500                               | 275,258                            | 71,280                  |
| 93.597         | Grants to States for Access and Visitation Programs  | 32500                               | 108,136                            |                         |
| 93.599         | Chafee Education and Training Vouchers Program (ETV)   | 32500                               | 126,661                            |                         |
| 93.603         | Adoption and Legal Guardianship Incentive Payments   | 32500                               | 364,661                            |                         |
| 93.618         | Voting Access for Individuals with Disabilities-Grants for Protection and Advocacy Systems   | 36000                               | 121,157                            |                         |
| 93.630         | Developmental Disabilities Basic Support and Advocacy Grants   | 32500                               | 404,966                            | 54,984                  |
| 93.630         | Developmental Disabilities Basic Support and Advocacy Grants   | 36000                               | 492,048                            |                         |
| 93.632         | University Centers for Excellence in Developmental Disabilities Education, Research, and Service   | MISU                                | 629,796                            | 20,899                  |
| 93.643         | Children's Justice Grants to States  | 32500                               | 32,751                             | 27,702                  |
| 93.645         | Stephanie Tubbs Jones Child Welfare Services Program   | 32500                               | 75,967                             |                         |
| 93.658         | Foster Care Title IV-E   | 32500                               | 16,724,899                         | 129,980                 |
| 93.659         | Adoption Assistance  | 32500                               | 10,981,774                         | 83,185                  |
| 93.667         | Social Services Block Grant  | 32500                               | 3,689,223                          |                         |
| 93.669         | Child Abuse and Neglect State Grants   | 32500                               | 4,018                              |                         |
| 93.671         | Family Violence Prevention and Services/Domestic Violence<br>Shelter and Supportive Services   | 30100                               | 763,696                            | 718,623                 |
| 93.674         | John H. Chafee Foster Care Program for Successful Transition to Adulthood  | 32500                               | 555,988                            | 488,841                 |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER EXPENDITURES | AMOUNT TO SUBRECIPIENTS |
|----------------|---|-------------------------------------|------------------------------------|-------------------------|
| 93.732         | Mental and Behavioral Health Education and Training Grants  | UND                                 | 461,666                            | _                       |
| 93.735         | State Public Health Approaches for Ensuring Quitline Capacity – Funded in part by Prevention and Public Health Funds (PPHF) | 30100                               | 45,833                             |                         |
| 93.747         | Elder Abuse Prevention Interventions Program  | UND                                 | 88,278                             | 51,972                  |
| 93.767         | Children's Health Insurance Program   | 32500                               | 21,659,063                         |                         |
| 93.788         | Opioid STR  | 32500                               | 4,473,802                          | 495,308                 |
| 93.791         | Money Follows the Person Rebalancing Demonstration  | 32500                               | 2,026,653                          | 215,450                 |
| 93.817         | Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities  | 30100                               | 81,840                             | 81,840                  |
| 93.843         | ACL Assistive Technology State Grants for Protection and Advocacy   | 36000                               | 44,866                             |                         |
| 93.859         | Biomedical Research and Research Training   | UND                                 | 299,655                            |                         |
| 93.889         | National Bioterrorism Hospital Preparedness Program   | 30100                               | 971,776                            | 351,364                 |
| 93.898         | Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations                                      | UND                                 | 368,290                            |                         |
| 93.898         | Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations                                      | 30100                               | 2,121,352                          | 226,740                 |
| 93.913         | Grants to States for Operation of State Offices of Rural Health   | UND                                 | 179,328                            |                         |
| 93.917         | HIV Care Formula Grants   | 30100                               | 2,273,864                          | 450,399                 |
| 93.940         | HIV Prevention Activities Health Department Based   | 30100                               | 844,080                            | 49,574                  |
| 93.946         | Cooperative Agreements to Support State-Based Safe<br>Motherhood and Infant Health Initiative Programs                      | 30100                               | 191,988                            |                         |
| 93.958         | Block Grants for Community Mental Health Services   | 32500                               | 535,765                            | 73,037                  |
| 93.959         | Block Grants for Prevention and Treatment of Substance Abuse  | 32500                               | 2,721,374                          | 240,001                 |
| 93.969         | PPHF Geriatric Education Centers  | UND                                 | 432,632                            | 129,548                 |
| 93.970         | Health Professions Recruitment Program for Indians  | UND                                 | 986,868                            |                         |
| 93.977         | Sexually Transmitted Diseases (STD) Prevention and Control Grants   | 30100                               | 279,682                            |                         |
| 93.991         | Preventive Health and Health Services Block Grant   | 30100                               | 442,156                            | 239,935                 |
| 93.994         | Maternal and Child Health Services Block Grant to the States  | 30100                               | 1,957,340                          | 528,211                 |
| Nonmonet       | ary Assistance:   |                                     |                                    |                         |
| 93.268         | Immunization Cooperative Agreements   | 30100                               | \$ 7,399,660                       | \$ 7,362,059            |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY  | IDENTIFYING<br>NUMBER   | EXPENDITURES | AMOUNT TO<br>SUBRECIPIENTS |
|----------------|--|-----------------|--|---|--------------|----------------------------|
| Pass Thro      | ugh Non-State Entity:  |                 |  |   |              |                            |
| 93.048         | Special Programs for the Aging, Title IV, and Title II, Discretionary Projects   | UND             | University of Southern California                            | 128952893/ PO 50879936  | \$ 12,255    | \$                         |
| 93.103         | Food and Drug Administration Research  | 30100           | Association of Food and Drug Officials                       | G-1910-02064  | 755          |                            |
| 93.103         | Food and Drug Administration Research  | 30100           | Association of Food and Drug Officials                       | G-MP-1910-07946   | 2,992        |                            |
| 93.103         | Food and Drug Administration Research  | 30100           | Association of Food and Drug Officials                       | G-T-1809-06092  | 1,168        |                            |
| 93.103         | Food and Drug Administration Research  | 30100           | Association of Food and Drug Officials                       | G-T-1910-07942  | 2,496        |                            |
| 93.110         | Maternal and Child Health Federal Consolidated Programs  | 30100           | Association of State Public Health<br>Nutritionists          | 5 U7NMC30388-03-00  | 1,946        | 267                        |
| 93.110         | Maternal and Child Health Federal Consolidated Programs  | 30100           | Colorado School of Public Health                             | FY17.368.017 Amendment<br>FY18.368.002_AMD3 PTE<br>Project No.2-5-M6595 | 1,812        |                            |
| 93.243         | Substance Abuse and Mental Health Services Projects of Regional and National Significance  | NDSU            | American Society of Addiction Medicine                       | N/A   | 3,336        |                            |
| 93.243         | Substance Abuse and Mental Health Services Projects of Regional and National Significance  | UND             | Grand Forks Housing Authority                                | 3   | 21,837       |                            |
| 93.307         | Minority Health and Health Disparities Research  | UND             | University of Colorado Board of Regents                      | FY20.001.011 / 2-5M7886   | 26,439       |                            |
| 93.421         | Strengthening Public Health Systems and Services through<br>National Partnerships to Improve and Protect the Nation's<br>Health        | 30100           | National Association of Chronic Disease Directors            | 1592020   | 3,656        |                            |
| 93.424         | NON-ACA/PPHF—Building Capacity of the Public Health<br>System to Improve Population Health through National<br>Nonprofit Organizations | MISU            | Association of University Centers on Disabilities            | N/A   | 2,150        |                            |
| 93.566         | Refugee and Entrant Assistance State/Replacement Designee Administered Programs  | UND             | Lutheran Social Services of North Dakota                     | 2020-CMA 3  | 999          |                            |
| 93.566         | Refugee and Entrant Assistance State/Replacement Designee Administered Programs  | NDSCS           | Lutheran Social Services of North Dakota                     | 2020-RSS-5  | 6,942        |                            |
| 93.566         | Refugee and Entrant Assistance State/Replacement Designee Administered Programs  | NDSCS           | Lutheran Social Services of North<br>Dakota/United Way       | 2019-RSS-7C   | 12,800       |                            |
| 93.648         | Child Welfare Research Training or Demonstration   | UND             | The Research Foundation for the State University of New York | 11-82905  | 13,042       |                            |
| 93.648         | Child Welfare Research Training or Demonstration   | UND             | The Research Foundation for the State University of New York | 14-86154  | 75,417       |                            |
| 93.648         | Child Welfare Research Training or Demonstration   | UND             | The Research Foundation for the State University of New York | 18-21   | 40,713       |                            |
| 93.648         | Child Welfare Research Training or Demonstration   | UND             | The Research Foundation for the State University of New York | R1148796  | 92,803       |                            |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY  | IDENTIFYING<br>NUMBER | EXPENDITURES   | <br>OUNT TO      |
|----------------|--|-----------------|--|-----------------------|----------------|------------------|
| 93.648         | Child Welfare Research Training or Demonstration   | UND             | The Research Foundation for the State University of New York | R1196655              | 323,385        |                  |
| 93.761         | Evidence-Based Falls Prevention Programs Financed Solely by Prevention and Public Health Funds (PPHF)                          | NDSU            | South Dakota State University                                | 3TB507                | 5,683          |                  |
| 93.788         | Opioid STR   | UND             | Curators of the University of Missouri                       | 0099145 / 00070029    | 225,611        |                  |
| 93.788         | Opioid STR   | NDSU            | Leech Lake Tribe of Ojibwe                                   | N/A                   | 7,360          |                  |
| 93.788         | Opioid STR   | NDSU            | South Dakota State University                                | 3TB352                | 60,019         |                  |
| 93.870         | Maternal, Infant and Early Childhood Home Visiting Grant   | NDSU            | Prevent Child Abuse North Dakota                             | N/A                   | 28,650         |                  |
| 93.879         | Medical Library Assistance   | UND             | The University of Iowa                                       | N/A                   | 2,093          |                  |
| 93.884         | Grants for Primary Care Training and Enhancement   | UND             | University of Washington                                     | UWSC10279 / BPO 49251 | 24,456         |                  |
| 93.912         | Rural Health Care Services Outreach, Rural Health Network<br>Development and Small Health Care Provider Quality<br>Improvement | UND             | Amachi Mentoring   | 1 G25RH329200100      | 33,410         |                  |
| 93.912         | Rural Health Care Services Outreach, Rural Health Network<br>Development and Small Health Care Provider Quality<br>Improvement | UND             | City County Health District                                  | N/A                   | 34,805         |                  |
| Total for U    | Inclustered  |                 |  |                       | \$ 157,716,715 | \$<br>24,213,567 |
| Unclustere     | ed   |                 |  |                       |                |                  |
| Direct Prog    | grams:   |                 |  |                       |                |                  |
| 93.U01         | MQSA Inspections   | 30300           |  | HHSF223201710056C     | \$ 58,518      | \$               |
| 93.U02         | Medicated Feeds  | 60200           |  | HHSF223201810106C     | 96,879         |                  |
| Total for U    | Inclustered  |                 |  |                       | \$ 155,397     | \$               |
| Aging Clus     | ster   |                 |  |                       |                |                  |
| Direct Prog    | grams:   |                 |  |                       |                |                  |
| 93.044         | Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers                           | 32500           |  |                       | \$ 2,219,190   | \$<br>552,845    |
| 93.045         | Special Programs for the Aging, Title III, Part C, Nutrition Services  | 32500           |  |                       | 4,523,194      |                  |
| 93.053         | Nutrition Services Incentive Program   | 32500           |  |                       | 800,693        |                  |
| Total for A    | ging Cluster   |                 |  |                       | \$ 7,543,077   | \$<br>552,845    |
| CCDF Clus      | ster   |                 |  |                       |                |                  |
| Direct Prog    | grams:   |                 |  |                       |                |                  |
| 93.575         | Child Care and Development Block Grant   | 32500           |  |                       | \$ 7,985,334   | \$<br>1,252,567  |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER | EXPEND  | ITURES  | OUNT TO         |
|----------------|--|-------------------------------------|-----------------------|---------|---------|-----------------|
| 93.596         | Child Care Mandatory and Matching Funds of the Child Care and Development Fund               | 32500                               |                       | 6,      | 433,927 |                 |
| Total for C    | CCDF Cluster   |                                     |                       | \$ 14,  | 419,261 | \$<br>1,252,567 |
| Head Star      | t Cluster  |                                     |                       |         |         | <br>            |
| Direct Prog    | grams:   |                                     |                       |         |         |                 |
| 93.600         | Head Start   | MASU                                |                       | \$ 3,   | 131,518 | \$              |
| 93.600         | Head Start   | 20100                               |                       |         | 115,132 |                 |
| Nonmonet       | ary Assistance:  |                                     |                       |         |         |                 |
| 93.600         | Head Start   | MASU                                |                       | \$      | 752,450 | \$              |
| Total for H    | lead Start Cluster   |                                     |                       | \$ 3,   | 999,100 | \$              |
| Medicaid (     |  |                                     |                       |         |         |                 |
| 93.775         | State Medicaid Fraud Control Units   | 12500                               |                       | \$      | 436,041 | \$              |
| 93.777         | State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare | 30100                               |                       | 1,      | 667,456 |                 |
| 93.777         | State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare | 32500                               |                       | 1,      | 046,114 |                 |
| 93.778         | Medical Assistance Program   | 32500                               |                       | 853,    | 543,450 | 29,153          |
| Total for N    | Medicaid Cluster   |                                     |                       | \$ 856, | 693,061 | \$<br>29,153    |
| Research       | & Development Cluster  |                                     |                       |         |         | <br>            |
| Direct Pro     | grams:   |                                     |                       |         |         |                 |
| 93.103         | Food and Drug Administration Research  | NDSU                                |                       | \$      | 7,991   | \$              |
| 93.242         | Mental Health Research Grants  | UND                                 |                       |         | 784,102 |                 |
| 93.243         | Substance Abuse and Mental Health Services Projects of Regional and National Significance    | UND                                 |                       | 1,      | 856,734 | 953,681         |
| 93.247         | Advanced Nursing Education Workforce Grant Program   | NDSU                                |                       | ;       | 291,364 | 121,817         |
| 93.273         | Alcohol Research Programs  | UND                                 |                       |         | 159,198 |                 |
| 93.279         | Drug Abuse and Addiction Research Programs   | UND                                 |                       |         | 40,409  |                 |
| 93.393         | Cancer Cause and Prevention Research   | UND                                 |                       |         | 2,880   |                 |
| 93.395         | Cancer Treatment Research  | UND                                 |                       |         | 151,148 |                 |
| 93.396         | Cancer Biology Research  | NDSU                                |                       |         | 149,190 |                 |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY | PASS THROUGH ENTITY                           | IDENTIFYING<br>NUMBER   | EXPENDITURES | AMOUNT TO<br>SUBRECIPIENTS |
|----------------|---|-----------------|---|-------------------------|--------------|----------------------------|
| 93.837         | Cardiovascular Diseases Research  | NDSU            |   |                         | 169,288      |                            |
| 93.838         | Lung Diseases Research  | NDSU            |   |                         | 376,061      | 40,499                     |
| 93.847         | Diabetes, Digestive, and Kidney Diseases Extramural Research  | UND             |   |                         | 467,524      |                            |
| 93.847         | Diabetes, Digestive, and Kidney Diseases Extramural Research  | NDSU            |   |                         | 769,068      | 671,529                    |
| 93.853         | Extramural Research Programs in the Neurosciences and Neurological Disorders  | UND             |   |                         | 256,871      |                            |
| 93.855         | Allergy and Infectious Diseases Research  | UND             |   |                         | 883,551      |                            |
| 93.855         | Allergy and Infectious Diseases Research  | NDSU            |   |                         | 211,763      | 263                        |
| 93.859         | Biomedical Research and Research Training   | NDSU            |   |                         | 2,920,239    | 111,999                    |
| 93.859         | Biomedical Research and Research Training   | UND             |   |                         | 8,756,152    | 1,659,574                  |
| 93.866         | Aging Research  | NDSU            |   |                         | 639,489      | 231,258                    |
| 93.866         | Aging Research  | UND             |   |                         | 445,032      |                            |
| Pass Thro      | ugh Non-State Entity:   |                 |   |                         |              |                            |
| 93.068         | Chronic Diseases: Research, Control, and Prevention   | UND             | University of North Carolina at Chapel Hill   | PO ID Y20DSL0408        | \$ 2,321     | \$                         |
| 93.262         | Occupational Safety and Health Program  | NDSU            | Colorado State University                     | G-61105-02              | 1,521        |                            |
| 93.262         | Occupational Safety and Health Program  | NDSU            | University of Nebraska Medical Center         | 34-5420-2006-209        | 952          |                            |
| 93.262         | Occupational Safety and Health Program  | NDSU            | University of Nebraska-Omaha                  | 35-5420-2006-208        | 5,169        |                            |
| 93.273         | Alcohol Research Programs   | UND             | Public Health Institute                       | PA-11-308               | 106,807      |                            |
| 93.273         | Alcohol Research Programs   | NDSU            | Sanford Research North                        | SR-2019-205             | 29,316       |                            |
| 93.279         | Drug Abuse and Addiction Research Programs  | UND             | Drexel University                             | PO U0176282             | 105,182      |                            |
| 93.279         | Drug Abuse and Addiction Research Programs  | UND             | University of Tennessee                       | 20-2050-UND/21-0110-UND | 579          |                            |
| 93.421         | Strengthening Public Health Systems and Services through<br>National Partnerships to Improve and Protect the Nation's<br>Health   | NDSU            | National Network of Public Health Institution | G1451-AG-0031           | 12,261       |                            |
| 93.505         | Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program   | NDSU            | Prevent Child Abuse North Dakota              | N/A                     | 59,174       |                            |
| 93.648         | Child Welfare Research Training or Demonstration  | UND             | University of Nebraska                        | 24-0520-0261-006        | 15,119       |                            |
| 93.734         | Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs – financed by Prevention and Public Health Funds (PPHF) | UND             | National Council on Aging, Inc.               | N/A                     | 3,403        |                            |
| 93.847         | Diabetes, Digestive, and Kidney Diseases Extramural Research  | UND             | Regents of the University of Michigan         | 3004429441              | 148,028      |                            |
| 93.853         | Extramural Research Programs in the Neurosciences and Neurological Disorders  | UND             | Trinity College                               | NS065957-01             | 127,428      |                            |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY | PASS THROUGH ENTITY                                       | IDENTIFYING<br>NUMBER    | EXPENDITURES  | AMOUNT TO<br>SUBRECIPIENTS |
|----------------|---|-----------------|---|--------------------------|---------------|----------------------------|
| 93.855         | Allergy and Infectious Diseases Research  | UND             | University of Kentucky                                    | 3200001545-18-174        | 41,077        | _                          |
| 93.855         | Allergy and Infectious Diseases Research  | NDSU            | University of Pennsylvania                                | 576747                   | 12,386        |                            |
| 93.859         | Biomedical Research and Research Training   | UND             | BBC Entrepreneurial Training & Consulting, LLC            | ND2018                   | 16,139        |                            |
| 93.859         | Biomedical Research and Research Training   | UND             | University of Colorado Board of Regents                   | 1554623 / PO 1000757838  | 26,280        |                            |
| 93.859         | Biomedical Research and Research Training   | UND             | University of Nebraska                                    | 34-5250-2005-003         | 30            |                            |
| 93.859         | Biomedical Research and Research Training   | UND             | University of Nebraska                                    | 34-5250-2005-923         | 2,208         |                            |
| 93.859         | Biomedical Research and Research Training   | UND             | University of Nebraska                                    | 34-5250-2005-943         | 1,711         |                            |
| 93.859         | Biomedical Research and Research Training   | UND             | University of Nebraska                                    | 34-5250-2016-101         | 14,993        |                            |
| 93.859         | Biomedical Research and Research Training   | NDSU            | University of Nebraska Medical Center                     | 34-5250-2016-101         | 17,089        |                            |
| 93.859         | Biomedical Research and Research Training   | NDSU            | University of Nebraska-Omaha                              | 34-5250-2005-743         | 15,068        |                            |
| 93.865         | Child Health and Human Development Extramural Research  | NDSU            | University of Texas Medical Branch                        | 20-84471-10              | 2,404         |                            |
| 93.866         | Aging Research  | UND             | Ohio State University, The                                | 60061309 / PO RF01490312 | 48,393        |                            |
| 93.866         | Aging Research  | UND             | Ohio State University, The                                | N/A                      | 99,215        |                            |
| 93.866         | Aging Research  | UND             | West Virginia University Corporation                      | 17-471-UND               | 75,426        |                            |
| 93.867         | Vision Research   | UND             | Barron Associates, Inc.                                   | 536-SC01                 | 68,962        |                            |
| 93.870         | Maternal, Infant and Early Childhood Home Visiting Grant  | NDSU            | Prevent Child Abuse North Dakota                          | N/A                      | 27,592        |                            |
| 93.945         | Assistance Programs for Chronic Disease Prevention and Control                                  | UND             | Montana Department of Public Health and<br>Human Services | 14096760050              | 94,190        |                            |
| Total for R    | Research & Development Cluster  |                 |   |                          | \$ 20,518,477 | \$ 3,790,620               |
| Student Fit    | nancial Assistance Cluster  |                 |   |                          |               |                            |
| 93.264         | Nurse Faculty Loan Program (NFLP)   | UND             |   |                          | \$ 119,426    | \$                         |
| 93.342         | Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students | UND             |   |                          | 451,096       | Ψ                          |
| 93.364         | Nursing Student Loans   | MISU            |   |                          | 942,722       |                            |
| 93.364         | Nursing Student Loans   | NDSU            |   |                          | 356,552       |                            |
| 93.364         | Nursing Student Loans   | DSU             |   |                          | 272,909       |                            |
| 93.364         | Nursing Student Loans   | UND             |   |                          | 1,492,662     |                            |
| 93.925         | Scholarships for Health Professions Students from Disadvantaged Backgrounds                     | UND             |   |                          | 641,276       |                            |
| Total for S    | tudent Financial Assistance Cluster   |                 |   |                          | \$ 4,276,643  | \$                         |

| CFDA<br>NUMBER PROGRAM TITLE   | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER | EXP      | ENDITURES   |    | MOUNT TO<br>RECIPIENTS |
|--|-------------------------------------|-----------------------|----------|-------------|----|------------------------|
| TANF Cluster   |                                     |                       |          |             |    |                        |
| Direct Programs:   |                                     |                       |          |             |    |                        |
| 93.558 Temporary Assistance for Needy Families                                 | 32500                               |                       | \$       | 27,173,414  | \$ | 139,101                |
| Total for TANF Cluster   |                                     |                       | \$       | 27,173,414  | \$ | 139,101                |
| Total For Department Of Health And Human Services                              |                                     |                       | \$ 1,0   | 092,495,145 | \$ | 29,977,853             |
| Department Of Homeland Security  |                                     |                       |          |             |    |                        |
| Unclustered  |                                     |                       |          |             |    |                        |
| Direct Programs:   |                                     |                       |          |             |    |                        |
| 97.008 Non-Profit Security Program   | 54000                               |                       | \$       | 22,072      | \$ | 22,072                 |
| 97.012 Boating Safety Financial Assistance                                     | 72000                               |                       |          | 615,388     |    | 11,447                 |
| 97.023 Community Assistance Program State Support Services Element (CAP-SSSE)  | 77000                               |                       |          | 125,482     |    |                        |
| 97.029 Flood Mitigation Assistance   | 54000                               |                       |          | 58,791      |    | 57,614                 |
| 97.032 Crisis Counseling   | 32500                               |                       |          | 1,439       |    |                        |
| 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 54000                               |                       |          | 8,030,668   |    | 7,904,195              |
| 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 32500                               |                       |          | 138,054     |    |                        |
| 97.039 Hazard Mitigation Grant   | 54000                               |                       |          | 784,366     |    | 480,449                |
| 97.041 National Dam Safety Program   | 77000                               |                       |          | 173,689     |    |                        |
| 97.042 Emergency Management Performance Grants                                 | 54000                               |                       |          | 3,421,155   |    | 1,306,070              |
| 97.045 Cooperating Technical Partners  | 77000                               |                       |          | 1,778,940   |    |                        |
| 97.047 Pre-Disaster Mitigation   | 54000                               |                       |          | 242,431     |    | 163,433                |
| 97.067 Homeland Security Grant Program   | 54000                               |                       |          | 5,326,168   |    | 4,326,118              |
| Nonmonetary Assistance:  |                                     |                       |          |             |    |                        |
| 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 30100                               |                       | \$       | 433,677     | \$ |                        |
| Total for Unclustered  |                                     |                       | \$       | 21,152,320  | \$ | 14,271,398             |
| Total For Department Of Homeland Security                                      |                                     |                       | \$       | 21,152,320  | \$ | 14,271,398             |
|  |                                     |                       | <u> </u> | ,,          | =  | , -,                   |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER | EXPENDITURES | OUNT TO         |
|----------------|---|-------------------------------------|-----------------------|--------------|-----------------|
| Departme       | ent Of Housing And Urban Development  |                                     |                       |              |                 |
| Unclustere     | ed  |                                     |                       |              |                 |
| Direct Prog    | grams:  |                                     |                       |              |                 |
| 14.171         | Manufactured Home Dispute Resolution  | 60100                               |                       | \$ 5,845     | \$              |
| 14.228         | Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii   | 60100                               |                       | 5,250,053    | 5,032,719       |
| 14.231         | Emergency Solutions Grant Program   | 60100                               |                       | 425,290      | 385,435         |
| 14.238         | Shelter Plus Care   | 60100                               |                       | 112,082      | 112,082         |
| 14.239         | HOME Investment Partnerships Program  | 60100                               |                       | 2,242,057    | 2,065,505       |
| 14.401         | Fair Housing Assistance Program State and Local   | 40600                               |                       | 168,400      |                 |
| Total for L    | Inclustered   |                                     |                       | \$ 8,203,727 | \$<br>7,595,741 |
| Total For      | Department Of Housing And Urban Development   |                                     |                       | \$ 8,203,727 | \$<br>7,595,741 |
| Departme       | ent Of Justice  |                                     |                       |              |                 |
| Unclustere     |   |                                     |                       |              |                 |
| Direct Prog    |   |                                     |                       |              |                 |
| 16.015         | Missing Alzheimer's Disease Patient Assistance Program                                    | MISU                                |                       | \$ 21,028    | \$              |
| 16.017         | Sexual Assault Services Formula Program   | 30100                               |                       | 372,539      | 357,315         |
| 16.034         | Coronavirus Emergency Supplemental Funding Program  | 12500                               |                       | 10,230       |                 |
| 16.320         | Services for Trafficking Victims  | 12500                               |                       | 153,750      |                 |
| 16.540         | Juvenile Justice and Delinquency Prevention   | 53000                               |                       | 333,231      | 333,231         |
| 16.543         | Missing Children's Assistance   | 12500                               |                       | 330,666      |                 |
| 16.554         | National Criminal History Improvement Program (NCHIP)                                     | 12500                               |                       | 159,075      |                 |
| 16.575         | Crime Victim Assistance   | 53000                               |                       | 160,696      |                 |
| 16.576         | Crime Victim Compensation   | 53000                               |                       | 4,606,767    | 4,515,908       |
| 16.585         | Drug Court Discretionary Grant Program  | 53000                               |                       | 38,760       |                 |
| 16.588         | Violence Against Women Formula Grants   | 30100                               |                       | 808,641      | 726,105         |
| 16.589         | Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program | UND                                 |                       | 23,501       |                 |
| 16.596         | Justice System Infrastructure Program for Indian Tribes                                   | UND                                 |                       | 244,559      | 84,340          |
| 16.606         | State Criminal Alien Assistance Program   | 53000                               |                       | 42,580       |                 |

| CFDA<br>NUMBER            | PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY                       | IDENTIFYING<br>NUMBER | EXPEN | DITURES   | <br>MOUNT TO<br>RECIPIENTS |
|---------------------------|--|-----------------|---|-----------------------|-------|-----------|----------------------------|
| 16.608                    | Tribal Justice Systems and Alcohol and Substance Abuse                               | UND             |   |                       |       | 180,583   | 35,754                     |
| 16.609                    | Project Safe Neighborhoods   | 12500           |   |                       |       | 16,792    | 16,500                     |
| 16.710                    | Public Safety Partnership and Community Policing Grants                              | 12500           |   |                       |       | 725,553   |                            |
| 16.734                    | Special Data Collections and Statistical Studies                                     | 12500           |   |                       |       | 69,599    |                            |
| 16.738                    | Edward Byrne Memorial Justice Assistance Grant Program                               | 12500           |   |                       |       | 455,635   | 184,470                    |
| 16.741                    | DNA Backlog Reduction Program  | 12500           |   |                       |       | 294,045   |                            |
| 16.742                    | Paul Coverdell Forensic Sciences Improvement Grant Program                           | 12500           |   |                       |       | 245,468   |                            |
| 16.750                    | Support for Adam Walsh Act Implementation Grant Program                              | 12500           |   |                       |       | 82,275    |                            |
| 16.813                    | NICS Act Record Improvement Program  | 12500           |   |                       |       | 179,485   |                            |
| Pass Thro                 | ugh Non-State Entity:  |                 |   |                       |       |           |                            |
| 16.029                    | Office on Violence Against Women Special Projects                                    | UND             | Tribal Law and Policy Institute           | N/A                   | \$    | 50,530    | \$                         |
| 16.582                    | Crime Victim Assistance/Discretionary Grants   | UND             | Fox Valley Technical College              | D2019012073           |       | 54,115    |                            |
| 16.608                    | Tribal Justice Systems and Alcohol and Substance Abuse                               | UND             | Fox Valley Technical College              | D2019001020           |       | 8,737     |                            |
| 16.608                    | Tribal Justice Systems and Alcohol and Substance Abuse                               | UND             | Fox Valley Technical College              | D2019002019           |       | 39,146    |                            |
| 16.726                    | Juvenile Mentoring Program   | NDSU            | National 4-H Council                      | 2018-JU-FX-0005       |       | 46,081    |                            |
| 16.751                    | Edward Byrne Memorial Competitive Grant Program                                      | UND             | Fox Valley Technical College              | D2016010002           |       | 9,999     |                            |
| 16.815                    | Tribal Civil and Criminal Legal Assistance Grants, Training and Technical Assistance | UND             | American Probation and Parole Association | 20-A4-085-2387        |       | 49,510    |                            |
| Total for L               | Inclustered  |                 |   |                       | \$    | 9,813,576 | \$<br>6,253,623            |
| Unclustere<br>Direct Prog |  |                 |   |                       |       |           |                            |
| 16.U01                    | Federal Bureau of Prisons (Juvenile Inmate Housing)                                  | 53000           |   | IGA-815-11            | \$    | 73,598    | \$                         |
| Total for L               | Inclustered  |                 |   |                       | \$    | 73,598    | \$                         |
|                           | & Development Cluster ugh Non-State Entity:  |                 |   |                       |       |           |                            |
| 16.608                    | Tribal Justice Systems and Alcohol and Substance Abuse                               | UND             | National Judicial College, The            | NJC-2019001           | \$    | 20,484    | \$                         |
| Total for F               | Research & Development Cluster   |                 |   |                       | \$    | 20,484    | \$<br>                     |
| Total For                 | Department Of Justice  |                 |   |                       | \$    | 9,907,658 | \$<br>6,253,623            |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY | PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER | EXF | PENDITURES | OUNT TO       |
|----------------|---|-----------------|---------------------|-----------------------|-----|------------|---------------|
| Departme       | ent Of Labor  |                 |                     |                       |     |            |               |
| Unclustere     | ed  |                 |                     |                       |     |            |               |
| Direct Pro     | grams:  |                 |                     |                       |     |            |               |
| 17.235         | Senior Community Service Employment Program   | 32500           |                     |                       | \$  | 430,399    | \$<br>429,762 |
| 17.504         | Consultation Agreements   | BSC             |                     |                       |     | 522,363    |               |
| 17.600         | Mine Health and Safety Grants   | 27000           |                     |                       |     | 63,757     | 63,757        |
| Total for U    | Inclustered   |                 |                     |                       | \$  | 1,016,519  | \$<br>493,519 |
| Total For      | Department Of Labor   |                 |                     |                       | \$  | 1,016,519  | \$<br>493,519 |
| Departme       | ent Of State  |                 |                     |                       |     |            |               |
| Unclustere     |   |                 |                     |                       |     |            |               |
|                | ugh Non-State Entity:   |                 |                     |                       |     |            |               |
| 19.402         | Professional and Cultural Exchange Programs - International Visitor Leadership Program    | MISU            | Global Ties U.S.    | S-ECAGD-18-CA-1018    | \$  | 620        | \$            |
| 19.402         | Professional and Cultural Exchange Programs - International<br>Visitor Leadership Program | MISU            | Global Ties U.S.    | S-ECAGD-19-CA-0041    |     | 3,394      |               |
| Total for U    | Inclustered   |                 |                     |                       | \$  | 4,014      | \$            |
| Total For      | Department Of State   |                 |                     |                       | \$  | 4,014      | \$            |
| Departme       | ent Of The Interior   |                 |                     |                       |     |            |               |
| Unclustere     |   |                 |                     |                       |     |            |               |
| Direct Pro     | •   |                 |                     |                       |     |            |               |
| 15.224         | Cultural and Paleontological Resources Management   | MISU            |                     |                       | \$  | 3,900      | \$            |
| 15.227         | Distribution of Receipts to State and Local Governments                                   | 12000           |                     |                       |     | 10,867     | 10,867        |
| 15.250         | Regulation of Surface Coal Mining and Surface Effects of<br>Underground Coal Mining       | 40800           |                     |                       |     | 938,464    |               |
| 15.252         | Abandoned Mine Land Reclamation (AMLR)  | 40800           |                     |                       |     | 2,499,307  |               |
| 15.427         | Federal Oil and Gas Royalty Management State and Tribal Coordination                      | 11700           |                     |                       |     | 643,106    |               |
| 15.433         | Flood Control Act Lands   | 12000           |                     |                       |     | 36,474,215 | 36,474,215    |
| 15.436         | Late Disbursement Interest  | 12000           |                     |                       |     | 117,084    | 72,972        |
| 15.437         | Minerals Leasing Act  | 12000           |                     |                       |     | 56,339,379 | 29,512,894    |
| 15.518         | Garrison Diversion Unit   | 72000           |                     |                       |     | 876,300    |               |
|                |   |                 |                     |                       |     |            |               |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY                             | IDENTIFYING<br>NUMBER | EXI     | PENDITURES  | <br>MOUNT TO<br>RECIPIENTS |
|----------------|--|-----------------|---|-----------------------|---------|-------------|----------------------------|
| 15.608         | Fish and Wildlife Management Assistance                      | 72000           |   |                       |         | 64,536      |                            |
| 15.615         | Cooperative Endangered Species Conservation Fund             | 72000           |   |                       |         | 45,361      |                            |
| 15.615         | Cooperative Endangered Species Conservation Fund             | 75000           |   |                       |         | 5,856       |                            |
| 15.634         | State Wildlife Grants  | Misub           |   |                       |         | 33,636      |                            |
| 15.634         | State Wildlife Grants  | 72000           |   |                       |         | 547,131     | 32,799                     |
| 15.637         | Migratory Bird Joint Ventures                                | 72000           |   |                       |         | 16,020      | 16,020                     |
| 15.657         | Endagered Species Recovery Implementation                    | 72000           |   |                       |         | 16,523      |                            |
| 15.808         | U.S. Geological Survey Research and Data Collection          | 77000           |   |                       |         | 24,398      |                            |
| 15.904         | Historic Preservation Fund Grants-In-Aid                     | 70100           |   |                       |         | 638,078     | 139,290                    |
| 15.916         | Outdoor Recreation Acquisition, Development and Planning     | 75000           |   |                       |         | 509,454     | 507,204                    |
| 15.929         | Save America's Treasures                                     | 70100           |   |                       |         | 117         |                            |
| Pass Thro      | ugh Non-State Entity:  |                 |   |                       |         |             |                            |
| 15.518         | Garrison Diversion Unit                                      | 77000           | Garrison Diversion Conservancy District         | 6-FC-60-00210         | \$      | 13,389,624  | \$                         |
| 15.815         | National Land Remote Sensing Education Outreach and Research | UND             | AmericaView                                     | AV18-ND-01            |         | 18,738      |                            |
| 15.939         | Heritage Partnership   | NDSU            | Northern Plains Heritage Foundation             | P10AC00310            |         | 6           |                            |
| Total for L    | Inclustered  |                 |   |                       | \$      | 113,212,100 | \$<br>66,766,261           |
| Fish and V     | Vildlife Cluster   |                 |   |                       | <u></u> |             |                            |
| Direct Proo    | grams:   |                 |   |                       |         |             |                            |
| 15.605         | Sport Fish Restoration                                       | 72000           |   |                       | \$      | 4,427,420   | \$<br>636,141              |
| 15.611         | Wildlife Restoration and Basic Hunter Education              | 72000           |   |                       |         | 8,441,017   | 434,530                    |
| 15.626         | Enhanced Hunter Education and Safety                         | 72000           |   |                       |         | 96,553      | 96,553                     |
| Pass Thro      | ugh Non-State Entity:  |                 |   |                       |         |             |                            |
| 15.605         | Sport Fish Restoration                                       | NDSU            | South Dakota Department of Game, Fish and Parks | 20SC06W011            | \$      | 27,093      | \$                         |
| Total for F    | ish and Wildlife Cluster                                     |                 |   |                       | \$      | 12,992,083  | \$<br>1,167,224            |
| Research       | & Development Cluster  |                 |   |                       |         |             | <br>                       |
| Direct Prog    | grams:   |                 |   |                       |         |             |                            |
| 15.608         | Fish and Wildlife Management Assistance                      | NDSU            |   |                       | \$      | 477         | \$                         |
| 15.678         | Cooperative Ecosystem Studies Units                          | NDSU            |   |                       |         | 54,077      |                            |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER | EXPENDITURES   | AMOUNT TO SUBRECIPIENTS |
|----------------|--|-------------------------------------|-----------------------|----------------|-------------------------|
| 15.805         | Assistance to State Water Resources Research Institutes                            | NDSU                                |                       | 80,588         |                         |
| 15.808         | U.S. Geological Survey Research and Data Collection                                | NDSU                                |                       | 83,900         |                         |
| 15.945         | Cooperative Research and Training Programs – Resources of the National Park System | UND                                 |                       | 10,760         |                         |
| 15.945         | Cooperative Research and Training Programs – Resources of the National Park System | NDSU                                |                       | 112,078        |                         |
| Total for F    | Research & Development Cluster   |                                     |                       | \$ 341,880     | \$                      |
| Total For      | Department Of The Interior   |                                     |                       | \$ 126,546,063 | \$ 67,933,485           |
| Departme       | ent Of The Treasury  |                                     |                       |                |                         |
| Unclustere     | ed   |                                     |                       |                |                         |
| Direct Pro     | 9  |                                     |                       |                |                         |
| 21.019         | Coronavirus Relief Fund  | 40500                               |                       | \$ 1,944       | \$                      |
| 21.019         | Coronavirus Relief Fund  | 67000                               |                       | 1,000          |                         |
| 21.019         | Coronavirus Relief Fund  | 60200                               |                       | 267,781        | 267,781                 |
| 21.019         | Coronavirus Relief Fund  | 31300                               |                       | 199,819        |                         |
| 21.019         | Coronavirus Relief Fund  | 50400                               |                       | 38,770         |                         |
| 21.019         | Coronavirus Relief Fund  | 32500                               |                       | 19,379,014     |                         |
| 21.019         | Coronavirus Relief Fund  | 47500                               |                       | 149,079        |                         |
| 21.019         | Coronavirus Relief Fund  | 12700                               |                       | 13,760         |                         |
| 21.019         | Coronavirus Relief Fund  | BSC                                 |                       | 186,833        |                         |
| 21.019         | Coronavirus Relief Fund  | UND                                 |                       | 222,485        |                         |
| 21.019         | Coronavirus Relief Fund  | LRSC                                |                       | 98,455         |                         |
| 21.019         | Coronavirus Relief Fund  | MASU                                |                       | 23,197         |                         |
| 21.019         | Coronavirus Relief Fund  | MISU                                |                       | 54,098         |                         |
| 21.019         | Coronavirus Relief Fund  | MISUB                               |                       | 26,881         |                         |
| 21.019         | Coronavirus Relief Fund  | NDSCS                               |                       | 13,867         |                         |
| 21.019         | Coronavirus Relief Fund  | DSU                                 |                       | 2,008          |                         |
| 21.019         | Coronavirus Relief Fund  | 10100                               |                       | 18,083         |                         |
| 21.019         | Coronavirus Relief Fund  | VCSU                                |                       | 33,972         |                         |
| 21.019         | Coronavirus Relief Fund  | NDSU                                |                       | 7,535          |                         |
| Total for I    | Inclustered  |                                     |                       | \$ 20,738,581  | \$ 267,781              |

| CFDA<br>NUMBER          | PROGRAM TITLE   | STATE<br>AGENCY | PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER | EX | PENDITURES | <br>OUNT TO     |
|-------------------------|---|-----------------|---------------------|-----------------------|----|------------|-----------------|
| Total For               | Department Of The Treasury  |                 |                     |                       | \$ | 20,738,581 | \$<br>267,781   |
| Departme                | ent Of Transportation   |                 |                     |                       |    |            | _               |
| Unclustere              |   |                 |                     |                       |    |            |                 |
| Direct Pro              |   |                 |                     |                       |    |            |                 |
| 20.200                  | Highway Research and Development Program  | 80100           |                     |                       | \$ | 29,701     | \$              |
| 20.215                  | Highway Training and Education  | 80100           |                     |                       |    | 93,086     |                 |
| 20.240                  | Fuel Tax Evasion-Intergovernmental Enforcement Effort   | 12700           |                     |                       |    | 17,757     |                 |
| 20.301                  | Railroad Safety   | 40800           |                     |                       |    | 6,217      |                 |
| 20.505                  | Metropolitan Transportation Planning and State and Non-<br>Metropolitan Planning and Research | 80100           |                     |                       |    | 335,214    | 335,214         |
| 20.509                  | Formula Grants for Rural Areas and Tribal Transit Program                                     | 80100           |                     |                       |    | 7,977,238  | 7,860,404       |
| 20.700                  | Pipeline Safety Program State Base Grant  | 40800           |                     |                       |    | 190,085    |                 |
| 20.703                  | Interagency Hazardous Materials Public Sector Training and Planning Grants                    | 54000           |                     |                       |    | 414,254    | 83,098          |
| 20.721                  | PHMSA Pipeline Safety Program One Call Grant  | 40800           |                     |                       |    | 25,578     |                 |
| Total for U             | Inclustered   |                 |                     |                       | \$ | 9,089,130  | \$<br>8,278,716 |
| Unclustere              | ed  |                 |                     |                       |    |            |                 |
| Direct Pro              | grams:  |                 |                     |                       |    |            |                 |
| 20.U02                  | Accelerated Safety Activity Program   | 80100           |                     | DTNH22-17-H-00142     | \$ | 17,649     | \$              |
| 20.U03                  | Air Force Junior Reserve Officer Training Corps (AFJROTC)                                     | UND             |                     | FA3300-19-H-0013      |    | 139,697    |                 |
| Pass Thro               | ugh Non-State Entity:   |                 |                     |                       |    |            |                 |
| 20.U01                  | 5010 Inspections  | 41200           | GCR Inc.            | N/A                   | \$ | 18,850     | \$              |
| Total for U             | Inclustered   |                 |                     |                       | \$ | 176, 196   | \$              |
| Federal M<br>Direct Pro | otor Carrier Safety Assistance Cluster<br>grams:  |                 |                     |                       |    |            |                 |
| 20.218                  | Motor Carrier Safety Assistance   | 50400           |                     |                       | \$ | 4,374,713  | \$              |
| Total for F             | Federal Motor Carrier Safety Assistance Cluster   |                 |                     |                       | \$ | 4,374,713  | \$<br>          |
| Federal Tr              | ransit Cluster<br>grams:  |                 |                     |                       |    |            |                 |
|                         | Federal Transit Capital Investment Grants   | 80100           |                     |                       | \$ | 84,059     | \$<br>84,059    |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY  | IDENTIFYING<br>NUMBER    | EX | PENDITURES  | MOUNT TO<br>RECIPIENTS |
|----------------|--|-----------------|--|--------------------------|----|-------------|------------------------|
| 20.526         | Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs            | 80100           |  |                          |    | 5,315,357   | 5,315,357              |
| Total for F    | ederal Transit Cluster   |                 |  |                          | \$ | 5,399,416   | \$<br>5,399,416        |
| Highway F      | Planning and Construction Cluster grams:   |                 |  |                          |    |             |                        |
| 20.205         | Highway Planning and Construction  | 80100           |  |                          | \$ | 313,536,418 | \$<br>3,236,965        |
| 20.219         | Recreational Trails Program  | 80100           |  |                          |    | 774         |                        |
| 20.219         | Recreational Trails Program  | 75000           |  |                          |    | 890,940     | 405,879                |
| Pass Thro      | ugh Non-State Entity:  |                 |  |                          |    |             |                        |
| 20.205         | Highway Planning and Construction  | NDSU            | Bismarck-Mandan Metropolitan Planning Organization               | 38151860 Bis-Man         | \$ | 18,593      | \$                     |
| 20.205         | Highway Planning and Construction  | NDSU            | Fargo-Moorhead Metropolitan Council of Governments               | 38151860- FM COG         |    | 25,104      |                        |
| 20.205         | Highway Planning and Construction  | NDSU            | Grand Forks-East Grand Forks Metropolitan Council of Governments | 38151860- GF/EGF MPO     |    | 37,913      |                        |
| 20.205         | Highway Planning and Construction  | NDSU            | Minnesota Department of Transportation                           | 1003323 Work Order No. 6 |    | 80,530      |                        |
| Total for H    | lighway Planning and Construction Cluster  |                 |  |                          | \$ | 314,590,272 | \$<br>3,642,844        |
| Highway S      | Safety Cluster   |                 |  |                          |    |             |                        |
| Direct Prog    | grams:   |                 |  |                          |    |             |                        |
| 20.600         | State and Community Highway Safety   | 80100           |  |                          | \$ | 1,656,469   | \$<br>334,024          |
| 20.616         | National Priority Safety Programs  | 80100           |  |                          |    | 1,823,409   | 475,150                |
| Total for H    | lighway Safety Cluster   |                 |  |                          | \$ | 3,479,878   | \$<br>809,174          |
| Research       | & Development Cluster  |                 |  |                          |    |             |                        |
| Direct Prog    | grams:   |                 |  |                          |    |             |                        |
| 20.232         | Commercial Driver's License Program Implementation Grant                                   | NDSU            |  |                          | \$ | 38,703      | \$                     |
| 20.237         | Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements | NDSU            |  |                          |    | 123,485     |                        |
| 20.701         | University Transportation Centers Program  | NDSU            |  |                          |    | 1,854,773   | 1,414,383              |
| 20.724         | Pipeline Safety Research Competitive Academic Agreement Program (CAAP)                     | NDSU            |  |                          |    | 342,098     | 56,943                 |
| 20.RD          | A18_A11L.UAS.22-Small UAS Detect and Avoid Requirements                                    | UND             |  | 15-C-UAS-UND-011         |    | 157,951     |                        |
| 20.RD          | A25 - Develop Risk-Based Training and Standards for Waiver Review and Insurance            | UND             |  | 15-C-UAS-UND-019         |    | 13,278      |                        |

| CFDA<br>NUMBER                  | PROGRAM TITLE   | STATE<br>AGENCY | PASS THROUGH ENTITY                      | IDENTIFYING<br>NUMBER     | EXPENDITURES   |      | OUNT TO<br>RECIPIENTS |
|---------------------------------|---|-----------------|--|---------------------------|----------------|------|-----------------------|
| 20.RD                           | A27: Establish Risk-Based Thresholds for Approvals Needed to certify UAS for Safe Operation | UND             |  | 15-C-UAS-UND-015          | 24,915         |      |                       |
| 20.RD                           | Integrating Expanded and Nonsegregated UAS Operations                                       | UND             |  | 15-C-UAS-UND-014          | 50,897         |      | 10,673                |
| 20.RD                           | UAS Parameters, Exceedances, Recording Rates for ASIAS                                      | UND             |  | 15-C-UAS-UND-012          | 69,532         |      |                       |
| 20.RD                           | UAS Safety Case Development, Process Improvement, and Da                                    | UND             |  | 15-C-UAS-UND-021          | 3,534          |      |                       |
| 20.RD                           | UAS Test Data Collection and Analysis   | UND             |  | 15-C-UAS-UND-010          | 171,348        |      | 84,750                |
| Pass Thro                       | ugh Non-State Entity:   |                 |  |                           |                |      |                       |
| 20.108                          | Aviation Research Grants  | UND             | The MITRE Corporation                    | 119947 TaskOrder 3-130354 | \$ 175,534     | \$   |                       |
| 20.200                          | Highway Research and Development Program  | NDSU            | The National Academies                   | NCHRP-219                 | 7,332          |      |                       |
| 20.200                          | Highway Research and Development Program  | NDSU            | WSP Global Inc.                          | WSP #182618G              | 11,791         |      |                       |
| 20.701                          | University Transportation Centers Program   | NDSU            | Montana State University                 | G136-14-W4660             | 34,415         |      |                       |
| 20.701                          | University Transportation Centers Program   | NDSU            | Montana State University                 | G226-17-W6460             | 645,660        |      |                       |
| 20.724                          | Pipeline Safety Research Competitive Academic Agreement Program (CAAP)                      | NDSU            | Stevens Institute of Technology          | 2103007-01                | 5,655          |      |                       |
| 20.RD                           | Seat Belt Use in South Dakota   | NDSU            | South Dakota Department of Public Safety | N/A                       | 13,037         |      |                       |
| 20.RD                           | Seat Belt, Cell Phone and Ride Service Surveys to Enhance                                   | NDSU            | South Dakota Department of Public Safety | N/A                       | 11,531         |      |                       |
| Total for F                     | Research & Development Cluster  |                 |  |                           | \$ 3,755,469   | \$   | 1,566,749             |
| Transit Se                      | rvices Programs Cluster<br>grams:   |                 |  |                           |                |      |                       |
| 20.513                          | Enhanced Mobility of Seniors and Individuals with Disabilities                              | 80100           |  | ;                         | \$ 520,426     | \$   | 520,426               |
| Total for T                     | ransit Services Programs Cluster  |                 |  |                           | \$ 520,426     | \$   | 520,426               |
| Total For                       | Department Of Transportation  |                 |  |                           | \$ 341,385,500 | \$ : | 20,217,325            |
| Departme Unclustere Direct Prog |   |                 |  |                           |                |      |                       |
| 64.014                          | Veterans State Domiciliary Care   | 31300           |  | !                         | \$ 901,511     | \$   |                       |
| 64.015                          | Veterans State Nursing Home Care  | 31300           |  |                           | 1,726,077      |      |                       |
| 64.035                          | Veterans Transportation Program   | 32100           |  |                           | 590,070        |      | 546,424               |
| · · · ·                         | Inclustered   |                 |  |                           | \$ 3,217,658   | \$   | 546,424               |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER | EXPENDITURES | AMOUNT TO SUBRECIPIENTS |
|----------------|--|-------------------------------------|-----------------------|--------------|-------------------------|
| Unclustere     | ed   |                                     |                       |              |                         |
| Direct Pro     | grams:   |                                     |                       |              |                         |
| 64.U01         | State Approving Agency   | 32100                               | V101 (223C) P-5745    | \$ 118,813   | \$                      |
| 64.U02         | VA - Residents Rotations   | UND                                 | N/A                   | 391,822      |                         |
| Total for U    | Inclustered  |                                     |                       | \$ 510,635   | \$                      |
| Total For      | Department Of Veterans Affairs   |                                     |                       | \$ 3,728,293 | \$ 546,424              |
| Elections      | Assistance Commission  |                                     |                       |              |                         |
| Unclustere     | ed   |                                     |                       |              |                         |
| Direct Pro     | grams:   |                                     |                       |              |                         |
| 90.404         | 2018 HAVA Election Security Grants   | 10800                               |                       | \$ 458,742   | \$                      |
| Total for U    | Inclustered  |                                     |                       | \$ 458,742   | \$                      |
| Total For      | Elections Assistance Commission  |                                     |                       | \$ 458,742   | \$                      |
| Environm       | nental Protection Agency   |                                     |                       |              |                         |
| Unclustere     | ed   |                                     |                       |              |                         |
| Direct Pro     | grams:   |                                     |                       |              |                         |
| 66.034         | Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act | 30300                               |                       | \$ 143,736   | \$                      |
| 66.040         | State Clean Diesel Grant Program   | 30300                               |                       | 225,028      | 225,028                 |
| 66.419         | Water Pollution Control State, Interstate, and Tribal Program Support  | 30300                               |                       | 197,197      | 2,921                   |
| 66.433         | State Underground Water Source Protection  | 40500                               |                       | 155,092      |                         |
| 66.444         | Lead Testing in School and Child Care Program Drinking Water (SDWA 1464(d))  | 30300                               |                       | 8,204        |                         |
| 66.454         | Water Quality Management Planning  | 30300                               |                       | 91,661       | 20,224                  |
| 66.460         | Nonpoint Source Implementation Grants  | 30300                               |                       | 3,165,213    | 1,899,996               |
| 66.605         | Performance Partnership Grants   | NDSU                                |                       | 13,669       |                         |
| 66.605         | Performance Partnership Grants   | 30300                               |                       | 4,290,961    | 40,382                  |
| 66.608         | Environmental Information Exchange Network Grant Program and Related Assistance  | 30300                               |                       | 204,614      |                         |
| 66.700         | Consolidated Pesticide Enforcement Cooperative Agreements  | NDSU                                |                       | 51,001       |                         |
| 66.700         | Consolidated Pesticide Enforcement Cooperative Agreements  | 60200                               |                       | 561,877      |                         |

| CFDA<br>NUMBEF                 | R PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY  | IDENTIFYING<br>NUMBER | EXPENDITURES  | AMOUNT TO SUBRECIPIENTS |
|--------------------------------|--|-----------------|----------------------|-----------------------|---------------|-------------------------|
| 66.804                         | Underground Storage Tank (UST) Prevention, Detection, and Compliance Program                         | 30300           |                      |                       | 247,763       |                         |
| 66.805                         | Leaking Underground Storage Tank Trust Fund Corrective Action Program                                | 30300           |                      |                       | 320,227       |                         |
| 66.818                         | Brownfields Assessment and Cleanup Cooperative Agreements  | 30300           |                      |                       | 225,316       |                         |
| Pass Thre                      | ough Non-State Entity:   |                 |                      |                       |               |                         |
| 66.716                         | Research, Development, Monitoring, Public Education, Outreach, Training, Demonstrations, and Studies | NDSU            | eXtension Foundation | X8-83698001           | \$ 18,175     | \$                      |
| Total for                      | Unclustered  |                 |                      |                       | \$ 9,919,734  | \$ 2,188,551            |
| <i>Uncluster</i><br>Direct Pro |  |                 |                      |                       |               |                         |
| 66.U01                         | Water Sample Collection  | VCSU            |                      | W912ES-16-P-0058      | \$ 7,007      | \$                      |
| Total for                      | Unclustered  |                 |                      |                       | \$ 7,007      | \$                      |
| <i>Drinking</i> Direct Pro     | Water State Revolving Fund Cluster ograms:   |                 |                      |                       |               |                         |
| 66.468                         | Capitalization Grants for Drinking Water State Revolving Funds                                       | 30300           |                      |                       | \$ 978,588    | \$                      |
| Total for                      | Drinking Water State Revolving Fund Cluster  |                 |                      |                       | \$ 978,588    | \$                      |
| Research<br>Direct Pro         | & Development Cluster ograms:  |                 |                      |                       |               |                         |
| 66.461                         | Regional Wetland Program Development Grants  | NDSU            |                      |                       | \$ 98,198     | \$                      |
| 66.509                         | Science To Achieve Results (STAR) Research Program   | UND             |                      |                       | 52,664        |                         |
| Total for                      | Research & Development Cluster   |                 |                      |                       | \$ 150,862    | \$                      |
| Total For                      | Environmental Protection Agency  |                 |                      |                       | \$ 11,056,191 | \$ 2,188,551            |
| Equal Er                       | nployment Opportunity Commission   |                 |                      |                       |               |                         |
| Uncluste                       | red  |                 |                      |                       |               |                         |
| Direct Pro                     |  |                 |                      |                       |               |                         |
| 30.002                         | Employment Discrimination - State and Local Fair Employment Practices Agency Contracts               | 40600           |                      |                       | \$ 143,040    | \$                      |
| Total for                      | Unclustered  |                 |                      |                       | \$ 143,040    | \$                      |
|                                | Equal Employment Opportunity Commission  |                 |                      |                       | \$ 143,040    | \$                      |

| CFDA<br>NUMBER PROGRAM TITLE   | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER | EXPENDITURES | AMOUNT TO SUBRECIPIENTS |
|--|-------------------------------------|-----------------------|--------------|-------------------------|
| Executive Office of the President Unclustered  |                                     |                       |              |                         |
| Direct Programs:   |                                     |                       |              |                         |
| 95.001 High Intensity Drug Trafficking Areas Program   | 12500                               |                       | \$ 679,827   | \$ 291,742              |
| Total for Unclustered  |                                     |                       | \$ 679,827   | \$ 291,742              |
| Total For Executive Office of the President  |                                     |                       | \$ 679,827   | \$ 291,742              |
| General Services Administration  Unclustered  Nonmonetary Assistance:  |                                     |                       |              |                         |
| 39.003 Donation of Federal Surplus Personal Property   | 11000                               |                       | \$ 1,815,794 | \$                      |
| Total for Unclustered  |                                     |                       | \$ 1,815,794 | \$                      |
| Total For General Services Administration  |                                     |                       | \$ 1,815,794 | \$                      |
| Institute of Museum and Library Services Unclustered Direct Programs: 45.310 Grants to States                          | 25000                               |                       | \$ 920,089   | \$                      |
| Total for Unclustered  |                                     |                       | \$ 920,089   | \$                      |
| Total For Institute of Museum and Library Services   |                                     |                       | \$ 920,089   | \$                      |
| National Aeronautics and Space Administration  Unclustered  Direct Programs:  43.008 Office of Stem Engagement (OSTEM) | UND                                 |                       | \$ 1,187,535 | \$ 30,290               |
| 43.012 Space Technology  | 60100                               |                       | 1,632,092    |                         |
| Total for Unclustered  |                                     |                       | \$ 2,819,627 | \$ 30,290               |
| Research & Development Cluster Direct Programs:  |                                     |                       |              | ·                       |
| 43.001 Science   | UND                                 |                       | \$ 426,489   | \$ 5,500                |
| Pass Through Non-State Entity:<br>43.001 Science   | UND Planetary Science Institute     | 1345                  | \$ 934       | \$                      |

| CFDA<br>NUMBER PROGRAM TITLE   | STATE<br>AGENCY | PASS THROUGH ENTITY         | IDENTIFYING<br>NUMBER | EXPENDITURE | s sı | AMOUNT TO<br>UBRECIPIENTS |
|--|-----------------|-----------------------------|-----------------------|-------------|------|---------------------------|
| 43.001 Science   | NDSU            | University of New Hampshire | 15-024                | 19,95       | 3    |                           |
| 43.RD Chip-Based ADS-B for High Density, Low Altitude UAV Operations   | NDSU            | University Of Washington    | UWSC11328             | 11,75       | 6    |                           |
| Total for Research & Development Cluster                               |                 |                             |                       | \$ 459,13   | 2 \$ | \$ 5,500                  |
| Total For National Aeronautics and Space Administration                |                 |                             |                       | \$ 3,278,75 | 9 9  | \$ 35,790                 |
| National Endowment for the Arts  |                 |                             |                       |             |      |                           |
| Unclustered  |                 |                             |                       |             |      |                           |
| Direct Programs:   |                 |                             |                       |             |      |                           |
| 45.025 Promotion of the Arts Partnership Agreements                    | 70900           |                             |                       | \$ 1,114,44 | 3 \$ | \$ 928,082                |
| Pass Through Non-State Entity:   |                 |                             |                       |             |      |                           |
| 45.024 Promotion of the Arts Grants to Organizations and Individuals   | DSU             | Arts Midwest                | 1844334-52-C-18       | \$ 18,59    | 7 \$ | \$                        |
| Total for Unclustered  |                 |                             |                       | \$ 1,133,04 | 0 5  | \$ 928,082                |
| Total For National Endowment for the Arts                              |                 |                             |                       | \$ 1,133,04 | 0 9  | \$ 928,082                |
| National Endowment for the Humanities                                  |                 |                             |                       |             |      |                           |
| Unclustered  |                 |                             |                       |             |      |                           |
| Direct Programs:   |                 |                             |                       |             |      |                           |
| 45.149 Promotion of the Humanities Division of Preservation and Access | 70100           |                             |                       | \$ 23,21    | 4 \$ | \$                        |
| Pass Through Non-State Entity:   |                 |                             |                       |             |      |                           |
| 45.129 Promotion of the Humanities Federal/State Partnership           | BSC             | Humanities North Dakota     | 19508                 | \$ 9,39     | 9 9  | \$                        |
| Total for Unclustered  |                 |                             |                       | \$ 32,61    | 3 3  | \$                        |
| Total For National Endowment for the Humanities                        |                 |                             |                       | \$ 32,61    | 3    | \$                        |
| National Science Foundation  |                 |                             |                       |             |      |                           |
| Unclustered  |                 |                             |                       |             |      |                           |
| Direct Programs:   |                 |                             |                       |             |      |                           |
| 47.076 Education and Human Resources                                   | NDSCS           |                             |                       | \$ 122,29   |      | \$                        |
| 47.U01 IPA - Intergovernmental Personal Act                            | NDSU            |                             | CNS-1650752           | 172,64      | 0    |                           |
| Pass Through Non-State Entity:   |                 |                             |                       |             |      |                           |
| 47.070 Computer and Information Science and Engineering                | UND             | University of Illinois      | 2015-07710-04         | \$ 31,76    | 5 \$ | \$                        |

| CFDA<br>NUMBER | PROGRAM TITLE                                    | STATE<br>AGENCY | PASS THROUGH ENTITY                    | IDENTIFYING<br>NUMBER | EXPENDITURE | s s | INT TO<br>CIPIENTS |
|----------------|--|-----------------|--|-----------------------|-------------|-----|--------------------|
| 47.076         | Education and Human Resources                    | NDSU            | Salish Kootenai College                | NDSU-18-2             | 4,90        | 0   |                    |
| Total for U    | Inclustered                                      |                 |  |                       | \$ 331,60   | )1  | \$<br>             |
| Research       | & Development Cluster                            |                 |  |                       |             |     |                    |
| Direct Pro     | grams:   |                 |  |                       |             |     |                    |
| 47.041         | Engineering                                      | NDSU            |  |                       | \$ 326,97   | 9   | \$<br>3,139        |
| 47.041         | Engineering                                      | UND             |  |                       | 92,23       | 3   |                    |
| 47.049         | Mathematical and Physical Sciences               | NDSU            |  |                       | 501,73      | 7   |                    |
| 47.049         | Mathematical and Physical Sciences               | UND             |  |                       | 265,99      | 0   |                    |
| 47.050         | Geosciences                                      | NDSU            |  |                       | 84,29       | 2   |                    |
| 47.050         | Geosciences                                      | UND             |  |                       | 423,91      | 2   | 14,850             |
| 47.070         | Computer and Information Science and Engineering | NDSU            |  |                       | 462,11      | 1   |                    |
| 47.070         | Computer and Information Science and Engineering | UND             |  |                       | 680,10      | 2   | 358,259            |
| 47.074         | Biological Sciences                              | UND             |  |                       | 836,68      | 2   |                    |
| 47.074         | Biological Sciences                              | NDSU            |  |                       | 881,16      | 5   |                    |
| 47.075         | Social, Behavioral, and Economic Sciences        | NDSU            |  |                       | 84,93       | 1   |                    |
| 47.075         | Social, Behavioral, and Economic Sciences        | UND             |  |                       | 91,27       | 2   |                    |
| 47.076         | Education and Human Resources                    | NDSU            |  |                       | 1,372,93    | 5   | 34,105             |
| 47.076         | Education and Human Resources                    | WSC             |  |                       | 80,20       | 0   |                    |
| 47.076         | Education and Human Resources                    | UND             |  |                       | 401,76      | 2   |                    |
| 47.079         | Office of International Science and Engineering  | UND             |  |                       | 26,86       | 2   |                    |
| 47.083         | Integrative Activities                           | NDSU            |  |                       | 2,979,59    | 4   |                    |
| Pass Thro      | ugh Non-State Entity:                            |                 |  |                       |             |     |                    |
| 47.041         | Engineering                                      | NDSU            | Syracuse University                    | 28250-04301-S22       | \$ 3,13     | 0   | \$                 |
| 47.041         | Engineering                                      | NDSU            | University of Minnesota                | A005007501            | 48,25       | 7   |                    |
| 47.041         | Engineering                                      | UND             | University of Utah, The                | 10040267/58502300     | 50,24       | 9   |                    |
| 47.049         | Mathematical and Physical Sciences               | NDSU            | California State University, Fullerton | S-5741-NDSU-02        | 10,88       | 2   |                    |
| 47.070         | Computer and Information Science and Engineering | UND             | University of Illinois                 | 067846-17002          | 3,16        | 7   |                    |
| 47.070         | Computer and Information Science and Engineering | UND             | University of Illinois                 | 096085-17571          | 1,95        | 4   |                    |
| 47.070         | Computer and Information Science and Engineering | NDSU            | University of South Alabama            | A19-0025-S001         | 61,72       | 3   |                    |

| CFDA<br>NUMBER PROGRAM TITLE   | STATE<br>AGENCY | PASS THROUGH ENTITY                        | IDENTIFYING<br>NUMBER | EX | PENDITURES | OUNT TO<br>ECIPIENTS |
|--|-----------------|--|-----------------------|----|------------|----------------------|
| 47.074 Biological Sciences   | NDSU            | Virginia Tech                              | 480146-19953          |    | 80,406     |                      |
| 47.075 Social, Behavioral, and Economic Sciences   | NDSU            | Michigan State University                  | RC108528NDSU          |    | 11,403     |                      |
| 47.075 Social, Behavioral, and Economic Sciences   | NDSU            | University of Minnesota                    | A007306801            |    | 34,037     |                      |
| 47.076 Education and Human Resources   | NDSU            | Clemson University                         | 1882-206-2011602      |    | 3,135      | 2,162                |
| 47.076 Education and Human Resources   | NDSU            | Missouri University of Science &Technology | 0052875               |    | 4,548      |                      |
| 47.079 Office of International Science and Engineering                                       | NDSU            | University of South Alabama                | A19-0039-S001         |    | 4,989      |                      |
| 47.083 Integrative Activities  | NDSU            | Bates College                              | S19-004               |    | 132,314    |                      |
| Total for Research & Development Cluster   |                 |  |                       | \$ | 10,042,953 | \$<br>412,515        |
| Total For National Science Foundation  |                 |  |                       | \$ | 10,374,554 | \$<br>412,515        |
| Nuclear Regulatory Commission  Unclustered   |                 |  |                       |    |            |                      |
| Direct Programs:   |                 |  |                       |    |            |                      |
| 77.008 U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program                 | BSC             |  |                       | \$ | 16,430     | \$                   |
| Total for Unclustered  |                 |  |                       | \$ | 16,430     | \$<br>               |
| Total For Nuclear Regulatory Commission  |                 |  |                       | \$ | 16,430     | \$                   |
| Small Business Administration  |                 |  |                       |    |            | <br>_                |
| Unclustered  |                 |  |                       |    |            |                      |
| Direct Programs:   |                 |  |                       |    |            |                      |
| 59.037 Small Business Development Centers  | UND             |  |                       | \$ | 797,986    | \$<br>107,284        |
| 59.044 Veterans Outreach Program   | UND             |  |                       |    | 261,948    | <br>                 |
| Total for Unclustered  |                 |  |                       | \$ | 1,059,934  | \$<br>107,284        |
| Total For Small Business Administration  |                 |  |                       | \$ | 1,059,934  | \$<br>107,284        |
| Social Security Administration  Unclustered  Direct Programs:                                |                 |  |                       |    |            |                      |
| 96.009 Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries | 36000           |  |                       | \$ | 149,651    | \$                   |
| Total for Unclustered  |                 |  |                       | \$ | 149,651    | \$                   |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER | EXF | PENDITURES | <br>OUNT TO<br>ECIPIENTS |
|----------------|---|-------------------------------------|-----------------------|-----|------------|--------------------------|
| Disability I   | Insurance/SSI Cluster   |                                     |                       |     |            |                          |
| Direct Pro     | grams:  |                                     |                       |     |            |                          |
| 96.001         | Social Security Disability Insurance  | 32500                               |                       | \$  | 3,286,776  | \$                       |
| Total for L    | Disability Insurance/SSI Cluster  |                                     |                       | \$  | 3,286,776  | \$                       |
| Total For      | Social Security Administration  |                                     |                       | \$  | 3,436,427  | \$                       |
| U.S. Depa      | artment Of Agriculture  |                                     |                       |     |            |                          |
| Unclustere     |   |                                     |                       |     |            |                          |
| Direct Pro     | grams:  |                                     |                       |     |            |                          |
| 10.001         | Agricultural Research Basic and Applied Research                              | NDSU                                |                       | \$  | 230        | \$                       |
| 10.025         | Plant and Animal Disease, Pest Control, and Animal Care                       | 60200                               |                       |     | 409,461    |                          |
| 10.025         | Plant and Animal Disease, Pest Control, and Animal Care                       | NDSU                                |                       |     | 234,970    |                          |
| 10.086         | Aquaculture Grants Program (AGP)  | MISUB                               |                       |     | 31         |                          |
| 10.153         | Market News   | 60200                               |                       |     | 10,500     |                          |
| 10.162         | Inspection Grading and Standardization  | 60200                               |                       |     | 1,033      |                          |
| 10.163         | Market Protection and Promotion   | 60200                               |                       |     | 10,800     |                          |
| 10.168         | Farmers Market Promotion Program  | MISUB                               |                       |     | 95,378     |                          |
| 10.170         | Specialty Crop Block Grant Program - Farm Bill                                | 60200                               |                       |     | 2,456,214  | 452,533                  |
| 10.171         | Organic Certification Cost Share Programs                                     | 60200                               |                       |     | 105,000    | 99,359                   |
| 10.178         | Trade Mitigation Program Eligible Recipient Agency Operational Funds          | 20100                               |                       |     | 108,949    |                          |
| 10.310         | Agriculture and Food Research Initiative (AFRI)                               | BSC                                 |                       |     | 12,599     |                          |
| 10.310         | Agriculture and Food Research Initiative (AFRI)                               | MISUB                               |                       |     | 1,702      |                          |
| 10.310         | Agriculture and Food Research Initiative (AFRI)                               | NDSU                                |                       |     | 28,337     |                          |
| 10.326         | Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)          | DSU                                 |                       |     | 4,000      |                          |
| 10.329         | Crop Protection and Pest Management Competitive Grants Program                | NDSU                                |                       |     | 180,581    |                          |
| 10.351         | Rural Business Development Grant  | MISU                                |                       |     | 21,000     |                          |
| 10.351         | Rural Business Development Grant  | BSC                                 |                       |     | 69,546     |                          |
| 10.435         | State Mediation Grants  | 60200                               |                       |     | 62,850     |                          |
| 10.475         | Cooperative Agreements with States for Intrastate Meat and Poultry Inspection | 60200                               |                       |     | 476,144    |                          |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY | PASS THROUGH ENTITY            | IDENTIFYING<br>NUMBER | EXPENI | DITURES  | -  | AMOUNT TO<br>BRECIPIENTS |
|----------------|---|-----------------|--------------------------------|-----------------------|--------|----------|----|--------------------------|
| 10.477         | Meat, Poultry, and Egg Products Inspection                                    | 60200           |                                |                       |        | 94,246   |    |                          |
| 10.500         | Cooperative Extension Service   | NDSU            |                                |                       |        | 93,249   |    |                          |
| 10.534         | CACFP Meal Service Training Grants  | 20100           |                                |                       |        | 33,447   |    | 12,470                   |
| 10.541         | Child Nutrition-Technology Innovation Grant                                   | 20100           |                                |                       |        | 18,175   |    |                          |
| 10.557         | WIC Special Supplemental Nutrition Program for Women, Infants, and Children   | 30100           |                                |                       | 9      | ,919,296 |    | 3,464,202                |
| 10.558         | Child and Adult Care Food Program   | 20100           |                                |                       | 8      | ,725,329 |    | 8,304,413                |
| 10.560         | State Administrative Expenses for Child Nutrition                             | 20100           |                                |                       | 1      | ,751,277 |    | 583,562                  |
| 10.567         | Food Distribution Program on Indian Reservations                              | 20100           |                                |                       | 1      | ,444,808 |    | 908,893                  |
| 10.578         | WIC Grants To States (WGS)  | 30100           |                                |                       |        | 863,913  |    | 11,699                   |
| 10.579         | Child Nutrition Discretionary Grants Limited Availability                     | 20100           |                                |                       |        | 49,767   |    | 48,429                   |
| 10.582         | Fresh Fruit and Vegetable Program   | 20100           |                                |                       | 1      | ,852,421 |    | 1,748,182                |
| 10.664         | Cooperative Forestry Assistance   | NDSU            |                                |                       | 1      | ,380,372 |    | 409,297                  |
| 10.680         | Forest Health Protection  | 60200           |                                |                       |        | 59,586   |    | 53,750                   |
| 10.691         | Good Neighbor Authority   | NDSU            |                                |                       |        | 71,749   |    |                          |
| 10.697         | State & Private Forestry Hazardous Fuel Reduction Program                     | NDSU            |                                |                       |        | 263,696  |    |                          |
| 10.773         | Rural Business Opportunity Grants   | MISUB           |                                |                       |        | 31,194   |    |                          |
| 10.855         | Distance Learning and Telemedicine Loans and Grants                           | BSC             |                                |                       |        | 247,496  |    |                          |
| 10.902         | Soil and Water Conservation   | NDSU            |                                |                       |        | 115,881  |    |                          |
| 10.902         | Soil and Water Conservation   | MISUB           |                                |                       |        | 37,504   |    |                          |
| 10.912         | Environmental Quality Incentives Program                                      | 60200           |                                |                       |        | 95,174   |    | 47,283                   |
| 10.950         | Agricultural Statistics Reports   | NDSU            |                                |                       |        | 20,000   |    |                          |
| Nonmonet       | ary Assistance:   |                 |                                |                       |        |          |    |                          |
| 10.475         | Cooperative Agreements with States for Intrastate Meat and Poultry Inspection | 60200           |                                |                       | \$     | 6,194    | \$ |                          |
| 10.567         | Food Distribution Program on Indian Reservations                              | 20100           |                                |                       | 4      | ,337,764 |    | 4,337,764                |
| Pass Thro      | ugh Non-State Entity:   |                 |                                |                       |        |          |    |                          |
| 10.215         | Sustainable Agriculture Research and Education                                | NDSCS           | Northcentral Technical College | 201910-08-02          | \$     | 7,334    | \$ |                          |
| 10.215         | Sustainable Agriculture Research and Education                                | NDSU            | University of Minnesota        | H004991239            |        | 5,575    |    |                          |
| 10.215         | Sustainable Agriculture Research and Education                                | NDSU            | University of Minnesota        | H005722933            |        | 18,814   |    |                          |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY             | IDENTIFYING<br>NUMBER                     | EXPENDITURES  | AMOUNT TO SUBRECIPIENTS |
|----------------|--|-----------------|---------------------------------|---|---------------|-------------------------|
| 10.215         | Sustainable Agriculture Research and Education   | NDSU            | University of Minnesota         | H006607438                                | 59,993        |                         |
| 10.215         | Sustainable Agriculture Research and Education   | NDSU            | University of Minnesota         | H007179302                                | 37,659        |                         |
| 10.303         | Integrated Programs  | NDSU            | South Dakota State University   | 3TB373                                    | 6,601         |                         |
| 10.304         | Homeland Security Agricultural   | NDSU            | Kansas State University         | S17046                                    | 26,977        |                         |
| 10.310         | Agriculture and Food Research Initiative (AFRI)  | NDSU            | North Carolina State University | 2015-0097-12                              | 24,111        |                         |
| 10.328         | National Food Safety Training, Education, Extension,<br>Outreach, and Technical Assistance Competitive Grants<br>Program | NDSU            | Iowa State University           | 4163031F                                  | 1,316         |                         |
| 10.329         | Crop Protection and Pest Management Competitive Grants Program   | NDSU            | Michigan State University       | RC108974F                                 | 16,359        |                         |
| 10.500         | Cooperative Extension Service  | NDSU            | Auburn University               | 18-CHS-205205-NDSU                        | 54,650        | 16,956                  |
| 10.500         | Cooperative Extension Service  | NDSU            | Auburn University               | 20HDFS-205212-NDSU                        | 39,243        | 15,497                  |
| 10.500         | Cooperative Extension Service  | NDSU            | Kansas State University         | A00-0983-S046                             | 12,483        |                         |
| 10.500         | Cooperative Extension Service  | NDSU            | Kansas State University         | S19103                                    | 14,180        |                         |
| 10.500         | Cooperative Extension Service  | NDSU            | South Dakota State University   | 3TB319                                    | 25,049        |                         |
| 10.500         | Cooperative Extension Service  | NDSU            | South Dakota State University   | 3TG521                                    | 35,375        |                         |
| 10.500         | Cooperative Extension Service  | NDSU            | South Dakota State University   | N/A                                       | 22,591        |                         |
| 10.511         | Smith-Lever Funding (Various Programs)   | NDSU            | University of Minnesota         | CPS # 0001810051                          | 343,341       |                         |
| 10.525         | Farm and Ranch Stress Assistance Network Competitive Grants Program  | NDSU            | Iowa State University           | 021546F                                   | 3,720         |                         |
| 10.912         | Environmental Quality Incentives Program   | NDSU            | University of Wisconsin Madison | PO#000000134                              | 10,556        |                         |
| Total for L    | Inclustered  |                 |                                 |   | \$ 36,567,790 | \$ 20,514,289           |
| Unclustere     | ed   |                 |                                 |   |               |                         |
| Direct Prog    | grams:   |                 |                                 |   |               |                         |
| 10.U01         | Curation of Artifacts  | 70100           |                                 | 18-CS-11011800-21 & 18-PA-<br>11011800-21 | \$ 4,116      | \$                      |
| Total for L    | Inclustered  |                 |                                 |   | \$ 4,116      | \$                      |
| Child Nutri    | ition Cluster  |                 |                                 |   |               |                         |
| Direct Prog    | grams:   |                 |                                 |   |               |                         |
| 10.553         | School Breakfast Program   | 20100           |                                 |   | \$ 4,929,984  | \$ 4,881,045            |
| 10.555         | National School Lunch Program  | 20100           |                                 |   | 17,389,334    | 17,308,478              |
| 10.556         | Special Milk Program for Children  | 20100           |                                 |   | 23,401        | 23,401                  |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY | PASS THROUGH ENTITY                           | IDENTIFYING<br>NUMBER | EXI | PENDITURES | MOUNT TO<br>BRECIPIENTS |
|----------------|---|-----------------|---|-----------------------|-----|------------|-------------------------|
| 10.559         | Summer Food Service Program for Children                  | 20100           |   |                       |     | 12,392,777 | 12,300,613              |
| Nonmonet       | tary Assistance:  |                 |   |                       |     |            |                         |
| 10.555         | National School Lunch Program                             | 20100           |   |                       | \$  | 5,431,933  | \$<br>5,431,933         |
| 10.559         | Summer Food Service Program for Children                  | 20100           |   |                       |     | 6,400      | 6,400                   |
| Pass Thro      | ugh Non-State Entity:                                     |                 |   |                       |     |            |                         |
| 10.555         | National School Lunch Program                             | 25200           | North Dakota Department of Public Instruction | N/A                   | \$  | 7,399      | \$                      |
| Total for C    | Child Nutrition Cluster                                   |                 |   |                       | \$  | 40,181,228 | \$<br>39,951,870        |
| Food Disti     | ribution Cluster<br>grams:                                |                 |   |                       |     |            |                         |
| 10.565         | Commodity Supplemental Food Program                       | 20100           |   |                       | \$  | 112,292    | \$<br>57,581            |
| 10.568         | Emergency Food Assistance Program (Administrative Costs)  | 20100           |   |                       |     | 208,891    | 105,559                 |
| Nonmonet       | ary Assistance:   |                 |   |                       |     |            |                         |
| 10.565         | Commodity Supplemental Food Program                       | 20100           |   |                       | \$  | 445,940    | \$<br>445,940           |
| 10.569         | Emergency Food Assistance Program (Food Commodities)      | 20100           |   |                       |     | 3,652,213  | 3,652,213               |
| Total for F    | Food Distribution Cluster                                 |                 |   |                       | \$  | 4,419,336  | \$<br>4,261,293         |
| Forest Sei     | rvice Schools and Roads Cluster<br>grams:                 |                 |   |                       |     |            |                         |
| 10.665         | Schools and Roads - Grants to States                      | 12000           |   |                       | \$  | 365        | \$<br>365               |
| 10.U02         | USDA Forest Service Cost Share Challenge                  | VCSU            |   | 16-CS-11011800-016    |     | 19,614     |                         |
| 10.U03         | USDA Forest Service Cost Share Challenge                  | VCSU            |   | 17-CS-11011800-017    |     | 2,805      |                         |
| Total for F    | Forest Service Schools and Roads Cluster                  |                 |   |                       | \$  | 22,784     | \$<br>365               |
| Research       | & Development Cluster                                     |                 |   |                       |     |            |                         |
| Direct Pro     | grams:  |                 |   |                       |     |            |                         |
| 10.001         | Agricultural Research Basic and Applied Research          | NDSU            |   |                       | \$  | 3,340,980  | \$                      |
| 10.001         | Agricultural Research Basic and Applied Research          | UND             |   |                       |     | 1,785,117  |                         |
| 10.025         | Plant and Animal Disease, Pest Control, and Animal Care   | NDSU            |   |                       |     | 60,006     |                         |
| 10.028         | Wildlife Services   | NDSU            |   |                       |     | 94,299     |                         |
| 10.167         | Transportation Services                                   | NDSU            |   |                       |     | 100,872    |                         |
| 10.200         | Grants for Agricultural Research, Special Research Grants | NDSU            |   |                       |     | 255,769    | 28,983                  |

|            | PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY                 | IDENTIFYING<br>NUMBER | EXPENDITURES | AMOUNT TO SUBRECIPIENTS |
|------------|--|-----------------|-------------------------------------|-----------------------|--------------|-------------------------|
| 10.202     | Cooperative Forestry Research                                    | NDSU            |                                     |                       | 161,104      |                         |
|            | Payments to Agricultural Experiment Stations Under the Hatch Act | NDSU            |                                     |                       | 2,412,520    |                         |
| 10.207     | Animal Health and Disease Research                               | NDSU            |                                     |                       | 38,455       |                         |
| 10.310     | Agriculture and Food Research Initiative (AFRI)                  | NDSU            |                                     |                       | 1,401,751    | 247,494                 |
| 10.310     | Agriculture and Food Research Initiative (AFRI)                  | UND             |                                     |                       | 96,576       |                         |
| 10.330     | Alfalfa and Forage Research Program                              | NDSU            |                                     |                       | 30,670       | 13,803                  |
| 10.500     | Cooperative Extension Service                                    | NDSU            |                                     |                       | 3,134,080    |                         |
| 10.664     | Cooperative Forestry Assistance                                  | UND             |                                     |                       | 3,072        |                         |
| 10.664     | Cooperative Forestry Assistance                                  | NDSU            |                                     |                       | 90,465       |                         |
| 10.912     | Environmental Quality Incentives Program                         | NDSU            |                                     |                       | 210,793      | 74,543                  |
| 10.924     | Conservation Stewardship Program                                 | NDSU            |                                     |                       | 13,328       |                         |
| 10.932     | Regional Conservation Partnership Program                        | UND             |                                     |                       | 14,844       |                         |
| 10.RD      | Acquisition of Goods and Services                                | NDSU            |                                     | 58-3060-9-029         | 62,285       |                         |
| 10.RD      | Incorporating a Climate-based Adaptation Approach                | NDSU            |                                     | 17-JV-11272138-022    | 7,034        |                         |
| Pass Throu | gh Non-State Entity:   |                 |                                     |                       |              |                         |
| 10.001     | Agricultural Research Basic and Applied Research                 | NDSU            | University of Nebraska-Lincoln      | 25-6235-0275-002      | \$ 1,500     | \$                      |
| 10.025     | Plant and Animal Disease, Pest Control, and Animal Care          | NDSU            | Colorado State University           | G-92892-01            | 25,424       |                         |
| 10.163     | Market Protection and Promotion                                  | NDSU            | American Sheep Industry Association | N/A                   | 3,025        |                         |
| 10.170     | Specialty Crop Block Grant Program - Farm Bill                   | NDSU            | National Sunflower Association      | 18-250                | 77,022       |                         |
| 10.170     | Specialty Crop Block Grant Program - Farm Bill                   | NDSU            | National Sunflower Association      | 19-422                | 2,124        |                         |
| 10.170     | Specialty Crop Block Grant Program - Farm Bill                   | NDSU            | University of Minnesota             | H007080501            | 19,914       |                         |
| 10.170     | Specialty Crop Block Grant Program - Farm Bill                   | NDSU            | USA Dry Pea & Lentil Council        | N/A                   | 18,212       |                         |
| 10.200     | Grants for Agricultural Research, Special Research Grants        | NDSU            | Michigan State University           | PO 388158             | 37,090       |                         |
| 10.200     | Grants for Agricultural Research, Special Research Grants        | NDSU            | Michigan State University           | PO513439              | 9,515        |                         |
| 10.200     | Grants for Agricultural Research, Special Research Grants        | NDSU            | Michigan State University           | RC106511C             | 78,421       |                         |
| 10.200     | Grants for Agricultural Research, Special Research Grants        | NDSU            | Michigan State University           | RC110838NDSU          | 4,237        |                         |
| 10.215     | Sustainable Agriculture Research and Education                   | NDSU            | South Dakota State University       | 3TB473                | 2,159        |                         |
| 10.215     | Sustainable Agriculture Research and Education                   | NDSU            | University of Minnesota             | H005722909            | 47,928       |                         |
| 10.215     | Sustainable Agriculture Research and Education                   | NDSU            | University of Minnesota             | H007179324            | 38,983       |                         |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY                   | IDENTIFYING<br>NUMBER | EXPENDITURES  | OUNT TO<br>ECIPIENTS |
|----------------|--|-----------------|---------------------------------------|-----------------------|---------------|----------------------|
| 10.215         | Sustainable Agriculture Research and Education   | NDSU            | University of Minnesota               | H007179351            | 4,989         |                      |
| 10.215         | Sustainable Agriculture Research and Education   | NDSU            | University of Minnesota               | H007813915            | 23,105        |                      |
| 10.215         | Sustainable Agriculture Research and Education   | NDSU            | University of Minnesota               | H007813918            | 5,304         |                      |
| 10.215         | Sustainable Agriculture Research and Education   | NDSU            | University of Minnesota               | H007813925            | 66,551        |                      |
| 10.227         | 1994 Institutions Research Program   | NDSU            | United Tribes Technical College       | N/A                   | 22,814        |                      |
| 10.303         | Integrated Programs  | NDSU            | Michigan State University             | RC108938NDSU          | 13,519        | 4,390                |
| 10.303         | Integrated Programs  | NDSU            | University of Wisconsin Madison       | 855K326               | 1,632         |                      |
| 10.307         | Organic Agriculture Research and Extension Initiative                                  | NDSU            | Montana State University              | G193-19-W7408         | 15,864        |                      |
| 10.309         | Specialty Crop Research Initiative   | NDSU            | Colorado State University             | G-01363-02            | 22,505        |                      |
| 10.309         | Specialty Crop Research Initiative   | NDSU            | Cornell University                    | 73999-10419           | 23,127        |                      |
| 10.309         | Specialty Crop Research Initiative   | NDSU            | Montana State University              | G102-20-W7553         | 189,182       |                      |
| 10.309         | Specialty Crop Research Initiative   | NDSU            | University of Minnesota               | H007082504            | 261,273       |                      |
| 10.310         | Agriculture and Food Research Initiative (AFRI)  | NDSU            | Kansas State University               | S19134                | 27,816        |                      |
| 10.310         | Agriculture and Food Research Initiative (AFRI)  | NDSU            | Purdue University                     | F9002711902004        | 87,095        |                      |
| 10.310         | Agriculture and Food Research Initiative (AFRI)  | NDSU            | South Dakota State University         | 3TB455                | 14,650        |                      |
| 10.310         | Agriculture and Food Research Initiative (AFRI)  | NDSU            | South Dakota State University         | 3TB821                | 3,682         |                      |
| 10.310         | Agriculture and Food Research Initiative (AFRI)  | NDSU            | University of Connecticut             | 174365                | 2,857         |                      |
| 10.320         | Sun Grant Program  | NDSU            | South Dakota State University         | 3TK640                | 395           |                      |
| 10.326         | Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)                   | NDSU            | University of Wisconsin - River Falls | 2018-1004             | 29,966        |                      |
| 10.329         | Crop Protection and Pest Management Competitive Grants Program                         | NDSU            | Michigan State University             | RC108974G             | 24,476        |                      |
| 10.902         | Soil and Water Conservation  | NDSU            | Red River Basin Commission            | N/A                   | 3,887         |                      |
| 10.903         | Soil Survey  | NDSU            | Purdue University                     | 8000083094-AG         | 2,399         |                      |
| 10.924         | Conservation Stewardship Program   | NDSU            | Turtle Mountain Community College     | NR186633XXXXG006      | 13,234        |                      |
| Total for F    | Research & Development Cluster   |                 |                                       |                       | \$ 14,539,896 | \$<br>369,213        |
| SNAP Clus      |  |                 |                                       |                       |               |                      |
| 10.551         | Supplemental Nutrition Assistance Program  | 32500           |                                       |                       | \$ 81,346,749 | \$                   |
| 10.561         | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 32500           |                                       |                       | 13,162,856    | 269,801              |
| Total for S    | SNAP Cluster   |                 |                                       |                       | \$ 94,509,605 | \$<br>269,801        |

| CFDA<br>NUMBER PROGRAM TITLE                                 | STATE<br>AGENCY | PASS THROUGH ENTITY           | IDENTIFYING<br>NUMBER | EX | (PENDITURES   | AMOUNT TO SUBRECIPIENTS |             |
|--|-----------------|-------------------------------|-----------------------|----|---------------|-------------------------|-------------|
| Total For U.S. Department Of Agriculture                     |                 |                               |                       | \$ | 190,244,755   | \$                      | 65,366,831  |
| United States Agency For International Development           |                 |                               |                       |    |               |                         |             |
| Research & Development Cluster                               |                 |                               |                       |    |               |                         |             |
| Pass Through Non-State Entity:                               |                 |                               |                       |    |               |                         |             |
| 98.001 USAID Foreign Assistance for Programs Overseas        | NDSU            | Michigan State University     | RC108887 - NDSU       | \$ | 35,514        | \$                      | 22,720      |
| 98.001 USAID Foreign Assistance for Programs Overseas        | NDSU            | Pennsylvania State University | 4932-NDSU-AID-0077    |    | 123           |                         |             |
| 98.001 USAID Foreign Assistance for Programs Overseas        | NDSU            | The National Academies        | 200008308             |    | 86,500        |                         |             |
| Total for Research & Development Cluster                     |                 |                               |                       | \$ | 122,137       | \$                      | 22,720      |
| Total For United States Agency For International Development |                 |                               |                       | \$ | 122,137       | \$                      | 22,720      |
|  |                 |                               |                       |    |               |                         |             |
| TOTAL EXPENDITURES OF FEDERAL AWARDS                         |                 |                               |                       | \$ | 2,293,030,654 | \$                      | 324,653,003 |

| CFDA<br>NUMBER PROGRAM TITLE                                 | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER | EXPENDITURES | AMOUNT TO SUBRECIPIENTS |
|--|-------------------------------------|-----------------------|--------------|-------------------------|
| Corporation For National And Community Service               |                                     |                       |              |                         |
| Unclustered  |                                     |                       |              |                         |
| Direct Programs:   |                                     |                       |              |                         |
| 94.003 State Commissions                                     | 60100                               |                       | \$ 55,160    | \$                      |
| 94.006 AmeriCorps  | 60100                               |                       | 274,645      | 274,145                 |
| 94.009 Training and Technical Assistance                     | 60100                               |                       | 50,196       |                         |
| Total for Unclustered  |                                     |                       | \$ 380,001   | \$ 274,145              |
| Foster Grandparent/Senior Companion Cluster Direct Programs: |                                     |                       |              |                         |
| 94.011 Foster Grandparent Program                            | 32500                               |                       | \$ 9,047     | \$                      |
| Total for Foster Grandparent/Senior Companion Cluster        |                                     |                       | \$ 9,047     | \$                      |
| Total For Corporation For National And Community Service     |                                     |                       | \$ 389,048   | \$ 274,145              |
| Department Of Commerce                                       |                                     |                       |              |                         |
| Unclustered  |                                     |                       |              |                         |
| Direct Programs:   |                                     |                       |              |                         |
| 11.303 Economic Development Technical Assistance             | UND                                 |                       | \$ 43,807    | \$                      |
| 11.549 State and Local Implementation Grant Program          | 11200                               |                       | 38,379       |                         |
| Total for Unclustered  |                                     |                       | \$ 82,186    | \$                      |
| Unclustered Pass Through Non-State Entity:                   |                                     |                       |              |                         |
| 11.U01 National Mesonet Program Prime Contract               | NDSU Synoptic Data Corp.            | S2017-0124            | \$ 320,139   | \$                      |
| Total for Unclustered  |                                     |                       | \$ 320,139   | \$                      |
| Research & Development Cluster Direct Programs:              |                                     |                       |              |                         |
| 11.609 Measurement and Engineering Research and Standards    | NDSU                                |                       | \$ 14,444    | \$                      |
| Total for Research & Development Cluster                     |                                     |                       | \$ 14,444    | \$                      |
| Total For Department Of Commerce                             |                                     |                       | \$ 416,769   | \$                      |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY | PASS THROUGH ENTITY     | IDENTIFYING<br>NUMBER               | EX | PENDITURES | OUNT TO<br>RECIPIENTS |
|----------------|---|-----------------|-------------------------|-------------------------------------|----|------------|-----------------------|
| Departme       | ent Of Defense  |                 |                         |                                     |    |            |                       |
| Uncluster      | ed  |                 |                         |                                     |    |            |                       |
| Direct Pro     | grams:  |                 |                         |                                     |    |            |                       |
| 12.002         | Procurement Technical Assistance For Business Firms               | UND             |                         |                                     | \$ | 127,338    | \$                    |
| 12.112         | Payments to States in Lieu of Real Estate Taxes                   | 12000           |                         |                                     |    | 107,348    | 107,348               |
| 12.401         | National Guard Military Operations and Maintenance (O&M) Projects | 54000           |                         |                                     |    | 18,933,774 |                       |
| 12.750         | Uniformed Services University Medical Research Projects           | NDSU            |                         |                                     |    | 109,796    | 100,761               |
| 12.903         | GenCyber Grants Program   | NDSU            |                         |                                     |    | 15,099     |                       |
| Nonmone        | tary Assistance:  |                 |                         |                                     |    |            |                       |
| 12.401         | National Guard Military Operations and Maintenance (O&M) Projects | 54000           |                         |                                     | \$ | 227,189    | \$                    |
| Pass Thro      | ough Non-State Entity:  |                 |                         |                                     |    |            |                       |
| 12.903         | GenCyber Grants Program   | NDSU            | Dakota State University | DSU-NDSU-1802                       | \$ | 26,142     | \$                    |
| Total for I    | Unclustered   |                 |                         |                                     | \$ | 19,546,686 | \$<br>208,109         |
| Uncluster      | ed  |                 |                         |                                     |    |            |                       |
| Direct Pro     | grams:  |                 |                         |                                     |    |            |                       |
| 12.U01         | Archaeological Services Midipaldi Butte Garrison                  | 70100           |                         | W9128F-16-D-0043 Task<br>Order 0001 | \$ | 7,048      | \$                    |
| 12.U02         | Educational Service Agreement - Air Force                         | UND             |                         | F33600-99-A-0080                    |    | 29,546     |                       |
| 12.U03         | Educational Service Agreement - Army                              | UND             |                         | W81K04-17-H-0099                    |    | 186,497    |                       |
| 12.U04         | Flight Training Program SROTC Cadets                              | UND             |                         | MOA UND Flight Training             |    | 64,809     |                       |
| 12.U05         | Navy - Educational Service Agreement                              | UND             |                         | N00140-98-G2501                     |    | 123,818    |                       |
| 12.U06         | Processing of Collection from 32DU16                              | 70100           |                         | W9128F-06-M-T026                    |    | 3,309      |                       |
| Total for U    | Unclustered   |                 |                         |                                     | \$ | 415,027    | \$                    |
| Research       | & Development Cluster   |                 |                         |                                     |    |            |                       |
| Direct Pro     | grams:  |                 |                         |                                     |    |            |                       |
| 12.300         | Basic and Applied Scientific Research                             | NDSU            |                         |                                     | \$ | 294,867    | \$                    |
| 12.420         | Military Medical Research and Development                         | UND             |                         |                                     |    | 332,997    | 137,962               |
| 12.431         | Basic Scientific Research   | NDSU            |                         |                                     |    | 201,417    |                       |
| 12.RD          | Hygroscopic Cooling Tower for Reduced HVAC Water Consumption      | UND             |                         | W912HQ17C0050                       |    | 271,063    |                       |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY              | IDENTIFYING<br>NUMBER | EX | PENDITURES | <br>MOUNT TO<br>BRECIPIENTS |
|----------------|--|-----------------|----------------------------------|-----------------------|----|------------|-----------------------------|
| Pass Throu     | ugh Non-State Entity:  |                 |                                  |                       |    |            |                             |
| 12.300         | Basic and Applied Scientific Research  | UND             | Colorado State University        | G-00976-1             | \$ | 84,711     | \$                          |
| 12.420         | Military Medical Research and Development                                    | UND             | Institute for Clinical Research  | FCCC 22784-02         |    | 32,272     |                             |
| 12.910         | Research and Technology Development  | NDSU            | PPG Industries, Inc.             | 201635-140828         |    | 95,895     | 37,673                      |
| 12.910         | Research and Technology Development  | NDSU            | PPG Industries, Inc.             | 201636-140830         |    | 158,555    |                             |
| 12.910         | Research and Technology Development  | NDSU            | PPG Industries, Inc.             | 201637-140831         |    | 155,896    |                             |
| 12.910         | Research and Technology Development  | NDSU            | PPG Industries, Inc.             | 201853-140921         |    | 26,806     |                             |
| 12.910         | Research and Technology Development  | NDSU            | PPG Industries, Inc.             | N/A                   |    | 4,862      |                             |
| 12.RD          | Commodity Values for the Great Lakes, Mississippi-Ohio                       | NDSU            | Gulf Engineering and Consultants | W9123717F0095         |    | 20,799     |                             |
| 12.RD          | Electronically Tunable Materials and Devices                                 | NDSU            | University of Dayton             | RSC17005              |    | 143,840    |                             |
| 12.RD          | Experimental Investigation of the Effect of Sweep                            | NDSU            | Ohio Aerospace Institute         | R-700-202370-41022    |    | 27,408     |                             |
| 12.RD          | Exploration of Novel Biobased Chemicals in Coatings Syst                     | NDSU            | Zymergen, Inc.                   | HR0011-15-9-0014      |    | 110,218    |                             |
| 12.RD          | WPSON-15-02 Standardized Test Methodologies                                  | NDSU            | Boeing Commercial Airplane       | 1133183               |    | 69,902     |                             |
| Total for R    | Pesearch & Development Cluster   |                 |                                  |                       | \$ | 2,031,508  | \$<br>175,635               |
| Total For      | Department Of Defense  |                 |                                  |                       | \$ | 21,993,221 | \$<br>383,744               |
| Departme       | nt Of Education  |                 |                                  |                       |    |            |                             |
| Unclustere     | d  |                 |                                  |                       |    |            |                             |
| Direct Prog    | grams:   |                 |                                  |                       |    |            |                             |
| 84.002         | Adult Education - Basic Grants to States                                     | 20100           |                                  |                       | \$ | 1,116,244  | \$<br>689,358               |
| 84.010         | Title I Grants to Local Educational Agencies                                 | 20100           |                                  |                       |    | 35,410,788 | 34,927,365                  |
| 84.011         | Migrant Education State Grant Program  | 20100           |                                  |                       |    | 512,959    | 360,157                     |
| 84.013         | Title I State Agency Program for Neglected and Delinquent Children and Youth | 20100           |                                  |                       |    | 140,199    |                             |
| 84.031         | Higher Education Institutional Aid   | MASU            |                                  |                       |    | 181,433    |                             |
| 84.048         | Career and Technical Education Basic Grants to States                        | 27000           |                                  |                       |    | 4,749,181  | 2,565,473                   |
| 84.126         | Rehabilitation Services Vocational Rehabilitation Grants to States           | 32500           |                                  |                       |    | 10,317,268 |                             |
| 84.144         | Migrant Education Coordination Program                                       | 20100           |                                  |                       |    | 123,928    | 113,000                     |
| 84.161         | Rehabilitation Services Client Assistance Program                            | 32500           |                                  |                       |    | 128,535    |                             |
| 84.169         | Independent Living - State Grants  | 32500           |                                  |                       |    | 397,756    | 397,756                     |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY | PASS THROUGH ENTITY                                   | IDENTIFYING<br>NUMBER | EXPENDITURES | AMOUNT TO SUBRECIPIENTS |
|----------------|---|-----------------|---|-----------------------|--------------|-------------------------|
| 84.177         | Rehabilitation Services Independent Living Services for Older Individuals Who are Blind                                 | 32500           |   |                       | 229,092      |                         |
| 84.181         | Special Education-Grants for Infants and Families   | 32500           |   |                       | 2,311,700    |                         |
| 84.187         | Supported Employment Services for Individuals with the Most Significant Disabilities                                    | 32500           |   |                       | 381,772      |                         |
| 84.196         | Education for Homeless Children and Youth   | 20100           |   |                       | 195,200      | 97,250                  |
| 84.224         | Assistive Technology  | 32500           |   |                       | 321,534      |                         |
| 84.240         | Program of Protection and Advocacy of Individual Rights   | 36000           |   |                       | 173,556      |                         |
| 84.287         | Twenty-First Century Community Learning Centers   | 20100           |   |                       | 6,889,983    | 6,591,202               |
| 84.299         | Indian Education Special Programs for Indian Children   | UND             |   |                       | 58,856       |                         |
| 84.325         | Special Education - Personnel Development to Improve Services and Results for Children with Disabilities                | MISUB           |   |                       | 237,828      |                         |
| 84.326         | Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities | MISU            |   |                       | 54,072       |                         |
| 84.358         | Rural Education   | 20100           |   |                       | 60,646       | 54,830                  |
| 84.365         | English Language Acquisition State Grants   | 20100           |   |                       | 568,156      | 422,090                 |
| 84.366         | Mathematics and Science Partnerships  | 20100           |   |                       | 346,547      |                         |
| 84.367         | Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)                         | 20100           |   |                       | 10,006,186   | 9,925,283               |
| 84.369         | Grants for State Assessments and Related Activities   | 20100           |   |                       | 3,886,923    | 110                     |
| 84.371         | Comprehensive Literacy Development  | 20100           |   |                       | 4,554,718    | 4,304,441               |
| 84.372         | Statewide Longitudinal Data Systems   | 20100           |   |                       | 1,307,424    |                         |
| 84.377         | School Improvement Grants   | 20100           |   |                       | 870,114      | 849,728                 |
| 84.384         | Statewide Data Systems, Recovery Act  | 20100           |   |                       | 128,565      |                         |
| 84.407         | Transition Programs for Students with Intellectual Disabilities into Higher Education                                   | MISU            |   |                       | 402,661      |                         |
| 84.424         | Student Support and Academic Enrichment Program   | 20100           |   |                       | 3,404,854    | 3,395,712               |
| Pass Thro      | ugh Non-State Entity:   |                 |   |                       |              |                         |
| 84.004         | Civil Rights Training and Advisory Services (also known as Equity Assistance Centers)                                   | UND             | Indiana University Board of Trustees                  | N/A                   | \$ 18,511    | \$                      |
| 84.010         | Title I Grants to Local Educational Agencies  | UND             | Grand Forks Public School District Building Authority | N/A                   | 65,844       |                         |
| 84.367         | Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)                         | NDSU            | National Writing Project                              | 14-ND02-SEED2017-ILI  | 189          |                         |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY                     | IDENTIFYING<br>NUMBER | EXI | PENDITURES | MOUNT TO<br>RECIPIENTS |
|----------------|--|-----------------|---|-----------------------|-----|------------|------------------------|
| 84.368         | Competitive Grants for State Assessments (formerly Grants for Enhanced Assessment Instruments) | 20100           | North Carolina State Board of Education | NC10268347            |     | 48,432     |                        |
| 84.371         | Comprehensive Literacy Development   | NDSU            | Fargo Public Schools                    | NDSRCL                |     | 1,039      |                        |
| 84.411         | Education Innovation and Research (formerly Investing in Innovation (i3) Fund)                 | NDSU            | National Writing Project                | 14-ND02-2018iC3WP     |     | 62,685     |                        |
| 84.411         | Education Innovation and Research (formerly Investing in Innovation (i3) Fund)                 | NDSU            | National Writing Project                | 14-ND02-2019i3C3WP    |     | 367        |                        |
| 84.418         | Promoting Readiness of Minors in Supplemental Security Income                                  | MISU            | Utah State Office of Rehabilitation     | 146213                |     | 326,394    | 16,215                 |
| 84.906         | American Printing House for the Blind  | 25300           | American Printing House for the Blind   | 20 U.S.C. 101         |     | 104,350    |                        |
| Total for U    | Inclustered  |                 |   |                       | \$  | 90,096,489 | \$<br>64,709,970       |
|                | & Development Cluster ugh Non-State Entity:  |                 |   |                       |     |            |                        |
| 84.305         | Education Research, Development and Dissemination  | UND             | California State University, Chico      | SUB18-059             | \$  | 50,373     | \$                     |
| Total for R    | esearch & Development Cluster  |                 |   |                       | \$  | 50,373     | \$                     |
| Special Ed     | lucation Cluster (IDEA)  |                 |   |                       |     |            |                        |
| Direct Prog    | grams:   |                 |   |                       |     |            |                        |
| 84.027         | Special Education Grants to States   | 20100           |   |                       | \$  | 31,597,382 | \$<br>28,865,451       |
| 84.173         | Special Education Preschool Grants   | 20100           |   |                       |     | 725,613    | 681,985                |
| Total for S    | pecial Education Cluster (IDEA)  |                 |   |                       | \$  | 32,322,995 | \$<br>29,547,436       |
| Student Fit    | nancial Assistance Cluster<br>grams:   |                 |   |                       |     |            |                        |
| 84.007         | Federal Supplemental Educational Opportunity Grants  | MASU            |   |                       | \$  | 58,350     | \$                     |
| 84.007         | Federal Supplemental Educational Opportunity Grants  | VCSU            |   |                       |     | 82,272     |                        |
| 84.007         | Federal Supplemental Educational Opportunity Grants  | MISUB           |   |                       |     | 44,100     |                        |
| 84.007         | Federal Supplemental Educational Opportunity Grants  | MISU            |   |                       |     | 141,620    |                        |
| 84.007         | Federal Supplemental Educational Opportunity Grants  | NDSCS           |   |                       |     | 187,392    |                        |
| 84.007         | Federal Supplemental Educational Opportunity Grants  | NDSU            |   |                       |     | 783,298    |                        |
| 84.007         | Federal Supplemental Educational Opportunity Grants  | DSU             |   |                       |     | 148,492    |                        |
| 84.007         | Federal Supplemental Educational Opportunity Grants  | WSC             |   |                       |     | 21,300     |                        |
| 84.007         | Federal Supplemental Educational Opportunity Grants  | LRSC            |   |                       |     | 29,850     |                        |
|                |  |                 |   |                       |     |            |                        |

| CFDA<br>NUMBER | PROGRAM TITLE                                       | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER EXPENDITURES | AMOUNT TO<br>SUBRECIPIENTS |
|----------------|---|-------------------------------------|------------------------------------|----------------------------|
| 84.007         | Federal Supplemental Educational Opportunity Grants | BSC                                 | 95,900                             |                            |
| 84.007         | Federal Supplemental Educational Opportunity Grants | UND                                 | 850,790                            |                            |
| 84.033         | Federal Work-Study Program                          | UND                                 | 948,557                            |                            |
| 84.033         | Federal Work-Study Program                          | MISUB                               | 29,249                             |                            |
| 84.033         | Federal Work-Study Program                          | VCSU                                | 70,765                             |                            |
| 84.033         | Federal Work-Study Program                          | NDSCS                               | 123,013                            |                            |
| 84.033         | Federal Work-Study Program                          | MISU                                | 140,317                            |                            |
| 84.033         | Federal Work-Study Program                          | BSC                                 | 25,491                             |                            |
| 84.033         | Federal Work-Study Program                          | NDSU                                | 414,808                            |                            |
| 84.033         | Federal Work-Study Program                          | DSU                                 | 156,130                            |                            |
| 84.033         | Federal Work-Study Program                          | WSC                                 | 14,569                             |                            |
| 84.033         | Federal Work-Study Program                          | MASU                                | 103,715                            |                            |
| 84.033         | Federal Work-Study Program                          | LRSC                                | 32,663                             |                            |
| 84.038         | Federal Perkins Loan Program                        | NDSCS                               | 1,277,400                          |                            |
| 84.038         | Federal Perkins Loan Program                        | WSC                                 | 164,078                            |                            |
| 84.038         | Federal Perkins Loan Program                        | BSC                                 | 261,288                            |                            |
| 84.038         | Federal Perkins Loan Program                        | UND                                 | 15,762,718                         |                            |
| 84.038         | Federal Perkins Loan Program                        | MISUB                               | 273,629                            |                            |
| 84.038         | Federal Perkins Loan Program                        | NDSU                                | 7,606,616                          |                            |
| 84.038         | Federal Perkins Loan Program                        | DSU                                 | 1,111,553                          |                            |
| 84.038         | Federal Perkins Loan Program                        | LRSC                                | 419,445                            |                            |
| 84.038         | Federal Perkins Loan Program                        | MISU                                | 2,597,467                          |                            |
| 84.038         | Federal Perkins Loan Program                        | VCSU                                | 849,337                            |                            |
| 84.038         | Federal Perkins Loan Program                        | MASU                                | 725,502                            |                            |
| 84.063         | Federal Pell Grant Program                          | BSC                                 | 2,612,857                          |                            |
| 84.063         | Federal Pell Grant Program                          | WSC                                 | 1,295,774                          |                            |
| 84.063         | Federal Pell Grant Program                          | UND                                 | 8,473,847                          |                            |
| 84.063         | Federal Pell Grant Program                          | LRSC                                | 1,289,790                          |                            |
| 84.063         | Federal Pell Grant Program                          | MASU                                | 1,473,152                          |                            |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER EXPENDITURES | AMOUNT TO SUBRECIPIENTS |
|----------------|---|-------------------------------------|------------------------------------|-------------------------|
| 84.063         | Federal Pell Grant Program  | NDSU                                | 10,482,023                         | _                       |
| 84.063         | Federal Pell Grant Program  | DSU                                 | 1,432,089                          |                         |
| 84.063         | Federal Pell Grant Program  | MISU                                | 2,891,197                          |                         |
| 84.063         | Federal Pell Grant Program  | NDSCS                               | 3,167,002                          |                         |
| 84.063         | Federal Pell Grant Program  | MISUB                               | 1,134,058                          |                         |
| 84.063         | Federal Pell Grant Program  | VCSU                                | 1,349,528                          |                         |
| 84.268         | Federal Direct Student Loans  | WSC                                 | 1,379,274                          |                         |
| 84.268         | Federal Direct Student Loans  | NDSU                                | 53,594,415                         |                         |
| 84.268         | Federal Direct Student Loans  | MISU                                | 8,537,684                          |                         |
| 84.268         | Federal Direct Student Loans  | MASU                                | 4,135,974                          |                         |
| 84.268         | Federal Direct Student Loans  | NDSCS                               | 6,978,797                          |                         |
| 84.268         | Federal Direct Student Loans  | VCSU                                | 4,231,702                          |                         |
| 84.268         | Federal Direct Student Loans  | UND                                 | 67,415,059                         |                         |
| 84.268         | Federal Direct Student Loans  | MISUB                               | 2,202,724                          |                         |
| 84.268         | Federal Direct Student Loans  | LRSC                                | 2,224,875                          |                         |
| 84.268         | Federal Direct Student Loans  | DSU                                 | 4,008,444                          |                         |
| 84.268         | Federal Direct Student Loans  | BSC                                 | 6,563,964                          |                         |
| 84.379         | Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) | DSU                                 | 7,488                              |                         |
| 84.379         | Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) | MISU                                | 9,813                              |                         |
| 84.379         | Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) | UND                                 | 65,696                             |                         |
| 84.379         | Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) | MASU                                | 51,622                             |                         |
| 84.379         | Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) | NDSU                                | 3,744                              |                         |
| 84.379         | Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) | VCSU                                | 4,690                              |                         |
| Total for S    | Student Financial Assistance Cluster  |                                     | \$ 232,568,956                     | \$                      |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER | EX | PENDITURES  | MOUNT TO<br>RECIPIENTS |
|----------------|---|-------------------------------------|-----------------------|----|-------------|------------------------|
| TRIO Clus      | ster  |                                     |                       |    |             |                        |
| Direct Pro     | grams:  |                                     |                       |    |             |                        |
| 84.042         | TRIO Student Support Services                                 | LRSC                                |                       | \$ | 271,741     | \$                     |
| 84.042         | TRIO Student Support Services                                 | DSU                                 |                       |    | 301,481     |                        |
| 84.042         | TRIO Student Support Services                                 | UND                                 |                       |    | 351,983     |                        |
| 84.042         | TRIO Student Support Services                                 | MISU                                |                       |    | 469,421     |                        |
| 84.042         | TRIO Student Support Services                                 | NDSU                                |                       |    | 466,112     |                        |
| 84.044         | TRIO Talent Search  | UND                                 |                       |    | 469,501     |                        |
| 84.047         | TRIO Upward Bound   | NDSU                                |                       |    | 314,993     |                        |
| 84.047         | TRIO Upward Bound   | UND                                 |                       |    | 493,396     |                        |
| 84.066         | TRIO Educational Opportunity Centers                          | UND                                 |                       |    | 384,374     |                        |
| 84.217         | TRIO McNair Post-Baccalaureate Achievement                    | UND                                 |                       |    | 255,619     |                        |
| Total for T    | TRIO Cluster  |                                     |                       | \$ | 3,778,621   | \$<br>                 |
| Total For      | Department Of Education                                       |                                     |                       | \$ | 358,817,434 | \$<br>94,257,406       |
| Departme       | ent Of Energy   |                                     |                       |    |             |                        |
| Unclustere     |   |                                     |                       |    |             |                        |
| Direct Pro     | grams:  |                                     |                       |    |             |                        |
| 81.041         | State Energy Program  | 60100                               |                       | \$ | 395,491     | \$<br>178,719          |
| 81.042         | Weatherization Assistance for Low-Income Persons              | 60100                               |                       |    | 2,750,499   | 2,602,728              |
| 81.U01         | Direct Restitution (Supplemental Crude Oil Overcharge Refund) | 60100                               | N/A                   |    | 28,275      | 28,275                 |
| 81.U02         | State Heating Oil & Propane (SHOPP)                           | 60100                               | DE-EI0002989          |    | 2,013       |                        |
| 81.U03         | Stripperwell Settlement (Petroleum Violation Escrow Funds)    | 60100                               | N/A                   |    | 3,924       |                        |
| Total for U    | Inclustered   |                                     |                       | \$ | 3,180,202   | \$<br>2,809,722        |
| Research       | & Development Cluster   |                                     |                       |    |             |                        |
| Direct Pro     | grams:  |                                     |                       |    |             |                        |
| 81.049         | Office of Science Financial Assistance Program                | NDSU                                |                       | \$ | 247,428     | \$                     |
| 81.049         | Office of Science Financial Assistance Program                | UND                                 |                       |    | 20,349      |                        |
| 81.057         | University Coal Research                                      | UND                                 |                       |    | 76,583      | 40,694                 |
| 81.086         | Conservation Research and Development                         | UND                                 |                       |    | 768,818     |                        |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY | PASS THROUGH ENTITY                        | IDENTIFYING<br>NUMBER  | EXI | PENDITURES | IOUNT TO<br>RECIPIENTS |
|----------------|---|-----------------|--|------------------------|-----|------------|------------------------|
| 81.087         | Renewable Energy Research and Development   | UND             |  |                        |     | 210,395    | 5,281                  |
| 81.089         | Fossil Energy Research and Development  | UND             |  |                        |     | 23,986,617 | 4,798,692              |
| 81.RD          | Creation of an Adaptive Remaining Lifetime Prediction   | NDSU            |  | XFC-7-62303-01         |     | 20,601     |                        |
| Pass Thro      | ugh Non-State Entity:   |                 |  |                        |     |            |                        |
| 81.042         | Weatherization Assistance for Low-Income Persons  | UND             | Nevada Department of Business and Industry | N/A                    | \$  | 29,178     | \$                     |
| 81.049         | Office of Science Financial Assistance Program  | UND             | Envergex LLC                               | DE-SC0013832           |     | 2,444      |                        |
| 81.049         | Office of Science Financial Assistance Program  | UND             | Envergex LLC                               | DE-SC0015204           |     | 235,664    |                        |
| 81.049         | Office of Science Financial Assistance Program  | UND             | Envergex LLC                               | DE-SC0018523           |     | 74,457     |                        |
| 81.049         | Office of Science Financial Assistance Program  | UND             | Mainstream Engineering Corporation         | DE8580                 |     | 48,561     |                        |
| 81.049         | Office of Science Financial Assistance Program  | UND             | Physical Sciences Inc.                     | SC80628-1964-46        |     | 53,623     |                        |
| 81.049         | Office of Science Financial Assistance Program  | UND             | Reaction Engineering International         | REI 8270-1             |     | 4,971      |                        |
| 81.049         | Office of Science Financial Assistance Program  | UND             | TDA Research, Inc.                         | N/A                    |     | 39,485     |                        |
| 81.089         | Fossil Energy Research and Development  | UND             | Battelle Memorial Institute                | PO US001-0000726698    |     | 201,198    |                        |
| 81.089         | Fossil Energy Research and Development  | UND             | Gas Technology Institute                   | S601                   |     | 217,805    |                        |
| 81.089         | Fossil Energy Research and Development  | UND             | Microbeam Technologies Incorporated        | Microbeam Project 1537 |     | 18,994     |                        |
| 81.089         | Fossil Energy Research and Development  | UND             | Pennsylvania State University              | 5963-UND-DOE-6825      |     | 11,062     |                        |
| 81.089         | Fossil Energy Research and Development  | UND             | United Technologies Corporation            | PO 2606146 - 001       |     | 26,186     |                        |
| 81.089         | Fossil Energy Research and Development  | UND             | University of Alaska Fairbanks             | P0528936               |     | 32,848     |                        |
| 81.089         | Fossil Energy Research and Development  | UND             | University of Wyoming                      | 1003489A-EERC          |     | 61,202     |                        |
| 81.089         | Fossil Energy Research and Development  | UND             | University of Wyoming                      | 1004172                |     | 307,330    |                        |
| 81.RD          | Study of Tight Oil Properties   | UND             | Sandia National Laboratories               | 1515304                |     | 3,044      |                        |
| 81.RD          | Technical Review and Input of NETL Research - Task 4  | UND             | Leidos Holdings, Inc.                      | PO10227025             |     | 9,443      |                        |
| Total for F    | Research & Development Cluster  |                 |  |                        | \$  | 26,708,286 | \$<br>4,844,667        |
| Total For      | Department Of Energy  |                 |  |                        | \$  | 29,888,488 | \$<br>7,654,389        |
| Departme       | ent Of Health And Human Services  |                 |  |                        |     |            |                        |
| Unclustere     |   |                 |  |                        |     |            |                        |
| Direct Prog    | ~   |                 |  |                        | _   |            |                        |
| 93.041         | Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation | 32500           |  |                        | \$  | 68,229     | \$                     |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER EXPENDITURES | AMOUNT TO SUBRECIPIENTS |
|----------------|---|-------------------------------------|------------------------------------|-------------------------|
| 93.042         | Special Programs for the Aging, Title VII, Chapter 2, Long<br>Term Care Ombudsman Services for Older Individuals          | 32500                               | 75,364                             | _                       |
| 93.043         | Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services                       | 32500                               | 97,654                             |                         |
| 93.047         | Special Programs for the Aging, Title VI, Part A, Grants to Indian Tribes, Part B, Grants to Native Hawaiians             | UND                                 | 267,153                            |                         |
| 93.048         | Special Programs for the Aging, Title IV, and Title II, Discretionary Projects  | MISU                                | 237,556                            |                         |
| 93.048         | Special Programs for the Aging, Title IV, and Title II, Discretionary Projects  | UND                                 | 306,674                            |                         |
| 93.052         | National Family Caregiver Support, Title III, Part E  | 32500                               | 661,551                            |                         |
| 93.069         | Public Health Emergency Preparedness  | 30100                               | 4,703,912                          | 1,895,027               |
| 93.071         | Medicare Enrollment Assistance Program  | MISU                                | 70,393                             |                         |
| 93.071         | Medicare Enrollment Assistance Program  | 40100                               | 28,936                             |                         |
| 93.072         | Lifespan Respite Care Program   | 32500                               | 34,105                             |                         |
| 93.079         | Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance | 20100                               | 95,139                             |                         |
| 93.092         | Affordable Care Act (ACA) Personal Responsibility Education Program   | NDSU                                | 239,097                            | 160,807                 |
| 93.103         | Food and Drug Administration Research   | 60200                               | 30,742                             |                         |
| 93.103         | Food and Drug Administration Research   | NDSU                                | 48,288                             |                         |
| 93.103         | Food and Drug Administration Research   | 30100                               | 80,792                             |                         |
| 93.107         | Area Health Education Centers   | UND                                 | 121,680                            |                         |
| 93.110         | Maternal and Child Health Federal Consolidated Programs   | 30100                               | 180,873                            | 57,316                  |
| 93.116         | Project Grants and Cooperative Agreements for Tuberculosis Control Programs   | 30100                               | 173,123                            |                         |
| 93.124         | Nurse Anesthetist Traineeship   | UND                                 | 48,245                             |                         |
| 93.127         | Emergency Medical Services for Children   | 30100                               | 83,038                             |                         |
| 93.130         | Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices                 | 30100                               | 177,704                            |                         |
| 93.136         | Injury Prevention and Control Research and State and Community Based Programs   | 30100                               | 298,766                            | 131,086                 |
| 93.137         | Community Programs to Improve Minority Health Grant Program   | 30100                               | 15,745                             |                         |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER EXPENDITURES | AMOUNT TO SUBRECIPIENTS |
|----------------|---|-------------------------------------|------------------------------------|-------------------------|
| 93.138         | Protection and Advocacy for Individuals with Mental Illness   | 36000                               | 415,004                            | _                       |
| 93.150         | Projects for Assistance in Transition from Homelessness (PATH)  | 32500                               | 300,200                            |                         |
| 93.155         | Rural Health Research Centers   | UND                                 | 165,441                            |                         |
| 93.157         | Centers of Excellence   | UND                                 | 73                                 |                         |
| 93.165         | Grants to States for Loan Repayment   | 30100                               | 159,350                            | 159,350                 |
| 93.178         | Nursing Workforce Diversity   | UND                                 | 521,686                            |                         |
| 93.211         | Telehealth Programs   | UND                                 | 106,874                            |                         |
| 93.217         | Family Planning Services  | 30100                               | 1,425,391                          | 888,100                 |
| 93.223         | Development and Coordination of Rural Health Services   | UND                                 | 2,284,429                          | 145,000                 |
| 93.235         | Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program  | 30100                               | 27,371                             | 26,493                  |
| 93.236         | Grants to States to Support Oral Health Workforce Activities  | 30100                               | 197,137                            | 10,000                  |
| 93.241         | State Rural Hospital Flexibility Program  | UND                                 | 848,780                            | 237,517                 |
| 93.243         | Substance Abuse and Mental Health Services Projects of Regional and National Significance   | UND                                 | 261,725                            | 188,112                 |
| 93.243         | Substance Abuse and Mental Health Services Projects of Regional and National Significance   | 32500                               | 1,741,804                          |                         |
| 93.251         | Early Hearing Detection and Intervention  | MISU                                | 263,083                            | 72,678                  |
| 93.267         | State Grants for Protection and Advocacy Services   | 36000                               | 50,296                             |                         |
| 93.268         | Immunization Cooperative Agreements   | 30100                               | 1,855,920                          | 378,547                 |
| 93.270         | Viral Hepatitis Prevention and Control  | 30100                               | 142,813                            | 72,940                  |
| 93.283         | Centers for Disease Control and Prevention Investigations and Technical Assistance  | 30100                               | 104,608                            |                         |
| 93.301         | Small Rural Hospital Improvement Grant Program  | UND                                 | 369,695                            | 297,372                 |
| 93.305         | PPHF 2018: Office of Smoking and Health-National State-<br>Based Tobacco Control Programs-Financed in part by 2018<br>Prevention and Public Health funds (PPHF) | 30100                               | 866,952                            | 207,138                 |
| 93.314         | Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program  | MISU                                | 150,188                            |                         |
| 93.319         | Outreach Programs to Reduce the Prevalence of Obesity in High Risk Rural Areas  | NDSU                                | 207,520                            | 33,267                  |
| 93.323         | Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)  | 30100                               | 1,614,839                          |                         |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER EXPENDITURES | AMOUNT TO SUBRECIPIENTS |
|----------------|---|-------------------------------------|------------------------------------|-------------------------|
| 93.324         | State Health Insurance Assistance Program   | 40100                               | 222,016                            | _                       |
| 93.332         | Cooperative Agreement to Support Navigators in Federally-<br>facilitated Exchanges  | MISU                                | 62                                 |                         |
| 93.336         | Behavioral Risk Factor Surveillance System  | 30100                               | 345,525                            |                         |
| 93.354         | Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response   | 30100                               | 1,068,743                          | 176,451                 |
| 93.366         | State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes   | 30100                               | 277,321                            | 28,430                  |
| 93.426         | Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke  | 30100                               | 1,223,397                          | 507,180                 |
| 93.521         | The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF | 30100                               | 79,957                             |                         |
| 93.539         | PPHF Capacity Building Assistance to Strengthen Public<br>Health Immunization Infrastructure and Performance financed<br>in part by Prevention and Public Health Funds  | 30100                               | 156,692                            | 994                     |
| 93.556         | Promoting Safe and Stable Families  | 32500                               | 182,458                            | 114,110                 |
| 93.563         | Child Support Enforcement   | 32500                               | 10,878,079                         |                         |
| 93.566         | Refugee and Entrant Assistance State/Replacement Designee Administered Programs   | 32500                               | 1,652,507                          | 908,055                 |
| 93.568         | Low-Income Home Energy Assistance   | 32500                               | 22,585,818                         | 636,275                 |
| 93.569         | Community Services Block Grant  | 60100                               | 3,466,406                          | 3,370,773               |
| 93.586         | State Court Improvement Program   | 18000                               | 115,161                            |                         |
| 93.590         | Community-Based Child Abuse Prevention Grants   | 32500                               | 239,738                            | 36,914                  |
| 93.597         | Grants to States for Access and Visitation Programs   | 32500                               | 110,775                            |                         |
| 93.599         | Chafee Education and Training Vouchers Program (ETV)  | 32500                               | 146,477                            |                         |
| 93.603         | Adoption and Legal Guardianship Incentive Payments  | 32500                               | 265,183                            |                         |
| 93.618         | Voting Access for Individuals with Disabilities-Grants for<br>Protection and Advocacy Systems   | 36000                               | 116,907                            |                         |
| 93.630         | Developmental Disabilities Basic Support and Advocacy Grants  | 32500                               | 657,621                            | 174,308                 |
| 93.630         | Developmental Disabilities Basic Support and Advocacy Grants  | 36000                               | 276,242                            |                         |
| 93.632         | University Centers for Excellence in Developmental Disabilities Education, Research, and Service  | MISU                                | 601,885                            | 12,212                  |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER EXPENDITURES | AMOUNT TO<br>SUBRECIPIENTS |
|----------------|---|-------------------------------------|------------------------------------|----------------------------|
| 93.643         | Children's Justice Grants to States   | 32500                               | 40,230                             | 27,319                     |
| 93.645         | Stephanie Tubbs Jones Child Welfare Services Program  | 32500                               | 148,373                            |                            |
| 93.658         | Foster Care Title IV-E  | 32500                               | 13,808,305                         | 22,490                     |
| 93.659         | Adoption Assistance   | 32500                               | 8,004,574                          | 96,201                     |
| 93.667         | Social Services Block Grant   | 32500                               | 7,381,114                          |                            |
| 93.669         | Child Abuse and Neglect State Grants  | 32500                               | 128,163                            | 128,163                    |
| 93.671         | Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services   | 30100                               | 788,242                            | 756,919                    |
| 93.674         | John H. Chafee Foster Care Program for Successful Transition to Adulthood   | 32500                               | 495,353                            | 436,515                    |
| 93.732         | Mental and Behavioral Health Education and Training Grants  | UND                                 | 400,828                            |                            |
| 93.733         | Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – financed in part by the Prevention and Public Health Fund (PPHF) | 30100                               | 129,882                            |                            |
| 93.735         | State Public Health Approaches for Ensuring Quitline Capacity – Funded in part by Prevention and Public Health Funds (PPHF)   | 30100                               | 50,000                             |                            |
| 93.747         | Elder Abuse Prevention Interventions Program  | UND                                 | 372,101                            | 181,383                    |
| 93.757         | State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)   | 30100                               | 316,713                            | 53,948                     |
| 93.758         | Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)  | 30100                               | 168,375                            | 67,515                     |
| 93.767         | Children's Health Insurance Program   | 32500                               | 32,915,308                         |                            |
| 93.788         | Opioid STR  | 32500                               | 2,576,895                          | 119,461                    |
| 93.791         | Money Follows the Person Rebalancing Demonstration  | 32500                               | 2,076,571                          | 52,520                     |
| 93.815         | Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC).  | 30100                               | 144,632                            |                            |
| 93.843         | ACL Assistive Technology State Grants for Protection and Advocacy   | 36000                               | 61,393                             |                            |
| 93.859         | Biomedical Research and Research Training   | UND                                 | 344                                |                            |
| 93.866         | Aging Research  | UND                                 | 40,362                             |                            |
| 93.889         | National Bioterrorism Hospital Preparedness Program   | 30100                               | 937,025                            | 321,638                    |
| 93.898         | Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations  | 30100                               | 1,770,169                          | 135,148                    |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY                                 | IDENTIFYING<br>NUMBER                           | EXP | ENDITURES | OUNT TO         |
|----------------|--|-----------------|---|---|-----|-----------|-----------------|
| 93.898         | Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations   | UND             |   |   |     | 341,594   | _               |
| 93.913         | Grants to States for Operation of State Offices of Rural Health  | UND             |   |   |     | 175,430   |                 |
| 93.917         | HIV Care Formula Grants  | 30100           |   |   |     | 2,074,728 | 476,892         |
| 93.940         | HIV Prevention Activities Health Department Based  | 30100           |   |   |     | 933,472   | 101,116         |
| 93.945         | Assistance Programs for Chronic Disease Prevention and Control   | 30100           |   |   |     | 9,269     |                 |
| 93.946         | Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs                                    | 30100           |   |   |     | 183,521   | 1,338           |
| 93.958         | Block Grants for Community Mental Health Services  | 32500           |   |   |     | 997,840   | 141,638         |
| 93.959         | Block Grants for Prevention and Treatment of Substance Abuse   | 32500           |   |   |     | 7,544,257 | 314,279         |
| 93.970         | Health Professions Recruitment Program for Indians   | UND             |   |   |     | 1,250,110 |                 |
| 93.977         | Sexually Transmitted Diseases (STD) Prevention and Control Grants  | 30100           |   |   |     | 226,647   |                 |
| 93.991         | Preventive Health and Health Services Block Grant  | 30100           |   |   |     | 208,030   | 175,840         |
| 93.994         | Maternal and Child Health Services Block Grant to the States   | 30100           |   |   |     | 1,626,792 | 541,821         |
| Nonmonet       | ary Assistance:  |                 |   |   |     |           |                 |
| 93.268         | Immunization Cooperative Agreements  | 30100           |   |   | \$  | 7,889,233 | \$<br>7,846,190 |
| Pass Thro      | ugh Non-State Entity:  |                 |   |   |     |           |                 |
| 93.103         | Food and Drug Administration Research  | 30100           | Association of Food and Drug Officials              | G-FPTF-1709-05464                               | \$  | 671       | \$              |
| 93.103         | Food and Drug Administration Research  | 30100           | Association of Food and Drug Officials              | G-SP-1709-05451                                 |     | 2,500     |                 |
| 93.103         | Food and Drug Administration Research  | 30100           | Association of Food and Drug Officials              | G-T-1709-05290                                  |     | 2,476     |                 |
| 93.103         | Food and Drug Administration Research  | 30100           | Association of Food and Drug Officials              | G-T-1809-06092                                  |     | 1,832     |                 |
| 93.110         | Maternal and Child Health Federal Consolidated Programs  | 30100           | Association of State Public Health<br>Nutritionists | 5 U7NMC30388-03-00                              |     | 6,928     | 5,722           |
| 93.110         | Maternal and Child Health Federal Consolidated Programs  | 30100           | Colorado School of Public Health                    | FY17.368.017<br>FY18.368.002_AMD3 2-5-<br>M6595 |     | 24,993    |                 |
| 93.155         | Rural Health Research Centers  | UND             | National Rural Health Association                   | UA9RH26027                                      |     | 14        |                 |
| 93.243         | Substance Abuse and Mental Health Services Projects of Regional and National Significance  | UND             | Grand Forks Housing Authority                       | 3   |     | 8,199     |                 |
| 93.424         | NON-ACA/PPHF—Building Capacity of the Public Health<br>System to Improve Population Health through National<br>Nonprofit Organizations | MISU            | Association of University Centers on Disabilities   | N/A   |     | 4,093     |                 |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY  | IDENTIFYING<br>NUMBER | EXPENDITURES   | AMOUNT TO SUBRECIPIENTS |
|----------------|--|-----------------|--|-----------------------|----------------|-------------------------|
| 93.424         | NON-ACA/PPHF—Building Capacity of the Public Health<br>System to Improve Population Health through National<br>Nonprofit Organizations | 30100           | Council of State and Territorial Epidemiologists             | PO6189                | 14,057         |                         |
| 93.433         | ACL National Institute on Disability, Independent Living, and Rehabilitation Research  | MISU            | University of Alaska Anchorage                               | N/A                   | 5,708          |                         |
| 93.566         | Refugee and Entrant Assistance State/Replacement Designee Administered Programs  | NDSCS           | Lutheran Social Services of North<br>Dakota/United Way       | 2019-RSS 7            | 7,200          |                         |
| 93.648         | Child Welfare Research Training or Demonstration   | UND             | The Research Foundation for the State University of New York | 18-21                 | 55,495         |                         |
| 93.648         | Child Welfare Research Training or Demonstration   | UND             | The Research Foundation for the State University of New York | R1103841              | 124,871        |                         |
| 93.648         | Child Welfare Research Training or Demonstration   | UND             | The Research Foundation for the State University of New York | R1148796              | 278,981        |                         |
| 93.788         | Opioid STR   | NDSU            | Leech Lake Tribe of Ojibwe                                   | N/A                   | 8,935          |                         |
| 93.788         | Opioid STR   | NDSU            | South Dakota State University                                | 3TB352                | 30,814         |                         |
| 93.788         | Opioid STR   | UND             | University of Missouri System                                | 0090497 / 00066589    | 215,996        |                         |
| 93.879         | Medical Library Assistance   | UND             | The University of Iowa                                       | N/A                   | 4,112          |                         |
| 93.879         | Medical Library Assistance   | UND             | The University of Iowa                                       | W000961389            | 15,399         |                         |
| 93.884         | Grants for Primary Care Training and Enhancement   | UND             | University of Washington                                     | UWSC10279 / BPO 41185 | 50,620         |                         |
| 93.912         | Rural Health Care Services Outreach, Rural Health Network<br>Development and Small Health Care Provider Quality<br>Improvement         | UND             | Valley City-County Health District                           | N/A                   | 36,524         |                         |
| Total for L    | Inclustered  |                 |  |                       | \$ 164,011,201 | \$ 22,930,508           |
| Unclustere     | ed   |                 |  |                       |                |                         |
| Direct Pro     | grams:   |                 |  |                       |                |                         |
| 93.U01         | MSQA Inspections   | 30100           |  | HHSF223201710056C     | \$ 68,156      | \$                      |
| 93.U02         | Medicated Feeds  | 60200           |  | HHSF223201810106C     | 6,799          |                         |
| 93.U03         | Medicated Feeds  | 60200           |  | HHSF223201710180C     | 22,655         |                         |
| Total for L    | Inclustered  |                 |  |                       | \$ 97,610      | \$                      |
| Aging Clus     | eter .   |                 |  |                       |                |                         |
| Direct Prog    | grams:   |                 |  |                       |                |                         |
| 93.044         | Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers                                   | 32500           |  |                       | \$ 2,008,157   | \$ 270,043              |
| 93.045         | Special Programs for the Aging, Title III, Part C, Nutrition Services  | 32500           |  |                       | 3,275,539      |                         |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER | EX | PENDITURES  | IOUNT TO<br>RECIPIENTS |
|----------------|--|-------------------------------------|-----------------------|----|-------------|------------------------|
| 93.053         | Nutrition Services Incentive Program   | 32500                               |                       |    | 790,036     |                        |
| Total for A    | Aging Cluster  |                                     |                       | \$ | 6,073,732   | \$<br>270,043          |
| CCDF Clu       | ster   |                                     |                       |    |             |                        |
| Direct Pro     | grams:   |                                     |                       |    |             |                        |
| 93.575         | Child Care and Development Block Grant   | 32500                               |                       | \$ | 9,652,521   | \$<br>1,355,121        |
| 93.596         | Child Care Mandatory and Matching Funds of the Child Care and Development Fund               | 32500                               |                       |    | 5,503,764   |                        |
| Total for (    | CCDF Cluster   |                                     |                       | \$ | 15,156,285  | \$<br>1,355,121        |
| Head Star      | t Cluster  |                                     |                       |    |             |                        |
| Direct Pro     | grams:   |                                     |                       |    |             |                        |
| 93.600         | Head Start   | MASU                                |                       | \$ | 3,248,766   | \$                     |
| 93.600         | Head Start   | 20100                               |                       |    | 126,910     |                        |
| Nonmonet       | ary Assistance:  |                                     |                       |    |             |                        |
| 93.600         | Head Start   | MASU                                |                       | \$ | 704,228     | \$                     |
| Total for H    | Head Start Cluster   |                                     |                       | \$ | 4,079,904   | \$                     |
| Medicaid       | Cluster  |                                     |                       |    |             |                        |
| Direct Pro     | grams:   |                                     |                       |    |             |                        |
| 93.777         | State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare | 30100                               |                       | \$ | 1,771,532   | \$                     |
| 93.777         | State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare | 32500                               |                       |    | 1,077,642   |                        |
| 93.778         | Medical Assistance Program   | 32500                               |                       |    | 770,723,385 |                        |
| Total for I    | Medicaid Cluster   |                                     |                       | \$ | 773,572,559 | \$                     |
| Research       | & Development Cluster  |                                     |                       |    |             |                        |
| Direct Pro     | grams:   |                                     |                       |    |             |                        |
| 93.103         | Food and Drug Administration Research  | NDSU                                |                       | \$ | 60,492      | \$                     |
| 93.121         | Oral Diseases and Disorders Research   | UND                                 |                       |    | 2,248       |                        |
| 93.242         | Mental Health Research Grants  | NDSU                                |                       |    | 49,960      |                        |
| 93.242         | Mental Health Research Grants  | UND                                 |                       |    | 688,775     |                        |
| 93.243         | Substance Abuse and Mental Health Services Projects of Regional and National Significance    | UND                                 |                       |    | 1,417,610   | 813,687                |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY                         | IDENTIFYING<br>NUMBER | EXP | ENDITURES | AMOUNT TO<br>SUBRECIPIENTS |
|----------------|--|-----------------|---|-----------------------|-----|-----------|----------------------------|
| 93.247         | Advanced Nursing Education Workforce Grant Program                                   | NDSU            |   |                       |     | 316,548   |                            |
| 93.273         | Alcohol Research Programs  | UND             |   |                       |     | 98,005    |                            |
| 93.279         | Drug Abuse and Addiction Research Programs   | UND             |   |                       |     | 128,625   |                            |
| 93.286         | Discovery and Applied Research for Technological Innovations to Improve Human Health | NDSU            |   |                       |     | 472       |                            |
| 93.393         | Cancer Cause and Prevention Research   | UND             |   |                       |     | 75,228    |                            |
| 93.395         | Cancer Treatment Research  | UND             |   |                       |     | 211,090   |                            |
| 93.396         | Cancer Biology Research  | NDSU            |   |                       |     | 198,373   |                            |
| 93.837         | Cardiovascular Diseases Research   | NDSU            |   |                       |     | 152,060   |                            |
| 93.838         | Lung Diseases Research   | NDSU            |   |                       |     | 526,056   | 67,382                     |
| 93.847         | Diabetes, Digestive, and Kidney Diseases Extramural Research                         | NDSU            |   |                       |     | 922,094   | 744,000                    |
| 93.847         | Diabetes, Digestive, and Kidney Diseases Extramural Research                         | UND             |   |                       |     | 364,948   |                            |
| 93.853         | Extramural Research Programs in the Neurosciences and Neurological Disorders         | UND             |   |                       |     | 177,928   |                            |
| 93.855         | Allergy and Infectious Diseases Research   | NDSU            |   |                       |     | 232,218   | 55,702                     |
| 93.855         | Allergy and Infectious Diseases Research   | UND             |   |                       |     | 1,275,728 | 48,540                     |
| 93.859         | Biomedical Research and Research Training  | UND             |   |                       |     | 6,408,337 | 539,466                    |
| 93.859         | Biomedical Research and Research Training  | NDSU            |   |                       |     | 3,655,120 | 217,120                    |
| 93.866         | Aging Research   | UND             |   |                       |     | 570,747   |                            |
| 93.866         | Aging Research   | NDSU            |   |                       |     | 718,717   | 203,154                    |
| 93.867         | Vision Research  | NDSU            |   |                       |     | 760       |                            |
| Pass Thro      | ugh Non-State Entity:  |                 |   |                       |     |           |                            |
| 93.103         | Food and Drug Administration Research  | NDSU            | Iowa State University                       | 430-30-01C            | \$  | 8,000     | \$                         |
| 93.113         | Environmental Health   | UND             | Triad Interactive Media, Inc.               | 007                   |     | 14,870    |                            |
| 93.242         | Mental Health Research Grants  | NDSU            | University of North Carolina at Chapel Hill | 5107333               |     | 2,468     |                            |
| 93.262         | Occupational Safety and Health Program   | NDSU            | Colorado State University                   | G-61105-02            |     | 20,333    |                            |
| 93.262         | Occupational Safety and Health Program   | NDSU            | University of Nebraska-Omaha                | 35-5420-2006-208      |     | 2,939     |                            |
| 93.273         | Alcohol Research Programs  | UND             | Public Health Institute                     | PA-11-308             |     | 139,330   |                            |
| 93.273         | Alcohol Research Programs  | NDSU            | Sanford Research North                      | 51-2028-5031-0        |     | 20,141    |                            |
| 93.273         | Alcohol Research Programs  | NDSU            | Sanford Research North                      | SR-2019-205           |     | 83,685    |                            |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY | PASS THROUGH ENTITY                                       | IDENTIFYING<br>NUMBER | EXPENDITURES  | AMOUNT TO SUBRECIPIENTS |
|----------------|---|-----------------|---|-----------------------|---------------|-------------------------|
| 93.273         | Alcohol Research Programs   | UND             | University of Illinois                                    | 16344                 | 2,578         | _                       |
| 93.279         | Drug Abuse and Addiction Research Programs  | UND             | Drexel University   | 800018                | 8,256         |                         |
| 93.279         | Drug Abuse and Addiction Research Programs  | UND             | Drexel University   | PO U0176282           | 11,232        |                         |
| 93.279         | Drug Abuse and Addiction Research Programs  | UND             | University Of Alabama At Birmingham                       | 000519026-001         | 3,359         |                         |
| 93.307         | Minority Health and Health Disparities Research   | UND             | Sanford Research  | SR-2017-18            | 125           |                         |
| 93.505         | Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program   | NDSU            | Prevent Child Abuse North Dakota                          | N/A                   | 101,742       |                         |
| 93.648         | Child Welfare Research Training or Demonstration  | UND             | University of Nebraska                                    | 24-0520-0261-006      | 18,741        |                         |
| 93.734         | Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs – financed by Prevention and Public Health Funds (PPHF) | UND             | National Council on Aging, Inc.                           | N/A                   | 16,090        |                         |
| 93.847         | Diabetes, Digestive, and Kidney Diseases Extramural Research  | UND             | Regents of the University of Michigan                     | 3004429441            | 136,625       |                         |
| 93.853         | Extramural Research Programs in the Neurosciences and Neurological Disorders  | UND             | Trinity College   | NS065957-01           | 45,457        |                         |
| 93.855         | Allergy and Infectious Diseases Research  | UND             | University of Kentucky                                    | 3200000654-17-017     | 30,664        |                         |
| 93.855         | Allergy and Infectious Diseases Research  | UND             | University of Kentucky                                    | 3200001545-18-174     | 26,474        |                         |
| 93.859         | Biomedical Research and Research Training   | UND             | BBC Entrepreneurial Training & Consulting, LLC            | ND2018                | 11,146        |                         |
| 93.859         | Biomedical Research and Research Training   | NDSU            | Montana State University                                  | G179-16-W5698         | 46,850        |                         |
| 93.859         | Biomedical Research and Research Training   | UND             | University of Colorado Board of Regents                   | 1554623               | 12,951        |                         |
| 93.859         | Biomedical Research and Research Training   | UND             | University of Nebraska                                    | 34-5250-2005-002      | 1,199         |                         |
| 93.859         | Biomedical Research and Research Training   | UND             | University of Nebraska                                    | 34-5250-2005-003      | 14,557        |                         |
| 93.859         | Biomedical Research and Research Training   | UND             | University of Nebraska                                    | 34-5250-2005-923      | 9,264         |                         |
| 93.859         | Biomedical Research and Research Training   | NDSU            | University of Nebraska Medical Center                     | 34-5250-2005-003      | 16,667        |                         |
| 93.859         | Biomedical Research and Research Training   | NDSU            | University of Nebraska-Omaha                              | 34-5250-2005-002      | 24,678        |                         |
| 93.859         | Biomedical Research and Research Training   | NDSU            | University of Nebraska-Omaha                              | 34-5250-2005-743      | 38,989        |                         |
| 93.865         | Child Health and Human Development Extramural Research  | NDSU            | University of Texas Medical Branch                        | 19-84471 / PO1631     | 14,277        |                         |
| 93.867         | Vision Research   | UND             | Barron Associates, Inc.                                   | 536-SC01              | 46,194        |                         |
| 93.870         | Maternal, Infant and Early Childhood Home Visiting Grant  | NDSU            | Prevent Child Abuse North Dakota                          | N/A                   | 224,247       |                         |
| 93.933         | Demonstration Projects for Indian Health  | UND             | Cankdeska Cikana Community College                        | N/A                   | 11,816        |                         |
| 93.945         | Assistance Programs for Chronic Disease Prevention and Control  | UND             | Montana Department of Public Health and<br>Human Services | 14096760050           | 162,540       |                         |
| Total for F    | Research & Development Cluster  |                 |   |                       | \$ 19,580,623 | \$ 2,689,051            |

| Submit Francial Assistance Cluster   Direct Programs   Direct Programs   Number Program (NFLP)   | CFDA<br>NUMBER | PROGRAM TITLE                           | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER | EXPENDITURES  | AMOUNT TO<br>SUBRECIPIENTS |
|--|----------------|---|-------------------------------------|-----------------------|---------------|----------------------------|
| 93.264   Nurse Faculty Loan Program (NFLP)         UND         407,510   | Student Fi     | nancial Assistance Cluster              |                                     |                       |               |                            |
| 3.3.4   Lability Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students         UND         407.510         407.510         2.244.40         4.244.40   | Direct Prog    | grams:                                  |                                     |                       |               |                            |
| Construction for Disadvantaged Students   Construction for Disadvantag | 93.264         | Nurse Faculty Loan Program (NFLP)       | UND                                 | 9                     | 131,254       | \$                         |
| 93.84 Nursing Student Loans         MISU         977,543           93.364 Vursing Student Loans         NDSU         339,222           93.365 Vursing Student Loans         UND         1,457,305           93.925 Scholarships for Health Professions Students from Disadvantaged Backgrounds         VND         638,724           TOIAI Francial Assistance Cluster         \$ 2,200 cm         \$ 2           TAMF Cluster         \$ 28,964,333         \$ 152,869           93.558 Temporary Assistance for Needy Families         32500         \$ 28,964,333         \$ 152,869           Total For Tayler Cluster         \$ 28,964,333         \$ 28,964,333         \$ 152,869           Total For Tayler Cluster         \$ 28,964,333         \$ 28,964,333         \$ 28,964,333         \$ 28,964,333         \$ 28,964,333         \$ 28,964,333         \$ 28,964,333         \$ 28,964,333         \$ 28,964,333         \$ 28,964,333         \$ 28,964,333         \$ 28,964,333         \$ 28,964,333         \$ 28,964,333         \$ 28,964,333         \$ 28,964,333         \$ 28,964,333<  | 93.342         |   | UND                                 |                       | 407,510       |                            |
| 93.94 b         Nursing Student Loans         NDSU         339,222           93.84 b         Nursing Student Loans         UND         1,457,305           93.95 b         Scholarships for Health Professions Students from class/avarlaged Backgrounds         UND         638,724           TAJEST (Start Internal Assistance Cluster         \$ 2,259.99         \$  | 93.364         | Nursing Student Loans                   | DSU                                 |                       | 274,440       |                            |
| 93.964 Nursing Student Loans         UND         1.457,305           93.925 Scholarships for Health Professions Students from Disadvantaged Backgrounds         UND         638,724           TAIL To Student Financial Assistance Cluster         \$ 4,225,999         \$   | 93.364         | Nursing Student Loans                   | MISU                                |                       | 977,543       |                            |
| 39.9.25 Scholarships for Health Professions Students from Disadvantaged Backgrounds         UND         639,724         Image: Company of the part of the professions Students from Disadvantaged Backgrounds         Company of the pack  | 93.364         | Nursing Student Loans                   | NDSU                                |                       | 339,222       |                            |
| Total Funcial Assistance Cluster   S 4,225,998   S   S   S   S   S   S   S   S   S   | 93.364         | Nursing Student Loans                   | UND                                 |                       | 1,457,305     |                            |
| TANF Cluster         Support of Noted Pamilies         32500         \$28,964,353         \$152,809           Total for TANF Cluster         \$28,964,353         \$152,809           Total For Department Of Health And Human Services         \$28,964,353         \$152,809           Department Of Health And Human Services         \$1,015,762,265         \$273,375,592           Department Of Homeland Security           Unclusters           Direct Program           97.022         South Security           97.023         South Self y Financial Assistance         \$25,112           97.025         South Self y Financial Assistance Program State Support Services         \$7000         \$13,328         \$25,112           97.025         South Mitigation Assistance Program State Support Services         \$5000         \$2,811         \$2,732           97.025         South Mitigation Assistance (Presidentially Declared Selection)         \$5000         \$2,811         \$2,821         \$2,821         \$2,821         \$2,821<  | 93.925         |   | UND                                 |                       | 638,724       |                            |
| Direct Property Assistance for Needy Families         3250         \$ 28,964,350         \$ 152,869           7 by Funder of Health And Human Services         \$ 28,964,350         \$ 152,869           Department of Health And Human Services         \$ 1,015,762,260         \$ 27,397,592           Department of Homeland Security           Unclusters           Direct Program Sets Services         7200         \$ 711,171         \$ 25,112           97.012         Boaling Safety Financial Assistance         7200         \$ 711,171         \$ 25,112           97.023         Rommunity Assistance Program State Support Services         7700         3 33,282         3 2,324           97.024         Flood Mitigation Assistance         5400         2,311         2,732           97.035         Disaster Grants - Public Assistance (Presidentially Declared Sistance)         5400         3 4,471,941         4,472,541           97.036         Hazard Mitigation Grant         5400         4,471,941         4,172,541           97.041         Mitigation Assistance (Presidentially Declared Sistance)         5400         4,471,941         4,172,541           97.042         Energency Management Performance Grants         5400         2,871,06         1,274,426           97.045   | Total for S    | Student Financial Assistance Cluster    |                                     | 3                     | \$ 4,225,998  | \$                         |
| 93.558 Temporary Assistance for Needy Families         32500         \$ 28,964,353         \$ 152,869           Total for TANF Cluster         \$ 28,964,353         \$ 152,869           Total For Department Of Health And Human Services         \$ 1,015,762,265         \$ 27,397,592           Department Of Health And Human Services         ** 1,015,762,265         \$ 27,397,592           Unclusters         ** 1,015,762,265         \$ 27,397,592           Unclusters         ** 1,015,762,265         ** 27,397,592           Unclusters         ** 2,015,762,265         *  | TANF Clus      | ster                                    |                                     |                       |               |                            |
| Total for → Peartment Of Health And Human Services         \$ 28,964,333         \$ 152,869           Total For Department Of Health And Human Services         \$ 1,015,762,265         \$ 27,397,592           Department Of Homeland Security           Unclusters           Direct Programs           97.012 Boating Safety Financial Assistance         72000         \$ 711,171         \$ 25,112           97.023 Community Assistance Program State Support Services [Element (CAP-SSSE)]         77000         133,282         12,732           97.029 Flood Mitigation Assistance         54000         2,811         2,732           97.030 Disaster Grants - Public Assistance (Presidentially Declared Disasters)         54000         4,471,941         4,172,541           97.041 National Dam Safety Program         77000         61,857         7900         61,857         7900           97.042 Emergency Management Performance Grants         54000         2,871,060         1,274,426           97.045 Cooperating Technical Partners         77000         3,976,519   | Direct Prog    | grams:                                  |                                     |                       |               |                            |
| Total For Jepartment Of Health And Human Services         \$ 1,015,762,265         27,397,592           Department Of Homeland Security           Unclustered           Direct Programs           97.012         Boating Safety Financial Assistance         72000         \$ 711,171         \$ 25,112           97.023         Community Assistance Program State Support Services Element (CAP-SSSE)         7700         133,282         133,282           97.029         Flood Mitigation Assistance         54000         2,811         2,732           97.030         Disaster Grants - Public Assistance (Presidentially Declared Disasters)         54000         3,792,8707         6,046,718           97.041         National Dam Safety Program         7700         61,857         4,172,541           97.042         Emergency Management Performance Grants         54000         2,811         2,274,426           97.045         Emergency Management Performance Grants         54000         2,871,060         1,274,426           97.045         Coperating Technical Partners         77000         3,976,519         1  | 93.558         | Temporary Assistance for Needy Families | 32500                               | \$                    | 28,964,353    | \$ 152,869                 |
| Department Of Homeland Security           Uncluster=0           Direct Programs:           97.012         Boating Safety Financial Assistance         72000         \$ 711,171         \$ 25,112           97.023         Community Assistance Program State Support Services Element (CAP-SSSE)         77000         133,282           97.029         Flood Mitigation Assistance         54000         2,811         2,732           97.030         Disaster Grants - Public Assistance (Presidentially Declared Disasters)         54000         7,928,707         6,046,718           97.039         Hazard Mitigation Grant         54000         4,471,941         4,172,541           97.041         National Dam Safety Program         77000         61,857           97.042         Emergency Management Performance Grants         54000         2,871,060         1,274,426           97.045         Cooperating Technical Partners         77000         3,976,519   | Total for T    | ANF Cluster                             |                                     | <u>-</u>              | \$ 28,964,353 | \$ 152,869                 |
| Uncluster of Direct Programs:           97.012         Boating Safety Financial Assistance         72000         \$ 711,171         \$ 25,112           97.012         Community Assistance Program State Support Services Element (CAP-SSSE)         77000         133,282         * * * * * * * * * * * * * * * * * * *  | Total For      | Department Of Health And Human Services |                                     | 9                     | 1,015,762,265 | \$ 27,397,592              |
| Direct Programs:           97.012         Boating Safety Financial Assistance         72000         \$ 711,171         \$ 25,112           97.023         Community Assistance Program State Support Services Element (CAP-SSSE)         77000         133,282         * * * * * * * * * * * * * * * * * * *   | Departme       | ent Of Homeland Security                |                                     |                       |               |                            |
| 97.012         Boating Safety Financial Assistance         72000         \$ 711,171         \$ 25,112           97.023         Community Assistance Program State Support Services Element (CAP-SSSE)         77000         133,282         \$ 7000           97.029         Flood Mitigation Assistance         54000         2,811         2,732           97.036         Disaster Grants - Public Assistance (Presidentially Declared Disasters)         54000         7,928,707         6,046,718           97.039         Hazard Mitigation Grant         54000         4,471,941         4,172,541           97.041         National Dam Safety Program         77000         61,857           97.042         Emergency Management Performance Grants         54000         2,871,060         1,274,426           97.045         Cooperating Technical Partners         77000         3,976,519  | Unclustere     | ed                                      |                                     |                       |               |                            |
| 97.023       Community Assistance Program State Support Services Element (CAP-SSSE)       77000       133,282         97.029       Flood Mitigation Assistance       54000       2,811       2,732         97.036       Disaster Grants - Public Assistance (Presidentially Declared Disasters)       54000       7,928,707       6,046,718         97.039       Hazard Mitigation Grant       54000       4,471,941       4,172,541         97.041       National Dam Safety Program       77000       61,857         97.042       Emergency Management Performance Grants       54000       2,871,060       1,274,426         97.045       Cooperating Technical Partners       77000       3,976,519  | Direct Prog    | grams:                                  |                                     |                       |               |                            |
| Flood Mitigation Assistance   54000   2,811   2,732  | 97.012         | Boating Safety Financial Assistance     | 72000                               | 9                     | 711,171       | \$ 25,112                  |
| 97.036       Disaster Grants - Public Assistance (Presidentially Declared Disasters)       54000       7,928,707       6,046,718 of 6  | 97.023         |   | 77000                               |                       | 133,282       |                            |
| Disasters)         97.039       Hazard Mitigation Grant       54000       4,471,941       4,172,541         97.041       National Dam Safety Program       77000       61,857         97.042       Emergency Management Performance Grants       54000       2,871,060       1,274,426         97.045       Cooperating Technical Partners       77000       3,976,519   | 97.029         | Flood Mitigation Assistance             | 54000                               |                       | 2,811         | 2,732                      |
| 97.041       National Dam Safety Program       77000       61,857         97.042       Emergency Management Performance Grants       54000       2,871,060       1,274,426         97.045       Cooperating Technical Partners       77000       3,976,519   | 97.036         |   | 54000                               |                       | 7,928,707     | 6,046,718                  |
| 97.042       Emergency Management Performance Grants       54000       2,871,060       1,274,426         97.045       Cooperating Technical Partners       77000       3,976,519   | 97.039         | Hazard Mitigation Grant                 | 54000                               |                       | 4,471,941     | 4,172,541                  |
| 97.045 Cooperating Technical Partners 77000 3,976,519  | 97.041         | National Dam Safety Program             | 77000                               |                       | 61,857        |                            |
|  | 97.042         | Emergency Management Performance Grants | 54000                               |                       | 2,871,060     | 1,274,426                  |
| 97.047 Pre-Disaster Mitigation 54000 852,464 667,953   | 97.045         | Cooperating Technical Partners          | 77000                               |                       | 3,976,519     |                            |
|  | 97.047         | Pre-Disaster Mitigation                 | 54000                               |                       | 852,464       | 667,953                    |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER | EX | PENDITURES | <br>MOUNT TO RECIPIENTS |
|----------------|---|-------------------------------------|-----------------------|----|------------|-------------------------|
| 97.067         | Homeland Security Grant Program   | 54000                               |                       |    | 4,214,781  | 3,132,837               |
| Total for U    | Inclustered   |                                     |                       | \$ | 25,224,593 | \$<br>15,322,319        |
| Total For      | Department Of Homeland Security   |                                     |                       | \$ | 25,224,593 | \$<br>15,322,319        |
| Departme       | ent Of Housing And Urban Development  |                                     |                       |    |            |                         |
| Unclustere     |   |                                     |                       |    |            |                         |
| Direct Pro     |   |                                     |                       |    |            |                         |
| 14.171         | Manufactured Home Dispute Resolution  | 60100                               |                       | \$ | 3,658      | \$                      |
| 14.228         | Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii   | 60100                               |                       |    | 4,767,626  | 4,648,652               |
| 14.231         | Emergency Solutions Grant Program   | 60100                               |                       |    | 477,413    | 432,972                 |
| 14.238         | Shelter Plus Care   | 60100                               |                       |    | 193,804    | 193,804                 |
| 14.239         | HOME Investment Partnerships Program  | 60100                               |                       |    | 2,066,245  | 1,966,811               |
| 14.401         | Fair Housing Assistance Program State and Local   | 40600                               |                       |    | 25,500     |                         |
| Total for U    | Inclustered   |                                     |                       | \$ | 7,534,246  | \$<br>7,242,239         |
| Total For      | Department Of Housing And Urban Development   |                                     |                       | \$ | 7,534,246  | \$<br>7,242,239         |
| Departme       | ent Of Justice  |                                     |                       |    |            |                         |
| Unclustere     | ed  |                                     |                       |    |            |                         |
| Direct Pro     | grams:  |                                     |                       |    |            |                         |
| 16.017         | Sexual Assault Services Formula Program   | 30100                               |                       | \$ | 312,800    | \$<br>296,757           |
| 16.320         | Services for Trafficking Victims  | 12500                               |                       |    | 340,855    |                         |
| 16.540         | Juvenile Justice and Delinquency Prevention   | 53000                               |                       |    | 214,935    | 214,935                 |
| 16.543         | Missing Children's Assistance   | 12500                               |                       |    | 264,926    |                         |
| 16.575         | Crime Victim Assistance   | 53000                               |                       |    | 7,761      |                         |
| 16.576         | Crime Victim Compensation   | 53000                               |                       |    | 2,943,395  | 2,915,921               |
| 16.582         | Crime Victim Assistance/Discretionary Grants  | 53000                               |                       |    | 6,000      |                         |
| 16.588         | Violence Against Women Formula Grants   | 30100                               |                       |    | 947,970    | 861,970                 |
| 16.589         | Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program | UND                                 |                       |    | 127,750    |                         |
| 16.596         | Justice System Infrastructure Program for Indian Tribes                                   | UND                                 |                       |    | 277,625    | 102,688                 |

| CFDA<br>NUMBER            | PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY                       | IDENTIFYING<br>NUMBER | EXPE | NDITURES  | MOUNT TO<br>RECIPIENTS |
|---------------------------|--|-----------------|---|-----------------------|------|-----------|------------------------|
| 16.606                    | State Criminal Alien Assistance Program  | 53000           |   |                       |      | 1,746     |                        |
| 16.609                    | Project Safe Neighborhoods   | 12500           |   |                       |      | 1,233     |                        |
| 16.616                    | Indian Country Alcohol and Drug Prevention   | UND             |   |                       |      | 76,614    | 67,272                 |
| 16.710                    | Public Safety Partnership and Community Policing Grants                              | 12500           |   |                       |      | 158,650   |                        |
| 16.738                    | Edward Byrne Memorial Justice Assistance Grant Program                               | 12500           |   |                       |      | 543,104   | 248,911                |
| 16.741                    | DNA Backlog Reduction Program  | 12500           |   |                       |      | 199,244   |                        |
| 16.742                    | Paul Coverdell Forensic Sciences Improvement Grant Program                           | 12500           |   |                       |      | 202,006   |                        |
| 16.750                    | Support for Adam Walsh Act Implementation Grant Program                              | 12500           |   |                       |      | 175,074   |                        |
| 16.813                    | NICS Act Record Improvement Program  | 12500           |   |                       |      | 352,589   |                        |
| Pass Thro                 | ugh Non-State Entity:  |                 |   |                       |      |           |                        |
| 16.029                    | Office on Violence Against Women Special Projects                                    | UND             | Tribal Law and Policy Institute           | N/A                   | \$   | 33,463    | \$                     |
| 16.582                    | Crime Victim Assistance/Discretionary Grants   | UND             | Fox Valley Technical College              | D2016006026           |      | 31,563    |                        |
| 16.582                    | Crime Victim Assistance/Discretionary Grants   | UND             | Fox Valley Technical College              | D2019012073           |      | 3,585     |                        |
| 16.726                    | Juvenile Mentoring Program   | NDSU            | National 4-H Council                      | 2017-JU-FX-0016       |      | 88,361    |                        |
| 16.726                    | Juvenile Mentoring Program   | NDSU            | National 4-H Council                      | 2018-JU-FX-0005       |      | 5,196     |                        |
| 16.751                    | Edward Byrne Memorial Competitive Grant Program                                      | UND             | Fox Valley Technical College              | D2015015036           |      | 58,618    |                        |
| 16.815                    | Tribal Civil and Criminal Legal Assistance Grants, Training and Technical Assistance | UND             | American Probation And Parole Association | 16-SA-085-2387        |      | 138,373   |                        |
| Total for L               | Inclustered  |                 |   |                       | \$   | 7,513,436 | \$<br>4,708,454        |
| Unclustere<br>Direct Prog |  |                 |   |                       |      |           |                        |
| 16.U01                    | Federal Bureau of Prisons (Juvenile Inmate Housing)                                  | 53000           |   | IGA-815-11            | \$   | 105,947   | \$                     |
| Total for L               | Inclustered  |                 |   |                       | \$   | 105,947   | \$                     |
| Research<br>Direct Prog   | & Development Cluster<br>grams:  |                 |   |                       |      |           |                        |
| 16.RD                     | A Study of Federal Absconsion and Revocation: Patterns                               | NDSU            |   | NDXPROB17-000252      | \$   | 8,987     | \$                     |
| Total for F               | Research & Development Cluster   |                 |   |                       | \$   | 8,987     | \$<br>                 |
| Total For                 | Department Of Justice  |                 |   |                       | \$   | 7,628,370 | \$<br>4,708,454        |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY | PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER | EXP | PENDITURES | OUNT TO<br>ECIPIENTS |
|----------------|---|-----------------|---------------------|-----------------------|-----|------------|----------------------|
| Departme       | ent Of Labor  |                 |                     |                       |     |            |                      |
| Unclustere     | ed  |                 |                     |                       |     |            |                      |
| Direct Pro     | grams:  |                 |                     |                       |     |            |                      |
| 17.235         | Senior Community Service Employment Program   | 32500           |                     |                       | \$  | 541,443    | \$<br>523,521        |
| 17.282         | Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants        | BSC             |                     |                       |     | 185,278    | 77,337               |
| 17.504         | Consultation Agreements   | BSC             |                     |                       |     | 538,341    |                      |
| 17.600         | Mine Health and Safety Grants   | 27000           |                     |                       |     | 206,876    | 206,876              |
| Total for U    | Inclustered   |                 |                     |                       | \$  | 1,471,938  | \$<br>807,734        |
| Total For      | Department Of Labor   |                 |                     |                       | \$  | 1,471,938  | \$<br>807,734        |
| Departme       | ent Of State  |                 |                     |                       |     |            |                      |
| Unclustere     | ed  |                 |                     |                       |     |            |                      |
| Direct Pro     | grams:  |                 |                     |                       |     |            |                      |
| 19.040         | Public Diplomacy Programs   | UND             |                     |                       | \$  | 3,249      | \$                   |
| Pass Thro      | ugh Non-State Entity:   |                 |                     |                       |     |            |                      |
| 19.402         | Professional and Cultural Exchange Programs - International<br>Visitor Leadership Program | MISU            | Global Ties U.S.    | S-ECAGD-18-CA-1018    | \$  | 2,284      | \$                   |
| 19.402         | Professional and Cultural Exchange Programs - International Visitor Leadership Program    | MISU            | Global Ties U.S.    | S-ECAGD-19-CA-0041    |     | 441        |                      |
| Total for U    | Inclustered   |                 |                     |                       | \$  | 5,974      | \$                   |
| Total For      | Department Of State   |                 |                     |                       | \$  | 5,974      | \$                   |
| Departme       | ent Of The Interior   |                 |                     |                       |     |            |                      |
| Unclustere     | ed  |                 |                     |                       |     |            |                      |
| Direct Pro     | grams:  |                 |                     |                       |     |            |                      |
| 15.224         | Cultural and Paleontological Resources Management   | 70100           |                     |                       | \$  | 20,315     | \$                   |
| 15.224         | Cultural and Paleontological Resources Management   | MISU            |                     |                       |     | 2,937      |                      |
| 15.250         | Regulation of Surface Coal Mining and Surface Effects of<br>Underground Coal Mining       | 40800           |                     |                       |     | 947,375    |                      |
| 15.252         | Abandoned Mine Land Reclamation (AMLR)  | 40800           |                     |                       |     | 2,919,037  |                      |
| 15.427         | Federal Oil and Gas Royalty Management State and Tribal Coordination                      | 11700           |                     |                       |     | 584,313    |                      |

| CFDA<br>NUMBER            | PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY                     | IDENTIFYING<br>NUMBER | EX | PENDITURES  |    | MOUNT TO RECIPIENTS |
|---------------------------|--|-----------------|---|-----------------------|----|-------------|----|---------------------|
| 15.433                    | Flood Control Act Lands                                      | 12000           |   |                       |    | 36,987,166  |    | 36,987,166          |
| 15.436                    | Late Disbursement Interest                                   | 12000           |   |                       |    | 51,011      |    | 10,712              |
| 15.437                    | Minerals Leasing Act   | 12000           |   |                       |    | 44,185,597  |    | 20,797,847          |
| 15.518                    | Garrison Diversion Unit                                      | 72000           |   |                       |    | 877,589     |    |                     |
| 15.608                    | Fish and Wildlife Management Assistance                      | 72000           |   |                       |    | 87,035      |    |                     |
| 15.615                    | Cooperative Endangered Species Conservation Fund             | 72000           |   |                       |    | 55,044      |    | 24,887              |
| 15.615                    | Cooperative Endangered Species Conservation Fund             | 75000           |   |                       |    | 14,959      |    |                     |
| 15.634                    | State Wildlife Grants  | 72000           |   |                       |    | 469,964     |    | 122,370             |
| 15.634                    | State Wildlife Grants  | MISUB           |   |                       |    | 37,551      |    |                     |
| 15.637                    | Migratory Bird Joint Ventures                                | 72000           |   |                       |    | 74,927      |    | 74,927              |
| 15.808                    | U.S. Geological Survey Research and Data Collection          | 77000           |   |                       |    | 41,112      |    |                     |
| 15.904                    | Historic Preservation Fund Grants-In-Aid                     | 70100           |   |                       |    | 613,225     |    | 148,220             |
| 15.916                    | Outdoor Recreation Acquisition, Development and Planning     | 75000           |   |                       |    | 600,776     |    | 573,755             |
| 15.929                    | Save America's Treasures                                     | 70100           |   |                       |    | 13,581      |    |                     |
| 15.931                    | Conservation Activities by Youth Service Organizations       | NDSU            |   |                       |    | 34,775      |    |                     |
| Pass Thro                 | ugh Non-State Entity:  |                 |   |                       |    |             |    |                     |
| 15.518                    | Garrison Diversion Unit                                      | 77000           | Garrison Diversion Conservancy District | 6-FC-60-00210         | \$ | 12,131,665  | \$ |                     |
| 15.815                    | National Land Remote Sensing Education Outreach and Research | UND             | AmericaView                             | AV18-ND-01            |    | 12,159      |    |                     |
| 15.939                    | Heritage Partnership   | NDSU            | Northern Plains Heritage Foundation     | P10AC00310            |    | 1,881       |    |                     |
| Total for L               | Inclustered  |                 |   |                       | \$ | 100,763,994 | \$ | 58,739,884          |
| Unclustere<br>Direct Prog |  | 70100           |   | 140F0618P0094         | \$ | 2,471       | \$ |                     |
|                           | Inclustered  | 70100           |   | 1401 00 101 0034      | \$ | 2,471       | \$ |                     |
|                           |  |                 |   |                       | φ  | 2,471       | φ  |                     |
| Fish and V                | Vildlife Cluster   |                 |   |                       |    |             |    |                     |
| 15.605                    | Sport Fish Restoration                                       | 72000           |   |                       | \$ | 4,227,682   | \$ | 583,435             |
| 15.611                    | Wildlife Restoration and Basic Hunter Education              | 72000           |   |                       | Ψ  | 12,074,924  | Ψ  | 2,421,268           |
| 15.626                    | Enhanced Hunter Education and Safety                         | 72000           |   |                       |    | 74,522      |    | 74,522              |
|                           | Fish and Wildlife Cluster                                    | 12000           |   |                       | \$ |             | \$ | 3,079,225           |
| i Otal 10f F              | TSH and Whalle Gluster                                       |                 |   |                       | Φ  | 16,377,128  | φ  | 3,079,225           |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER | EX | PENDITURES  | MOUNT TO<br>RECIPIENTS |
|----------------|---|-------------------------------------|-----------------------|----|-------------|------------------------|
| Research       | & Development Cluster   |                                     |                       |    |             |                        |
| Direct Pro     |   |                                     |                       |    |             |                        |
| 15.608         | Fish and Wildlife Management Assistance   | NDSU                                |                       | \$ | 13,419      | \$                     |
| 15.678         | Cooperative Ecosystem Studies Units   | NDSU                                |                       |    | 26,318      |                        |
| 15.805         | Assistance to State Water Resources Research Institutes                                       | NDSU                                |                       |    | 87,780      | 6,444                  |
| 15.808         | U.S. Geological Survey Research and Data Collection   | UND                                 |                       |    | 33,354      |                        |
| 15.808         | U.S. Geological Survey Research and Data Collection   | NDSU                                |                       |    | 79,258      |                        |
| 15.923         | National Center for Preservation Technology and Training                                      | NDSU                                |                       |    | 16,356      |                        |
| 15.945         | Cooperative Research and Training Programs – Resources of the National Park System            | NDSU                                |                       |    | 99,172      |                        |
| 15.945         | Cooperative Research and Training Programs – Resources of the National Park System            | UND                                 |                       |    | 22,049      |                        |
| Total for I    | Research & Development Cluster  |                                     |                       | \$ | 377,706     | \$<br>6,444            |
| Total For      | Department Of The Interior  |                                     |                       | \$ | 117,521,299 | \$<br>61,825,553       |
| Departme       | ent Of Transportation   |                                     |                       |    |             |                        |
| Uncluster      |   |                                     |                       |    |             |                        |
| Direct Pro     |   |                                     |                       |    |             |                        |
| 20.106         | Airport Improvement Program   | 41200                               |                       | \$ | 551,870     | \$                     |
| 20.200         | Highway Research and Development Program  | 80100                               |                       |    | 17,544      |                        |
| 20.200         | Highway Research and Development Program  | NDSU                                |                       |    | 3,877       |                        |
| 20.215         | Highway Training and Education  | 80100                               |                       |    | 169,686     |                        |
| 20.240         | Fuel Tax Evasion-Intergovernmental Enforcement Effort   | 12700                               |                       |    | 12,394      |                        |
| 20.314         | Railroad Development  | 80100                               |                       |    | 245,121     |                        |
| 20.505         | Metropolitan Transportation Planning and State and Non-<br>Metropolitan Planning and Research | 80100                               |                       |    | 570,303     | 570,303                |
| 20.509         | Formula Grants for Rural Areas and Tribal Transit Program                                     | 80100                               |                       |    | 5,988,005   | 5,979,118              |
| 20.700         | Pipeline Safety Program State Base Grant  | 40800                               |                       |    | 219,092     |                        |
| 20.703         | Interagency Hazardous Materials Public Sector Training and Planning Grants                    | 54000                               |                       |    | 385,815     | 68,070                 |
|                | DLIMCA Dinalina Cafaty Dragram One Call Crant   | 40800                               |                       |    | 23,747      |                        |
| 20.721         | PHMSA Pipeline Safety Program One Call Grant  | 40000                               |                       |    | 23,141      |                        |

| 20.526 Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs  70 total for Federal Transit Cluster  Total for Federal Transit Cluster  Highway Planning and Construction Cluster  Direct Porsums  20.205 Highway Planning and Construction 80100 \$313,694,509 \$5,92 \$20.219 Recreational Trails Program 75000 \$1,049,602 \$30 \$10.00000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.00000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.00000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.00000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.00000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.00000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.00000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.00000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.00000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.00000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.00000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.00000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.00000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.00000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.00000 \$10.00000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.0000 \$10.                          | CFDA<br>NUMBER PROGRAM TITLE                                     | STATE<br>AGENCY | PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER | EX | PENDITURES  | NOUNT TO        |
|--|--|-----------------|---------------------|-----------------------|----|-------------|-----------------|
| 20.002   Accelerated Safety Activity Program   80100   DTNH22.17-H.00142   \$ 15.361   \$ 1.00000   \$ 1.0000   \$ 1.0000   \$ 1.00000   \$ 1.0000   |  |                 |                     |                       |    |             |                 |
| 20.003 Air Force Junior Reserve Officer Training Corps (AFJROTC)         UND         FA3300-19-H-0013         81,533         Pass Through Non-State Entity:           20.001 5010 Inspections         41200 GCR Inc.         N/A         \$ 15,600         \$           7 cotal for Unclustered         \$ 112,494         \$  | Direct Programs:   |                 |                     |                       |    |             |                 |
| Pass Through Non-State Entity:  20 U0  | 20.U02 Accelerated Safety Activity Program                       | 80100           |                     | DTNH22-17-H-00142     | \$ | 15,361      | \$              |
| 20.001         5010 Inspections         41200         GCR Inc.         N/A         \$ 15,600         \$           Total for Unclustered         20.001         GCR Inc.         N/A         \$ 15,600         \$           Foderal Worker Carrier Safety Assistance Cluster           Direct Programs           20.218         Motor Carrier Safety Assistance Cluster         \$ 2,595,323         \$           Total for Federal Motor Carrier Safety Assistance Cluster         \$ 2,595,323         \$           Total for Federal Motor Carrier Safety Assistance Cluster         \$ 2,595,323         \$           Total for Federal Motor Carrier Safety Assistance Cluster         \$ 2,595,323         \$           Total for Federal Motor Carrier Safety Assistance Cluster         \$ 2,395,323         \$           Total for Federal Motor Carrier Safety Assistance Cluster         \$ 2,395,323         \$           Direct Programs         \$ 2,395,323         \$           Total for Federal Motor Carrier Safety Assistance Cluster         \$ 313,664,022         \$ 3,616,542         \$ 3,616,542         \$ 3,616,542         \$ 3,616,542         \$ 3,616,542         \$ 3,616,542         \$ 3,616,542         \$ 3,616,542         \$ 3,616,542         \$ 3,616,542         \$ 3,616,542         \$ 3,   | 20.U03 Air Force Junior Reserve Officer Training Corps (AFJROTC) | UND             |                     | FA3300-19-H-0013      |    | 81,533      |                 |
| Foderal Notes   Foderal Principal  | Pass Through Non-State Entity:                                   |                 |                     |                       |    |             |                 |
| Pederal Horizon Fafety Assistance Cluster   Direct Proposition Fafety Assistance Cluster   Supposition Fafety Assistance   Supposition Fafety Assistance   Supposition Fafety Assistance Cluster   Supposition Fafety Faf  | 20.U01 5010 Inspections  | 41200           | GCR Inc.            | N/A                   | \$ | 15,600      | \$              |
| Direct Promotion Safety Assistance         50400         \$ 2,595,320         \$ 2           70218   | Total for Unclustered  |                 |                     |                       | \$ | 112,494     | \$              |
| Federal Motor Carrier Safety Assistance Cluster   Federal Motor Carrier Safety Assistance Cluster   Federal Transit Cluster  | •  |                 |                     |                       |    |             |                 |
| Federal Transit Cluster           Direct Programs:         20.500 Federal Transit Capital Investment Grants         80100 \$ 23.837 \$ 2           20.526 Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs         80100 \$ 3.616.542 \$ 3.61           Total for Federal Transit Cluster         \$ 3.640.379 \$ 3.64           Highway Planning and Construction Cluster         \$ 3.640.379 \$ 3.64           Direct Programs:         \$ 20.205 Highway Planning and Construction         80100 \$ 313.694.509 \$ 5.92           20.205 Play Recreational Trails Program         75000 \$ 30           Pass Through Non-State Entity:         \$ 313.694.509 \$ 5.92           20.205 Highway Planning and Construction         NDSU Bismarck-Mandan Metropolitan Planning Organization         38151860 Bis-Man \$ 33.662 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$   | 20.218 Motor Carrier Safety Assistance                           | 50400           |                     |                       | \$ | 2,595,323   | \$              |
| Direct PUSCURE         Ederal Transit Capital Investment Grants         80100         \$23,837         \$2           20.526         Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs         80100         \$3,616,542         3,61           70tal for Fusit Cluster         \$3,640,379         \$3,64           Highway Planning and Construction Cluster           Direct Programs         80100         \$313,694,509         \$5,92           20.205         Highway Planning and Construction         80100         \$313,694,509         \$5,92           20.205         Poscereational Trails Program         75000         \$30         \$30         \$30           Pass Through Trails Program         75000         \$30  | Total for Federal Motor Carrier Safety Assistance Cluster        |                 |                     |                       | \$ | 2,595,323   | \$              |
| 20.526 Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs  Total for Federal Transit Cluster  Total for Federal Transit Cluster  Highway Planning and Construction Cluster  Direct Programs  20.205 Highway Planning and Construction 80100 \$313,694,509 \$5,92 \$20.219 Recreational Trails Program 75000 \$1,049,602 \$30 \$10.0000 \$10.000 \$10.000 \$10.000 \$10.000 \$10.000 \$10.000 \$10.000 \$10.000 \$10.000 \$10.0000 |  |                 |                     |                       |    |             |                 |
| Total for Federal Transit Cluster         \$ 3,640,379         \$ 3,640,379         \$ 3,640,379         \$ 3,640,379         \$ 3,640,379         \$ 3,640,379         \$ 3,640,379         \$ 3,640,379         \$ 3,640,379         \$ 3,640,379         \$ 3,640,379         \$ 3,640,379         \$ 3,640,379         \$ 3,640,379         \$ 3,640,379         \$ 5,92         \$ 5,92         \$ 3,92         \$ 5,92         \$ 3,92   | 20.500 Federal Transit Capital Investment Grants                 | 80100           |                     |                       | \$ | 23,837      | \$<br>23,837    |
| Highway Planning and Construction Cluster  Direct Programs:  20.205 Highway Planning and Construction 80100 \$ 313,694,509 \$ 5,92   20.219 Recreational Trails Program 75000 \$ 1,049,602 30    Pass Through Non-State Entity:  20.205 Highway Planning and Construction NDSU Bismarck-Mandan Metropolitan Planning Organization    20.205 Highway Planning and Construction NDSU Fargo-Moorhead Metropolitan Council of Governments    20.205 Highway Planning and Construction NDSU Grand Forks Metropolitan Organization    NDSU Grand Forks-East Grand Forks Metropolitan    Total for Highway Planning and Construction Cluster    \$ 314,828,794 \$ 6,22  |  | 80100           |                     |                       |    | 3,616,542   | 3,616,542       |
| Direct Programs:  20.205 Highway Planning and Construction 20.219 Recreational Trails Program 75000  Pass Through Non-State Entity:  20.205 Highway Planning and Construction NDSU Bismarck-Mandan Metropolitan Planning Organization Organization NDSU Fargo-Moorhead Metropolitan Council of Governments  NDSU Grand Forks-East Grand Forks Metropolitan 38151860- GF/EGF MPO 45,789  Total for Highway Planning and Construction Cluster  A 1,049,602  30  38151860 Bis-Man 33,662  5,232   | Total for Federal Transit Cluster                                |                 |                     |                       | \$ | 3,640,379   | \$<br>3,640,379 |
| 20.219 Recreational Trails Program 75000 1,049,602 30  Pass Through Non-State Entity:  20.205 Highway Planning and Construction NDSU Bismarck-Mandan Metropolitan Planning 38151860 Bis-Man 33,662 \$  20.205 Highway Planning and Construction NDSU Fargo-Moorhead Metropolitan Council of Governments  NDSU Fargo-Moorhead Metropolitan Council of Governments 38151860- FM COG 5,232 Governments  NDSU Grand Forks-East Grand Forks Metropolitan 38151860- GF/EGF MPO 45,789  Total for Highway Planning and Construction Cluster \$  \$ 314,828,794 \$ 6,22  |  |                 |                     |                       |    |             |                 |
| Pass Through Non-State Entity:  20.205 Highway Planning and Construction  NDSU Bismarck-Mandan Metropolitan Planning 38151860 Bis-Man \$33,662 \$  20.205 Highway Planning and Construction  NDSU Fargo-Moorhead Metropolitan Council of Governments  NDSU Grand Forks-East Grand Forks Metropolitan 38151860- FM COG 5,232 5  Fargo-Moorhead Metropolitan Council of Governments  NDSU Grand Forks-East Grand Forks Metropolitan 38151860- GF/EGF MPO 45,789 56,22 5  Total for Highway Planning and Construction Cluster   | 20.205 Highway Planning and Construction                         | 80100           |                     |                       | \$ | 313,694,509 | \$<br>5,926,697 |
| 20.205 Highway Planning and Construction  NDSU Bismarck-Mandan Metropolitan Planning Organization  NDSU Bismarck-Mandan Metropolitan Planning 38151860 Bis-Man \$33,662 \$  20.205 Highway Planning and Construction  NDSU Fargo-Moorhead Metropolitan Council of Governments  NDSU Grand Forks-East Grand Forks Metropolitan 38151860- FM COG 5,232  Planning and Construction  NDSU Grand Forks-East Grand Forks Metropolitan Council of Governments  NDSU Grand Forks-East Grand Forks Metropolitan Council of Governments  NDSU Grand Forks-East Grand Forks Metropolitan Council of Governments  NDSU Grand Forks-East Grand Forks Metropolitan Council of Governments  NDSU Grand Forks-East Grand Forks Metropolitan Council of Governments   | 20.219 Recreational Trails Program                               | 75000           |                     |                       |    | 1,049,602   | 300,482         |
| Organization  20.205 Highway Planning and Construction  NDSU Fargo-Moorhead Metropolitan Council of Governments  NDSU Fargo-Moorhead Metropolitan Council of Governments  NDSU Grand Forks-East Grand Forks Metropolitan Council of Governments  NDSU Grand Forks-East Grand Forks Metropolitan Council of Governments  Total for Highway Planning and Construction Cluster  Satisfactor MCOG 5,232  45,789  Council of Governments  \$38151860- GF/EGF MPO Council of Governments  \$314,828,794 \$ 6,22  | Pass Through Non-State Entity:                                   |                 |                     |                       |    |             |                 |
| Governments  20.205 Highway Planning and Construction  NDSU Grand Forks-East Grand Forks Metropolitan Council of Governments  Total for Highway Planning and Construction Cluster  Governments  Governments  Grand Forks-East Grand Forks Metropolitan Council of Governments  \$\frac{314,828,794}{\$\frac{5}{22}}\$\$\$\$\frac{5,22}{\$\frac{5}{22}}\$\$\$\$\$   | 20.205 Highway Planning and Construction                         | NDSU            |                     | 38151860 Bis-Man      | \$ | 33,662      | \$              |
| Council of Governments  Total for Highway Planning and Construction Cluster  \$ 314,828,794 \$ 6,22  | 20.205 Highway Planning and Construction                         | NDSU            |                     | 38151860- FM COG      |    | 5,232       |                 |
| · · · · · · · · · · · · · · · · · · ·  | 20.205 Highway Planning and Construction                         | NDSU            |                     | 38151860- GF/EGF MPO  |    | 45,789      |                 |
| Highway Safety Cluster   | Total for Highway Planning and Construction Cluster              |                 |                     |                       | \$ | 314,828,794 | \$<br>6,227,179 |
| vi v   | Highway Safety Cluster   |                 |                     |                       |    |             | <br>            |
| Direct Programs:   |  |                 |                     |                       |    |             |                 |
| 20.600 State and Community Highway Safety 80100 \$ 1,924,248 \$ 33   | 20.600 State and Community Highway Safety                        | 80100           |                     |                       | \$ | 1,924,248   | \$<br>331,813   |

| CFDA<br>NUMBER                       | PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY                      | IDENTIFYING<br>NUMBER     | EXF | PENDITURES  | OUNT TO RECIPIENTS |
|--------------------------------------|--|-----------------|--|---------------------------|-----|-------------|--------------------|
| 20.616                               | National Priority Safety Programs                                      | 80100           |  |                           |     | 2,487,340   | 554,057            |
| Total for F                          | lighway Safety Cluster   |                 |  |                           | \$  | 4,411,588   | \$<br>885,870      |
| Research                             | & Development Cluster  |                 |  |                           |     |             | <br>               |
| Direct Pro                           | grams:   |                 |  |                           |     |             |                    |
| 20.109                               | Air Transportation Centers of Excellence                               | UND             |  |                           | \$  | 11,587      | \$                 |
| 20.232                               | Commercial Driver's License Program Implementation Grant               | NDSU            |  |                           |     | 224,739     |                    |
| 20.701                               | University Transportation Centers Program                              | NDSU            |  |                           |     | 2,388,570   | 1,830,138          |
| 20.724                               | Pipeline Safety Research Competitive Academic Agreement Program (CAAP) | NDSU            |  |                           |     | 228,786     |                    |
| 20.RD                                | A18_A11L.UAS.22-Small UAS Detect and Avoid Requirements                | UND             |  | 15-C-UAS-UND-011          |     | 74,009      |                    |
| 20.RD                                | UAS Parameters, Exceedances, Recording Rates for ASIAS                 | UND             |  | 15-C-UAS-UND-012          |     | 24,518      |                    |
| 20.RD                                | UAS Test Data Collection and Analysis                                  | UND             |  | 15-C-UAS-UND-010          |     | 60,108      | 27,888             |
| Pass Thro                            | ugh Non-State Entity:  |                 |  |                           |     |             |                    |
| 20.108                               | Aviation Research Grants   | UND             | The MITRE Corporation                    | 119947 TaskOrder 2-125004 | \$  | 169,674     | \$                 |
| 20.200                               | Highway Research and Development Program                               | NDSU            | WSP Global Inc.                          | WSP #182618G              |     | 62,001      |                    |
| 20.205                               | Highway Planning and Construction                                      | NDSU            | Minnesota Department of Transportation   | 1003323 Work Order No. 6  |     | 14,056      |                    |
| 20.600                               | State and Community Highway Safety                                     | NDSU            | South Dakota Department of Public Safety | N/A                       |     | 16,717      |                    |
| 20.701                               | University Transportation Centers Program                              | NDSU            | Montana State University                 | G136-14-W4660             |     | 105,914     |                    |
| 20.701                               | University Transportation Centers Program                              | NDSU            | Montana State University                 | G226-17-W6460             |     | 323,266     |                    |
| 20.RD                                | Seat Belt Use in South Dakota  | NDSU            | South Dakota Department of Public Safety | SDDOT 1-1-2019            |     | 11,776      |                    |
| Total for F                          | Research & Development Cluster   |                 |  |                           | \$  | 3,715,721   | \$<br>1,858,026    |
| Transit Se                           | rvices Programs Cluster<br>grams:                                      |                 |  |                           |     |             |                    |
| 20.513                               | Enhanced Mobility of Seniors and Individuals with Disabilities         | 80100           |  |                           | \$  | 736,210     | \$<br>736,210      |
| Total for T                          | ransit Services Programs Cluster                                       |                 |  |                           | \$  | 736,210     | \$<br>736,210      |
| Total For                            | Department Of Transportation   |                 |  |                           | \$  | 338,227,963 | \$<br>19,965,155   |
| Departme<br>Unclustere<br>Direct Pro |  |                 |  |                           |     |             |                    |
| •                                    | Veterans State Domiciliary Care  | 31300           |  |                           | \$  | 1,021,311   | \$                 |

| CFDA<br>NUMBER           | PROGRAM TITLE  | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER | EXP | PENDITURES |    | IOUNT TO<br>RECIPIENTS |
|--------------------------|--|-------------------------------------|-----------------------|-----|------------|----|------------------------|
| 64.015                   | Veterans State Nursing Home Care   | 31300                               |                       |     | 1,553,978  |    |                        |
| 64.035                   | Veterans Transportation Program  | 32100                               |                       |     | 547,463    |    | 488,881                |
| Total for U              | Inclustered  |                                     |                       | \$  | 3,122,752  | \$ | 488,881                |
| Uncluster                | ed   |                                     |                       |     |            |    |                        |
| Direct Pro               | grams:   |                                     |                       |     |            |    |                        |
| 64.U01                   | State Approving Agency   | 32100                               | V101 (223C) P-5745    | \$  | 120,828    | \$ |                        |
| 64.U02                   | VA Processing Fee  | NDSU                                | VA01241994            |     | 2,135      |    |                        |
| 64.U03                   | Veterans Administration - Residents Rotations  | UND                                 | 7-1-1994              |     | 395,002    |    |                        |
| Total for U              | Inclustered  |                                     |                       | \$  | 517,965    | \$ |                        |
| Total For                | Department Of Veterans Affairs   |                                     |                       | \$  | 3,640,717  | \$ | 488,881                |
| Environn                 | nental Protection Agency   |                                     |                       |     |            |    |                        |
| Unclustere<br>Direct Pro |  |                                     |                       |     |            |    |                        |
|                          |  | 00400                               |                       | Ф   | 444.054    | Φ. |                        |
| 66.034                   | Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act | 30100                               |                       | \$  | 114,651    | \$ |                        |
| 66.040                   | State Clean Diesel Grant Program   | 30100                               |                       |     | 163,877    |    | 163,877                |
| 66.419                   | Water Pollution Control State, Interstate, and Tribal Program Support  | 30100                               |                       |     | 244,402    |    | 3,530                  |
| 66.433                   | State Underground Water Source Protection  | 40500                               |                       |     | 104,000    |    |                        |
| 66.454                   | Water Quality Management Planning  | 30100                               |                       |     | 108,031    |    | 68,340                 |
| 66.460                   | Nonpoint Source Implementation Grants  | 30100                               |                       |     | 3,896,585  |    | 2,272,643              |
| 66.605                   | Performance Partnership Grants   | 30100                               |                       |     | 4,057,527  |    | 41,503                 |
| 66.605                   | Performance Partnership Grants   | NDSU                                |                       |     | 86,459     |    |                        |
| 66.608                   | Environmental Information Exchange Network Grant Program and Related Assistance  | 30100                               |                       |     | 148,720    |    |                        |
| 66.700                   | Consolidated Pesticide Enforcement Cooperative Agreements  | 60200                               |                       |     | 341,997    |    |                        |
| 66.804                   | Underground Storage Tank (UST) Prevention, Detection, and Compliance Program   | 30100                               |                       |     | 214,084    |    |                        |
| 66.805                   | Leaking Underground Storage Tank Trust Fund Corrective Action Program  | 30100                               |                       |     | 483,967    |    |                        |
| 66.817                   | State and Tribal Response Program Grants   | 30100                               |                       |     | 87,215     |    |                        |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY  | IDENTIFYING<br>NUMBER | EX | PENDITURES | OUNT TO         |
|----------------|--|-----------------|----------------------|-----------------------|----|------------|-----------------|
| 66.U01         | Water Sample Collection  | VCSU            |                      | W912ES-16-P-0058      |    | 8,606      |                 |
| Pass Thro      | ugh Non-State Entity:  |                 |                      |                       |    |            |                 |
| 66.460         | Nonpoint Source Implementation Grants  | NDSU            | Dakota Prairies RC&D | N/A                   | \$ | 6,619      | \$              |
| 66.716         | Research, Development, Monitoring, Public Education, Outreach, Training, Demonstrations, and Studies | NDSU            | eXtension Foundation | 83698001              |    | 19,800     |                 |
| 66.716         | Research, Development, Monitoring, Public Education, Outreach, Training, Demonstrations, and Studies | NDSU            | eXtension Foundation | SA-2017-61            |    | 12,694     |                 |
| Total for U    | Inclustered  |                 |                      |                       | \$ | 10,099,234 | \$<br>2,549,893 |
| Drinking V     | /ater State Revolving Fund Cluster<br>grams:   |                 |                      |                       |    |            |                 |
| 66.468         | Capitalization Grants for Drinking Water State Revolving Funds                                       | 30100           |                      |                       | \$ | 662,813    | \$              |
| Total for L    | Prinking Water State Revolving Fund Cluster  |                 |                      |                       | \$ | 662,813    | \$              |
| Research       | & Development Cluster  |                 |                      |                       |    |            |                 |
| Direct Pro     | •  |                 |                      |                       |    |            |                 |
| 66.461         | Regional Wetland Program Development Grants  | NDSU            |                      |                       | \$ | 50,826     | \$              |
| 66.516         | P3 Award: National Student Design Competition for Sustainability                                     | NDSU            |                      |                       |    | 4,029      |                 |
| Total for F    | Research & Development Cluster   |                 |                      |                       | \$ | 54,855     | \$              |
| Total For      | Environmental Protection Agency  |                 |                      |                       | \$ | 10,816,902 | \$<br>2,549,893 |
| Equal Em       | ployment Opportunity Commission  |                 |                      |                       |    |            |                 |
| Unclustere     | ed   |                 |                      |                       |    |            |                 |
| Direct Pro     | grams:   |                 |                      |                       |    |            |                 |
| 30.002         | Employment Discrimination - State and Local Fair Employment Practices Agency Contracts               | 40600           |                      |                       | \$ | 126,350    | \$              |
| Total for U    | Inclustered  |                 |                      |                       | \$ | 126,350    | \$              |
| Total For      | Equal Employment Opportunity Commission  |                 |                      |                       | \$ | 126,350    | \$              |
| Executive      | Office of the President  |                 |                      |                       |    |            |                 |
| Unclustere     |  |                 |                      |                       |    |            |                 |
| Direct Pro     |  |                 |                      |                       |    |            |                 |
| 95.001         | High Intensity Drug Trafficking Areas Program  | 12500           |                      |                       | \$ | 809,780    | \$<br>391,151   |
| Total for U    | Inclustered  |                 |                      |                       | \$ | 809,780    | \$<br>391,151   |

| CFDA<br>NUMBER PROGRAM TITLE                            | STATE<br>AGENCY | PASS THROUGH ENTITY         | IDENTIFYING<br>NUMBER | EXF | ENDITURES | OUNT TO<br>ECIPIENTS |
|---|-----------------|-----------------------------|-----------------------|-----|-----------|----------------------|
| Total For Executive Office of the President             |                 |                             |                       | \$  | 809,780   | \$<br>391,151        |
| General Services Administration                         |                 |                             |                       |     |           |                      |
| Unclustered   |                 |                             |                       |     |           |                      |
| Nonmonetary Assistance:                                 |                 |                             |                       |     |           |                      |
| 39.003 Donation of Federal Surplus Personal Property    | 11000           |                             |                       | \$  | 1,447,880 | \$                   |
| Total for Unclustered                                   |                 |                             |                       | \$  | 1,447,880 | \$                   |
| Total For General Services Administration               |                 |                             |                       | \$  | 1,447,880 | \$                   |
| Institute of Museum and Library Services                |                 |                             |                       |     |           |                      |
| Unclustered   |                 |                             |                       |     |           |                      |
| Direct Programs:  |                 |                             |                       |     |           |                      |
| 45.310 Grants to States                                 | 25000           |                             |                       | \$  | ,         | \$                   |
| Total for Unclustered                                   |                 |                             |                       | \$  | 970,427   | \$                   |
| Total For Institute of Museum and Library Services      |                 |                             |                       | \$  | 970,427   | \$                   |
| National Aeronautics and Space Administration           |                 |                             |                       |     |           |                      |
| Unclustered   |                 |                             |                       |     |           |                      |
| Direct Programs:  |                 |                             |                       |     |           |                      |
| 43.001 Science  | UND             |                             |                       | \$  | 10,702    | \$                   |
| 43.008 Office of Stem Engagement (OSTEM)                | UND             |                             |                       |     | 1,170,529 | 24,490               |
| Pass Through Non-State Entity:                          |                 |                             |                       |     |           |                      |
| 43.012 Space Technology                                 | 60100           | University of North Dakota  | N/A                   | \$  | 178,493   | \$                   |
| Total for Unclustered                                   |                 |                             |                       | \$  | 1,359,724 | \$<br>24,490         |
| Research & Development Cluster                          |                 |                             |                       |     |           |                      |
| Direct Programs:  |                 |                             |                       |     |           |                      |
| 43.001 Science  | UND             |                             |                       | \$  | 474,604   | \$<br>33,604         |
| 43.008 Office of Stem Engagement (OSTEM)                | UND             |                             |                       |     | 126,522   |                      |
| Pass Through Non-State Entity:                          |                 |                             |                       |     |           |                      |
| 43.001 Science  | UND             | Planetary Science Institute | 1345                  | \$  | 2,784     | \$                   |
| 43.001 Science  | NDSU            | University of New Hampshire | 15-024                |     | 136,365   |                      |
| Total for Research & Development Cluster                |                 |                             |                       | \$  | 740,275   | \$<br>33,604         |
| Total For National Aeronautics and Space Administration |                 |                             |                       | \$  | 2,099,999 | \$<br>58,094         |

| CFDA<br>NUMBER PROGRAM TITLE   | STATE<br>AGENCY | PASS THROUGH ENTITY     | IDENTIFYING<br>NUMBER | EXP | ENDITURES | <br>OUNT TO<br>RECIPIENTS |
|--|-----------------|-------------------------|-----------------------|-----|-----------|---------------------------|
| National Endowment for the Arts  |                 |                         |                       |     |           |                           |
| Unclustered  |                 |                         |                       |     |           |                           |
| Direct Programs:   |                 |                         |                       |     |           |                           |
| 45.025 Promotion of the Arts Partnership Agreements                    | 70900           |                         |                       | \$  | 724,600   | \$<br>565,785             |
| Pass Through Non-State Entity:   |                 |                         |                       |     |           |                           |
| 45.024 Promotion of the Arts Grants to Organizations and Individuals   | DSU             | Arts Midwest            | 1844334-52-C-18       | \$  | 6,028     | \$                        |
| Total for Unclustered  |                 |                         |                       | \$  | 730,628   | \$<br>565,785             |
| Total For National Endowment for the Arts                              |                 |                         |                       | \$  | 730,628   | \$<br>565,785             |
| National Endowment for the Humanities                                  |                 |                         |                       |     |           |                           |
| Unclustered  |                 |                         |                       |     |           |                           |
| Direct Programs:   |                 |                         |                       |     |           |                           |
| 45.149 Promotion of the Humanities Division of Preservation and Access | 70100           |                         |                       | \$  | 121,466   | \$                        |
| Pass Through Non-State Entity:   |                 |                         |                       |     |           |                           |
| 45.129 Promotion of the Humanities Federal/State Partnership           | DSU             | Humanities North Dakota | 18504                 | \$  | 9,250     | \$                        |
| 45.129 Promotion of the Humanities Federal/State Partnership           | BSC             | Humanities North Dakota | N/A                   |     | 2,900     |                           |
| Total for Unclustered  |                 |                         |                       | \$  | 133,616   | \$                        |
| Total For National Endowment for the Humanities                        |                 |                         |                       | \$  | 133,616   | \$                        |
| National Science Foundation  |                 |                         |                       |     |           |                           |
| Unclustered  |                 |                         |                       |     |           |                           |
| Direct Programs:   |                 |                         |                       |     |           |                           |
| 47.070 Computer and Information Science and Engineering                | UND             |                         |                       | \$  | 3,175     | \$                        |
| 47.076 Education and Human Resources                                   | NDSCS           |                         |                       |     | 84,784    |                           |
| Total for Unclustered  |                 |                         |                       | \$  | 87,959    | \$                        |
| Unclustered Direct Programs:   |                 |                         |                       |     |           |                           |
| 47.U01 IPA - Intergovernmental Personal Act                            | NDSU            |                         | CNS-1650752           | \$  | 163,759   | \$                        |
| Total for Unclustered  |                 |                         |                       | \$  | 163,759   | \$                        |

| CFDA<br>NUMBER | PROGRAM TITLE                                    | STATE<br>AGENCY | PASS THROUGH ENTITY         | IDENTIFYING<br>NUMBER | EXPENDITURES | AMOUNT TO SUBRECIPIENTS |
|----------------|--|-----------------|-----------------------------|-----------------------|--------------|-------------------------|
| Research       | & Development Cluster                            |                 |                             |                       |              |                         |
| Direct Prog    | grams:   |                 |                             |                       |              |                         |
| 47.041         | Engineering                                      | UND             |                             |                       | \$ 30,057    | \$                      |
| 47.041         | Engineering                                      | NDSU            |                             |                       | 531,073      | 14,880                  |
| 47.049         | Mathematical and Physical Sciences               | NDSU            |                             |                       | 261,990      |                         |
| 47.049         | Mathematical and Physical Sciences               | UND             |                             |                       | 267,965      | 6,905                   |
| 47.050         | Geosciences                                      | UND             |                             |                       | 252,343      |                         |
| 47.050         | Geosciences                                      | NDSU            |                             |                       | 168,227      |                         |
| 47.070         | Computer and Information Science and Engineering | UND             |                             |                       | 215,520      | 189,770                 |
| 47.070         | Computer and Information Science and Engineering | NDSU            |                             |                       | 1,007,594    | 13,358                  |
| 47.074         | Biological Sciences                              | NDSU            |                             |                       | 1,110,555    |                         |
| 47.074         | Biological Sciences                              | UND             |                             |                       | 846,535      |                         |
| 47.075         | Social, Behavioral, and Economic Sciences        | NDSU            |                             |                       | 160,287      |                         |
| 47.075         | Social, Behavioral, and Economic Sciences        | UND             |                             |                       | 20,941       |                         |
| 47.076         | Education and Human Resources                    | NDSU            |                             |                       | 1,351,553    | 32,284                  |
| 47.076         | Education and Human Resources                    | WSC             |                             |                       | 51,456       |                         |
| 47.076         | Education and Human Resources                    | UND             |                             |                       | 452,460      | 26,785                  |
| 47.079         | Office of International Science and Engineering  | UND             |                             |                       | 144,138      | 2,897                   |
| 47.083         | Integrative Activities                           | NDSU            |                             |                       | 5,632,579    | 1,066,090               |
| Pass Thro      | ugh Non-State Entity:                            |                 |                             |                       |              |                         |
| 47.041         | Engineering                                      | NDSU            | Sunstrand LLC               | N/A                   | \$ 1,426     | \$                      |
| 47.041         | Engineering                                      | UND             | The University of Utah      | 10040267/58502300     | 21,413       |                         |
| 47.041         | Engineering                                      | NDSU            | Uniqarta                    | N/A                   | 37,436       |                         |
| 47.041         | Engineering                                      | NDSU            | University of Minnesota     | A005007501            | 43,475       |                         |
| 47.050         | Geosciences                                      | NDSU            | Purdue University           | 4101-70253            | 7,433        |                         |
| 47.070         | Computer and Information Science and Engineering | UND             | University of Illinois      | 067846-17002          | 40,317       |                         |
| 47.070         | Computer and Information Science and Engineering | NDSU            | University of South Alabama | A19-0025-S001         | 38,067       |                         |
| 47.075         | Social, Behavioral, and Economic Sciences        | NDSU            | Michigan State University   | RC108528NDSU          | 30,840       |                         |
| 47.075         | Social, Behavioral, and Economic Sciences        | NDSU            | University of Hawaii        | MA1351                | 2,286        |                         |
| 47.075         | Social, Behavioral, and Economic Sciences        | NDSU            | University of Minnesota     | A007306801            | 18,856       |                         |
|                |  |                 |                             |                       |              |                         |

| CFDA<br>NUMBER PROGRAM TITLE   | STATE<br>AGENCY | PASS THROUGH ENTITY                        | IDENTIFYING<br>NUMBER | EX | PENDITURES | IOUNT TO<br>RECIPIENTS |
|--|-----------------|--|-----------------------|----|------------|------------------------|
| 47.076 Education and Human Resources   | NDSU            | Clemson University                         | 1882-206-2011602      |    | 12,557     | 3,973                  |
| 47.076 Education and Human Resources   | NDSU            | Missouri University of Science &Technology | 0052875               |    | 9,050      |                        |
| 47.076 Education and Human Resources   | NDSU            | Salish Kootenai College                    | NDSU-18-01            |    | 76         |                        |
| 47.076 Education and Human Resources   | NDSU            | Salish Kootenai College                    | NDSU-18-2             |    | 4,718      |                        |
| 47.079 Office of International Science and Engineering                                       | NDSU            | University of South Alabama                | A19-0039-S001         |    | 16,302     |                        |
| Total for Research & Development Cluster   |                 |  |                       | \$ | 12,789,525 | \$<br>1,356,942        |
| Total For National Science Foundation  |                 |  |                       | \$ | 13,041,243 | \$<br>1,356,942        |
| Nuclear Regulatory Commission  |                 |  |                       |    |            |                        |
| Unclustered  |                 |  |                       |    |            |                        |
| Direct Programs:   |                 |  |                       |    |            |                        |
| 77.008 U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program                 | BSC             |  |                       | \$ | 50,015     | \$                     |
| Total for Unclustered  |                 |  |                       | \$ | 50,015     | \$                     |
| Total For Nuclear Regulatory Commission  |                 |  |                       | \$ | 50,015     | \$                     |
| Small Business Administration  |                 |  |                       |    |            |                        |
| Unclustered  |                 |  |                       |    |            |                        |
| Direct Programs:   |                 |  |                       |    |            |                        |
| 59.037 Small Business Development Centers  | UND             |  |                       | \$ | 677,050    | \$<br>61,076           |
| 59.044 Veterans Outreach Program   | UND             |  |                       |    | 245,510    |                        |
| 59.058 Federal and State Technology Partnership Program                                      | UND             |  |                       |    | 37,446     | <br>24.070             |
| Total for Unclustered  |                 |  |                       | \$ | 960,006    | \$<br>61,076           |
| Total For Small Business Administration  |                 |  |                       | \$ | 960,006    | \$<br>61,076           |
| Social Security Administration   |                 |  |                       |    |            |                        |
| Unclustered  |                 |  |                       |    |            |                        |
| Direct Programs:   |                 |  |                       |    |            |                        |
| 96.009 Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries | 36000           |  |                       | \$ | 147,681    | \$                     |
| Total for Unclustered  |                 |  |                       | \$ | 147,681    | \$                     |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER | EXPENDITURES | AMOUNT TO SUBRECIPIENTS |
|----------------|--|-------------------------------------|-----------------------|--------------|-------------------------|
| Disability     | Insurance/SSI Cluster  |                                     |                       |              |                         |
| Direct Pro     | grams:   |                                     |                       |              |                         |
| 96.001         | Social Security Disability Insurance   | 32500                               |                       | \$ 3,117,545 | \$                      |
| Total for L    | Disability Insurance/SSI Cluster   |                                     |                       | \$ 3,117,545 | \$                      |
| Total For      | Social Security Administration   |                                     |                       | \$ 3,265,226 | \$                      |
| U.S. Depa      | artment Of Agriculture   |                                     |                       |              |                         |
| Uncluster      |  |                                     |                       |              |                         |
| Direct Pro     | grams:   |                                     |                       |              |                         |
| 10.001         | Agricultural Research Basic and Applied Research   | NDSU                                |                       | \$ 43,808    | \$                      |
| 10.025         | Plant and Animal Disease, Pest Control, and Animal Care  | 60200                               |                       | 363,734      |                         |
| 10.025         | Plant and Animal Disease, Pest Control, and Animal Care  | NDSU                                |                       | 136,971      |                         |
| 10.153         | Market News  | 60200                               |                       | 10,500       |                         |
| 10.162         | Inspection Grading and Standardization   | 60200                               |                       | 344          |                         |
| 10.163         | Market Protection and Promotion  | 60200                               |                       | 12,000       |                         |
| 10.168         | Farmers Market Promotion Program   | MISUB                               |                       | 8,036        |                         |
| 10.170         | Specialty Crop Block Grant Program - Farm Bill   | 60200                               |                       | 2,190,945    | 448,781                 |
| 10.171         | Organic Certification Cost Share Programs  | 60200                               |                       | 104,092      | 70,321                  |
| 10.178         | Trade Mitigation Program Eligible Recipient Agency<br>Operational Funds  | 20100                               |                       | 8,636        |                         |
| 10.215         | Sustainable Agriculture Research and Education   | MISUB                               |                       | 60,267       |                         |
| 10.310         | Agriculture and Food Research Initiative (AFRI)  | NDSU                                |                       | 48,640       |                         |
| 10.326         | Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)   | DSU                                 |                       | 150,687      |                         |
| 10.328         | National Food Safety Training, Education, Extension,<br>Outreach, and Technical Assistance Competitive Grants<br>Program | MISUB                               |                       | 12,421       |                         |
| 10.329         | Crop Protection and Pest Management Competitive Grants Program   | NDSU                                |                       | 153,759      |                         |
| 10.351         | Rural Business Development Grant   | BSC                                 |                       | 30,187       |                         |
| 10.351         | Rural Business Development Grant   | MISUB                               |                       | 1,608        |                         |
| 10.435         | State Mediation Grants   | 60200                               |                       | 66,722       |                         |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY PASS THROUGH ENTITY | IDENTIFYING<br>NUMBER EXPENDITURES | AMOUNT TO SUBRECIPIENTS |
|----------------|---|-------------------------------------|------------------------------------|-------------------------|
| 10.475         | Cooperative Agreements with States for Intrastate Meat and Poultry Inspection   | 60200                               | 455,351                            |                         |
| 10.477         | Meat, Poultry, and Egg Products Inspection  | 60200                               | 83,209                             |                         |
| 10.500         | Cooperative Extension Service   | NDSU                                | 326,820                            |                         |
| 10.534         | CACFP Meal Service Training Grants  | 20100                               | 17,611                             | 7,161                   |
| 10.537         | Supplemental Nutrition Assistance Program (SNAP)<br>Employment and Training (E&T) Data and Technical<br>Assistance Grants | 32500                               | 720                                |                         |
| 10.557         | WIC Special Supplemental Nutrition Program for Women, Infants, and Children   | 30100                               | 10,257,580                         | 3,508,902               |
| 10.558         | Child and Adult Care Food Program   | 20100                               | 9,706,378                          | 9,333,371               |
| 10.560         | State Administrative Expenses for Child Nutrition   | 20100                               | 1,743,916                          | 263,516                 |
| 10.567         | Food Distribution Program on Indian Reservations  | 20100                               | 1,353,670                          | 926,752                 |
| 10.574         | Team Nutrition Grants   | 20100                               | 17,649                             | 17,649                  |
| 10.575         | Farm to School Grant Program  | 20100                               | 41,921                             | 41,921                  |
| 10.578         | WIC Grants To States (WGS)  | 30100                               | 114,933                            | 4,835                   |
| 10.579         | Child Nutrition Discretionary Grants Limited Availability   | 20100                               | 209,683                            | 111,008                 |
| 10.582         | Fresh Fruit and Vegetable Program   | 20100                               | 1,752,089                          | 1,684,817               |
| 10.664         | Cooperative Forestry Assistance   | NDSU                                | 1,531,158                          | 330,845                 |
| 10.680         | Forest Health Protection  | 60200                               | 40,813                             | 36,557                  |
| 10.691         | Good Neighbor Authority   | NDSU                                | 99,836                             |                         |
| 10.697         | State & Private Forestry Hazardous Fuel Reduction Program   | NDSU                                | 82,557                             |                         |
| 10.761         | Technical Assistance and Training Grants  | MISUB                               | 12,123                             |                         |
| 10.773         | Rural Business Opportunity Grants   | MISUB                               | 52,734                             |                         |
| 10.902         | Soil and Water Conservation   | 72000                               | 230,349                            |                         |
| 10.902         | Soil and Water Conservation   | 60200                               | 31,217                             | 16,799                  |
| 10.902         | Soil and Water Conservation   | NDSU                                | 72,693                             |                         |
| 10.950         | Agricultural Statistics Reports   | NDSU                                | 20,000                             |                         |
| 10.962         | Cochran Fellowship Program-International Training-Foreign Participant   | NDSU                                | 26,991                             |                         |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY | PASS THROUGH ENTITY                      | IDENTIFYING<br>NUMBER | EXP | ENDITURES  | MOUNT TO<br>RECIPIENTS |
|----------------|---|-----------------|--|-----------------------|-----|------------|------------------------|
| Nonmonet       | ary Assistance:   |                 |  |                       |     |            |                        |
| 10.475         | Cooperative Agreements with States for Intrastate Meat and Poultry Inspection | 60200           |  |                       | \$  | 5,737      | \$                     |
| 10.567         | Food Distribution Program on Indian Reservations                              | 20100           |  |                       |     | 4,101,354  | 4,101,354              |
| Pass Thro      | ugh Non-State Entity:   |                 |  |                       |     |            |                        |
| 10.001         | Agricultural Research Basic and Applied Research                              | NDSU            | South Dakota State University            | 3TR612                | \$  | 8,782      | \$                     |
| 10.215         | Sustainable Agriculture Research and Education                                | NDSCS           | Northcentral Technical College           | 201910-08-02          |     | 3,524      |                        |
| 10.215         | Sustainable Agriculture Research and Education                                | NDSU            | University of Minnesota                  | H004403717            |     | 9,753      |                        |
| 10.215         | Sustainable Agriculture Research and Education                                | NDSU            | University of Minnesota                  | H004991239            |     | 67,003     |                        |
| 10.215         | Sustainable Agriculture Research and Education                                | NDSU            | University of Minnesota                  | H005722933            |     | 4,511      |                        |
| 10.215         | Sustainable Agriculture Research and Education                                | NDSU            | University of Minnesota                  | H007179302            |     | 11,142     |                        |
| 10.227         | 1994 Institutions Research Program  | NDSU            | Nueta Hidatsa Sahnish College            | N/A                   |     | 10,781     |                        |
| 10.304         | Homeland Security Agricultural  | NDSU            | Kansas State University                  | S17046                |     | 24,691     |                        |
| 10.310         | Agriculture and Food Research Initiative (AFRI)                               | NDSU            | North Carolina State University          | 2015-0097-12          |     | 3,745      |                        |
| 10.329         | Crop Protection and Pest Management Competitive Grants Program                | NDSU            | University of Illinois, Urbana Champaign | 076332-15430          |     | 16,601     |                        |
| 10.329         | Crop Protection and Pest Management Competitive Grants Program                | NDSU            | University of Illinois, Urbana Champaign | 076332-15436          |     | 19,518     |                        |
| 10.329         | Crop Protection and Pest Management Competitive Grants Program                | NDSU            | University of Illinois, Urbana Champaign | 076332-16658          |     | 6,029      |                        |
| 10.331         | Food Insecurity Nutrition Incentive Grants Program                            | NDSU            | South Dakota State University            | 3TB548                |     | 1,074      |                        |
| 10.351         | Rural Business Development Grant  | NDSU            | Spirit Lake Nation                       | N/A                   |     | 6,781      |                        |
| 10.500         | Cooperative Extension Service   | NDSU            | Auburn University                        | 18-CHS-205205-NDSU    |     | 85,938     | 36,257                 |
| 10.500         | Cooperative Extension Service   | NDSU            | Kansas State University                  | S17117                |     | 13,158     |                        |
| 10.500         | Cooperative Extension Service   | NDSU            | Kansas State University                  | S19103                |     | 13,320     |                        |
| 10.500         | Cooperative Extension Service   | NDSU            | South Dakota State University            | 3TB319                |     | 36,485     |                        |
| 10.500         | Cooperative Extension Service   | NDSU            | South Dakota State University            | N/A                   |     | 12,668     |                        |
| 10.500         | Cooperative Extension Service   | NDSU            | University of Minnesota                  | CPS#0001608811        |     | 329,595    |                        |
| 10.912         | Environmental Quality Incentives Program                                      | NDSU            | University of Wisconsin Madison          | PO#000001235          |     | 11,416     |                        |
| Total for L    | Inclustered   |                 |  |                       | \$  | 36,488,964 | \$<br>20,940,846       |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY           | IDENTIFYING<br>NUMBER                       | EXF | PENDITURES | MOUNT TO<br>RECIPIENTS |
|----------------|--|-----------------|-------------------------------|---|-----|------------|------------------------|
| Uncluster      | ed   |                 |                               |   |     |            |                        |
| Direct Pro     | grams:   |                 |                               |   |     |            |                        |
| 10.U01         | Curation of Artifacts                                    | 70100           |                               | 18-CS-11011800-021 & 18-<br>PA-11011800-021 | \$  | 2,781      | \$                     |
| 10.U04         | Celebrating the 50th Anniversary of NHPA                 | 70100           |                               | 16-CS-11011800-019                          |     | 988        |                        |
| 10.U05         | Highway Hub of History Pilot Project                     | 70100           |                               | 08-CS-11011800-030                          |     | 4,666      |                        |
| Pass Thro      | ough Non-State Entity:                                   |                 |                               |   |     |            |                        |
| 10.U07         | ND / SD Extension Gerontology Specialist Position        | NDSU            | South Dakota State University | 3CES25                                      | \$  | 22,850     | \$                     |
| Total for      | Unclustered  |                 |                               |   | \$  | 31,285     | \$                     |
| Child Nuti     | rition Cluster   |                 |                               |   |     |            |                        |
| Direct Pro     | grams:   |                 |                               |   |     |            |                        |
| 10.553         | School Breakfast Program                                 | 20100           |                               |   | \$  | 6,088,057  | \$<br>6,033,770        |
| 10.555         | National School Lunch Program                            | 20100           |                               |   |     | 21,877,495 | 21,779,989             |
| 10.556         | Special Milk Program for Children                        | 20100           |                               |   |     | 24,546     | 24,546                 |
| 10.559         | Summer Food Service Program for Children                 | 20100           |                               |   |     | 1,028,928  | 948,266                |
| Nonmone        | tary Assistance:   |                 |                               |   |     |            |                        |
| 10.555         | National School Lunch Program                            | 20100           |                               |   | \$  | 5,031,948  | \$<br>5,031,948        |
| 10.559         | Summer Food Service Program for Children                 | 20100           |                               |   |     | 6,720      | 6,720                  |
| Total for      | Child Nutrition Cluster                                  |                 |                               |   | \$  | 34,057,694 | \$<br>33,825,239       |
| Food Dist      | ribution Cluster<br>grams:                               |                 |                               |   |     |            |                        |
| 10.565         | Commodity Supplemental Food Program                      | 20100           |                               |   | \$  | 223,112    | \$<br>167,495          |
| 10.568         | Emergency Food Assistance Program (Administrative Costs) | 20100           |                               |   |     | 250,679    | 130,857                |
| Nonmone        | tary Assistance:   |                 |                               |   |     |            |                        |
| 10.565         | Commodity Supplemental Food Program                      | 20100           |                               |   | \$  | 459,925    | \$<br>459,925          |
| 10.569         | Emergency Food Assistance Program (Food Commodities)     | 20100           |                               |   |     | 1,958,174  | 1,958,174              |
| Total for      | Food Distribution Cluster                                |                 |                               |   | \$  | 2,891,890  | \$<br>2,716,451        |
| Forest Se      | rvice Schools and Roads Cluster<br>grams:                |                 |                               |   |     |            |                        |
|                | Schools and Roads - Grants to States                     | 12000           |                               |   | \$  | 462        | \$<br>462              |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY                 | IDENTIFYING<br>NUMBER | EXF | PENDITURES | MOUNT TO<br>BRECIPIENTS |
|----------------|--|-----------------|-------------------------------------|-----------------------|-----|------------|-------------------------|
| 10.U02         | USDA Forest Service Cost Share Challenge                         | VCSU            |                                     | 16-CS-11011800-016    |     | 17,447     |                         |
| 10.U03         | USDA Forest Service Cost Share Challenge                         | VCSU            |                                     | 17-CS-11011800-017    |     | 5,275      |                         |
| 10.U06         | USDA Forest Service Cost Share Challenge                         | VCSU            |                                     | 17-CS-11011800-016    |     | 6,829      |                         |
| Total for F    | Forest Service Schools and Roads Cluster                         |                 |                                     |                       | \$  | 30,013     | \$<br>462               |
| Research       | & Development Cluster  |                 |                                     |                       |     |            |                         |
| Direct Pro     | grams:   |                 |                                     |                       |     |            |                         |
| 10.001         | Agricultural Research Basic and Applied Research                 | NDSU            |                                     |                       | \$  | 2,702,175  | \$                      |
| 10.001         | Agricultural Research Basic and Applied Research                 | UND             |                                     |                       |     | 1,868,928  |                         |
| 10.025         | Plant and Animal Disease, Pest Control, and Animal Care          | NDSU            |                                     |                       |     | 84,708     |                         |
| 10.028         | Wildlife Services  | NDSU            |                                     |                       |     | 119,432    |                         |
| 10.028         | Wildlife Services  | UND             |                                     |                       |     | 3,224      |                         |
| 10.167         | Transportation Services  | NDSU            |                                     |                       |     | 148,430    |                         |
| 10.200         | Grants for Agricultural Research, Special Research Grants        | NDSU            |                                     |                       |     | 75,331     | 275                     |
| 10.202         | Cooperative Forestry Research                                    | NDSU            |                                     |                       |     | 93,771     |                         |
| 10.203         | Payments to Agricultural Experiment Stations Under the Hatch Act | NDSU            |                                     |                       |     | 2,453,328  |                         |
| 10.207         | Animal Health and Disease Research                               | NDSU            |                                     |                       |     | 44,569     |                         |
| 10.310         | Agriculture and Food Research Initiative (AFRI)                  | NDSU            |                                     |                       |     | 1,360,538  | 279,500                 |
| 10.310         | Agriculture and Food Research Initiative (AFRI)                  | UND             |                                     |                       |     | 124,897    |                         |
| 10.500         | Cooperative Extension Service                                    | NDSU            |                                     |                       |     | 2,437,828  |                         |
| 10.664         | Cooperative Forestry Assistance                                  | NDSU            |                                     |                       |     | 61,880     |                         |
| 10.903         | Soil Survey  | NDSU            |                                     |                       |     | 20,926     |                         |
| 10.912         | Environmental Quality Incentives Program                         | NDSU            |                                     |                       |     | 79,245     | 37,271                  |
| 10.924         | Conservation Stewardship Program                                 | NDSU            |                                     |                       |     | 38,200     |                         |
| 10.932         | Regional Conservation Partnership Program                        | UND             |                                     |                       |     | 17,615     |                         |
| Pass Thro      | ugh Non-State Entity:  |                 |                                     |                       |     |            |                         |
| 10.001         | Agricultural Research Basic and Applied Research                 | NDSU            | University of Nebraska-Lincoln      | 25-6235-0275-002      | \$  | 1,500      | \$                      |
| 10.163         | Market Protection and Promotion                                  | NDSU            | American Sheep Industry Association | N/A                   |     | 8,690      |                         |
| 10.170         | Specialty Crop Block Grant Program - Farm Bill                   | NDSU            | National Sunflower Association      | 17-357                |     | 72,295     |                         |
| 10.170         | Specialty Crop Block Grant Program - Farm Bill                   | NDSU            | USA Dry Pea & Lentil Council        | N/A                   |     | 3,807      |                         |
|                |  |                 |                                     |                       |     |            |                         |

| CFDA<br>NUMBER | PROGRAM TITLE  | STATE<br>AGENCY | PASS THROUGH ENTITY               | IDENTIFYING<br>NUMBER | EXPENDITURES  | AMOUNT TO SUBRECIPIENTS |
|----------------|--|-----------------|-----------------------------------|-----------------------|---------------|-------------------------|
| 10.200         | Grants for Agricultural Research, Special Research Grants      | NDSU            | Michigan State University         | PO 388158             | 15,162        |                         |
| 10.200         | Grants for Agricultural Research, Special Research Grants      | NDSU            | Michigan State University         | PO 388637             | 12,490        |                         |
| 10.200         | Grants for Agricultural Research, Special Research Grants      | NDSU            | Michigan State University         | RC106511C             | 165,711       |                         |
| 10.215         | Sustainable Agriculture Research and Education                 | NDSU            | South Dakota State University     | 3TB473                | 163           |                         |
| 10.215         | Sustainable Agriculture Research and Education                 | NDSU            | University of Minnesota           | H005722909            | 52,323        |                         |
| 10.215         | Sustainable Agriculture Research and Education                 | NDSU            | University of Minnesota           | H007179324            | 5,128         |                         |
| 10.227         | 1994 Institutions Research Program                             | NDSU            | United Tribes Technical College   | N/A                   | 3,214         |                         |
| 10.303         | Integrated Programs  | NDSU            | Michigan State University         | RC108938NDSU          | 4,177         |                         |
| 10.303         | Integrated Programs  | NDSU            | University of Wisconsin Madison   | 855K326               | 3,367         |                         |
| 10.307         | Organic Agriculture Research and Extension Initiative          | NDSU            | Montana State University          | G193-19-W7408         | 4,047         |                         |
| 10.309         | Specialty Crop Research Initiative                             | NDSU            | Colorado State University         | G-01363-02            | 94,906        |                         |
| 10.309         | Specialty Crop Research Initiative                             | NDSU            | Cornell University                | 73999-10419           | 370,498       |                         |
| 10.309         | Specialty Crop Research Initiative                             | NDSU            | Montana State University          | G102-20-W7553         | 2,821         |                         |
| 10.309         | Specialty Crop Research Initiative                             | NDSU            | University of Minnesota           | H007082504            | 15,135        |                         |
| 10.310         | Agriculture and Food Research Initiative (AFRI)                | NDSU            | Kansas State University           | S19134                | 8,626         |                         |
| 10.310         | Agriculture and Food Research Initiative (AFRI)                | NDSU            | Purdue University                 | F9002711902004        | 68,277        |                         |
| 10.310         | Agriculture and Food Research Initiative (AFRI)                | NDSU            | South Dakota State University     | 3TB455                | 5,285         |                         |
| 10.310         | Agriculture and Food Research Initiative (AFRI)                | NDSU            | South Dakota State University     | 3TB821                | 28,316        |                         |
| 10.310         | Agriculture and Food Research Initiative (AFRI)                | NDSU            | South Dakota State University     | 3TB828                | 6,589         |                         |
| 10.310         | Agriculture and Food Research Initiative (AFRI)                | NDSU            | University of Connecticut         | 174365                | 7,103         |                         |
| 10.320         | Sun Grant Program  | NDSU            | South Dakota State University     | 3TK640                | 67,766        | 26,736                  |
| 10.320         | Sun Grant Program  | NDSU            | South Dakota State University     | 3TL640                | 80,768        | 27,230                  |
| 10.320         | Sun Grant Program  | NDSU            | South Dakota State University     | 3TS640                | 30,848        |                         |
| 10.329         | Crop Protection and Pest Management Competitive Grants Program | NDSU            | Michigan State University         | RC108974G             | 1,022         |                         |
| 10.902         | Soil and Water Conservation                                    | NDSU            | Red River Basin Commission        | N/A                   | 23,524        |                         |
| 10.903         | Soil Survey  | NDSU            | Purdue University                 | 8000083094-AG         | 178           |                         |
| 10.924         | Conservation Stewardship Program                               | NDSU            | Turtle Mountain Community College | NR186633XXXXG006      | 6,400         |                         |
| Total for F    | Research & Development Cluster                                 |                 |                                   |                       | \$ 12,905,161 | \$ 371,012              |

| CFDA<br>NUMBER | PROGRAM TITLE   | STATE<br>AGENCY |  |                    | EXPENDITURES |               | IDENTIFYING<br>NUMBER EXP |  | <br>MOUNT TO<br>RECIPIENTS |
|----------------|---|-----------------|--|--------------------|--------------|---------------|---------------------------|--|----------------------------|
| SNAP Clu       | ister   |                 |  |                    |              |               |                           |  |                            |
| Direct Pro     | grams:  |                 |  |                    |              |               |                           |  |                            |
| 10.551         | Supplemental Nutrition Assistance Program   | 32500           |  |                    | \$           | 64,823,362    | \$                        |  |                            |
| 10.561         | State Administrative Matching Grants for the Supplemental<br>Nutrition Assistance Program | 32500           |  |                    |              | 10,957,937    | 52,134                    |  |                            |
| Total for S    | SNAP Cluster  |                 |  |                    | \$           | 75,781,299    | \$<br>52,134              |  |                            |
| Total For      | U.S. Department Of Agriculture  |                 |  |                    | \$           | 162,186,306   | \$<br>57,906,144          |  |                            |
| U.S. Elec      | tion Assistance Commission  |                 |  |                    |              |               |                           |  |                            |
| Unclustere     | ed  |                 |  |                    |              |               |                           |  |                            |
| Direct Pro     | grams:  |                 |  |                    |              |               |                           |  |                            |
| 90.401         | Help America Vote Act Requirements Payments   | 10800           |  |                    | \$           | 195,306       | \$                        |  |                            |
| Total for L    | <i>Inclustered</i>  |                 |  |                    | \$           | 195,306       | \$                        |  |                            |
| Total For      | U.S. Election Assistance Commission   |                 |  |                    | \$           | 195,306       | \$                        |  |                            |
| United St      | ates Agency For International Development   |                 |  |                    |              |               |                           |  |                            |
|                | & Development Cluster   |                 |  |                    |              |               |                           |  |                            |
| Pass Thro      | ough Non-State Entity:  |                 |  |                    |              |               |                           |  |                            |
| 98.001         | USAID Foreign Assistance for Programs Overseas  | NDSU            | Pennsylvania State University                                    | 4932-NDSU-AID-0077 | \$           | 172,357       | \$<br>11,360              |  |                            |
| 98.001         | USAID Foreign Assistance for Programs Overseas  | NDSU            | The National Academies   | 200008308          |              | 88,634        |                           |  |                            |
| 98.RD          | A Sustainable Point-of-use Filtration Unit for Treating                                   | NDSU            | The National Academies of Sciences,<br>Engineering, and Medicine | 2000006097         |              | 18,580        |                           |  |                            |
| Total for F    | Research & Development Cluster  |                 |  |                    | \$           | 279,571       | \$<br>11,360              |  |                            |
| Total For      | United States Agency For International Development  |                 |  |                    | \$           | 279,571       | \$<br>11,360              |  |                            |
| ТОТА           | L EXPENDITURES OF FEDERAL AWARDS  |                 |  |                    | \$           | 2,125,635,580 | \$<br>303,228,056         |  |                            |

For the Fiscal Years Ended June 30, 2020 and 2019

#### NOTE 1. PURPOSE OF THE SCHEDULE

The Schedule of Expenditures of Federal Awards (Schedule) is a supplementary schedule to the State's basic financial statements (BFS) and is presented for the purposes of additional analysis. The Schedule is required by Office of Management and Budget (OMB) Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

#### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of Presentation

<u>Federal Financial Assistance</u> – Pursuant to the Single Audit Act of 1984 (Public Law 98-502), the Single Audit Act Amendments of 1996 (Public Law 104-156), and OMB Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, that non-federal entities receive or administer, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property interest subsidies, insurance, or direct appropriations. Accordingly, nonmonetary federal assistance, including food commodities, food stamps, vaccines, and donated surplus property is included in federal financial assistance and, therefore, is reported on the Schedule. Federal financial assistance does not include direct federal cash assistance to individuals. Contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

<u>Catalog of Federal Domestic Assistance</u> – Uniform Guidance requires the Schedule to show the total expenditures for each of the State's federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs.

Each program included in the CFDA is assigned a five-digit program identification number (CFDA number), the first two digits designate the federal agency and the last three digits designate the federal assistance program within the federal agency.

Federal financial assistance programs that have not been assigned a CFDA number are indicated using the federal agency's two digit code as the prefix and using a "U" followed by a two-digit number (e.g., U01, U02, etc.) for the last three digits. If the Federal program is part of the Research and Development (R&D) cluster, "RD" is used as the CFDA extension.

<u>Clusters of Programs</u> – Closely related programs with different CFDA numbers that share common compliance requirements are to be considered a cluster of programs. The only program clusters presented on the Schedule are those mandated by OMB in the 2 CFR Part 200, Appendix XI, *Compliance Supplement*.

#### For the Fiscal Years Ended June 30, 2020 and 2019

#### B. Type A and Type B Programs

The Uniform Guidance establishes the levels of expenditures to be used in defining Type A and Type B federal financial assistance programs. Type A assistance programs for the State of North Dakota are those programs that exceeded \$13,255,999 in federal expenditures, distributions, or issuances for the two-year period ended June 30, 2020.

#### C. Reporting Entity

The Schedule includes all federal financial assistance programs administered by those State departments and entities included in the State's Comprehensive Annual Financial Report, except the departments audited by independent public accounting firms that file their own single audit with the federal clearinghouse. The departments not included in the Schedule are: Housing Finance Authority, Bank of North Dakota, Job Service North Dakota, and Public Finance Authority.

#### D. Basis of Accounting

Federal financial assistance expenditures included in the Schedule are reported using the modified accrual basis of accounting, except for the following: colleges, universities, and enterprise entities reported expenditures on the accrual basis; the Department of Public Instruction, Division of Emergency Services, Secretary of State, Information Technology Department, Insurance Department, State Historical Society, Council on the Arts, Attorney General's Office, State Auditor's Office, Industrial Commission, Department of Labor, School for the Blind, State Water Commission, State Treasurer, Governor's Office, Office of Management and Budget, and the Department of Human Services reported expenditures on the cash basis; and the Health Department reported expenditures on the cash basis plus accrued payroll and accrued indirect costs.

<u>Indirect Costs</u> – The State has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance except for the following three agencies:

Department of Veterans Affairs Aeronautics Commission State Auditor's Office (2020) Valley City State University

<u>Matching Costs</u> – The Schedule does not include matching expenditures.

Nonmonetary Assistance – The Schedule contains values for several nonmonetary assistance programs. The Commodities and Vaccine programs are presented at the federally assigned values of the products distributed by the state. The Surplus Property program is presented at the fair market value of property received. The fair market value was estimated to be 23.34% of the property's original federal acquisition value.

#### For the Fiscal Years Ended June 30, 2020 and 2019

<u>Loan and Loan Guarantee Programs</u> – Information on federal loan and federal loan guarantee programs is included in the Notes to the Schedule instead of on the Schedule itself.

<u>Federal Transactions Between State Entities</u> – Some state entities transfer federal assistance to other state entities (i.e., a pass-through of funds by the primary recipient state entity to a subrecipient state entity). In this case, the expenditures are recognized by the primary state entity on the Schedule of Expenditures of Federal Awards. Purchases of services between state entities using federal moneys are reported as expenditures by the purchasing entity and as revenues for services rendered by the providing entity.

<u>Supplemental Nutrition Assistance Program (SNAP) Expenditures</u> – The Supplemental Nutrition Assistance Program (SNAP) is presented at the dollar value of food stamp electronic benefit transfers authorized and used by recipients.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

#### NOTE 3. NONMONETARY ASSISTANCE INVENTORY

As described previously in Note 2, nonmonetary assistance is reported in the Schedule based on the amount disbursed. At June 30, 2020 and 2019, the inventory balances of nonmonetary assistance were as follows:

| Nonmonetary Assistance   | June 30, 2019 | June 30, 2020 |
|--------------------------|---------------|---------------|
| Food Commodities         | \$ 1,425,573  | \$ 1,496,645  |
| Donated Surplus Property | 2,481,853     | 2,315,585     |
| Vaccines                 | 3,081,065     | 5,092,070     |
| Total Inventory Balance  | \$ 6,988,491  | \$ 8,904,300  |

#### NOTE 4. LOAN PROGRAMS

The state administers two loan programs with continuing compliance requirements other than Student Financial Aid. At June 30, 2020 and 2019, the amount of loans receivable for each loan program were as follows:

| Loan Program                                       | CFDA#  | FY19          | FY20          |
|--|--------|---------------|---------------|
| Community Development Block Grants/State's Program | 14.228 | \$ 1,502,969  | \$ 1,662,077  |
| HOME Investment Partnerships Program               | 14.239 | 8,560,637     | 9,690,186     |
| Total Loans Receivable                             |        | \$ 10,063,606 | \$ 11,352,263 |

For the Fiscal Years Ended June 30, 2020 and 2019

#### NOTE 5. STUDENT FINANCIAL AID PROGRAMS

Expenditures as included on the Schedule of Expenditures of Federal Awards for student financial assistance programs include refunds to grantors, administrative expenses, collection costs, litigation costs, etc.

Advances to students, loans receivable, and federal capital contributions for applicable loan programs for the fiscal years ended June 30, 2020 and 2019 are identified below:

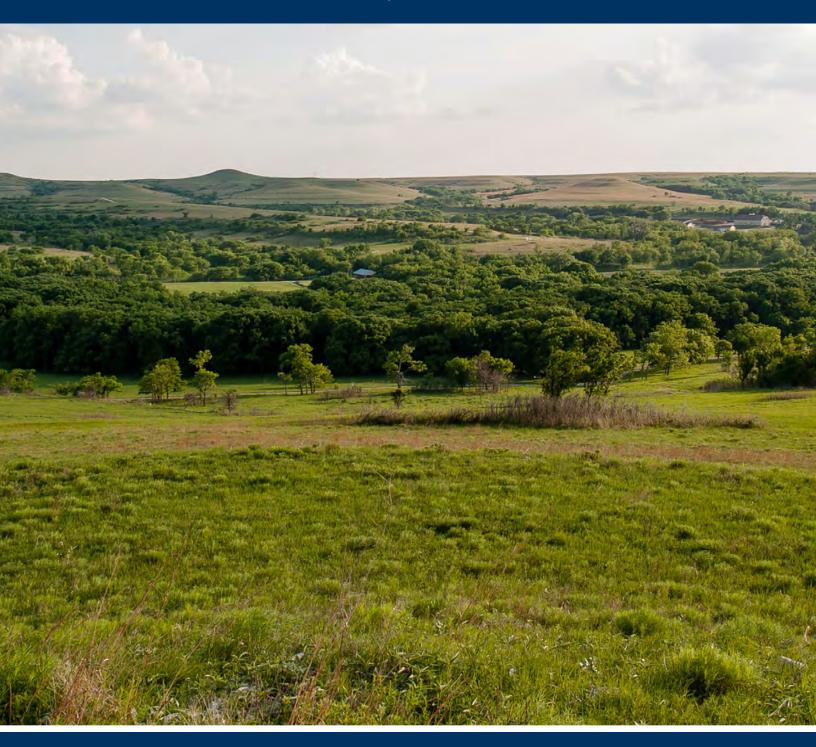
| Student Financial Aid Program   | CFDA#            |    | # FY19               |    | FY20                 |
|---|------------------|----|----------------------|----|----------------------|
| Loan Advances:  |                  |    |                      |    |                      |
| Federal Direct Student Loans  | 84.268           | \$ | 161,272,912          | \$ | 161,331,786          |
| Nurse Faculty Loan Program (NFLP)   | 93.264           |    | 23,432               |    | 10,492               |
| Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students                             | 93.342           |    | 34,500               |    | 60,100               |
| Nursing Student Loans   | 93.364           |    | 569,123              |    | 478,315              |
| Total Loan Advances   |                  | \$ | 161,899,967          | \$ | 161,880,693          |
| Loans Receivable:   |                  |    |                      |    |                      |
| Federal Perkins Loan Program  | 84.038           | \$ | 25,803,731           | \$ | 20,391,605           |
| Nurse Faculty Loan Program (NFLP)   | 93.264           |    | 108,934              |    | 113,960              |
| Health Professions Student Loans, Including Primary<br>Care Loans/Loans for Disadvantaged Students<br>Nursing Student Loans | 93.342<br>93.364 |    | 390,996<br>2,586,530 |    | 257,991<br>2,488,563 |
| Total Loans Receivable  |                  | \$ | 28,890,191           | \$ | 23,252,119           |

Loan advances represent new loans made directly by the institution for the Perkins, Nursing, and Health Professions loan programs. The colleges and universities are responsible for completing portions of the loan application, verifying student eligibility, filing enrollment verification reports, refunding money to lenders, and disbursing loan checks received from the lending institutions for Federal Family Education Loans.

Loans receivable are shown at gross and are derived from the financial records of the applicable college or university.



# Office of the State Auditor





March 1, 2021

Mr. Josh Gallion State Auditor 600 E Boulevard Avenue, Dept. 117 Bismarck, ND 58505

Dear Mr. Gallion:

In accordance with Uniform Guidance requirements, we have prepared the accompanying corrective action plans. For each finding, we are providing you with the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

Jeff Larshus

**Director of State Financial Services** 

Jeff Larshun

#### **Management's Response and Corrective Action**

Fiscal Years Ended June 30, 2019 and 2020

FINANCIAL STATEMENT FINDINGS
Office of Management and Budget
Finding: F19-1

Office of Management and Budget Response/Corrective Action Plan: Although we agree with the auditors that the two disclosures were inadvertently not included in the notes to the financial statements and subsequently added after being brought to our attention, we do not feel the missing disclosures qualitatively affect the user's ability to understand the State's financial position and results of operation. Furthermore, we do not agree that the missing note disclosures constitute a significant deficiency in internal controls. OMB will continue to work with the component units and their auditor reports to ensure all necessary note disclosures are included in the CAFR.

Contact Person: Rachel Kmetz, Accounting Manager, Fiscal Management Division

Anticipated Completion Date: June 30, 2020

**Auditor's Concluding Remarks:** Annually, the Office of Management and Budget identifies in the CAFR the new GASB pronouncements that have been implemented including GASB 62 and GASB 88. Lack of procedures for including required disclosures resulted in incomplete application of the GASB pronouncements and failure to provide essential information related to debt to taxpayers, public officials, and others who use the CAFR and accompanying notes.

Office of Management and Budget Finding: F20-1

Office of Management and Budget Response/Corrective Action Plan: OMB agrees with the recommendation. OMB will work with the Department of Transportation to ensure they are capitalizing and depreciating infrastructure projects timely after the project is substantially complete according to current policies.

Contact Person: Rachel Kmetz, Accounting Manager, Fiscal Management Division

Anticipated Completion Date: June 30, 2021



February 9, 2021

Joshua C. Gallion State Auditor 600 E Boulevard Ave Bismarck, ND 58505

Dear Mr. Gallion,

We have prepared the accompanying correction action plan as required by the standards applicable to financial audits contained in the *Government Auditing Standards* and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, for the finding we are providing you with our responsible officials' views, the name of the contact person responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

Celeste Engelhard Lead Fiscal Officer

aleste Engelhard

#### **Management's Response and Corrective Action**

Fiscal Years Ended June 30, 2019 and 2020

**Department of Commerce** 

Finding: 2020-001

**Department of Commerce Response/Corrective Action Plan:** The Department of Commerce agrees with the recommendation and will ensure accurate preparation of the Schedule of Expenditures of Federal Awards and the schedule will be reviewed by the Lead Fiscal Officer before being submitted.

Contact Person: Celeste Engelhard, Lead Fiscal Officer

**Anticipated Completion Date:** We immediately put our corrective action plan into place. The 2020 SEFA was completed and reviewed before being submitted to the Office of Management and Budget.



March 1, 2021

Josh Gallion State Auditor 600 E Boulevard Ave Dept 117 Bismarck, ND 58505

Dear Mr. Gallion:

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in Government Auditing Standards and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Specifically, for each finding we are providing you with our responsible officials' views, the names of the contact people responsible for the corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

Christopher D. Jones **Executive Director** 

Cc: Jacqueline Ressler

#### **Management's Response and Corrective Action**

Fiscal Years Ended June 30, 2019 and 2020

**Department of Human Services** 

Finding: 2020-002

**Department of Human Services Response/Corrective Action Plan:** The Department of Human Services agrees with the recommendation. The Medicaid Policy Unit has implemented ELearning training that is mandatory for all Medicaid Eligibility Workers.

- The Training Modules are as follows:
- Electronic Data Sources
- Documentation & Narratives
- Common Eligibility Errors: Income
- Common Eligibility Errors: Household Composition
- Non-ACA Reviews
- TPL

The system error related to Defect 158460 has since been implemented which fixed the issue in SPACES.

The PaSS Unit provides ongoing training for eligibility workers.

**Contact Person:** Joyce Johnson, Medical Policy Director and Juli Johnson, Medicaid Policy Administrator

**Anticipated Completion Date: Completed** 

#### **Management's Response and Corrective Action**

Fiscal Years Ended June 30, 2019 and 2020

**Finding:** 2020-003

Department of Human Services Response/Corrective Action Plan: The Department of Human Services (DHS) agrees with the recommendation. DHS has now filled the vacant Medicaid Accountant position. This position will be responsible to complete the administrative portion of the Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI report (CMS-21 Report). Part of the quarterly reporting process will be to reconcile the amounts reported to PeopleSoft, as the PeopleSoft system is the system of record for DHS administrative expenses. As noted above DHS did not perform the reconciliation's timely due to turnover in staff but reconciliations were provided once requested and no errors were noted. DHS anticipates reconciliation's will be done timely since the position has been filled.

The Medical Assistance expenditures reported on the Quarterly Statement of Expenditures for the Medical Assistance Program (MAP) (CMS-64 Report) are based on payment data from MMIS. This data is summarized and grouped according to CMS reporting requirements. MAP expenditure data at this detail does not exist in PeopleSoft, therefore the PeopleSoft system is not used for federal reporting, however part of the federal reporting process includes balancing PeopleSoft check write amounts to MMIS 64 reports generated from MMIS.

DHS wishes to clarify that there is not a risk of federal reporting being inaccurate for the MAP if reconciliations between the federal report and PeopleSoft are not completed. MMIS is the system of record for federal reporting and calculations for collection adjustment are part of the federal reporting process and can only made in PeopleSoft once the federal reporting process is complete. DHS will ensure timely adjustments are made to PeopleSoft to ensure MAP expenditure amounts reported on the CMS-64 are properly reflected in PeopleSoft, this will also ensure that fiscal year-end financial reporting is reflective of what has been reported, and therefore reduce the risk of misstatement on the Schedule of Expenditures of Federal Awards.

Contact Person: Rhonda Obrigewitch, Assistant CFO

**Anticipated Completion Date:** September 2021

#### **Management's Response and Corrective Action**

Fiscal Years Ended June 30, 2019 and 2020

**Finding:** 2020-004

**Department of Human Services Response/Corrective Action Plan:** The Department of Human Services agrees with the recommendation. The Department will implement additional editing in MMIS during the claim adjudication process prior to claims payment to enhance the identification of potential duplicate payments. During the next year, the Department will review at least quarterly whether additional editing may be necessary to enhance the identification of potential duplicate payments.

Contact Person: Caprice Knapp, Medicaid Director

Anticipated Completion Date: March 31, 2022

**Finding:** 2020-005

**Department of Human Services Response/Corrective Action Plan:** The Department of Human Services agrees with the recommendation. The Department will provide education to providers on the requirement to retain documentation to support the services billed. The Department will also provide education to providers on the necessity to provide the requested documentation for a records request.

Contact Person: Caprice Knapp, Medicaid Director

Anticipated Completion Date: June 30, 2021

#### **Management's Response and Corrective Action**

Fiscal Years Ended June 30, 2019 and 2020

**Finding:** 2020-006

**Department of Human Services Response/Corrective Action Plan:** The Department of Human Services agrees with the recommendation. The Program Integrity Unit has revised the language in the Audit Overview Oversight document to better reflect the new rehabilitation provider process. It is not a formal audit but rather an educational review process meant to assist the providers in billing correctly.

The Program Integrity Unit has reassigned the layperson ambulance reviews to the Utilization Review team due to no longer having a layperson in the PIU. The PIU will pull the applicable claims data for the UR team to conduct the review. Prior to reassigning to the UR team, a temporary enrollment staff helped get the late ambulance claim reviews caught up. Requests for the sample of ambulance claims for 4<sup>th</sup> quarter 2020 went out and we are currently receiving responses and are current with the reviews. The semi-annual recipient analysis for first half of 2020 was completed in October of 2020. The second half of 2020 will be reviewed this month.

Due to the declaration of the Public Health Emergency as of March 2020, State Medicaid Agencies were encouraged to halt auditing to allow healthcare facilities to focus on treating patients associated with the pandemic.

Contact Person: Dawn Mock, Medicaid Program Integrity Administrator

**Anticipated Completion Date: Completed** 

Finding: 2020-007

**Department of Human Services Response/Corrective Action Plan:** The Department agrees with the recommendation and will sign an amendment to the Cotiviti contract which will meet the requirements of the confidentiality agreement in Section 7.1.2 of the Medicaid National Correct Coding Initiative Technical Guidance Manual, revised 01/01/2020.

Contact Person: Caprice Knapp, Medicaid Director

**Anticipated Completion Date:** March 2021

#### Management's Response and Corrective Action

Fiscal Years Ended June 30, 2019 and 2020

**Finding:** 2020-008

**Department of Human Services Response/Corrective Action Plan:** The Department agrees with the recommendation. The Department's Program will continue to request a SOC audit from HMS.

Contact Person: Cody Hedge, Paralegal at Child Support

**Anticipated Completion Date:** January 2021

Finding: 2020-009

**Department of Human Services Response/Corrective Action Plan:** The Department of Human Services agrees with the recommendation. Early Childhood Services has received Technical Assistance from the regional office (OCC) regarding childcare records. Their recommendations according to CCDF requirements, were to update our compliance checklist (see below) and to eliminate the childcare record (SFN 1426) which is not a required form. All specialists will be using the updated compliance checklist by May of 2021.

#### **CHILD CARE RECORDS WORKSHEET**

Review of no less than 30 files must be conducted on site. If the abbreviated review reveals incomplete records, an additional 30 files must be reviewed. This process will continue, 30 files at a time, until no incomplete records are found or until all files have been reviewed.

For facilities will less than 30 children enrolled, all files will be reviewed.

| Records<br>Reviewed<br>30 All | Age Group<br>Reviewed: | Last Names From: |
|-------------------------------|------------------------|------------------|
| Insert Add Row<br>Button Here |                        |                  |

Contact Person: Carmen Traeholt, Early Childhood Services Statewide Manager

**Anticipated Completion Date:** May 2021

#### **Management's Response and Corrective Action**

Fiscal Years Ended June 30, 2019 and 2020

**Finding:** 2020-010

**Department of Human Services Response/Corrective Action Plan:** The Department of Human Services agrees with the recommendation. The State initiated a process redesign for early childhood licensing in August 2019. The redesign was intended to improve consistency of reviews, ongoing monitoring, and corrective action across all 19 Human Service Zones. The bulk of the redesign work took place in advance of the former county-employed early childhood licensors becoming state employees (January 2020).

As part of Redesign, DHS piloted the use of a streamlined on-site visit checklist to identify opportunities for efficiencies. Thirteen counties utilized the abbreviated form during pilot, the remaining counties continued to utilize the existing form. It was determined that the abbreviated form would not adequately capture information needed so, in June 2020 all licensors reverted to utilization of the full-length Compliance Checklist to assure all Health and Safety standards are being met.

In September 2020 DHS began the work of implementing a comprehensive Early Childhood Licensing database that will greatly improve the ability to properly license providers. The system is anticipated to be complete by March 2022.

Contact Person: Carmen Traeholt, Early Childhood Services Statewide Manager

Anticipated Completion Date: March 2022

Finding: 2020-011

**Department of Human Services Response/Corrective Action Plan:** The Department agrees with the recommendation. During the audit timeframe, County Licensors were inconsistent in how they followed up on corrective orders. As part of Early Childhood Services Redesign (completed by March 2020), all Licensing Specialists are assigned a specific provider case load, which will help Licensing Specialists keep track of any correction orders and follow-up expectations that affect providers they are assigned to work with.

Contact Person: Carmen Traeholt, Early Childhood Services Statewide Manager

**Anticipated Completion Date:** March 2021

#### **Management's Response and Corrective Action**

Fiscal Years Ended June 30, 2019 and 2020

**Finding:** 2020-012

**Department of Human Services Response/Corrective Action Plan:** The Department of Human Services agrees with the recommendation. The Lead Agency receives a monthly report that contains payments that could be considered duplicate that were made for three months prior to the current month. The report contains payments that meet the following criteria:

- Same child
- Same caretaker
- · Same provider
- Same service month

Department staff reviews identified payments on this report and maintains a log and notes on each situation and any follow up that was completed with Eligibility workers.

The consolidated eligibility system, SPACES, where payments are issued, does have checks validations in place to ensure payments to no exceed the state maximum rate. An additional warning message is in place and is received when a payment already exists for the child and provider for a service month and a new payment with the same criteria is entered. Workers are able to by-pass this warning message as there are instances where a second payment may be needed. The department will explore a system enhancement to make this warning message more prominent in an effort to reduce duplicate payment situations.

Contact Person: Emily Hakanson, Child Care Assistance Program Administrator

**Anticipated Completion Date:** There is no anticipated completion date for system enhancements as all enhancements have to be prioritized and scheduled based on need.

#### **Management's Response and Corrective Action**

Fiscal Years Ended June 30, 2019 and 2020

**Finding:** 2020-013

Department of Human Services Response/Corrective Action Plan: The Department agrees with the recommendation. DHS provides policy and system trainings, tips and tricks and policy and processing reminders as needed through periodic statewide trainings, monthly newsletters and online help resources. This effort is done in collaboration with the Policy and System Support (PaSS) unit in Economic Assistance. The PaSS unit will begin conducting CCAP New Worker Training annually beginning the winter of 2022. The training will cover all aspects of CCAP eligibility.

In March 2019, the department implemented a new eligibility system, SPACES. The implementation of this new system has made processing of cases less error prone as the system calculates all aspects of CCAP eligibility such as countable income amounts, countable households members, allowable child care hours, etc. The department is continually making improvements to the system through change requests.

Quality Assurance reviews are completed monthly and the results of those reviews are used to determine training needs, corrective active, etc. to mitigate errors.

Contact Person: Emily Hakanson, Child Care Assistance Program Administrator

**Anticipated Completion Date:** CCAP New Worker training will begin annually starting winter 2022. System enhancements and other trainings, reminders, etc. are completed as needed.

#### **Management's Response and Corrective Action**

Fiscal Years Ended June 30, 2019 and 2020

**Finding:** 2020-014

**Department of Human Services Response/Corrective Action Plan:** The Department of Human Services agrees with the recommendation. The State initiated a process redesign for early childhood licensing in August 2019. The redesign was intended to improve consistency of reviews, ongoing monitoring, and corrective action across all 19 Human Service Zones. The bulk of the redesign work took place in advance of the former county-employed early childhood licensors becoming state employees (January 2020).

As part of Redesign, DHS piloted the use of a streamlined on-site visit checklist to identify opportunities for efficiencies. Thirteen counties utilized the abbreviated form during pilot (August 2019 – March 2020); the remaining counties continued to utilize the existing form. It was determined that the abbreviated form would not adequately capture information needed so, in August 2020 all licensors reverted to utilization of the full-length Compliance Checklist to assure all Health and Safety standards are being met.

As part of North Dakota's regular federal review, the current compliance checklist was reviewed by Regional OCS and all recommendations will be implemented in May 2021.

Contact Person: Carmen Traeholt, Early Childhood Services Statewide Manager

**Anticipated Completion Date:** May 2021

#### **Management's Response and Corrective Action**

Fiscal Years Ended June 30, 2019 and 2020

**Finding:** 2020-015

**Department of Human Services Response/Corrective Action Plan:** The Department of Human Services agrees with the recommendation. During the audit timeframe County Licensors were inconsistent in rates of completion for unannounced visits. This was due, in part, to the difference in how each County chose to administer and staff this function; licensors were not consistently required to maintain certain caseloads which contributed to uneven application of this part of the regulation.

A major focus of the redesign effort was to ensure that the system was structured to ensure early childhood specialists time was organized to maximize time spent on visits. As part of redesign all Licensing Specialists are assigned a specific case load so they can schedule and follow through with unannounced visits for their assigned providers. This new distribution of work accompanied the transition from county to state employment (Jan 2020) and was being implemented by mid-2020.

Early Childhood Services is currently in the process of designing a database to ensure all required documents and licensing visits are complete prior to issuing licenses and certificates to providers. The data base will be complete in April of 2022.

Contact Person: Carmen Traeholt, Early Childhood Services Statewide Manager

**Anticipated Completion Date:** April 2022

Finding: 2020-016

Department of Human Services Response/Corrective Action Plan: The Department agrees with the recommendation. Early Childhood Services Redesign moved all County Licensors to State employment (Jan 2020) and Early Childhood Services Regional Representatives to a Supervisor status (March 2020). These steps will change how a QA visit is completed. QA visits starting in 2021 will include both standard performance reviews of licensors as well as quality assurance review of outputs and outcomes. This includes review of how licensors conduct visits and complete their core work related to license compliance and health and safety practices of child care programs.

Contact Person: Carmen Traeholt, Early Childhood Services Statewide Manager

Anticipated Completion Date: June 2021

#### **Management's Response and Corrective Action**

Fiscal Years Ended June 30, 2019 and 2020

**Finding:** 2020-017

**Department of Human Services Response/Corrective Action Plan:** The Department agrees with the recommendation. DHS acknowledges that due to SPACES implementation, the sampling sent to JOBS contractors was put on hold and not provided. Effective February 2021, all future Random Sampling Reports will be sent out monthly.

The following monthly Random Sampling Reports have been provided to the Employment Contractors:

- October, November and December 2019 were provided in May 2020
- April, May and June 2019 were provide in June 2020
- January, February and March 2020 were provided in June 2020
- July, August and September 2019 were provided in August 2020
- April, May and June 2020 were provided in August 2020
- July, August and September 2020 were provided in December 2020
- October and November 2020 were provided on January 4, 2021
- December 2020 will be sent out in February 2021

**Contact Person:** Joan Schatz, TANF/JOBS Program Administrator

**Anticipated Completion Date:** February 2021

#### **Management's Response and Corrective Action**

Fiscal Years Ended June 30, 2019 and 2020

**Finding:** 2020-018

**Department of Human Services Response/Corrective Action Plan:** The Department of Human Services agrees with this recommendation. The Child and Family Services (CFS) policy Foster Care Eligibility Quality Assurance Reviews 447-10-18 is under revision to accommodate the changes of eligibility unit implementation and how to apply review for high risk of agencies.

The fiscal office compiles the county/zone risk assessment on a yearly basis. CFS sends NDDHS Fiscal the required information (results of Foster Care reviews, OCR reviews, etc). The request to take the results of that combined risk assessment into account when selecting foster care reviews is embedded into the new draft policy. For example: If a zone is deemed high risk during the risk assessment and is not due for a file review, the high-risk knowledge will be considered in future sampling.

It is imperative to mention that the North Dakota Department of Human Services, the North Dakota Association of Counties, and local human service zone leaders, with the support of Gov. Doug Burgum and state lawmakers continue to redesign social services. This collaborative effort began with the passage of Senate Bill 2206 in 2017, continued with the passage of Senate Bill 2124 in 2019 and is currently being heard as Senate Bill 2086 during the 2021 legislative assembly. Due to redesign efforts, the Centralized Foster Care & Subsidized Adoption Eligibility Unit, absorbed as a function of Children and Family Services (CFS), went live February 1, 2021. The overall goals are to implement standardized procedures which offer consistency and efficiencies for workers, providers, and families, while reducing financial errors and overpayments for the state. The unit will manage the

- Eligibility determinations for foster care cases, while authorizing eligible foster care payments.
- Eligibility determinations for children seeking prevention services, also known as candidates for foster care.
- Sub-adopt negotiation process, while authorizing all eligible subsidy payments.
- o Opening and closing of ND Medicaid for all foster and sub-adopt cases.

Effective, February 1, 2021 much of the review is about our own NDDHS employees and error rate with payments or eligibility determinations. However, we will be able to notify the Zones/agencies if they are not getting information to the unit timely resulting in fiscal error.

Contact Person: Kelsey Bless, Permanency Administrator at Children and Family Services

**Anticipated Completion Date:** March 2021

#### **Management's Response and Corrective Action**

Fiscal Years Ended June 30, 2019 and 2020

**Finding:** 2020-019

**Department of Human Services Response/Corrective Action Plan:** The Department agrees with the recommendation. Program Accountant plans on creating a procedure manual for the end of the period of performance, to identify charges that need to be applied to the appropriate grant year. Currently there is not written procedure manual or documentation that outlines the steps needed to ensure proper period of performance.

This procedure manual to be created will outline the steps the Program Accountant needs to take in order to check all transactions posting to Peoplesoft from the AWARE case management system, check Peoplesoft speedcharts for both VR central office and the VR regional offices located in the Human Service Centers, and checking the history database for any errors on to ensure a comprehensive review of all transactions between the AWARE system and Peoplesoft.

**Contact Person:** Jacqueline Ressler, Account Manager and Isabel Tischmak, Vocational Rehab Program Accountant

Anticipated Completion Date: November 30, 2020

Kirsten Baesler State Superintendent



600 E. Boulevard Ave., Dept. 201 Bismarck, ND 58505-0440 Phone (701) 328-2260 Fax (701) 328-2461 www.nd.gov/dpi

February 4, 2021

The Honorable Joshua C. Gallion State Auditor 600 E Boulevard Ave Bismarck, ND 58505

Dear Mr. Gallion,

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in the *Government Auditing Standards* and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, for each finding we are providing you with our responsible officials' views, the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

Jamie Mertz

Fiscal Management Director

#### Management's Response and Corrective Action

Fiscal Years Ended June 30, 2019 and 2020

**Department of Public Instruction** 

Finding: 2020-020

**Department of Public Instruction Response/Corrective Action Plan:** The Department of Public Instruction agrees with the recommendation. The Department will review and update procedures for monitoring the Special Education Cluster.

Contact Person: Jamie Mertz, Fiscal Management Director

Anticipated Completion Date: July 1, 2021

Finding: 2020-021

**Department of Public Instruction Response/Corrective Action Plan:** The Department of Public Instruction agrees with the recommendation.

We have reviewed our audit procedures as well as 2 CFR 200 Subpart F. We will be looking possible ways to utilize a notification system so that deadlines are not missed as well as following up on outstanding issues.

Contact Person: Jamie Mertz, Fiscal Management Director

**Anticipated Completion Date:** May 1, 2021

**Finding:** 2020-022

**Department of Public Instruction Response/Corrective Action Plan:** The Department of Public Instruction agrees with the recommendation.

The following additional review and approval has been implemented.

- If the Grant Award Notification is system generated, the agency Fiscal Management Director will sign off on the Grant Award Notification template before the first one is issued.
- If the Grant Award Notification is manually created, the agency Fiscal Management Director will sign the form before it is sent to the grantee.

#### **Management's Response and Corrective Action**

Fiscal Years Ended June 30, 2019 and 2020

We believe this additional approval will eliminate the inconsistencies and errors occurring across the agency offices when completing these notifications.

Contact Person: Jamie Mertz, Fiscal Management Director

Anticipated Completion Date: Process change was implemented February 2, 2021

**Finding:** 2020-023

**Department of Public Instruction Response/Corrective Action Plan:** The Department of Public Instruction is rewriting internal procedures to ensure that the Child Nutrition Cluster obligations will occur within the period of performance and payment will not be made after the period of performance.

Contact Person: Linda Schloer, Director of Child Nutrition and Food Programs

Anticipated Completion Date: March 31, 2021



February 25, 2021

Mr. Joshua C. Gallion State Auditor Office of the State Auditor's Office 600 E Boulevard Ave - Dept 117 Bismarck ND 58505

Dear Mr. Gallion:

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in the *Government Auditing Standards* and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, for the findings we are providing you with our responsible officials' view, the name of the contact person responsible for the corrective action planned, and the anticipated completion date.

Sincerely,

Shannon L. Sauer, CPA/CGMA

Chief Financial Officer

50/sls/cpm Enclosure

cc: NDDOT Audit Coordination Committee Kevin Scherbenske, State Auditor's Office





#### **Management's Response and Corrective Action**

Fiscal Years Ended June 30, 2019 and 2020

**Department of Transportation** 

Finding: 2020-024

#### **Department of Transportation Response/Corrective Action Plan:**

ND DOT agrees with the finding.

Part 1: NDDOT's Quality Assurance & Internal Review Division has implemented a continuous screening process for subrecipient audit reports and will be working with the program managers to ensure adequate tracking and enforcement of audit requirements and follow up on management decisions to ensure accountability of subrecipients with timely and appropriate corrective action.

Part 2: Program managers have been assigned the responsibility to ensure that all subrecipient certifications are obtained and reviewed, all required audits are completed and provided to NDDOT and/or the audit clearinghouse in accordance with established time requirements, all management decisions are issued as required, as corrective action plan is developed and implemented, and follow up occurs as necessary.

**Contact Person:** Part 1: Jody Isaak, Audit Services Director; Part 2: Paul Benning, Local Government Engineer

Anticipated Completion Date: March 1, 2021

Finding: 2020-025

#### **Department of Transportation Response/Corrective Action Plan:**

NDDOT agrees with the finding. An internal control questionnaire has been created and each agency is required to fill out and return the questionnaire annually. A risk assessment matrix has also been created and is filled out based on the internal control questionnaire in order to determine appropriate subrecipient monitoring based on overall risk.

Contact Person: Paul Benning, Local Government Engineer

Anticipated Completion Date: March 1, 2021

#### **Management's Response and Corrective Action**

Fiscal Years Ended June 30, 2019 and 2020

Finding: 2020-026

#### **Department of Transportation Response/Corrective Action Plan:**

ND DOT agrees with the finding. A process has been developed whereby each required element will be provided to the subrecipient via inclusion in the subaward agreement.

Contact Person: Paul Benning, Local Government Engineer

Anticipated Completion Date: March 1, 2021



Thomas Beadle STATE TREASURER

#### STATE OF NORTH DAKOTA OFFICE OF

#### STATE TREASURER

STATE CAPITOL 600 E BOULEVARD AVE DEPT 120 BISMARCK, ND 58505-0600 (701) 328-2643 FAX (701) 328-3002 treasurer.nd.gov

January 28, 2021

Joshua C. Gallion State Auditor 600 E Boulevard Ave Bismarck, ND 58505

Mr. Gallion,

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in the *Government Auditing Standards* and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, for the finding related to our agency, we are providing you with our responsible official's views, the name of the contact person responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

Ryan Skor

Director of Finance

### **State of North Dakota**

#### **Management's Response and Corrective Action**

Fiscal Years Ended June 30, 2019 and 2020

**State Treasurer Office Finding:** 2020-027

State Treasurer Office Response/Corrective Action Plan: The Office of State Treasurer agrees with the finding and subsequent recommendation made by the State Auditor's Office. The Office of State Treasurer will enhance its subrecipient monitoring processes by modifying the annual certifications we send out to subrecipients to require an affirmative response as to whether the subrecipients are required to complete an audit and, if required, that it was completed timely. We will ensure required subrecipient audits are completed and posted to the Federal Audit Clearinghouse timely and, if not, will follow up with the subrecipient to seek resolution. We will also review posted audits for all subrecipients to ensure there are no deficiencies detected for Federal awards passed through by our office and, if there are, appropriate action is taken to remedy said deficiencies.

Contact Person: Ryan Skor, Director of Finance

Anticipated Completion Date: July 31, 2021



State Capitol – 600 E Boulevard Ave – Dept. 215

Bismarck ND 58505-0230

Phone: 701.328.2960 Fax: 701.328.2961

E-mail: ndus.office@ndus.edu Web: ndus.edu

February 23, 2021

The Honorable Joshua C. Gallion State Auditor 600 East Boulevard Avenue – Dept. 117 Bismarck, ND 58505-0060

#### Dear Mr. Gallion:

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in Government Auditing Standards and by the audit requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* Specifically, for each finding we are providing you with our responsible officials' views, the names of the contact people responsible for corrective action, the corrective action planned and the anticipation completion date.

Sincerely, Jammy Dolan

Tammy Dolan
Vice Chancellor for Administrative Affairs/CFO

### **State of North Dakota**

#### **Management's Response and Corrective Action**

Fiscal Years Ended June 30, 2019 and 2020

**University System Finding:** 2020-028

**University System Response/Corrective Action Plan:** By June 30, 2021, Lake Region State College (LRSC), Mayville State University (MaSU), North Dakota State College of Science (NDSCS) and Williston State College (WSC) will carefully review the HEERF certification and agreement to ensure required reports are filed in a timely manner.

Contact Person: LRSC: Corry Kenner, Vice President for Administrative Affairs

MaSU: Steve Bensen, Vice President for Business Affairs

NDSCS: Keith Johnson, Chief Financial Officer WSC: Riley Yadon, Chief Financial Officer

Anticipated Completion Date: June 30, 2021



# Office of the State Auditor





March 1, 2021

Mr. Josh Gallion State Auditor 600 E Boulevard Avenue, Dept. 117 Bismarck, ND 58505

RE: Summary Schedule of Prior Audit Findings North Dakota Single Audit Report For Fiscal Years Ended June 30, 2020 and 2019

Dear Mr. Gallion:

In accordance with OMB's final guidance located in Title 2 of the Code of Federal Regulations, the state of North Dakota is responsible for follow-up and corrective action on all audit findings identified in the North Dakota Single Audit Report. As part of this responsibility, the state is required to prepare a summary schedule reporting the status of all audit findings included in the prior audit's schedule of findings and questioned costs relative to the federal awards. The Office of Management and Budget compiles this information on behalf of the state and oversees the implementation status of these audit findings.

Attached is the State of North Dakota's Summary Schedule of Prior Audit Findings for the two fiscal years ended June 30, 2020 and 2019. This summary identifies the implementation status of all prior audit findings, except for those findings that have been fully corrected, are no longer valid, or do not warrant further action on the part of the state.

Sincerely,

Jeff Larshus

**Director of State Financial Services** 

aff Larsher

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

#### **DEPARTMENT OF HUMAN SERVICES**

Finding 2018-001 Page D-9

Recurring: Year of initial finding was 2016 - 2015

CFDA # 93.777 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

93.778 Centers for Medicare and Medicaid Services

Medicaid Cluster

Questioned Cost: \$0

Recommendation: We recommend the Department of Human Services complete the CMS-64

report no later than 30 days after the end of each quarter.

Status: This recommendation is implemented. The backlog has been cleared and

the reports have been completed timely since September 30, 2018. CMS

has reviewed and agreed with this.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-002 Page D-10

Recurring: Year of initial finding was 2016-2015

CFDA # 93.777 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

93.778 Centers for Medicare and Medicaid Services

Medicaid Cluster

Questioned Cost: \$6,617

Recommendation: We recommend the Department of Human Services develop system edit

checks and improve system functionality to ensure eligibility determinations

made for the Medicaid program are proper.

Status: This recommendation is partially implemented. The Medicaid Policy Unit

has implemented ELearning training that is mandatory for all Medicaid

Eligibility Workers.

- The Training Modules are as follows:

- Electronic Data Sources

- Documentation & Narratives

- Common Eligibility Errors: Income

- Common Eligibility Errors: Household Composition

- Non-ACA Reviews

- TPL

The system error related to Defect 158460 has since been implemented

which fixed the issue in SPACES.

The PaSS Unit provides ongoing training for eligibility workers.

Money was returned in July 2019.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-003 Page D-11

Recurring: Year of initial finding was 2012 - 2011

CFDA # 93.777 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

93.778 Centers for Medicare and Medicaid Services

Medicaid Cluster

Questioned Cost: Unknown

Recommendation: We recommend the Department of Human Services ensure the Program

Integrity Unit fully executes their sampling plan.

Status: This recommendation was partially implemented. The Program Integrity

Unit has revised the language in the Audit Overview Oversight document to better reflect the new rehabilitation provider process. It is not a formal audit but rather an educational review process meant to assist the providers in

billing correctly.

The Program Integrity Unit has reassigned the layperson ambulance reviews to the Utilization Review team due to no longer having a layperson in the PIU. The PIU will pull the applicable claims data for the UR team to conduct the review. Prior to reassigning to the UR team, a temporary enrollment staff helped get the late ambulance claim reviews caught up. Requests for the sample of ambulance claims for 4<sup>th</sup> quarter 2020 went out and we are currently receiving responses and are current with the reviews. The semi-annual recipient analysis for first half of 2020 was completed in October of 2020. The second half of 2020 will be reviewed this month.

Due to the declaration of the Public Health Emergency as of March 2020, State Medicaid Agencies were encouraged to halt auditing to allow healthcare facilities to focus on treating patients associated with the

pandemic.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-004 Page D-12

Recurring: Year of Initial Finding is 2016 - 2015

CFDA # 93.777 U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

93.778 Centers for Medicare and Medicaid Services

93.767 Medicaid Cluster and Children's Health Insurance Program

Questioned Cost: Unknown

Recommendation: We recommend the Department of Human Services develop system edit

checks within the SPACES system to ensure verifications are used in the

eligibility determination process.

Status: This recommendation was implemented. Verification procedures were

enhanced in SPACES release 2, which was implemented in 2019.

Eligibility workers received tasks related to interface information received from various sources such as Social Security Administration, Internal Revenue Services, Job Service North Dakota, etc. In addition, system fixes for verification notices including data and due dates, due date for requested verification, and added selection options for verification of identity types were implemented in 2016 and 2017. Information regarding training on

policy and SPACES were provided to eligibility workers.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-005 Page D-14

Recurring: Year of initial finding was 2016 - 2015

CFDA # 93.777 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

93.778 Centers for Medicare and Medicaid Services

Medicaid Cluster

Questioned Cost: \$23

Recommendation: We recommend the Department of Human Services strengthen controls to

prevent duplicate payments.

Status: This recommendation was partially implemented. The Department will

implement additional editing in MMIS during the claim adjudication process prior to claims payment to enhance the identification of potential duplicate payments. During the next year, the Department will review at least quarterly whether additional editing may be necessary to enhance the

identification of potential duplicate payments.

Money was returned in July 2019.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-006 Page D-15

Recurring: Year of initial finding was 2016 - 2015

CFDA # 93.767 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services Children's Health Insurance Program

Questioned Cost: \$607

Recommendation: We recommend the Department of Human Services develop system edit

checks and improve system functionality to ensure eligibility determinations

made for the CHIP program are proper.

Status: This recommendation is partially implemented. The Medicaid Policy Unit

has implemented ELearning training that is mandatory for all Medicaid

Eligibility Workers.

- The Training Modules are as follows:

- Electronic Data Sources

- Documentation & Narratives

- Common Eligibility Errors: Income

- Common Eligibility Errors: Household Composition

- Non-ACA Reviews

- TPL

The system error related to Defect 158460 has since been implemented

which fixed the issue in SPACES.

The PaSS Unit provides ongoing training for eligibility workers.

Money was returned in July 2019.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-007 Page D-16

CFDA # 93.575 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

93.596 Administration for Children and Families

**CCDF Cluster** 

Questioned Cost: \$0

Recommendation: We recommend the Department of Human Services develop procedures to

ensure required child care records are maintained by the child care

provider.

Status: This recommendation was not implemented. Early Childhood Services has

received Technical Assistance from the regional office (OCC) regarding

childcare records. Their recommendations according to CCDF

requirements, were to update our compliance checklist (see below) and to eliminate the childcare record (SFN 1426) which is not a required form. All specialists will be using the updated compliance checklist by May of 2021.

#### CHILD CARE RECORDS WORKSHEET

Review of no less than 30 files must be conducted on site. If the abbreviated review reveals incomplete records, an additional 30 files must be reviewed. This process will continue, 30 files at a time, until no incomplete records are found or until all files have been reviewed.

For facilities will less than 30 children enrolled, all files will be reviewed.

| Records Reviewed           | Age Group Reviewed: | Last Names From: | Last Names Through: | Incomplete Records<br>Found? |    |
|----------------------------|---------------------|------------------|---------------------|------------------------------|----|
| 30 All                     |                     |                  |                     | Yes                          | No |
| Insert Add Row Button Here |                     |                  |                     |                              |    |

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-008 Page D-18

Recurring: Year of initial finding was 2016 - 2015

CFDA # 93.575 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

93.596 Administration for Children and Families

**CCDF Cluster** 

Questioned Cost: \$0

Recommendation: We recommend the Department of Human Services develop adequate

sampling methods for the selection of Child Care Assistance eligibility case files. Methods should include addressing identified risks, ensuring each county is reviewed over a specified time, and determining sample size

based on prior errors.

Status: This recommendation was implemented. On the first working day of each

month, ITD generates a data extract containing child care subsidy payments for the three months prior. Using an analytics software, ITD generates a random sample by dividing the number of cases listed in the monthly sampling frame by the number of cases to be selected for the sample. Prior to the end of the federal fiscal year, AQ staff review sampled cases and creates a listing of the 53 counties in ND not yet represented in any of the monthly samples. Utilizing the entire universe created for the fiscal year, cases from the missing counties are selected for review using a

simple random sample from the analytics software.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-009 Page D-20

CFDA # 93.575 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

93.596 Administration for Children and Families

**CCDF Cluster** 

Questioned Cost: \$682,531

Recommendation: We recommend the Department of Human Services develop procedures to

detect and prevent Child Care Assistance Program payments from being

made outside of the grant award's period of performance.

Status: This recommendation was implemented. The Department uses speed

charts to determine coding for each expenditure. As of October 10 (this date is used so that payroll for September clears before the speed chart is changed) all speed charts are updated to the new grant coding. Any expenditures received related to the prior year are manually coded to the correct grant year. Both of these grants in question have a 90 day window to get expenditures paid after the grant closes. Correspondence was sent to all program accountants to ensure that the speed charts were updated in

a timely manner.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-010 Page D-21

Recurring: Year of initial finding was 2016 - 2015

CFDA # 93.575 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

93.596 Administration for Children and Families

**CCDF Cluster** 

Questioned Cost: \$529,160

Recommendation: We recommend the Department of Human Services ensure that child care

providers have met all necessary licensing requirements prior to issuing

Child Care Assistance payments.

Status: The recommendation was partially implemented. The State initiated a

process redesign for early childhood licensing in August 2019. The redesign was intended to improve consistency of reviews, ongoing monitoring, and corrective action across all 19 Human Service Zones. The bulk of the redesign work took place in advance of the former county-employed early childhood licensors becoming state employees (January

2020).

As part of Redesign, DHS piloted the use of a streamlined on-site visit checklist to identify opportunities for efficiencies. Thirteen counties utilized the abbreviated form during pilot, the remaining counties continued to utilize the existing form. It was determined that the abbreviated form would not adequately capture information needed so, in June 2020 all licensors reverted to utilization of the full-length Compliance Checklist to assure all Health and Safety standards are being met.

In September 2020 DHS began the work of implementing a comprehensive Early Childhood Licensing database that will greatly improve the ability to properly license providers. The system is anticipated to be complete by

March 2022.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-011 Page D-22

Recurring: Year of initial finding was 2016 - 2015

CFDA # 93.575 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

93.596 Administration for Children and Families

**CCDF Cluster** 

Questioned Cost: \$1,843

Recommendation: We recommend the Department of Human Services develop and

implement procedures to detect and prevent duplicate and other improper payments from being issued under the Child Care Assistance program.

Status: The recommendation was partially implemented. The Lead Agency

receives a monthly report that contains payments that could be considered duplicate that were made for three months prior to the current month. The

report contains payments that meet the following criteria:

- Same child

- Same caretaker
- Same provider
- Same service month

Department staff reviews identified payments on this report and maintains a log and notes on each situation and any follow up that was completed with

Eligibility workers.

The consolidated eligibility system, SPACES, where payments are issued, does have checks validations in place to ensure payments to no exceed the state maximum rate. An additional warning message is in place and is received when a payment already exists for the child and provider for a service month and a new payment with the same criteria is entered. Workers are able to by-pass this warning message as there are instances where a second payment may be needed. The department will explore a system enhancement to make this warning message more prominent in an effort to reduce duplicate payment situations.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-012 Page D-24

Recurring: Year of initial finding was 2008 - 2007

CFDA # 93.575 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

> 93.596 Administration for Children and Families

> > **CCDF** Cluster

Questioned Cost: \$216

Recommendation: We recommend the Department of Human Services:

1. Develop and implement controls to ensure that all eligibility workers are

collecting and maintaining all applicable information for Child Care

Assistance eligibility determinations, and:

2. Properly determine eligibility for individuals receiving Child Care

Assistance and issue payments that comply with requirements set in the

Code of Federal Regulations for Child Care Development Funds.

Status: This recommendation was partially implemented. DHS provides policy and

> system trainings, tips and tricks and policy and processing reminders as needed through periodic statewide trainings, monthly newsletters and online help resources. This effort is done in collaboration with the Policy and System Support (PaSS) unit in Economic Assistance. The PaSS unit will begin conducting CCAP New Worker Training annually beginning the winter of 2022. The training will cover all aspects of CCAP eligibility. In March 2019, the department implemented a new eligibility system, SPACES. The implementation of this new system has made processing of cases less error prone as the system calculates all aspects of CCAP eligibility such as countable income amounts, countable households

members, allowable child care hours, etc. The department is continually

making improvements to the system through change requests.

Quality Assurance reviews are completed monthly and the results of those

reviews are used to determine training needs, corrective active, etc. to

mitigate errors.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-013 Page D-26

Recurring: Year of initial finding was 2016 - 2015

CFDA # 93.575 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

93.596 Administration for Children and Families

**CCDF Cluster** 

Questioned Cost: \$0

Recommendation: We recommend the Department of Human Services develop procedures to

monitor and ensure the resolution of corrective orders including that

resolution occurs within specified time frames.

Status: This recommendation was not implemented. During the audit timeframe,

County Licensors were inconsistent in how they followed up on corrective orders. As part of Early Childhood Services Redesign (completed by March 2020), all Licensing Specialists are assigned a specific provider case load, which will help Licensing Specialists keep track of any correction orders and follow-up expectations that affect providers they are assigned to work

with.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-014 Page D-27

Recurring: Year of initial finding was 2016 - 2015

CFDA # 93.575 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

93.596 Administration for Children and Families

**CCDF Cluster** 

Questioned Cost: \$0

Recommendation: We recommend the Department of Human Services:

1. Update the licensing study to include requirements for all necessary

health and safety standards for self-declared providers, and;

2 Ensure self-declared providers meet all health and safety standards

required to be licensed.

Status: This recommendation was not implemented. The State initiated a process

redesign for early childhood licensing in August 2019. The redesign was intended to improve consistency of reviews, ongoing monitoring, and corrective action across all 19 Human Service Zones. The bulk of the redesign work took place in advance of the former county-employed early

childhood licensors becoming state employees (January 2020).

As part of Redesign, DHS piloted the use of a streamlined on-site visit checklist to identify opportunities for efficiencies. Thirteen counties utilized

the abbreviated form during pilot (August 2019 – March 2020); the

remaining counties continued to utilize the existing form. It was determined that the abbreviated form would not adequately capture information needed so, in August 2020 all licensors reverted to utilization of the full-length

Compliance Checklist to assure all Health and Safety standards are being

met.

As part of North Dakota's regular federal review, the current compliance checklist was reviewed by Regional OCS and all recommendations will be

implemented in May 2021.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-015 Page D-29

Recurring: Year of initial finding was 2016 - 2015

CFDA # 93.575 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

93.596 Administration for Children and Families

**CCDF Cluster** 

Questioned Cost: Unknown

Recommendation: We recommend the Department of Human Services develop a centralized

tracking mechanism for all reports of irregularities and deficiencies of the Child Care Assistance Program. In addition, we recommend the

Department develop procedures for monitoring the timely and proper

determination of fraudulent activity.

Status: This recommendation was implemented. The Department continues to use

the Department's Fraud Log to track reports that are received by the state office. When these reports are received, state policy staff review the information and forward the information on to the appropriate county as necessary. The Department has reached out to their federal technical assistance partner, the National Center on Subsidy Innovation and

Accountability (NCSIA), for assistance in strengthening and implementing procedures. After NCSIA reviews the Department's Intentional Program Violation (IPV) e-learning, they will provide feedback and suggestions of various types of red flag reports implemented by other states that help to identify potential instances of fraud. The Department continues to utilize existing reports, such as a duplicate payment report and a duplicate SSN report. The Department implemented a new integrated eligibility system in

March 2019. With the implementation, eligibility information and

verifications are shared across multiple programs in one system. This will further help to ensure that reported information is being evaluated for

CCAP when the information is reported for a different program.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

| Finding 2018-016 | Page D-30 |
|------------------|-----------|
|------------------|-----------|

CFDA # 93.575 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

93.596 Administration for Children and Families

**CCDF Cluster** 

Questioned Cost: Unknown

Recommendation: We recommend the Department of Human Services develop a centralized

tracking mechanism to properly monitor subrecipient corrective actions and

deficiencies identified in the Quality Control eligibility reviews.

Status: This recommendation was implemented. Child Care Assistance policy staff

are included on all case finding emails that Quality Assurance/Control sends to counties. Additionally, policy staff receive a copy of the case findings review report used by Quality Assurance/Control. Policy then reviews the report and will follow up with counties when a corrective action, such as establishing a claim, is appropriate. Review of this report began in

September 2018 for the review month of July 2018.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-017 Page D-32

Recurring: Year of initial finding was 2016-2015

CFDA # 93.575 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

93.596 Administration for Children and Families

**CCDF Cluster** 

Questioned Cost: \$0

Recommendation: We recommend the Department of Human Services perform annual

unannounced inspections of licensed and self-declared child care providers

in operation as required by the Code of Federal Regulations and

Department policy.

Status: This recommendation was partially implemented. During the audit

timeframe County Licensors were inconsistent in rates of completion for unannounced visits. This was due, in part, to the difference in how each County chose to administer and staff this function; licensors were not consistently required to maintain certain caseloads which contributed to

uneven application of this part of the regulation.

A major focus of the redesign effort was to ensure that the system was structured to ensure early childhood specialists time was organized to maximize time spent on visits. As part of redesign all Licensing Specialists are assigned a specific case load so they can schedule and follow through with unannounced visits for their assigned providers. This new distribution of work accompanied the transition from county to state employment (Jan

2020) and was being implemented by mid-2020.

Early Childhood Services is currently in the process of designing a database to ensure all required documents and licensing visits are complete prior to issuing licenses and certificates to providers. The data

base will be complete in April of 2022.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-018 Page D-33

Recurring: Year of initial finding is 2016 - 2015

CFDA # 93.575 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

93.596 Administration for Children and Families

**CCDF Cluster** 

Questioned Cost: Unknown

Recommendation: We recommend the Department of Human Services perform effective

monitoring procedures to ensure all functions of the Child Care Assistance program are properly completed including monitoring correction orders,

completing unannounced visits, and properly licensing providers.

Status: This recommendation was partially implemented. Early Childhood Services

Redesign moved all County Licensors to State employment (Jan 2020) and Early Childhood Services Regional Representatives to a Supervisor status (March 2020). These steps will change how a QA visit is completed. Starting in March 2020, regional supervisors were beginning to conduct

both standard performance reviews of licensors as well as quality assurance review of outputs and outcomes. This includes review of how licensors conduct visits and complete their core work related to license

compliance and health and safety practices of child care programs.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-019 Page D-34

Recurring: Year of initial finding was 2016 - 2015

CFDA # 93.575 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

93.596 Administration for Children and Families

**CCDF Cluster** 

Questioned Cost: \$0

Recommendation: We recommend the Department of Human Services develop additional

methods to detect instances that could result in fraudulent Child Care

Assistance payments.

Status: This recommendation was implemented. The Child Care Assistance

Administrator receives a monthly report of potential duplicate payments made for three months prior to the current month. The report contains

payments that meet the following criteria:

Same child Same caretaker Same provider Same service month

Child Care Assistance staff review all payments on this report and maintains a log of notes on each situation and any follow up that was completed with Eligibility workers. In many instances, the second payment to a child in the same case was due to an underpayment being issued. Underpayments are issued when it was determined that the family was entitled to more assistance then was first determined.

Child Care Assistance Policy does allow a child to be in two separate cases at the same time due to joint custody arrangements. The system notifies a worker when they have entered a child with the same SSN or identifying number in a case when the child is already known to another case. However, due to the allowance of a child in two cases, the workers can bypass the edit. The edit serves as a notification to workers to verify that joint custody is appropriate in the case and to alert them to instances of a duplicate child when they may not have been aware.

Child Care Assistance applies a state maximum rate per child, per provider in each case a child is receiving assistance. The state maximum rate is based on the determined level of care, age of child and provider type. A

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

child is allowed to have more than one provider and each provider is subject to their own state maximum rate. Payments cannot exceed the state maximum rate for each provider, per case. More than one payment may be issued per provider in a case, however, the system contains checks and balances to ensure that all total amounts paid do not exceed the maximum state rate per provider in a service month.

In addition, the new eligibility system will be additional controls in place to help detect and preview duplicate and other improper payments.

Finding 2018-020 Page D-36

CFDA # 93.659 U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families

**Adoption Assistance** 

Questioned Cost: \$367,965

Recommendation: We recommend the Department of Human Services ensure monthly

maintenance payments made in the Adoption Assistance program are

proper.

Status: This recommendation was implemented. The Department returned the

overpayment of federal funds. As soon as the Department discovered the overpayment, additional controls were implemented to ensure monthly maintenance payments are proper. The controls put into place are a secondary review of all new subsidy payments entered, a secondary review of all changes to monthly subsidy amounts, and a scan of each months'

payment report for outlier payment amounts.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-021 Page D-37

CFDA # 93.659 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families

**Adoption Assistance** 

Questioned Cost: \$0

Recommendation: We recommend the Department of Human Services properly calculate the

savings of State funds for the Adoption Assistance program.

Status: This recommendation was implemented. The Department will strengthen

review procedures to ensure the savings of State funds is properly calculated and file a revised report. The revised report will result in an increase in unexpended savings. The Department has properly reported expended savings and has met the 30% requirement to be spent on post-adoption services and two-thirds of the 30% to be spent on post-adoption

and post-guardianship services.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-022 Page D-39

Recurring: Year of initial finding was 2016 - 2015

CFDA # 93.568 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families Low-Income Home Energy Assistance

Questioned Cost: \$40,994

Recommendation: We recommend the Department of Human Services implement controls to

detect and prevent LIHEAP payments from being made outside of the grant

award's period of performance.

Status: This recommendation was implemented. Except for DHS 2019 and 2020

LIHEAP State Plans, all previous state plans contained language that stated: "LIHEAP funded services would be available ... until the obligated funds have been expended." Section O(1), 2018 State Plan. This

language was in violation of 31 USC § 1552 (a) which states that all fixed appropriation accounts end on September 30<sup>th</sup> of the 5<sup>th</sup> fiscal year after the

period of availability for obligation of the funds ends. However, this

language was not in violation of state law, as state law clearly establishes that expenditures of federal funds must comply with all mandatory federal laws. NDAC § 4-12-01-05. and under Section 2605(d) of P.L.97-35 states are required to expend funds in accordance with their state plan. Prior to 2019, DHS was expending funds according to the state plan as written. Once it was discovered that the state plan was in error, the default would be federal law 31 USC § 1552(a) to establish the length of time for

expenditure of obligated funds. This default determination by DHS is authorized under NDAC § 4-12-01-05(2), as state agencies are permitted to comply with the terms and conditions of federal grants, and 31 USC § 1552(a) is a general term applicable to all federal grants unless otherwise indicated. This determination is also allowed

under state law, as OMB is allowed to determine the terms of contracts and nothing in state law prohibits DHS from following all applicable federals to the grant funds. NDAC §§ 4-12-13-01(2); 4-12-

01-05 (2).

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-023 Page D-40

CFDA # 93.568 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families Low-Income Home Energy Assistance

Questioned Cost: \$20,478

Recommendation: We recommend the Department properly account for subrecipient and

contractor administrative costs when tracking compliance with

administrative cost limits.

Status: This recommendation was implemented. The Department has adopted

TANF rules in determining administrative costs and has applied these rules to contracts with the ND Department of Commerce, Division of Community Services. 45 CFR 263.0 (b)(1) excludes from administration costs the

direct costs of providing program services, whether by the state or contracts devoted entirely to such activities. It also excludes salaries and benefit costs for staff providing program services and direct administrative costs associated with providing the services such as the costs for supplies, equipment, travel, postage, rental and maintenance of office space. The Department's contract with DCS requires the grantee (DCS) to provide weatherization services to Low Income Home Energy Assistance Program eligible households. The costs associated with this contract are solely for providing a weatherization program in the state ad absent such costs a program of this nature would not exist. General Administration of this contract and program is performed in the state offices and any costs incurred by the state for this purpose are tracked and reported toward the

10% allowable funds for administration.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-024 Page D-41

Recurring: Year of initial finding was 2016 - 2015

CFDA # 93.568 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families Low-Income Home Energy Assistance

Questioned Cost: \$1,071

Recommendation: We recommend the Department of Human Services review policies and

processes surrounding the calculation of benefits for the Low-Income Home

Energy Assistance Program (LIHEAP) to ensure proper payments are

being made.

Status: This recommendation was implemented. Statewide LIHEAP training

including the calculation of benefits and proper documentation of eligibility

requirements was conducted in August and September 2018. New

LIHEAP workers will be assigned e-learning courses starting with the 2020 heating season. In addition, training refresher courses were completed in mid-August 2019. In-person training will be conducted on an as-needed

basis.

Finding 2018-025 Page D-43

CFDA # 93.568 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families Low-Income Home Energy Assistance

Questioned Cost: \$0

Recommendation: We recommend the Department of Human Services update the LIHEAP

application form to include fields for all allowable expense deductions.

Status: This recommendation was implemented. In August 2019, the LIHEAP

application was updated to inform applicants of allowable expense types for

LIHEAP and allocates space within for recording these amounts. The

application is available starting with the FY 2020 heating season.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-026 Page D-45

CFDA # 93.566 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health and Human Services

Administration for Children and Families Office of Refugee Resettlement (ORR)

Refugee and Entrant Assistance – State Administered Programs

Questioned Cost: \$117,635

Recommendation: We recommend the Department of Human Services implement control

procedures to prevent and detect payments of the Refugee and Entrant Assistance program from occurring outside the period of performance.

Status: This recommendation was implemented. The Department uses speed

charts to determine coding for each expenditure. As of October 10 (this date is used so that payroll for September clears before the speed chart is changed) all speed charts are updated to the new grant coding. Any expenditures received related to the prior year are manually coded to the correct grant year. Both of these grants in question have a 90 day window to get expenditures paid after the grant closes. Correspondence was sent to all program accountants to ensure that the speed charts were updated in

a timely manner.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-027 Page D-46

CFDA # 93.566 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health and Human Services

Administration for Children and Families Office of Refugee Resettlement (ORR)

Refugee and Entrant Assistance – State Administered Programs

Questioned Cost: \$0

Recommendation: We recommend the Department of Human Services implement a review

process to ensure accuracy and completion of the ORR-6 Performance

Report prepared and submitted by Lutheran Social Services.

Status: This recommendation was implemented. The Department has been

reviewing the procedures of the ORR-6 report. The Department has developed language to add to the contract which would give the Department the ability to review the report. There is a plan to propose

adding the language to the contract.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-028 Page D-48

CFDA # 93.959 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Substance Abuse and Mental Health Services Administration Block Grants for Prevention and Treatment of Substance Abuse

Questioned Cost: \$31,143

Recommendation: We recommend the Department of Human Services implement control

procedures to prevent and detect Substance Abuse Prevention and Treatment payments from occurring outside the period of performance.

Status: This recommendation was implemented. The Department uses speed

charts to determine coding for each expenditure. As of October 10 (this date is used so that payroll for September clears before the speed chart is changed) all speed charts are updated to the new grant coding. Any expenditures received related to the prior year are manually coded to the correct grant year. Both of these grants in question have a 90 day window to get expenditures paid after the grant closes. Correspondence was sent to all program accountants to ensure that the speed charts were updated in

a timely manner.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-029 Page D-49

Recurring: Year of initial finding was 2016 – 2015

CFDA # 93.658 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families

Foster Care – Title IV-E

Questioned Cost: Unknown

Recommendation: We recommend the Department of Human Services ensure proper and

timely resolution for corrective actions identified during subrecipient

monitoring for the Foster Care Program.

Status: This recommendation was implemented. The policy was updated May 30,

2019 to ensure proper and timely resolution for corrective actions identified. The Department is considering foster care eligibility centralization as part of the Social Service Redesign efforts. This would allow the Department to

have complete oversight and authority of foster care eligibility and

payments statewide.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-030 Page D-50

Recurring: Year of initial finding was 2016 - 2015

CFDA # 93.563 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families

Child Support Enforcement

Questioned Cost: Unknown

Recommendation: We recommend the Department of Human Services complete a final

reconciliation of amounts reported to the Administration for Children and

Families and in the State's accounting system within a reasonable

timeframe after the end of each grant period.

Status: This recommendation was implemented. The Department has the grant

reconciliation up to date and will continue going forward. A

policy/procedure has been created to document the plan and outline the

timeliness expected on these reconciliations.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-031 Page D-52

Recurring: Year of initial finding was 2016 - 2015

CFDA # 84.126 U.S. DEPARTMENT OF EDUCATION

**Employment and Training Administration** 

Rehabilitation Services - Vocational Rehabilitation Grants to States

Questioned Cost: \$71,628

Recommendation: We recommend the Department of Human Services implement procedures

to prevent and detect Vocational Rehabilitation payments from occurring

outside the period of performance.

Status: This recommendation was partially implemented. Program Accountant

created a procedure manual for the end of the period of performance, to identify charges that need to be applied to the appropriate grant year. This procedure manual outlines the steps the Program Accountant needs to

take in order to check all transactions posting to Peoplesoft from the

AWARE case management system, check Peoplesoft speedcharts for both VR central office and the VR regional offices located in the Human Service Centers, and checking the history database for any errors on to ensure a comprehensive review of all transactions between the AWARE system and

Peoplesoft.

#### For the fiscal years ended June 30, 2020 and 2019

#### By State Agency

Finding 2018-032 Page D-53

Recurring: Year of initial finding was 2016 - 2015

CFDA # 84.126 U.S. DEPARTMENT OF EDUCATION

**Employment and Training Administration** 

Rehabilitation Services - Vocational Rehabilitation Grants to States

Questioned Cost: \$0

Recommendation: We recommend the Department of Human Services ensure the SF-425

Federal Financial Reports and RSA-2 Annual Vocational Rehabilitation Program/Cost Reports for the Vocational Rehabilitation program are

completely accurate.

Status: This recommendation was implemented. The Department has developed

additional controls which will include a double check of the numbers reported by another staff member. Instructional notes have also been added to the worksheets for the SF-425 reports to clarify that the cash basis PeopleSoft reports are used on the Federal Cash section of the report and that the accrual PeopleSoft reports are only used in the Federal Expenditures and Unobligated Balance section of the report. Notes have also been added to assure adjusting journal vouchers are reported during

the fiscal period in which they were processed.

### For the fiscal years ended June 30, 2020 and 2019

### By State Agency

Finding 2018-033 Page D-55

Recurring: Year of initial finding was 2016 - 2015

CFDA # 84.126 U.S. DEPARTMENT OF EDUCATION

**Employment and Training Administration** 

Rehabilitation Services – Vocational Rehabilitation Grants to States

Questioned Cost: \$0

Recommendation: We recommend the Department of Human Services ensure individualized

Plans for Employment (IPEs) are established within 90 days of the eligibility

determination for the Vocational Rehabilitation program.

Status: This recommendation was implemented. The Department made procedure

changes to ensure IPEs are established within 90 days of the eligibility

determination for the Vocational Rehabilitation program.

Finding 2018-034 Page D-56

Recurring: Year of initial finding was 2016 - 2015

CFDA # 93.045 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration on Aging

Aging Cluster

Questioned Cost: \$0

Recommendation: We recommend the Department of Human Services ensure that the SF-425

Federal Financial Reports for the Aging Services grants are completed

properly by accurately reporting the cash disbursements amount.

Status: This recommendation was implemented. The Department added

instructional notes to the worksheets for the SF-425 reports to clarify that the cash basis (CB) PeopleSoft reports are used on the Federal Cash section of the report and that the accrual PeopleSoft reports are only used

in the Federal Expenditures and Unobligated Balance section of the report.

### For the fiscal years ended June 30, 2020 and 2019

### By State Agency

Finding 2018-035 Page D-57

Recurring: Year of initial finding was 2016 - 2015

CFDA # 93.568 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

93.575 Administration for Children and Families

93.596 CCDF Cluster

93.658 Foster Care - Title-IV-E

Low-Income Home Energy Assistance

Questioned Cost: \$0

Recommendation: We recommend the Department of Human Services update existing

policies and procedures to ensure the subrecipient risk assessments completed are used to determine the nature and extent of subrecipient

monitoring.

Status: This recommendation was partially implemented. The Foster Care program

was the only program with outstanding issues. The Child and Family Services (CFS) policy Foster Care Eligibility Quality Assurance Reviews 447-10-18 is under revision to accommodate the changes of eligibility unit

implementation and how to apply review for high risk of agencies.

The fiscal office compiles the county/zone risk assessment on a yearly basis. CFS sends NDDHS Fiscal the required information (results of Foster Care reviews, OCR reviews, etc). The request to take the results of that combined risk assessment into account when selecting foster care reviews is embedded into the new draft policy. For example: If a zone is deemed high risk during the risk assessment and is not due for a file review, the

high-risk knowledge will be considered in future sampling.

It is imperative to mention that the North Dakota Department of Human Services, the North Dakota Association of Counties, and local human service zone leaders, with the support of Gov. Doug Burgum and state lawmakers continue to redesign social services. This collaborative effort began with the passage of Senate Bill 2206 in 2017, continued with the passage of Senate Bill 2124 in 2019 and is currently being heard as Senate Bill 2086 during the 2021 legislative assembly. Due to redesign efforts, the Centralized Foster Care & Subsidized Adoption Eligibility Unit, absorbed as a function of Children and Family Services (CFS), went live February 1, 2021. The overall goals are to implement standardized procedures which offer consistency and efficiencies for workers, providers, and families, while

### For the fiscal years ended June 30, 2020 and 2019

### By State Agency

reducing financial errors and overpayments for the state. The unit will manage the:

- Eligibility determinations for foster care cases, while authorizing eligible foster care payments.
- Eligibility determinations for children seeking prevention services, also known as candidates for foster care.
- Sub-adopt negotiation process, while authorizing all eligible subsidy payments.
- -Opening and closing of ND Medicaid for all foster and sub-adopt cases.

Effective, February 1, 2021 much of the review is about our own NDDHS employees and error rate with payments or eligibility determinations. However, we will be able to notify the Zones/agencies if they are not getting information to the unit timely resulting in fiscal error.

### For the fiscal years ended June 30, 2020 and 2019

| Finding 2018-036  | Page D-59   |
|---|---|
| Recurring:  | Year of initial finding was 2016 - 2015   |
| CFDA # 93.777<br>93.778<br>93.767<br>93.575<br>93.596<br>93.568<br>93.658<br>93.044<br>93.045<br>93.053<br>93.563<br>84.126 | U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES U.S. DEPARTMENT OF EDUCATION Medicaid Cluster Children's Health Insurance Program CCDF Cluster Low-Income Home Energy Assistance Foster Care - Title IV-E Aging Cluster Child Support Enforcement Rehabilitation Services – Vocational Rehabilitation Grants to States |
| Questioned Cost:  | \$0   |
| Recommendation:   | We recommend the Department of Human Services take prompt action to implement prior audit findings.   |
| Status:   | This recommendation is partially implemented. The Department is working with our divisions to ensure prompt action is taken to implement prior audit findings.  |

### For the fiscal years ended June 30, 2020 and 2019

### By State Agency

### **DEPARTMENT OF PUBLIC INSTRUCTION**

Finding 2018-037 Page D-61

Recurring: Year of initial finding was 2016 - 2015

CFDA # 84.366 U.S. DEPARTMENT EDUCATION

Mathematics and Science Partnerships

Questioned Cost: \$0

Recommendation: We recommend the Department of Public Instruction ensure on-site

monitoring or adequate desk reviews are completed of the activities for all subrecipients under the Mathematics and Science Partnerships program.

Status: Finding was not implemented as the program no longer exists.

Finding 2018-38 Page D-62

CFDA # 84.367 U.S. DEPARTMENT OF EDUCATION

Supporting Effective Instruction State Grant

Questioned Cost: \$6,064

Recommendation: We recommend the Department of Public Instruction properly follow all

Federal regulations when allocating the Supporting Effective Instruction State Grants program funds to schools as well as ensuring the allocation is

properly approved.

Status: The recommendation was implemented. After discussions with the USDE it

was determined that the adjustments will be made to the school year 2020-21 allocations for school districts. This will happen when we receive our

State allocation from USDE which will occur in summer 2020.

### For the fiscal years ended June 30, 2020 and 2019

| Finding 2 | 018-039                              | Page D-63   |
|-----------|--------------------------------------|---|
| CFDA#     | 10.553<br>10.555<br>10.556<br>10.559 | U.S. DEPARTMENT OF AGRICULTURE (USDA) Food and Nutrition Service Child Nutrition Cluster  |
| Question  | ed Cost:                             | \$29,550  |
| Recomme   | endation:                            | We recommend the Department of Public Instruction ensure that payments of the Child and Nutrition Cluster are not made after the period of performance. |
| Status:   |                                      | The recommendation was not implemented. New action plan will be implemented by March 31, 2021.  |

### For the fiscal years ended June 30, 2020 and 2019

| Finding 20 | )18-040  | Page D-65   |
|------------|--|---|
|            | 84.367<br>10.565<br>10.568<br>10.569<br>84.010<br>84.027<br>84.173<br>84.287<br>10.553<br>10.555<br>10.556<br>10.559<br>84.366<br>84.022<br>10.567<br>10.575 | U.S. DEPARTMENT OF EDUCATION U.S. DEPARTMENT OF AGRICULTURE (USDA) Food and Nutrition Service Supporting Effective Instruction State Grant Title I Grants to Local Educational Agencies Twenty-First Century Community Learning Centers Food Distribution Cluster Special Education Cluster (IDEA) Child Nutrition Cluster Child and Adult Care Food Program Mathematics and Science Partnerships Adult Education State Grant Program Food Distribution Program on Indian Reservations Farm to School Grant Program |
| Questione  | ed Cost:   | \$0   |
| Recomme    | endation:  | We recommend the Department of Public Instruction accurately prepare the Schedule of Expenditures of Federal Awards.  |
| Status:    |  | Finding was implemented according to action plan.   |

### For the fiscal years ended June 30, 2020 and 2019

| Finding 2       | 018-041  | Page D-67  |
|-----------------|--|--|
| CFDA#           | 10.558<br>84.010<br>84.027<br>84.173<br>10.553<br>10.555<br>10.556<br>10.559<br>10.582<br>10.567 | U.S. DEPARTMENT OF EDUCATION U.S. DEPARTMENT OF AGRICULTURE (USDA) Food and Nutrition Service Child Nutrition Cluster Child and Adult Care Food Program Fresh Fruit and Vegetable Program Title I Grants to Local Educational Agencies Special Education Cluster (IDEA) Food Distribution Program on Indian Reservations     |
| Question        | ed Cost:   | \$0  |
| Recommendation: |  | We recommend the Department of Public Instruction:  1. Ensure all subrecipients obtain audits in accordance with 2 CFR Subpart F if they meet the requirements;  2. Issue management decisions within a timely manner, and;  3. Ensure subrecipients took timely correction action on deficiencies identified in the audits. |
| Status:         |  | The recommendation was not implemented. New action plan will be implemented by May 1, 2021.  |

### For the fiscal years ended June 30, 2020 and 2019

| Finding 2 | 018-042  | Page D-69   |
|-----------|--|---|
| Recurring | <b>g</b> :   | Year of initial finding as 2016 - 2015  |
| CFDA#     | 84.367<br>84.010<br>84.027<br>84.173<br>84.287<br>10.553<br>10.555<br>10.556<br>10.559<br>10.558 | U.S. DEPARTMENT OF EDUCATION U.S. DEPARTMENT OF AGRICULTURE (USDA) Food and Nutrition Service Supporting Effective Instruction State Grant Title I Grants to Location Educational Agencies Twenty-First Century Community Learning Centers Special Education Cluster (IDEA) Child Nutrition Cluster Child and Adult Care Food Program |
| Question  | ed Cost:   | \$0   |
| Recomm    | endation:  | We recommend the Department of Public Instruction ensure that subrecipients are made aware of all required grant award information.   |
| Status:   |  | Finding was partially implemented according to action plan. We implemented the requested changes to our Grant Award Notification form to make it in compliance with 2 CFR 200.331. After this change, there were instances where DPI employees did not complete the new form properly resulting in a new finding.                     |

### For the fiscal years ended June 30, 2020 and 2019

### By State Agency

### **GOVERNOR'S OFFICE**

Finding 2018-043 Page D-70

Recurring: Year of initial finding was 2016 - 2015

CFDA # 93.777 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

93.778 Centers for Medicare and Medicaid Services

Medicaid Cluster

Questioned Cost: \$0

Recommendation: We recommend the State of North Dakota establish a Medicaid Fraud

Control Unit that is separate and distinct from the Department of Human

Services.

Status: This recommendation has been fully implemented. The Governor's

Executive Budget that was released on December 5, 2018 included a recommendation and funding for establishing a Medicaid Fraud Control Unit to be housed within the Attorney General's Office. This unit was to include 5 additional employees with the sole purpose of Medicaid Fraud investigations. The final budget that was approved by the 66<sup>th</sup> Legislative

Assembly and signed by the Governor on May 1, 2019 included 6 additional employees including 1 attorney, 2 auditors, 2 criminal

investigators and 1 administrative assistant. The Medicaid Fraud Control unit is established as a division of the Attorney General's office and is under the supervision and control of the Attorney General. The staff in this

unit are responsible for investigating any reported Medicaid Fraud.

Additional information and the relevant law for this unit can be found on the Attorney General's website at: https://attorneygeneral.nd.gov/attorney-

generals-office/medicaid-fraud.

### For the fiscal years ended June 30, 2020 and 2019

### By State Agency

### **HIGHWAY PATROL**

Finding 2018-044 Page D-72

CFDA # 20.218 U.S. DEPARTMENT OF TRANSPORTATION

Federal Motor Carrier Safety Administration Motor Carrier Safety Assistance Program

Questioned Cost: \$0

Recommendation: We recommend Highway Patrol ensure all financial transactions charged to

the Motor Carrier Safety Assistance Program (MSCAP) within the state's accounting system are reviewed and approved by appropriate program

personnel.

Status: We have implemented our changes in procedures and those changes have

also been acknowledged as appropriate by the FMCSA.

### For the fiscal years ended June 30, 2020 and 2019

### By State Agency

### OFFICE OF MANAGEMENT AND BUDGET

Finding 2018-045 Page D-73

CFDA # Various Various

Questioned Cost: \$0

Recommendation: We recommend the Office of Management and Budget ensure that the

Schedule of Expenditures of Federal Awards (SEFA), notes to the SEFA,

and Summary Schedule or Prior Audit Findings are accurately prepared

and in accordance with Uniform Guidance.

Status: The Office of Management and Budget has implemented the

recommendation according to the corrective action plan.

### For the fiscal years ended June 30, 2020 and 2019

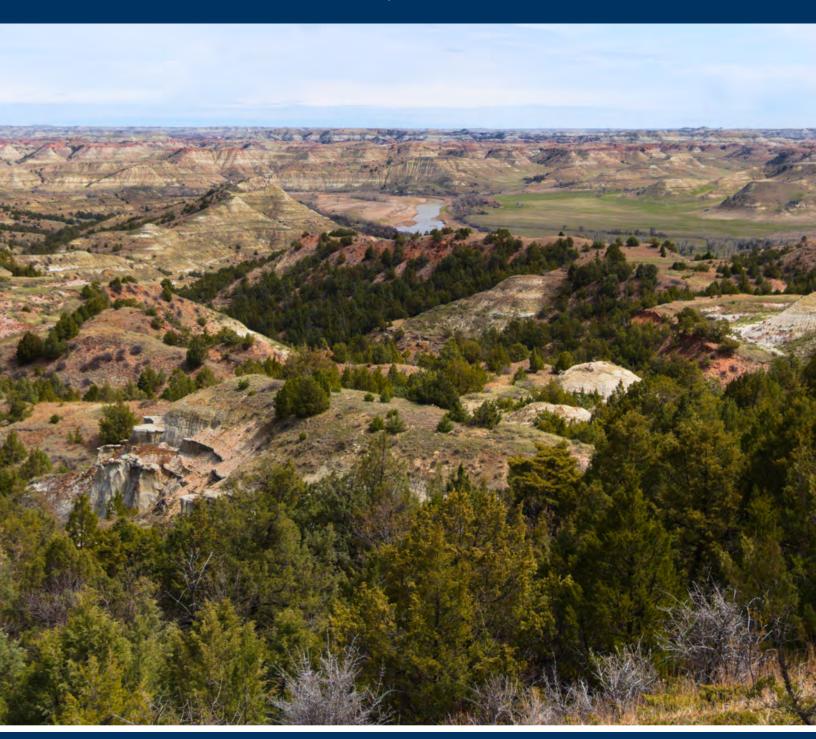
### By State Agency

### **UNIVERSITY SYSTEM**

| Find | ling 2018-046                             | Page D-75  |
|------|---|--|
| CFE  | OA # 84.007<br>84.038<br>84.063<br>84.268 | U.S. DEPARTMENT OF EDUCATION Student Financial Aid Cluster   |
| Que  | estioned Cost:                            | \$2,727  |
| Rec  | ommendation:                              | We recommend that DSU and NDSU properly calculate the return of Title IV funds based on the federal regulations. |
| Stat | us:                                       | DSU and NDSU have implemented the recommendation.  |







# **State of North Dakota**

### **North Dakota State Agencies - Acronyms**

Fiscal Years Ended June 30, 2020 and 2019

| <u>Acronym</u> | Agency                                       |
|----------------|--|
| 10100          | Governor's Office                            |
| 10800          | Secretary of State                           |
| 11000          | Office of Management and Budget              |
| 11200          | Information Technology Department            |
| 11700          | State Auditor's Office                       |
| 12000          | State Treasurer                              |
| 12500          | Attorney General                             |
| 12700          | State Tax Commissioner                       |
| 18000          | State Courts                                 |
| 20100          | Public Instruction                           |
| 25000          | State Library                                |
| 25300          | School for the Blind                         |
| 27000          | Career and Technical Education               |
| 30100          | Health Department                            |
| 30300          | Environmental Quality                        |
| 31300          | Veterans' Home                               |
| 32100          | Veterans Affairs                             |
| 32500          | Human Services                               |
| 36000          | Protection and Advocacy                      |
| 40100          | Insurance Department                         |
| 40500          | Industrial Commission                        |
| 40600          | Labor Department                             |
| 40800          | Public Service Commission                    |
| 41200          | Aeronautics Commission                       |
| 50400          | Highway Patrol                               |
| 53000          | Department of Corrections and Rehabilitation |
| 54000          | Adjutant General                             |
| 60100          | Department of Commerce                       |
| 60200          | Department of Agriculture                    |
| 67000          | Racing Commission                            |
| 70100          | State Historical Society                     |
|                |  |

### **State of North Dakota**

### North Dakota State Agencies - Acronyms

Fiscal Years Ended June 30, 2020 and 2019

70900 Council on the Arts

72000 Game and Fish Department

75000 Parks and Recreation

77000 Water Commission

80100 Department of Transportation

BSC Bismarck State College

DSU Dickinson State University

LRSC Lake Region State College

MASU Mayville State University

MISU Minot State University

MISUB Dakota College at Bottineau

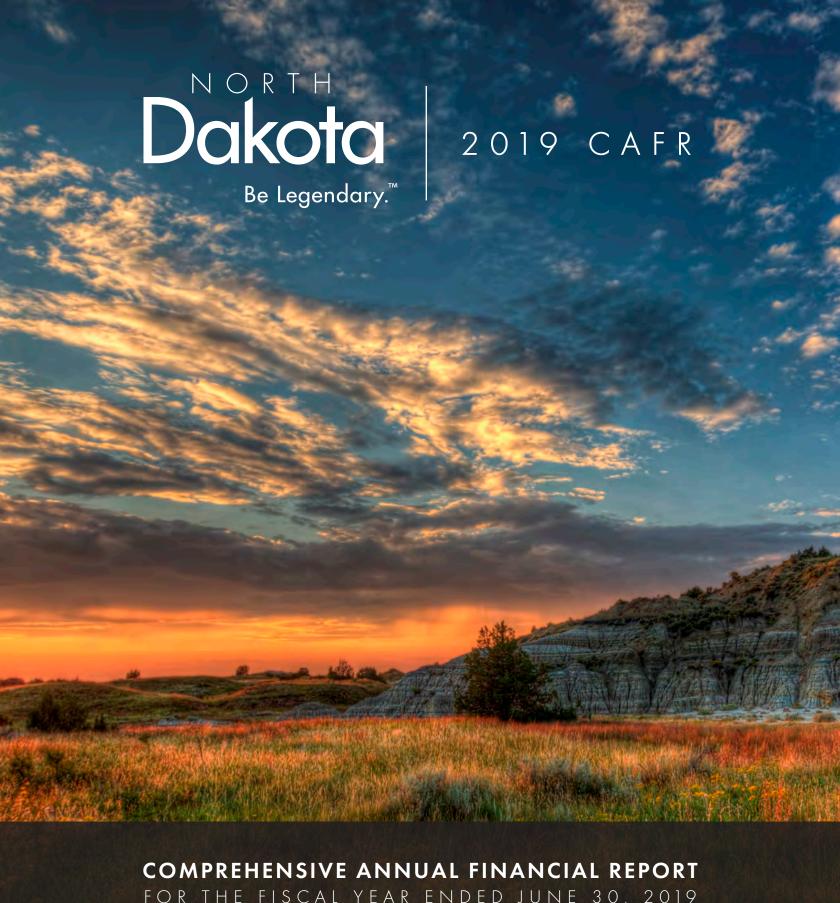
NDSCS North Dakota State College of Science

NDSU North Dakota State University

UND University of North Dakota

VCSU Valley City State University

WSC Williston State College



FOR THE FISCAL YEAR ENDED JUNE 30, 2019

# STATE OF NORTH DAKOTA

# Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED

June 30, 2019



Prepared by the Office of Management and Budget

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

Cover: Photo on cover provided by North Dakota Tourism/National Park Service

### COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019 TABLE OF CONTENTS

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# **Introductory Section**



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December 11, 2019

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

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

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

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

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

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

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### PROFILE OF THE GOVERNMENT

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

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

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

### LOCAL ECONOMY

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

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

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

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

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

### LONG-TERM FINANCIAL PLANNING

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

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

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

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

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

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

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

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

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

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

### RELEVANT FINANCIAL POLICIES

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

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

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

### **MAJOR INITIATIVES**

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

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

### INFRASTRUCTURE INVESTMENTS

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

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

### **TAX RELIEF**

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

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

### **EDUCATION**

K-12 education initiatives include:

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

Higher Education initiatives include:

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

### **RESERVES**

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

### AWARDS AND ACKNOWLEDGEMENTS

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

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

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

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

Sincerely,

Joe Morrissette Director



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

# State of North Dakota

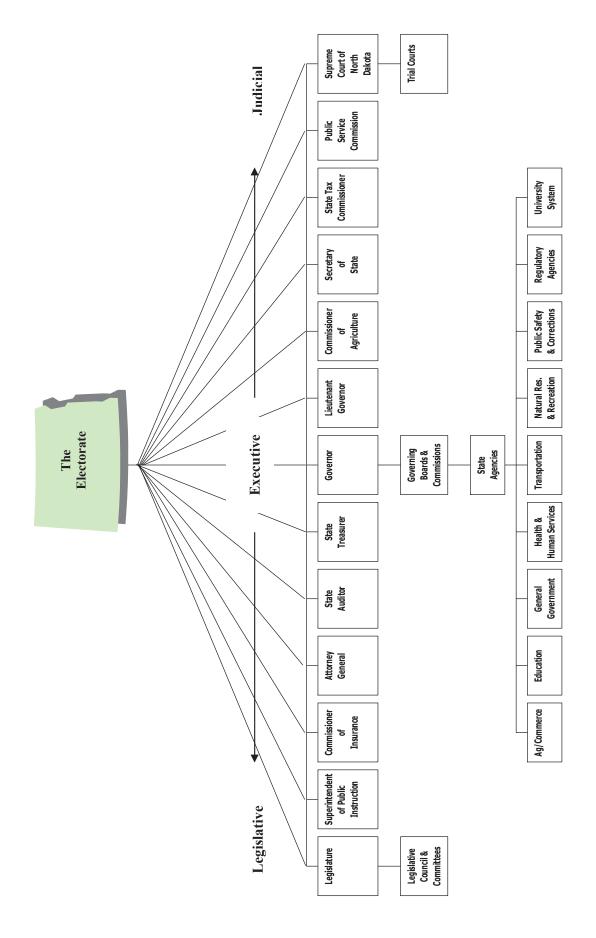
For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

# STATE OF NORTH DAKOTA ORGANIZATIONAL CHART



# NORTH DAKOTA PRINCIPAL STATE OFFICIALS

June 30, 2019

### **ELECTED OFFICIALS**

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

### **LEGISLATIVE**

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

### **JUDICIAL**

Gerald W. VandeWalle, Chief Justice, North Dakota Supreme Court

Daniel J. Crothers, Justice

Lisa K Fair McEvers, Justice

Jerod Tufte, Justice

Jon Jensen, Justice



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| State of North Dakota |  |
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# **Financial Section**

STATE AUDITOR
Joshua C. Gallion

STATE OF NORTH DAKOTA
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STATE CAPITOL 600 E, Boulevard Ave. Dept. 117 Bismarck, North Dakota, 58505

## Independent Auditor's Report

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

Members of the Legislative Assembly of the State of North Dakota

## Report on the Financial Statements

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

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

Addiction Counselor Internship Loan
Program
Bank of North Dakota
Beginning Farmer Revolving Loan Fund
Building Authority
College SAVE
Community Water Facility Loan Fund
Comprehensive Health Association of
North Dakota
Department of Trust Lands
North Dakota Development Fund
Guaranteed Student Loan Program
Housing Finance Agency
Housing Incentive Fund
Infrastructure Revolving Loan Fund

Job Service North Dakota
Mandan Remediation Trust
Medical Facility Infrastructure Loan Program
PACE and AG PACE Funds
Public Employees Retirement System
Public Finance Authority
Rebuilders Loan Program
Retirement and Investment Office
School Construction Assistance Revolving
Loan Fund
State Fair Association
State Historical Society of North Dakota
Foundation
Student Loan Trust
Workforce Safety and Insurance

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

|  | Percent of<br>Assets | Percent of Net Position or Fund Balance | Percent of Revenues |
|--|----------------------|---|---------------------|
| Government-Wide Financial Statements                       |                      |   |                     |
| Governmental Activities                                    | 29%                  | 30%                                     | 18%                 |
| Business-Type Activities Aggregate Discretely Presented    | 82%                  | 61%                                     | 51%                 |
| Component Units  | 100%                 | 100%                                    | 100%                |
| Fund Financial Statements                                  |                      |   |                     |
| Major Governmental Funds                                   |                      |   |                     |
| General Fund   | 0%                   | 0%                                      | 0%                  |
| Federal Fund   | 1%                   | 0%                                      | 1%                  |
| State Special Revenue Fund                                 | 74%                  | 76%                                     | 46%                 |
| 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<br>Aggregate Remaining Fund | 100%                 | 100%                                    | 100%                |
| Statements   | 94%                  | 97%                                     | 76%                 |

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

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

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

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of North Dakota, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

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

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

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

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

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

## Other Matters

## Required Supplementary Information

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

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

#### Other Information

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

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

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

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2019 on our consideration of the State of North Dakota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of North Dakota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of North Dakota's internal control over financial reporting and compliance.

Joshua C. Gallion

State Auditor

Bismarck, North Dakota December 11, 2019

#### MANAGEMENT'S DISCUSSION AND ANALYSIS

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

## **FINANCIAL HIGHLIGHTS**

#### Government-wide:

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

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

#### Fund Level:

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

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

#### Long-term Debt:

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

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

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### **Government-wide Statements**

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

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

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

Both statements report three activities:

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

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

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

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

## **Fund Financial Statements**

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

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

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

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

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

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

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

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

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

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

#### **Notes to the Financial Statements**

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

#### **Required Supplementary Information**

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

## Other Supplementary Information

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

#### FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

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

## State of North Dakota's Net Position

(Expressed in Thousands)

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

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

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

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

## State of North Dakota's Changes in Net Position

(Expressed in Thousands)

|                                  | _ ` .          | oncooca III TIN   | •           | a Tuna            | Total Primary |              |  |
|----------------------------------|----------------|-------------------|-------------|-------------------|---------------|--------------|--|
|                                  | Activ          | ımental<br>⁄ities |             | ss-Type<br>⁄ities |               | nment        |  |
|                                  | 2019           | 2018              | 2019        | 2018              | 2019          | 2018         |  |
| Revenues:                        |                |                   |             |                   |               |              |  |
| Program Revenues:                |                |                   |             |                   |               |              |  |
| Charges for Services             | 378,032        | \$344,920         | 1,854,857   | \$1,890,738       | 2,232,889     | \$2,235,658  |  |
| Operating Grants & Contributions | 2,121,703      | 2,156,382         | 410,791     | 363,266           | 2,532,494     | 2,519,648    |  |
| Capital Grants & Contributions   | 107            | 95                | 19,926      | 4,769             | 20,033        | 4,864        |  |
| General Revenues:                |                |                   |             |                   |               |              |  |
| Income Taxes                     | 604,088        | 452,793           | -           | -                 | 604,088       | 452,793      |  |
| Sales Taxes                      | 1,435,130      | 1,326,249         | -           | -                 | 1,435,130     | 1,326,249    |  |
| Oil, Gas and Coal Taxes          | 2,586,570      | 2,196,877         | -           | -                 | 2,586,570     | 2,196,877    |  |
| Other Taxes                      | 110,715        | 100,127           | -           | -                 | 110,715       | 100,127      |  |
| Investment Earnings              | 360,264        | 380,165           | -           | -                 | 360,264       | 380,165      |  |
| Tobacco Settlement               | 20,752         | 55,305            | -           | -                 | 20,752        | 55,305       |  |
| Other                            | 231,745        | 163,996           | 5,162       | 2,922             | 236,907       | 166,918      |  |
| Total Revenues                   | 7,849,106      | 7,176,909         | 2,290,736   | 2,261,695         | 10,139,842    | 9,438,604    |  |
| Expenses                         |                |                   |             |                   |               |              |  |
| General Government               | 1,183,234      | 1,034,864         | _           | _                 | 1,183,234     | 1,034,864    |  |
| Education                        | 1,238,989      | 1,208,514         | _           | _                 | 1,238,989     | 1,208,514    |  |
| Health and Human Services        | 1,947,263      | 1,930,265         | _           | _                 | 1,947,263     | 1,930,265    |  |
| Regulatory                       | 61,213         | 60,782            | _           | _                 | 61,213        | 60,782       |  |
| Public Safety and Corrections    | 230,667        | 241,144           | _           | _                 | 230,667       | 241,144      |  |
| Agriculture and Commerce         | 99,247         | 95,412            | _           | _                 | 99,247        | 95,412       |  |
| Natural Resources                | 261,308        | 230,195           | _           | _                 | 261,308       | 230,195      |  |
| Transportation                   | 443,629        | 444,530           | _           | _                 | 443,629       | 444,530      |  |
| Interest on Long Term Debt       | 1,952          | 2,503             | _           | _                 | 1,952         | 2,503        |  |
| Bank of North Dakota             | ,              | _,000             | 98,931      | 86,073            | 98,931        | 86,073       |  |
| Housing Finance                  | _              | _                 | 52,715      | 46,083            | 52,715        | 46,083       |  |
| Loan Programs                    | _              | _                 | 12,666      | 13,320            | 12,666        | 13,320       |  |
| State Lottery                    | _              | _                 | 26,175      | 23,215            | 26,175        | 23,215       |  |
| Unemployment Compensation        | _              | _                 | 84,206      | 115,487           | 84,206        | 115,487      |  |
| University System                | _              | _                 | 1,198,989   | 1,178,669         | 1,198,989     | 1,178,669    |  |
| Workforce Safety and Insurance   | _              | _                 | 297,497     | 270,197           | 297,497       | 270,197      |  |
| Other                            | _              | _                 | 594,491     | 632,912           | 594,491       | 632,912      |  |
| Total Expenses                   | 5,467,502      | 5,248,209         | 2,365,670   | 2,365,956         | 7,833,172     | 7,614,165    |  |
| Increase (decrease) in Net       |                |                   | , ,         | , ,               | , ,           |              |  |
| Position Before Contributions,   |                |                   |             |                   |               |              |  |
| Loss & Transfers                 | 2,381,604      | 1,928,700         | (74,934)    | (104,261)         | 2,306,670     | 1,824,439    |  |
| Contributions to Permanent Fund  | 2,001,004      | 1,520,700         | (14,504)    | (104,201)         | 2,000,070     | 1,024,400    |  |
| Principal                        | 11,014         | 4,393             | _           | _                 | 11,014        | 4,393        |  |
| Transfers                        | (290,718)      | (367,497)         | 277,019     | 285,002           | (13,699)      | (82,495)     |  |
| Change in Net Position           |                | 1,565,596         |             |                   |               | 1,746,337    |  |
| •                                | 2,101,900      |                   | 202,085     | 180,741           | 2,203,985     |              |  |
| Net Position - Beginning         | 18,516,218     | 16,973,696        | 3,917,941   | 3,744,940         | 22,434,159    | 20,718,636   |  |
| Prior Period Adjustment *        | (5,955)        | (23,074)          | 4,103       | (7,740)           | (1,852)       | (30,814)     |  |
| Net Position- Ending             | \$20,612,163   | \$18,516,218      | \$4,124,129 | \$3,917,941       | \$24,736,292  | \$22,434,159 |  |
| * More detailed information rega | rding the prio | r nariod adius    | tments can  | he found in N     | lote 2        |              |  |

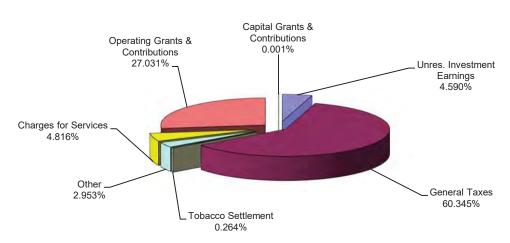
<sup>\*</sup> More detailed information regarding the prior period adjustments can be found in Note 2.

#### **Governmental Activities**

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

Expenses for governmental activities remained relatively consistent.

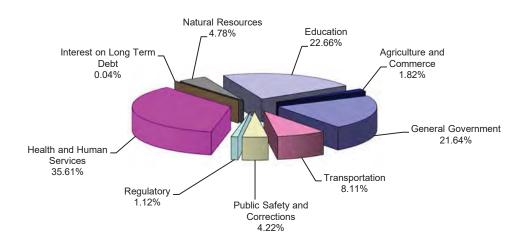
The following chart depicts revenues of the governmental activities for the fiscal year:



Revenues - Governmental Activities Fiscal Year Ending June 30, 2019

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

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



## **Business-type Activities**

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

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

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

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

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

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

#### **Governmental Funds**

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

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

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

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

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

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

## **Proprietary Funds**

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

## **General Fund Budgetary Highlights:**

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

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

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

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

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

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

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

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

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

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

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

(Net of Depreciation, Expressed in Thousands)

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

<sup>\*</sup> Beginning capital asset balances were adjusted for certain reclassifications.

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

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

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

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

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

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

## State of North Dakota's Outstanding Debt

(Expressed in Thousands)

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

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

## **ECONOMIC CONDITION AND OUTLOOK**

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

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

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

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

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

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

#### CONTACTING THE STATE'S OFFICE OF FINANCIAL MANAGEMENT

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

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# **Basic Financial Statements**

# **Statement of Net Position** June 30, 2019

|                                       |                         | Primary Government |                |                       |
|---------------------------------------|-------------------------|--------------------|----------------|-----------------------|
|                                       | Governmental Activities | 31                 |                | Units<br>(GASB Based) |
| ASSETS                                |                         |                    |                |                       |
| Cash and Cash Equivalents             | \$ 270,986,685          | \$ 724,241,415     | \$ 995,228,100 | \$ 15,605,709         |
| Investments                           | 12,539,561,402          | 4,028,874,532      | 16,568,435,934 | 818,362               |
| Accounts Receivable - Net             | 148,202,363             | 124,079,450        | 272,281,813    | 232,795               |
| Taxes Receivable - Net                | 609,569,080             | -                  | 609,569,080    | -                     |
| Interest Receivable - Net             | 44,922,497              | 70,068,820         | 114,991,317    | 80,999                |
| Intergovernmental Receivable - Net    | 222,311,091             | 28,079,713         | 250,390,804    | -                     |
| Internal Receivable                   | 2,885,291,087           | -                  | -              | -                     |
| Due from Component Units              | -                       | 34,963,635         | 34,963,635     | -                     |
| Due from Primary Government           | -                       | -                  | -              | 61,000                |
| Prepaid Items                         | 11,280,631              | 4,715,769          | 15,996,400     | -                     |
| Inventory                             | 24,747,168              | 34,356,247         | 59,103,415     | -                     |
| Loans and Notes Receivable - Net      | 188,060,261             | 4,774,052,611      | 4,962,112,872  | 10,857,772            |
| Pension Assets                        | 27,458,900              | -                  | 27,458,900     | -                     |
| Other Assets                          | -                       | 48,167,473         | 48,167,473     | 161,200               |
| Restricted Assets:                    |                         |                    |                |                       |
| Cash and Cash Equivalents             | 279,367                 | 216,254,000        | 216,533,367    | 80,867,016            |
| Investments                           | -                       | 55,778,382         | 55,778,382     | 985,939,000           |
| Interest Receivable - Net             | -                       | 4,488,000          | 4,488,000      | 5,933,000             |
| Loans and Notes Receivable - Net      | -                       | 1,198,534,000      | 1,198,534,000  | -                     |
| Capital Assets:                       |                         |                    |                |                       |
| Nondepreciable                        | 1,814,451,711           | 191,047,765        | 2,005,499,476  | 1,115,389             |
| Depreciable, Net                      | 3,422,608,774           | 1,440,252,108      | 4,862,860,882  | 6,836                 |
| Total Assets                          | 22,209,731,017          | 12,977,953,920     | 32,302,393,850 | 1,101,679,078         |
| DEFERRED OUTFLOWS OF RESOURCES        |                         |                    |                |                       |
| Deferred Loss on Bond Refunding       | 2,130,000               | 3,988,193          | 6,118,193      | 3,802,000             |
| Financial Derivative Instrument       | -                       | 7,886,000          | 7,886,000      | -                     |
| Unrealized Loss on Interest Rate Swap | -                       | 2,545,000          | 2,545,000      | -                     |
| Derived from Pensions                 | 283,360,544             | 96,933,074         | 380,293,618    | 113,000               |
| Derived from OPEB                     | 8,226,972               | 2,863,884          | 11,090,856     | -                     |
| Total Deferred Outflows of Resources  | 293,717,516             | 114,216,151        | 407,933,667    | 3,915,000             |
|                                       |                         |                    |                |                       |

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

# **Statement of Net Position** June 30, 2019

|  |                   | Primary Government |                   | Component      |
|--|-------------------|--------------------|-------------------|----------------|
|  | Governmental      | Business-Type      |                   | Units          |
|  | Activities        | Activities         | Total             | (GASB Based)   |
| LIABILITIES  |                   |                    |                   |                |
| Accounts Payable                                     | 324,984,357       | 59,939,338         | 384,923,695       | 724,556        |
| Accrued Payroll                                      | 58,163,221        | 41,607,116         | 99,770,337        | 2,587          |
| Securities Lending Collateral                        | 264,798,011       | 6,178,872          | 270,976,883       | -              |
| Interest Payable                                     | 1,375,537         | 18,968,484         | 20,344,021        | 4,802,000      |
| Intergovernmental Payable                            | 214,668,082       | 6,176,602          | 220,844,684       | -              |
| Tax Refunds Payable                                  | 134,827,724       | -                  | 134,827,724       | -              |
| Internal Payable                                     | -                 | 3,114,964,554      | 229,673,467       | -              |
| Due to Component Units                               | -                 | 36,808,983         | 36,808,983        | -              |
| Contract Retainage Payable                           | 23,382,205        | 3,445,240          | 26,827,445        | -              |
| Federal Funds Purchased                              | -                 | 271,505,000        | 271,505,000       | _              |
| Other Deposits                                       | _                 | 933,175,958        | 933,175,958       | _              |
| Amounts Held In Custody for Others                   | _                 | 20,993,981         | 20,993,981        | _              |
| Unearned Revenue                                     | 7,309,467         | 136,482,443        | 143,791,910       | 49,809         |
| Financial Derivative Instrument                      | -                 | 7,886,000          | 7,886,000         | -              |
| Other Liabilities                                    | _                 | 29,220,333         | 29,220,333        | 136,668        |
| Long-Term Liabilities                                |                   | 20,220,000         | 20,220,000        | .00,000        |
| Due within one year                                  | 26,492,478        | 1,030,736,584      | 1,057,229,062     | 26,981,001     |
| Due in more than one year                            | 81,831,083        | 2,976,289,829      | 3,058,120,912     | 523,014,340    |
| Net Pension Liability                                | 658,978,231       | 228,512,880        | 887,491,111       | 279,000        |
| Net OPEB Liability                                   | 31,260,024        | 10,146,883         | 41,406,907        | 273,000        |
| Total Liabilities                                    | 1,828,070,420     | 8,933,039,080      | 7,875,818,413     | 555,989,961    |
| Total Liabilities                                    | 1,020,070,420     | 0,933,039,000      | 7,073,010,413     | 333,969,961    |
| DEFERRED INFLOWS OF RESOURCES                        |                   |                    |                   |                |
| Grant Received Prior to Time Requirements            | _                 | 140,783            | 140.783           | _              |
| Increase in Fair Value of Hedging Derivatives        | _                 | 15,750             | 15,750            | _              |
| Unrealized Gain on Interest Rate Swap                | _                 | 12,846,000         | 12,846,000        | _              |
| Derived from Pensions                                | 61,146,519        | 21,308,001         | 82,454,520        | 21,000         |
| Derived from OPEB                                    | 2,068,442         | 691,441            | 2,759,883         | -              |
| Total Deferred Inflows of Resources                  | 63,214,961        | 35,001,975         | 98,216,936        | 21,000         |
|  |                   |                    |                   |                |
| NET POSITION   |                   |                    |                   |                |
| Net Investment in Capital Assets                     | 5,185,682,467     | 1,246,740,894      | 6,432,423,361     | 6,836          |
| Restricted for:                                      |                   |                    |                   |                |
| General Government                                   | 7,732,114         | -                  | 7,732,114         | -              |
| Education  | 5,353,280,164     | -                  | 5,353,280,164     | -              |
| Health and Human Services                            | 25,165,341        | -                  | 25,165,341        | -              |
| Regulatory Purposes                                  | 73,989,399        | -                  | 73,989,399        | -              |
| Public Safety & Corrections                          | 3,984,296         | -                  | 3,984,296         | -              |
| Agriculture and Commerce                             | 61,938,107        | -                  | 61,938,107        | -              |
| Cultural and Natural Resources                       | 455,693,018       | -                  | 455,693,018       | -              |
| Transportation                                       | 542,536,563       | _                  | 542,536,563       | _              |
| Capital Projects                                     | -                 | 84,464             | 84,464            | 534,286        |
| Debt Service   | 782,977           | 191,273,713        | 192,056,690       | 98,810,000     |
| Loan Purposes  | -                 | 42,860,355         | 42,860,355        | 420,857,000    |
| Pledged Assets                                       | _                 | 470,185,000        | 470,185,000       | -              |
| Unemployment Compensation                            | _                 | 224,309,763        | 224,309,763       | _              |
| Pension Benefits                                     | 27,458,900        |                    | 27,458,900        | _              |
| Permanent Fund and University System - Nonexpendable | 76,551,281        | 18,384,451         | 94,935,732        | 2,401,493      |
| University System - Expendable                       |                   | 23,875,071         | 23,875,071        | 2,701,700      |
| Other  | 10,673,456        | 1,914,774          | 12,588,230        | -              |
| Unrestricted   | 8,786,695,069     | 1,904,500,531      | 10,691,195,600    | 26,973,502     |
| Total Net Position                                   | \$ 20,612,163,152 | \$ 4,124,129,016   | \$ 24,736,292,168 | \$ 549,583,117 |
| TOTAL FIOLE CONTROL                                  | ¥ 20,012,100,102  | Ψ ¬, 12¬, 12∂,010  | Ψ Z¬,100,202,100  | Ψ 0-0,000,117  |

#### **Statement of Activities**

For the Fiscal Year Ended June 30, 2019

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

## General Revenues:

Taxes:

Individual and Corporate Income Taxes

Sales and Use Taxes

Oil, Gas and Coal Taxes

Business and Other Taxes

Unrestricted Investment Earnings

Tobacco Settlement

Miscellaneous

Contributions to Perm Fund Principal

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, Beginning of Year, as restated

Net Position, Ending

| Net (Expense)   | Revenue   | and Change | in Net | Position |
|-----------------|-----------|------------|--------|----------|
| itot (=xpoiico) | 110101140 | ana onango |        |          |

| Het (                     | Primary Government | id Offarige III Net 1 03  | Component      |
|---------------------------|--------------------|---------------------------|----------------|
| Governmental              | Business-Type      |                           | Units          |
| Activities                | Activities         | Total                     | (GASB Based)   |
|                           |                    |                           |                |
|                           |                    |                           |                |
| \$ (1,143,195,561)        |                    | \$ (1,143,195,561)        |                |
| (659,477,979)             |                    | (659,477,979)             |                |
| (771,170,299)             |                    | (771,170,299)             |                |
| (26,187,685)              |                    | (26,187,685)              |                |
| (150,681,860)             |                    | (150,681,860)             |                |
| (42,042,113)              |                    | (42,042,113)              |                |
| (181,515,644)             |                    | (181,515,644)             |                |
| 8,562,953                 |                    | 8,562,953                 |                |
| (1,952,361)               |                    | (1,952,361)               |                |
| (2,967,660,549)           |                    | (2,967,660,549)           |                |
|                           |                    |                           |                |
|                           | 152,694,497        | 152,694,497               |                |
|                           | 11,978,795         | 11,978,795                |                |
|                           | 617,457            | 617,457                   |                |
|                           | 9,349,324          | 9,349,324                 |                |
|                           | 34,894,398         | 34,894,398                |                |
|                           | (388,534,084)      | (388,534,084)             |                |
|                           | 89,305,317         | 89,305,317                |                |
|                           | 9,597,660          | 9,597,660                 |                |
|                           | (80,096,636)       | (80,096,636)              |                |
|                           |                    |                           |                |
| (2,967,660,549)           | (80,096,636)       | (3,047,757,185)           |                |
|                           |                    |                           |                |
|                           |                    |                           | \$ 19,361,659  |
|                           |                    |                           |                |
|                           |                    |                           |                |
| 004 000 000               |                    | 004 000 000               |                |
| 604,088,632               | -                  | 604,088,632               | -              |
| 1,435,129,762             | -                  | 1,435,129,762             | -              |
| 2,586,569,876             | -                  | 2,586,569,876             | -              |
| 110,714,853               | -                  | 110,714,853               | -              |
| 360,264,138               | -                  | 360,264,138               | -              |
| 20,752,400                | -<br>5 162 712     | 20,752,400                | -              |
| 231,745,021<br>11,014,244 | 5,162,713          | 236,907,734<br>11,014,244 | -              |
| (290,718,287)             | -<br>277,018,465   | (13,699,822)              | -              |
| 5,069,560,639             | 282,181,178        | 5,351,741,817             |                |
| 2,101,900,090             | 202,084,542        | 2,303,984,632             | 19,361,659     |
| 18,510,263,062            | 3,922,044,474      | 22,432,307,536            | 530,221,458    |
| \$ 20,612,163,152         | \$ 4,124,129,016   | \$ 24,736,292,168         | \$ 549,583,117 |
| Ψ 20,012,100,132          | Ψ 7,127,120,010    | Ψ 27,100,202,100          | Ψ 0-10,000,111 |

## Statement of Net Assets Component Units - University System Foundation FASB Basis

June 30, 2019

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

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

For the Fiscal Year Ended June 30, 2019

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

## Balance Sheet Governmental Funds June 30, 2019

|  | Special Revenue  |    |               | _ Nonmajor<br>Governmental |               |    |            |    |                |
|--|------------------|----|---------------|----------------------------|---------------|----|------------|----|----------------|
|  | General          |    | Federal       |                            | State         | G  | Funds      |    | Total          |
|  |                  |    |               |                            |               |    |            |    |                |
| ASSETS   |                  |    |               | _                          |               |    |            | _  |                |
| Cash Deposits at the Bank of ND                  | \$ 663,747,439   | \$ | -             | \$                         | 1,843,623,832 | \$ | 535,467    | \$ | 2,507,906,738  |
| Cash and Cash Equivalents                        | 259,013,921      |    | -             |                            | 11,485,703    |    | 85,943     |    | 270,585,567    |
| Restricted Cash and Cash Equivalents             | 279,367          |    | -             |                            | -             |    | -          |    | 279,367        |
| Investments at the Bank of ND                    | - 0.400 500 500  |    | 3,000,000     |                            | 348,859,722   |    | 663,000    |    | 352,522,722    |
| Investments                                      | 6,432,592,580    |    | -             |                            | 6,072,577,514 |    | 25,054,157 |    | 12,530,224,251 |
| Accounts Receivable - Net                        | 19,482,766       |    | 28,127,793    |                            | 100,206,225   |    | 50         |    | 147,816,834    |
| Taxes Receivable - Net Interest Receivable - Net | 465,267,091      |    | -             |                            | 144,188,613   |    | 113,376    |    | 609,569,080    |
|  | 28,251,970       |    | 487           |                            | 16,445,853    |    | 166,742    |    | 44,865,052     |
| Intergovernmental Receivable - Net               | 15,333           |    | 206,780,575   |                            | 15,141,337    |    | - 15       |    | 221,937,245    |
| Due from Other Funds                             | 134,754,527      |    | 33,178,374    |                            | 17,281,524    |    | 15         |    | 185,214,440    |
| Prepaid Items                                    | 3,670,676        |    | 1,367,359     |                            | 2,150,155     |    | -          |    | 7,188,190      |
| Inventory  | 2,955,107        |    | 10,964,480    |                            | 10,704,928    |    | -          |    | 24,624,515     |
| Loans and Notes Receivable - Net                 | 12,657           |    | 159,491       |                            | 134,911,755   |    | 52,976,356 |    | 188,060,259    |
| Total Assets                                     | 8,010,043,434    |    | 283,578,559   |                            | 8,717,577,161 |    | 79,595,106 |    | 17,090,794,260 |
| DEFERRED OUTFLOWS OF RESOURCES                   | 3                |    |               |                            |               |    |            |    |                |
| Total Deferred Outflows of Resources             | -                |    | -             |                            | -             |    | -          |    | -              |
| Total Assets and Deferred Outflows of            |                  |    |               |                            |               |    |            |    |                |
| Resources  | \$ 8,010,043,434 | \$ | 283,578,559   | \$                         | 8,717,577,161 | \$ | 79,595,106 | \$ | 17,090,794,260 |
| LIABILITIES AND FUND BALANCES                    |                  |    |               |                            |               |    |            |    |                |
| Liabilities:                                     |                  |    |               |                            |               |    |            |    |                |
| Accounts Payable                                 | 89,555,411       |    | 132,401,790   |                            | 101,661,904   |    | 12,754     |    | 323,631,859    |
| Accrued Payroll                                  | 35,232,695       |    | 6,743,753     |                            | 13,361,044    |    | -          |    | 55,337,492     |
| Securities Lending Collateral                    | 20,149,968       |    | -             |                            | 242,997,902   |    | 1,613,262  |    | 264,761,132    |
| Interest Payable                                 | 119,075          |    | 37,193        |                            | 892,052       |    | -          |    | 1,048,320      |
| Intergovernmental Payable                        | 3,810,005        |    | 24,794,365    |                            | 186,063,712   |    | _          |    | 214,668,082    |
| Tax Refunds Payable                              | 127,228,508      |    | -             |                            | 7,599,216     |    | _          |    | 134,827,724    |
| Due to Other Funds                               | 29,933,029       |    | 87,899,061    |                            | 73,748,038    |    | 153,563    |    | 191,733,691    |
| Contract Retainage Payable                       | 427,215          |    | 10,574,975    |                            | 12,380,015    |    | -          |    | 23,382,205     |
| Unearned Revenues                                | -                |    | 7,115,543     |                            | 143,014       |    | -          |    | 7,258,557      |
| Total Liabilities                                | 306,455,906      |    | 269,566,680   |                            | 638,846,897   |    | 1,779,579  |    | 1,216,649,062  |
| DEFENDED INTLOWN OF DESCRIPTION                  |                  |    |               |                            |               |    |            |    |                |
| DEFERRED INFLOWS OF RESOURCES                    | 447.000.400      |    | 0.000.054     |                            | 45 400 000    |    |            |    | 405 000 400    |
| Unavailable Revenue                              | 117,092,106      |    | 3,322,254     |                            | 15,188,839    |    | -          |    | 135,603,199    |
| Unpaid Penalty and Interest                      | -                |    | -             |                            | 821,125       |    | -          |    | 821,125        |
| Total Deferred Inflows of Resources              | 117,092,106      |    | 3,322,254     |                            | 16,009,964    |    | -          |    | 136,424,324    |
| Fund Balances:                                   |                  |    |               |                            |               |    |            |    |                |
| Nonspendable                                     |                  |    |               |                            |               |    |            |    |                |
| Inventory  | 2,955,107        |    | 10,964,480    |                            | 10,704,928    |    | -          |    | 24,624,515     |
| Long - Term Receivables                          | 12,657           |    | -             |                            | -             |    | -          |    | 12,657         |
| Prepaid Expenditures                             | 3,670,676        |    | 1,367,359     |                            | 2,150,155     |    | -          |    | 7,188,190      |
| Permanent Trust Fund                             | -                |    | -             |                            | -             |    | 76,551,281 |    | 76,551,281     |
| Restricted                                       | 279,367          |    | -             |                            | 6,487,770,608 |    | 783,831    |    | 6,488,833,806  |
| Committed  | 348,222,819      |    | -             |                            | 1,187,484,830 |    | 480,415    |    | 1,536,188,064  |
| Assigned   | 7 221 254 706    |    | - (1 642 214) |                            | 374,609,779   |    | -          |    | 374,609,779    |
| Unassigned                                       | 7,231,354,796    |    | (1,642,214)   |                            | <u>-</u>      |    |            |    | 7,229,712,582  |
| Total Fund Balances                              | 7,586,495,422    |    | 10,689,625    |                            | 8,062,720,300 |    | 77,815,527 |    | 15,737,720,874 |
| Total Liabilities, Deferred Inflows of           | -                |    |               |                            |               |    |            |    |                |
| Resources, and Fund Balance                      | \$ 8,010,043,434 | \$ | 283,578,559   | \$                         | 8,717,577,161 | \$ | 79,595,106 | \$ | 17,090,794,260 |

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

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

**Net Position of Governmental Activities** 

\$ 20,612,163,152

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

For the Fiscal Year Ended June 30, 2019

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

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

| Net Change in Fund Balances-Total Governmental Funds  |                         | \$ 1,955,024,987 |
|---|-------------------------|------------------|
| Amounts reported for governmental activities in the statement of activities are different because:  |                         |                  |
| Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:   |                         |                  |
| Capital outlay  | 341,419,925             |                  |
| Depreciation expense  Excess of capital outlay over depreciation expense  | (130,992,989)           | 210,426,936      |
| Excess of capital outlay over depreciation expense  |                         | 210,420,930      |
| In the statement of activities, only the gain(loss) on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets sold. |                         | (410,695)        |
| Donations of capital assets increase net position in the statement of activities but do not appear in the governmental funds because they are not financial resources.  |                         | 20,000           |
| Some of the assets acquired this year were financed through capital leases. The amount financed is reported in the governmental funds as a source of financing. However, capital leases are reported as long-term liabilities in the statement of net position.                                   |                         | (184,258)        |
| Based on receipt dates, some revenues are not considered "available" revenues and are unavailable in the governmental funds. Unavailable revenues increased/decreased by this amount this year.   |                         | (4,274,800)      |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of internal service funds is reported with governmental activities   |                         | 1,720,272        |
| Bonds proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.  |                         | -                |
| Note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.   |                         | -                |
| Voluntary termination benefits do not require current financial resources and therefore are not reported as expenditures in the governmental funds.   |                         | (57,423)         |
| The pension assets resulting from contributions in excess of annual required contribution are not financial resources and, therefore, are not reported in the funds.  |                         | (6,177,042)      |
| Deferred outflows of resources do not provide current financial resources   |                         |                  |
| Amortization of deferred loss on bond refunding<br>Related to OPEB  | (489,000)               |                  |
| Related to OPEB Related to pension  | 367,864<br>(34,253,261) |                  |
| Total deferred outflows   |                         | (34,374,397)     |
| Deferred pension inflows are not considered current cash expenses and are not   |                         |                  |
| reported as an expenditure in the funds   |                         |                  |
| Unpaid penalty and interest<br>Related to OPEB  | 172,661<br>(117,623)    |                  |
| Related to pension  | (18,538,387)            |                  |
| Total deferred outflows   |                         | (18,483,349)     |
| The net OPEB liability relating to retirement plans   |                         | 770,605          |
| The net pension liability relating to retirement plans  |                         | (14,112,165)     |
| Repayment of long-term debt is reported as an expenditure in governmental funds but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:  |                         |                  |
| Bond principal retirement   | 10,478,700              |                  |
| Note payments   | 349,665                 |                  |
| Capital lease payments  Total long-term debt repayment  | 469,356                 | 11,297,721       |
| Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This adjustment combines the net changes of the following:   |                         |                  |
| Accrued Interest  | 86,183                  |                  |
| Compensated Absences  | 187,416                 |                  |
| Claims and Judgments  Total additional expenditures   | 440,099                 | 713,698          |
| Change in Net Position of Governmental Activities   |                         | \$ 2,101,900,090 |
| Change in 1961 Control of Coveriniental Activides   |                         | Ψ 2,101,300,030  |

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

| June 30, 2019                            |   | Bu                 | siness-Type Activities | s - Enterprise Funds                    |                     |                             | Governmental<br>Activities |  |
|--|---|--------------------|------------------------|---|---------------------|-----------------------------|----------------------------|--|
|  | Bank of Workford                        |                    |                        |   | Workforce Other     |                             |                            |  |
|  | North<br>Dakota                         | Housing<br>Finance | University<br>System   | Safety and<br>Insurance                 | Enterprise<br>Funds | Total                       | Internal<br>Service Funds  |  |
|  | Dakota                                  | rinance            | System                 | insurance                               | runas               | Total                       | Service runus              |  |
| ASSETS                                   |   |                    |                        |   |                     |                             |                            |  |
| Current Assets:                          |   |                    |                        |   |                     |                             |                            |  |
| Cash Deposits at the Bank of ND          | 9                                       | 7,430,000 \$       | 202,193,296 \$         | 2,871,189 \$                            | 149,752,740 \$      | 362,247,225                 | \$ 32,772,230              |  |
| Cash and Cash Equivalents                |   | -                  | 10,177,641             | -                                       | 204,371,774         | 214,549,415                 | 401,118                    |  |
| Investments at the Bank of ND            |   | -                  | 140,589,569            | -                                       | 1,000,000           | 141,589,569                 | 341,583                    |  |
| Investments                              |   | -                  | 116,091                | 2,060,882,106                           | 50,590,202          | 2,111,588,399               | 9,337,152                  |  |
| Accounts Receivable - Net                |   | 807,000            | 23,091,748             | 26,566,996                              | 73,613,706          | 124,079,450                 | 385,529                    |  |
| Interest Receivable - Net                |   | 108,000            | -                      | 10,666,901                              | 3,219,919           | 13,994,820                  | 54,952                     |  |
| Intergovernmental Receivable - Net       |   | 530,000            | 26,643,518             | -                                       | 906,195             | 28,079,713                  | 373,846                    |  |
| Due from Other Funds                     |   | 6,000              | 18,650,505             | -                                       | 1,090,547           | 19,747,052                  | 8,944,643                  |  |
| Due from Component Units                 |   | -                  | 10,813,618             | -                                       | -                   | 10,813,618                  | -                          |  |
| Prepaid Items                            |   | 63,000             | -                      | 395,608                                 | 4,257,161           | 4,715,769                   | 4,092,441                  |  |
| Inventory                                |   | -                  | 6,986,515              | -                                       | 27,369,732          | 34,356,247                  | 122,653                    |  |
| Loans and Notes Receivable - Net         |   | -                  | 6,180,651              | -                                       | 22,685,253          | 28,865,904                  | -                          |  |
| Other Assets                             |   | 764,000            | 5,549,973              | -                                       | 18,685              | 6,332,658                   | -                          |  |
| Restricted Cash at the Bank of ND        |   | 15,076,000         | _                      | -                                       | 4,848,918           | 19,924,918                  | -                          |  |
| Restricted Cash and Cash Equivalents     |   | 216,029,000        | -                      | -                                       | 225,000             | 216,254,000                 | -                          |  |
| Restricted Investments at the Bank of ND |   |                    | _                      | _                                       | 1,000,000           | 1,000,000                   | -                          |  |
| Restricted Investments                   |   | 7,335,000          | _                      | _                                       | -                   | 7,335,000                   | _                          |  |
| Restricted Interest Receivable - Net     |   | 4,488,000          | _                      | _                                       | _                   | 4,488,000                   | _                          |  |
| Restricted Loans Receivable - Net        |   | 27,954,000         | _                      | _                                       | 162,000             | 28,116,000                  | _                          |  |
| Total Current Assets                     |   | 280,590,000        | 450,993,125            | 2,101,382,800                           | 545,111,832         | 3,378,077,757               | 56,826,147                 |  |
|  |   |                    | ,,                     | _,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, |                     | 0,010,011,101               |                            |  |
| Noncurrent Assets:                       |   |                    |                        |   |                     |                             |                            |  |
| Restricted Cash at the Bank of ND        |   | _                  | 40,343,773             | _                                       | _                   | 40,343,773                  | _                          |  |
| Restricted Investments at the Bank of ND |   | _                  | 7,831,721              | _                                       | _                   | 7.831.721                   | _                          |  |
| Restricted Investments                   |   | 42,133,000         | 6,310,382              | _                                       | _                   | 48,443,382                  | _                          |  |
| Investments at the Bank of ND            |   | -                  | 100,681,000            | _                                       | _                   | 100,681,000                 | _                          |  |
| Investments                              |   |                    | 10,941,133             | _                                       | _                   | 10,941,133                  |                            |  |
| Due from Component Units                 |   |                    | 24,150,017             |   |                     | 24,150,017                  | _                          |  |
| Loans and Notes Receivable - Net         |   |                    | 21,073,874             |   | 352,338,833         | 373,412,707                 | _                          |  |
| Restricted Loans Receivable - Net        |   | 1,170,418,000      | 21,073,074             | -                                       | 332,330,033         | 1,170,418,000               |                            |  |
| Other Noncurrent Assets                  |   | 5,321,000          | 390,197                | -                                       | 5,818,618           | 11,529,815                  | -                          |  |
| Capital Assets:                          |   | 3,321,000          | 390,197                | -                                       | 3,010,010           | 11,529,615                  | -                          |  |
| Nondepreciable                           |   |                    | 159,702,786            | 4,152,336                               | 24,743,643          | 188,598,765                 | 154,838                    |  |
| Depreciable, Net                         |   | 13,000             | 1,306,247,796          | 13,634,392                              | 112,556,920         | 1,432,452,108               | 94,080,986                 |  |
| Total Noncurrent Assets                  |   | 1,217,885,000      | 1,677,672,679          | 17,786,728                              | 495,458,014         | 3,408,802,421               | 94,235,824                 |  |
| Total Noticulient Assets                 |   | 1,217,000,000      | 1,077,072,079          | 17,700,720                              | 490,400,014         | 3,400,002,421               | 94,233,624                 |  |
| Bank Related Assets:                     |   |                    |                        |   |                     |                             |                            |  |
| Cash and Cash Equivalents                | \$ 509,692,000                          |                    |                        |   | \$                  | 509,692,000                 |                            |  |
| •  | , ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, |                    |                        |   | 3                   | , ,                         |                            |  |
| Investments Interest Receivable - Net    | 1,906,345,000<br>56,074,000             |                    |                        |   |                     | 1,906,345,000<br>56,074,000 |                            |  |
|  |   |                    |                        |   |                     |                             |                            |  |
| Due from Other Funds                     | 117,359,000                             |                    |                        |   |                     | 117,359,000                 |                            |  |
| Loans and Notes Receivable - Net         | 4,371,774,000                           |                    |                        |   |                     | 4,371,774,000               |                            |  |
| Other Assets                             | 30,305,000                              |                    |                        |   |                     | 30,305,000                  |                            |  |
| Capital Assets:                          |   |                    |                        |   |                     |                             |                            |  |
| Nondepreciable                           | 2,449,000                               |                    |                        |   |                     | 2,449,000                   |                            |  |
| Depreciable, Net                         | 7,800,000                               |                    |                        |   |                     | 7,800,000                   |                            |  |
| Total Bank Related Assets                | 7,001,798,000                           |                    |                        |   |                     | 7,001,798,000               |                            |  |
| Total Assets                             | 7,001,798,000                           | 1,498,475,000      | 2,128,665,804          | 2,119,169,528                           | 1,040,569,846       | 13,788,678,178              | 151,061,971                |  |
|  |   |                    |                        |   |                     |                             |                            |  |
| DEFERRED OUTFLOWS OF RESOURCES           |   |                    |                        |   |                     |                             |                            |  |
| Deferred Loss on Bond Refunding          | -                                       | -                  | 3,988,193              | -                                       | -                   | 3,988,193                   | -                          |  |
| Financial Derivative Instrument          | -                                       | 7,886,000          | -                      | -                                       | -                   | 7,886,000                   | -                          |  |
| Unrealized Loss on Interest Rate Swap    | 2,545,000                               | -                  | -                      | -                                       | -                   | 2,545,000                   | -                          |  |
| Derived from Pensions                    | 6,889,000                               | 1,677,000          | 66,901,629             | 12,296,330                              | 9,169,115           | 96,933,074                  | 15,193,665                 |  |
| Derived from OPEB                        | 158,000                                 | 51,000             | 2,005,931              | 313,963                                 | 334,990             | 2,863,884                   | 443,649                    |  |
|  |   |                    |                        |   |                     |                             |                            |  |
| Total Deferred Outflows of Resources     | 9,592,000                               | 9,614,000          | 72,895,753             | 12,610,293                              | 9,504,105           | 114,216,151                 | 15,637,314                 |  |
|  | <del>-</del>                            |                    |                        |   |                     |                             |                            |  |

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

| June 30, 2019  Business-Type Activities - Enterprise Funds                          |                   |   |                          |                | Governmental<br>Activities |                            |                |
|---|-------------------|---|--------------------------|----------------|----------------------------|----------------------------|----------------|
|   | Bank of           |   | 7,                       | Workforce      | Other                      |                            |                |
|   | North             | Housing                                 | University               | Safety and     | Enterprise                 |                            | Internal       |
| LIABILITIES   | Dakota            | Finance                                 | System                   | Insurance      | Funds                      | Total                      | Service Funds  |
| Current Liabilities:  |                   |   |                          |                |                            |                            |                |
| Accounts Payable  |                   | 1,490,000                               | 29,162,197               | 5,282,939      | 24,004,202                 | 59,939,338                 | 1,403,149      |
| Accrued Payroll   |                   | -                                       | 40,692,136               | -              | 914,980                    | 41,607,116                 | 2,573,500      |
| Securities Lending Collateral   |                   | 46 227 000                              | 2 244 500                | 6,100,164      | 78,708                     | 6,178,872                  | 36,879         |
| Interest Payable<br>Intergovernmental Payable                                       |                   | 16,337,000<br>94,000                    | 2,314,599<br>469,475     | -              | 12,358<br>6,295,197        | 18,663,957<br>6,858,672    | 2,576          |
| Due to Other Funds  |                   | 17,000                                  | 4,224,063                | 208,849        | 86,817,361                 | 91,267,273                 | 394,458        |
| Due to Component Units  |                   | -                                       | 4,043,735                | -              | -                          | 4,043,735                  | -              |
| Contract Retainage Payable  |                   | -                                       | 3,445,240                | -              | -                          | 3,445,240                  | -              |
| Other Deposits  Amounts Held in Custody for Others                                  |                   | -<br>14,941,000                         | 6,837,543                | -              | -<br>6,052,981             | 6,837,543<br>20,993,981    | -              |
| Claims/Judgments Payable  |                   | -                                       | -                        | 130,913,280    | 822,043                    | 131,735,323                | 1,213,316      |
| Dividends Payable   |                   | -                                       | -                        | 113,235,072    | -                          | 113,235,072                | -              |
| Compensated Absences Payable  |                   | 237,000                                 | 2,710,196                | 1,399,626      | 176,807                    | 4,523,629                  | 215,050        |
| Notes Payable   |                   | -                                       | 1,224,581                | -              | -                          | 1,224,581                  | -              |
| Capital Leases Payable  |                   | 39,830,000                              | 3,283,858                | -              | 120,000                    | 3,283,858                  | 10,078         |
| Bonds Payable<br>Unearned Revenue   |                   | 343,000                                 | 10,617,051<br>20,584,992 | 115,278,892    | 275,559                    | 50,567,051<br>136,482,443  |                |
| Other Current Liabilities   |                   | -                                       | -                        | -              | 112,936                    | 112,936                    | _              |
| Total Current Liabilities   |                   | 73,289,000                              | 129,609,666              | 372,418,822    | 125,683,132                | 701,000,620                | 5,849,006      |
|   |                   |   |                          |                |                            |                            |                |
| Noncurrent Liabilities:   |                   |   | 4 500 000                |                |                            | 4 505 005                  |                |
| Intergovernmental Payable Due to Component Units                                    |                   | 9,000                                   | 4,588,300<br>32,704,248  | -              | -                          | 4,597,300<br>32,704,248    | -              |
| Claims/Judgments Payable  |                   | -                                       | 32,704,246               | 960.030.720    | -                          | 960.030.720                | 6.912.322      |
| Compensated Absences Payable  |                   | 107,000                                 | 28,176,277               | 227,846        | 1,261,378                  | 29,772,501                 | 2,220,248      |
| Notes Payable   |                   | -                                       | 16,026,980               | -              | -                          | 16,026,980                 | -              |
| Capital Leases Payable  |                   | -                                       | 33,683,962               | -              | -                          | 33,683,962                 | 8,209          |
| Bonds Payable<br>Financial Derivative Instrument                                    |                   | 1,222,566,000                           | 327,922,572              | -              | 2,576,794                  | 1,553,065,366              | -              |
| Net Pension Liability   |                   | 7,886,000<br>4,000,000                  | -<br>162,113,629         | 25,710,589     | 19,536,662                 | 7,886,000<br>211,360,880   | 37,255,551     |
| Net OPEB Liability  |                   | 190,000                                 | 7,146,892                | 1,158,959      | 841,032                    | 9,336,883                  | 1,647,340      |
| Other Noncurrent Liabilities  |                   | 4,463,000                               | 244,632                  | -              | 18,273,765                 | 22,981,397                 | -              |
| Total Noncurrent Liabilities  |                   | 1,239,221,000                           | 612,607,492              | 987,128,114    | 42,489,631                 | 2,881,446,237              | 48,043,670     |
| Devil Delete di Cel IIII  |                   |   |                          |                |                            |                            |                |
| Bank Related Liabilities:<br>Interest Payable                                       | 291,008           |   |                          |                |                            | 291,008                    |                |
| Due to Other Funds  | 1,235,992         |   |                          |                |                            | 1,235,992                  |                |
| Due to Component Units  | 61,000            |   |                          |                |                            | 61,000                     |                |
| Federal Funds Purchased   | 271,505,000       |   |                          |                |                            | 271,505,000                |                |
| Deposits Held for Other Funds   | 3,924,082,422     |   |                          |                |                            | 3,924,082,422              |                |
| Other Deposits  | 845,736,578       |   |                          |                |                            | 845,736,578                |                |
| Other Liabilities Long Term Liabilities:  | 6,126,000         |   |                          |                |                            | 6,126,000                  |                |
| Due within one year   | 725,485,000       |   |                          |                |                            | 725,485,000                |                |
| Due in more than one year   | 379,113,000       |   |                          |                |                            | 379,113,000                |                |
| Net Pension Liability   | 17,152,000        |   |                          |                |                            | 17,152,000                 |                |
| Net OPEB Liability  | 810,000           |   |                          |                |                            | 810,000                    |                |
| Total Bank Related Liabilities  | 6,171,598,000     |   |                          |                |                            | 6,171,598,000              |                |
| Total Liabilities   | 6,171,598,000     | 1,312,510,000                           | 742,217,158              | 1,359,546,936  | 168,172,763                | 9,754,044,857              | 53,892,676     |
|   |                   | , |                          | 777            |                            |                            |                |
| DEFERRED INFLOWS OF RESOURCES   |                   |   |                          |                |                            |                            |                |
| Grants Received Prior to Time Requirements  | -                 | -                                       | 140,783                  | -              | -                          | 140,783                    | -              |
| Increase in Fair Value of Hedging Derivatives Unrealized Gain on Interest Rate Swap | 12.846.000        | -                                       | -                        | -              | 15,750                     | 15,750<br>12,846,000       | -              |
| Derived from Pensions   | 1,115,000         | 324,000                                 | 16.550.754               | 1,622,059      | 1,696,188                  | 21.308.001                 | 3.036.081      |
| Derived from OPEB   | 61,000            | 11,000                                  | 499,230                  | 79,889         | 40,322                     | 691,441                    | 120,004        |
|   |                   |   |                          |                |                            |                            |                |
| Total Deferred Inflows of Resources   | 14,022,000        | 335,000                                 | 17,190,767               | 1,701,948      | 1,752,260                  | 35,001,975                 | 3,156,085      |
|   |                   |   |                          |                |                            |                            |                |
| NET POSITION  |                   |   |                          |                |                            |                            |                |
| Net Investment in Capital Assets  | 10,249,000        | 13,000                                  | 1,083,192,671            | 17,786,728     | 135,499,495                | 1,246,740,894              | 94,217,537     |
| Restricted for:   |                   |   |                          |                |                            |                            |                |
| Capital Projects  | -                 | -                                       | 84,464                   | -              | -                          | 84,464                     | -              |
| Debt Service  | -                 | 183,913,000                             | 6,981,713                | -              | 379,000                    | 191,273,713                | -              |
| Loan Purposes   | 470 195 000       | -                                       | 42,860,355               | -              | -                          | 42,860,355                 | -              |
| Pledged Assets Unemployment Compensation  | 470,185,000       | -                                       | -                        | -              | 224,309,763                | 470,185,000<br>224,309,763 | -              |
| University System-Nonexpendable   | -                 | -                                       | 18,384,451               | -              | ,000,700                   | 18,384,451                 | -              |
| University System-Expendable  | -                 | -                                       | 23,875,071               | -              | -                          | 23,875,071                 | -              |
| Other   | -                 | -                                       | 484,714                  | -              | 1,430,060                  | 1,914,774                  | -              |
| Unrestricted  | 345,336,000       | 11,318,000                              | 266,290,193              | 752,744,209    | 518,530,610                | 1,894,219,012              | 15,432,987     |
| Total Net Position  | \$ 825,770,000 \$ | 195,244,000 \$                          | 1,442,153,632 \$         | 770,530,937 \$ | 880,148,928 \$             | 4,113,847,497              | \$ 109,650,524 |
|   | - 020,770,000 ψ   | . σσ,Σ 14,000 ψ                         | .,Σ,.ου,ουΣ ψ            | ,σοσ,σοι ψ     | σσσ, . τσ,σ2σ ψ            | .,,,                       | 50,000,024     |

Reconciliation of the Proprietary Funds Statement of Net Position

to the Statement of Net Position June 30, 2019

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

4,113,847,497

10,281,519 4,124,129,016

# Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds

For the Fiscal Year Ended June 30, 2019

| Business-Type Activities - Enterprise Funds         |                            |                    |                      |                                      |                              |                  |                           |
|---|----------------------------|--------------------|----------------------|--------------------------------------|------------------------------|------------------|---------------------------|
|   | Bank<br>of<br>North Dakota | Housing<br>Finance | University<br>System | Workforce<br>Safety and<br>Insurance | Other<br>Enterprise<br>Funds | Total            | Internal<br>Service Funds |
| OPERATING REVENUES                                  |                            |                    |                      |                                      |                              |                  |                           |
| Sales and Services                                  | \$ 7,170,000 \$            | 3,174,786 \$       | 98,958,588           | \$ 246,897,583                       | \$ 757,057,340               | \$ 1,113,258,297 | \$ 101,117,013            |
| Auxiliary Sales Pledges for Bonds                   | -                          | -                  | 100,912,581          | -                                    | -                            | 100,912,581      | -                         |
| Tuition and Fees                                    | -                          | -                  | 333,909,568          | -                                    | -                            | 333,909,568      | -                         |
| Grants and Contributions                            | -                          | -                  | 154,845,048          | -                                    | -                            | 154,845,048      | -                         |
| Royalties and Rents                                 | -                          | -                  | -                    | 1,530,450                            | 174,763                      | 1,705,213        | -                         |
| Fines and Forfeits                                  | -                          | -                  | -                    | 1,359,709                            | -                            | 1,359,709        | -                         |
| Interest and Investment Income                      | 244,456,000                | 46,188,000         | -                    | -                                    | 5,991,350                    | 296,635,350      | -                         |
| Miscellaneous                                       | -                          | -                  | 1,509,536            | -                                    | 98,523                       | 1,608,059        | 288,989                   |
| Total Operating Revenues                            | 251,626,000                | 49,362,786         | 690,135,321          | 249,787,742                          | 763,321,976                  | 2,004,233,825    | 101,406,002               |
| OPERATING EXPENSES                                  |                            |                    |                      |                                      |                              |                  |                           |
| Cost of Sales and Services                          | -                          | -                  | 20,927,199           | -                                    | 204,331,145                  | 225,258,344      | 829,488                   |
| Salaries and Benefits                               | 18,934,000                 | 4,229,000          | 760,667,749          | 28,163,423                           | 25,669,490                   | 837,663,662      | 37,320,095                |
| Operating   | 29,223,000                 | 6,450,000          | 283,819,293          | 891,342                              | 390,926,167                  | 711,309,802      | 48,599,368                |
| Claims  | -                          | -                  | -                    | 147,666,582                          | 86,283,810                   | 233,950,392      | 2,463,449                 |
| Scholarships and Fellowships                        |                            |                    | 41,698,185           | -                                    | -                            | 41,698,185       | -                         |
| Interest  | 49,902,000                 | 27,159,000         | -                    |                                      | 31,000                       | 77,092,000       | -                         |
| Depreciation  | 813,000                    | 5,000              | 72,583,004           | 1,459,046                            | 7,862,962                    | 82,723,012       | 11,955,444                |
| Miscellaneous                                       | -                          | -                  | -                    | -                                    | 40,866                       | 40,866           | 49,379                    |
| Total Operating Expenses                            | 98,872,000                 | 37,843,000         | 1,179,695,430        | 178,180,393                          | 715,145,440                  | 2,209,736,263    | 101,217,223               |
| Operating Income (Loss)                             | 152,754,000                | 11,519,786         | (489,560,109)        | 71,607,349                           | 48,176,536                   | (205,502,438)    | 188,779                   |
| NONOPERATING REVENUES (EXPENSES)                    |                            |                    |                      |                                      |                              |                  |                           |
| Grants and Contracts                                | _                          | 14,870,000         | 43,708,272           | _                                    | 801,525                      | 59,379,797       | _                         |
| Gifts   | _                          | -                  | 40,263,025           | _                                    | -                            | 40,263,025       | _                         |
| Interest and Investment Income                      | _                          | 461,000            | 11,021,716           | 137,014,666                          | 7,798,409                    | 156,295,791      | 751,930                   |
| Interest Expense                                    | _                          | -                  | (11,404,436)         | (4,047,780)                          | (2,053,048)                  | (17,505,264)     | (18,388)                  |
| Dividends Expense                                   | _                          | -                  | -                    | (115,189,458)                        | -                            | (115,189,458)    | -                         |
| Gain (Loss) on Sale of Capital Assets               | _                          | _                  | 4,370,608            | -                                    | _                            | 4,370,608        | 880,859                   |
| Tax Revenue   | _                          | _                  | 5,400,945            | _                                    | _                            | 5,400,945        | -                         |
| Grant Expense                                       | _                          | (14,868,000)       | (6,805,972)          | _                                    | _                            | (21,673,972)     | _                         |
| Other   | -                          | -                  | (671,572)            | -                                    | (272,729)                    | (944,301)        | -                         |
| Total Nonoperating Revenues                         |                            |                    |                      |                                      |                              |                  |                           |
| (Expenses)  |                            | 463,000            | 85,882,586           | 17,777,428                           | 6,274,157                    | 110,397,171      | 1,614,401                 |
| Income (Loss) Before Contributions and              |                            |                    |                      |                                      |                              |                  |                           |
| Transfers   | 152,754,000                | 11,982,786         | (403,677,523)        | 89,384,777                           | 54,450,693                   | (95,105,267)     | 1,803,180                 |
| Capital Grants and Contributions                    | -                          | -                  | 19,925,817           | -                                    | -                            | 19,925,817       | 110,106                   |
| Transfers In  | -                          | 168,214            | 396,130,013          | -                                    | 27,303,832                   | 423,602,059      | -                         |
| Transfer Out  | (125,153,000)              | (38,000)           | (3,909,266)          | -                                    | (17,483,328)                 | (146,583,594)    | -                         |
| Changes in Net Position                             | 27,601,000                 | 12,113,000         | 8,469,041            | 89,384,777                           | 64,271,197                   | 201,839,015      | 1,913,286                 |
| Total Net Position - Beginning of Year, as restated | 798,169,000                | 183,131,000        | 1,433,684,591        | 681,146,160                          | 815,877,731                  | 3,912,008,482    | 107,737,238               |
| Total Net Position - End of Year                    | \$ 825.770.000 \$          | 195,244,000 \$     | 1,442,153,632        | \$ 770,530,937                       | \$ 880,148,928               | \$ 4,113,847,497 | \$ 109,650,524            |

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

Net Change in Net Position-Total Enterprise Funds

\$ 201,839,015

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

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

245,527

Change in Net Position of Business-Type Activities

\$ 202,084,542

The Accompanying Notes are an Integral Part of the Financial Statements



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# Statement of Cash Flows Proprietary Funds

For the Fiscal Year Ended June 30, 2019

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

| Business-Type Activi                 | ties - Ente | erprise Funds                |                                |    | Governmental<br>Activities |
|--------------------------------------|-------------|------------------------------|--------------------------------|----|----------------------------|
| Workforce<br>Safety and<br>Insurance |             | Other<br>Enterprise<br>Funds | Total                          |    | Internal<br>Service Funds  |
| ourunos                              |             |                              |                                | -  | 00.11001 4.140             |
| \$<br>139,384,437                    | \$          | 837,406,413                  | \$<br>1,373,489,836            | \$ | 4,886,600                  |
| -                                    |             | -                            | 331,698,479                    |    | -                          |
| -                                    |             | 59,178<br>1,859,981          | 59,178<br>7,882,335            |    | -                          |
| -                                    |             | -                            | 396,000                        |    | -                          |
| -                                    |             | -                            | -                              |    | 96,391,628                 |
| -                                    |             | -                            | 166,922,014                    |    | -                          |
| 64,398,472<br>(4,376,386)            |             | 505,500<br>(405,663)         | 66,484,930<br>(4,937,049)      |    | (3,178,609)                |
| (4,570,500)                          |             | (10,368,931)                 | (11,428,721)                   |    | (3,170,003)                |
| -                                    |             | -                            | (41,217,457)                   |    | -                          |
| (00 500 445)                         |             | (657,244,488)                | (1,352,604,984)                |    | (51,349,397)               |
| (23,598,115)<br>(159,829,638)        |             | (28,644,472)<br>(76,989,129) | (811,833,381)<br>(236,818,767) |    | (31,990,767)<br>(301,814)  |
| (4,365,989)                          |             | (745,532)                    | (5,720,521)                    |    | (301,014)                  |
| - '                                  |             | 5,468,931                    | 5,468,931                      |    | -                          |
| 11,612,781                           |             | 70,901,788                   | (512,159,177)                  | -  | 14,457,641                 |
| 11,012,701                           |             | 10,001,100                   | (0.2,100,111)                  |    | . 1, 101,011               |
| -                                    |             | _                            | 389,022,000                    |    | -                          |
| -                                    |             | 43,000,000                   | 6,420,000,000                  |    | -                          |
| -                                    |             | <del>-</del>                 | (89,660,000)                   |    | -                          |
| -                                    |             | (32,655,860)                 | (6,569,788,860)                |    | -                          |
| -                                    |             | (30,000)<br>(1,742,224)      | (23,504,000)<br>(26,870,224)   |    | -                          |
| -                                    |             | ( .,,)                       | 5,400,947                      |    | -                          |
| -                                    |             | 27,007,832                   | 46,718,423                     |    | -                          |
| -                                    |             | (27,804,453)                 | (156,658,720)                  |    | -                          |
| -                                    |             | -                            | 12,332,000<br>152,529,000      |    |                            |
| -                                    |             | -                            | (16,948,000)                   |    | -                          |
| -                                    |             | -                            | (4,692,000)                    |    | -                          |
| -                                    |             | -                            | (28,270,000)                   |    | -                          |
|                                      |             |                              | 3,394,000<br>228,718,125       |    |                            |
| -                                    |             | (2,908,021)                  | (231,652,545)                  |    | -                          |
| -                                    |             | 801,525                      | 93,569,396                     |    | -                          |
| -                                    |             | -                            | 366,565,139                    |    | -                          |
| -                                    |             | -                            | (1,062,184)<br>(21,673,973)    |    | -                          |
| -                                    |             | 5,668,799                    | 547,468,524                    |    | -                          |
|                                      |             |                              |                                |    |                            |
| (3,458,899)                          |             | (23,476,053)                 | (172,140,492)                  |    | (16,888,212)               |
| -                                    |             | -                            | 5,886,832                      |    | 4,198,005                  |
| -                                    |             | (400,000)                    | 96,844,950                     |    | -                          |
|                                      |             | (120,000)                    | (120,000)<br>(20,538,565)      |    | -                          |
| -                                    |             | (57,200)                     | (57,200)                       |    | -                          |
| -                                    |             | -                            | (11,627,313)                   |    | -                          |
| -                                    |             | (40.500)                     | 16,233,975                     |    | -                          |
| -                                    |             | (16,500)                     | (16,500)                       |    | -<br>(11,328)              |
| -                                    |             | -                            |                                |    | (2,901)                    |
| -                                    |             | -                            | 13,639,009                     |    | - '                        |
| -                                    |             | -                            | 844,171                        |    | -                          |
| (3,458,899)                          |             | (23,669,753)                 | (71,051,133)                   |    | (12,704,436)               |
|                                      |             |                              |                                |    |                            |
| 44,500,000                           |             | 32,546,588                   | 1,080,224,650                  |    | 620,742                    |
| (53,509,687)                         |             | (23,404,936)                 | (1,367,746,744)                |    | -                          |
| -                                    |             | 1,519,418                    | 1,519,418                      |    | - 204.070                  |
| -                                    |             | 6,248,391                    | 59,061,911<br>3,859,000        |    | 324,679                    |
| -                                    |             | -                            | 36,204,000                     |    | -                          |
| -                                    |             | (91,716,500)                 | (91,716,500)                   |    | -                          |
| -                                    |             | 11,732,000                   | 11,732,000                     |    | -                          |
| -                                    |             | 7,903,277<br>5,202,180       | 291,550,277<br>203,193,180     |    | -                          |
| <u> </u>                             |             |                              |                                |    | <u> </u>                   |
| (9,009,687)                          |             | (49,969,582)                 | 227,881,192                    |    | 945,421                    |

# Statement of Cash Flows Proprietary Funds (Continued)

For the Fiscal Year Ended June 30, 2019

|  | Business-Type Activities - Enterprise Funds Bank |    |                           |    |                          |
|--|--|----|---------------------------|----|--------------------------|
|  | of<br>North<br>Dakota                            |    | Housing<br>Finance        |    | University<br>System     |
| Net Change In Cash:  |  |    |                           |    |                          |
| Net Increase (Decrease) in Cash and Cash Equivalents   | 95,095,000                                       |    | 49,940,000                |    | 45,028,959               |
| Cash and Cash Equivalents at June 30, 2018   | 414,597,000                                      |    | 188,595,000               |    | 207,685,751              |
| Cash and Cash Equivalents at June 30, 2019   | \$ 509,692,000                                   | \$ | 238,535,000               | \$ | 252,714,710              |
| Reconciliation:  |  |    |                           |    |                          |
| Current: Cash Deposits at the Bank of North Dakota   | -  |    | 7,430,000                 |    | 202,193,296              |
| Cash and Cash Equivalents  | 509,692,000                                      |    |                           |    | 10,177,641               |
| Restricted Cash Deposits at the Bank of North Dakota<br>Restricted Cash and Cash Equivalents                               | -  |    | 15,076,000<br>216,029,000 |    | -                        |
| Noncurrent: Restricted Cash Deposits At The Bank of North Dakota   | _  |    | _                         |    | 40,343,773               |
| ·  | <u></u>  | •  | 000 505 000               |    |                          |
| Cash and Cash Equivalents  | \$ 509,692,000                                   | \$ | 238,535,000               | \$ | 252,714,710              |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: Operating Income (Loss) | 152,754,000                                      |    | 11,519,786                |    | (489,560,109)            |
| Adjustments to Reconcile Operating   | 132,734,000                                      |    | 11,515,700                |    | (403,300,103)            |
| Income to Net Cash Provided by Operating Activities:  Depreciation   | 813,000  |    | 5,000                     |    | 72,583,008               |
| Amortization/Accretion   | =  |    | (4,125,000)               |    | -                        |
| Reclassification of Interest Revenue\Expense (Gain) Loss on Sale of Student Loans  | (198,015,000)<br>(1,620,000)                     |    | 27,106,000<br>-           |    | -                        |
| (Gain) Loss on Sale of Real Estate Net Increase in Fair Value of Investments   | (705,000)<br>4,942,000                           |    | -<br>(384,000)            |    |                          |
| Interest Received on Program Loans   | 4,942,000  |    | (364,000)                 |    | -                        |
| Dividend Credit Applied to Receivable<br>Receipt of Loan Principal Repayments  | -  |    | -                         |    | -                        |
| Provision for Losses   | 12,000,000                                       |    | -                         |    |                          |
| Other Deferred Outflows  | -  |    | 240,000                   |    | 2,596,270<br>8,176,521   |
| Deferred Inflows Change in Assets and Liabilities:   | -  |    | 123,000                   |    | 3,986,671                |
| (Increase) Decrease in Accounts Receivable   | -  |    | (220,990,000)             |    | (113,314)                |
| (Increase) Decrease in Interest Receivable<br>(Increase) Decrease in Due From  | 3,308,000  |    | (815,000)<br>3,000        |    | -                        |
| (Increase) Decrease in Intergovernmental Receivable  | -  |    | (378,000)                 |    | -                        |
| (Increase) Decrease in Notes Receivable (Increase) Decrease in Prepaid Items   | -  |    | (34,000)                  |    | 17,317,086<br>-          |
| (Increase) Decrease in Inventories   | - (4.404.000)                                    |    | -                         |    | (87,885)                 |
| (Increase) Decrease in Other Assets<br>Increase (Decrease) in Accounts Payable   | (1,494,000)                                      |    | (2,251,000)               |    | (2,967,941)<br>7,202,014 |
| Increase (Decrease) in Interest Payable Increase (Decrease) in Claims\Judgments Payable                                    | -  |    | -                         |    | -                        |
| Increase (Decrease) in Intergovernmental Payable   | -  |    | (1,000)                   |    | -                        |
| Increase (Decrease) in Accrued Payroll Increase (Decrease) in Compensated Absences Payable                                 | -  |    | (6,000)                   |    | 3,488,050<br>(445,692)   |
| Increase (Decrease) in Amounts Held for Others   | -  |    | 2,804,000                 |    | -                        |
| Increase (Decrease) in Other Deposits Increase (Decrease) in Due To  | (4,000)  |    | 3,000                     |    | 443,083                  |
| Increase (Decrease) in Unavailable Revenue<br>Increase (Decrease) in Net Pension Liability                                 | -  |    | 94,000                    |    | 124,190<br>5,047,817     |
| Increase (Decrease) in Net OPEB Liability  | 0.440.000  |    |                           |    | (218,301)                |
| Increase (Decrease) in Other Liabilities<br>Increase (Decrease) in Dividends Payable                                       | 3,149,000  |    | (10,287,000)              |    |                          |
| Total Adjustments  | (177,626,000)                                    |    | (208,893,000)             |    | 117,131,577              |
| Net Cash Provided by (Used for) Operating Activities   | \$ (24,872,000)                                  | \$ | (197,373,214)             | \$ | (372,428,532)            |
| Noncash Transactions:  |  |    |                           |    |                          |
| Net Change in Fair Value of Investments Transfers from Net Position to Transfers Payable                                   | (4,942,000)<br>128,614,000                       |    | 439,000                   |    | 702,180<br>-             |
| Change in Securities Lending Collateral Investment Income  | · · · · · ·                                      |    | -                         |    | -                        |
| Dividends Credited to Premium Billing  | -  |    | -                         |    | -                        |
| Accounts Receivable Premium Reduction Assets Acquired Through Capital Lease  | -  |    | -                         |    | -<br>10,461,093          |
| Assets Acquired Through Special Assessments  | -  |    | -                         |    | 52,899                   |
| Expenses Paid by Capital Lease Value Received on Trade of Capital Asset  | -  |    | -                         |    | 4,444,582<br>-           |
| Gifts of Capital Assets  | -  |    | -                         |    | 167,424                  |
| Total Noncash Transactions   | \$ 123,672,000                                   | \$ | 439,000                   | \$ | 15,828,178               |

| Business-Type Activit                | ties - Enter | prise Funds                  |                           | G  | overnmental<br>Activities                    |
|--------------------------------------|--------------|------------------------------|---------------------------|----|--|
| Workforce<br>Safety and<br>Insurance |              | Other<br>Enterprise<br>Funds | Total                     | S6 | Internal<br>ervice Funds                     |
| (855,805)                            |              | 2,931,252                    | 192,139,406               |    | 2,698,62                                     |
|                                      |              |                              |                           |    |  |
| 3,726,994                            |              | 356,267,180                  | 1,170,871,925             | -  | 30,474,72                                    |
| \$<br>2,871,189                      | \$           | 359,198,432                  | \$<br>1,363,011,331       | \$ | 33,173,34                                    |
| 2,871,189                            |              | 149,752,740                  | 362,247,225               |    | 32,772,23                                    |
| -                                    |              | 204,371,774<br>5,073,918     | 724,241,415<br>20,149,918 |    | 401,11                                       |
| -                                    |              | -                            | 216,029,000               |    | -  |
| -                                    |              | -                            | 40,343,773                |    | -  |
| \$<br>2,871,189                      | \$           | 359,198,432                  | \$<br>1,363,011,331       | \$ | 33,173,34                                    |
| 71,607,349                           |              | 48,176,536                   | (205,502,438)             |    | 188,77                                       |
| 71,007,349                           |              | 46,170,330                   | (203,302,436)             |    | 100,77                                       |
| 1,459,046                            |              | 7,862,962                    | 82,723,016<br>(4,125,000) |    | 11,955,44                                    |
| -                                    |              | (4,326,825)                  | (175,235,825)             |    | -  |
| -                                    |              | -                            | (1,620,000)               |    | -  |
| -                                    |              | -                            | (705,000)<br>4,558,000    |    | -  |
| -                                    |              | (1,449,000)                  | (1,449,000)               |    | -  |
| (115,189,458)                        |              | 139,000                      | (115,189,458)             |    | -  |
| -                                    |              | (1,637,212)                  | 139,000<br>10,362,788     |    | -  |
| (249,236)                            |              | 80,392                       | 2,427,426                 |    | -  |
| 2,049,607<br>884,518                 |              | (1,196,540)<br>76,389        | 9,269,588<br>5,070,578    |    | 2,791,4 <sup>2</sup><br>1,279,1 <sup>4</sup> |
| 1,992,015                            |              | 24,491,418                   | (194,619,881)             |    | (125,14                                      |
| -                                    |              | (6,348)<br>197,271           | (821,348)<br>3,508,271    |    | (195,17                                      |
| -                                    |              | 543,230                      | 165,230                   |    | 186,27                                       |
| -                                    |              | 447,517                      | 17,764,603                |    | -  |
| (10,166)                             |              | (1,035,176)<br>429,101       | (1,079,342)<br>341,216    |    | (461,64<br>(43,02                            |
| -                                    |              | (254,652)                    | (6,967,593)               |    | (40,0  |
| (56,491)                             |              | (3,134,351)                  | 4,011,172                 |    | 182,4  |
| 41,558,000                           |              | (1,162,413)                  | 40,395,587                |    | (1,035,6<br>(992,4                           |
| -                                    |              | (587,814)                    | (588,814)                 |    | -  |
| - 70.700                             |              | (584,249)                    | 2,903,801                 |    | (74,0:                                       |
| 79,788<br>-                          |              | (68,965)<br>681,137          | (440,869)<br>3,485,137    |    | 10,7   |
| -                                    |              | -                            | 443,083                   |    |  |
| (10,500)                             |              | (135,227)                    | (146,727)                 |    | (528,4                                       |
| 693,283<br>847,905                   |              | (24,107)<br>3,236,079        | 793,366<br>9,225,801      |    | 1,352,7                                      |
| (30,921)                             |              | 54,618                       | (194,604)                 |    | (33,7  |
| 5,988,042                            |              | 89,017<br>-                  | (7,048,983)<br>5,988,042  |    | -  |
| (59,994,568)                         |              | 22,725,252                   | (306,656,739)             |    | 14,268,8                                     |
| \$<br>11,612,781                     | \$           | 70,901,788                   | \$<br>(512,159,177)       | \$ | 14,457,64                                    |
| 20,290,869                           |              | 380,634                      | 16,870,683                |    | 204,7  |
| -                                    |              | -                            | 128,614,000               |    | -  |
| 871,080<br>116,580,928               |              | -                            | 871,080<br>116,580,928    |    | (61,9  |
| 109,201,416                          |              | -                            | 109,201,416               |    | -  |
| (109,201,416)                        |              | -                            | (109,201,416)             |    | -  |
| -                                    |              | -                            | 10,461,093<br>52,899      |    | -  |
| -                                    |              | -                            | 4,444,582                 |    | -  |
| -                                    |              | 16,806                       | 16,806<br>167,424         |    | -  |
| -                                    |              | -                            | 167,424                   |    | -  |
| \$<br>137,742,877                    | \$           | 397,440                      | \$<br>278,079,495         | \$ | 142,78                                       |

## Statement of Fiduciary Net Position Fiduciary Funds June 30, 2019

|  | Pension and<br>Other Employee<br>Benefit Trust<br>Funds | Investment<br>Trust<br>Funds | Private-Purpose<br>Trust<br>Funds | Agency<br>Funds            |
|--|---|------------------------------|-----------------------------------|----------------------------|
| ASSETS   |   |                              |                                   |                            |
| Cash Deposits at the Bank of ND<br>Cash and Cash Equivalents           | \$ 35,545,632<br>70,823                                 | \$ -<br>-                    | \$ 5,908,823<br>823,050           | \$ 30,631,347<br>5,796,824 |
| Receivables:   |   |                              |                                   |                            |
| Contributions Receivable   | 40,883,547  | _                            | -                                 | -                          |
| Accounts Receivable - Net  | -   | -                            | 185,538                           | 11,033,893                 |
| Taxes Receivable - Net   | -   | -                            | -                                 | 46,901,827                 |
| Interest Receivable - Net  | 22,399,850  | 709,148                      | 2,170                             | 124                        |
| Due from Other Funds   | 294   | -                            | 25                                | -                          |
| Total Receivables  | 63,283,691  | 709,148                      | 187,733                           | 57,935,844                 |
| Investments at Fair Value  |   |                              |                                   |                            |
| Investments, at Fair Value: Investments at the Bank of ND              |   |                              | 21,740                            | 29,887,602                 |
| Equities   | -<br>1,495,354,621                                      | 142,080,410                  | 21,740                            | 29,007,002                 |
| Equity Pool  | 1,936,989,934   | 142,000,410                  | -                                 | -                          |
| Fixed Income Pool  | 1,416,295,685   | 85,590,715                   | -<br>1,317,953                    | -<br>141,619               |
| Cash and Cash Pool   | 56,555,925  |                              | 1,317,933                         | 141,019                    |
| Real Estate Pool   | 1,037,033,167   | 1,744,282<br>43,804,676      | -                                 | -                          |
| Mutual Funds   | 136,367,609   | 43,004,070                   | 456,003,055                       |                            |
|  |   | 070 000 000                  |                                   | 00,000,004                 |
| Total Investments  | 6,078,596,941   | 273,220,083                  | 457,342,748                       | 30,029,221                 |
| Invested Securities Lending Collateral                                 | 18,737,223  | 936,877                      | 39,457                            |                            |
| Capital Assets (Net of Depreciation)                                   | 981,301   |                              |                                   | -                          |
| Total Assets   | 6,197,215,611   | 274,866,108                  | 464,301,811                       | \$ 124,393,236             |
| DEFERRED OUTFLOWS OF RESOURCES   |   |                              |                                   |                            |
| Derived from Pensions  | 709,618   |                              |                                   |                            |
| Total deferred outflows of resources                                   | 709,618   | -                            | <u> </u>                          |                            |
| LIABILITIES  |   |                              |                                   |                            |
| Accounts Payable   | 5,889,757   | 110,089                      | 1,346,717                         | _                          |
| Accrued Payroll  | 160,737   | -                            | 1,040,717                         |                            |
| Securities Lending Collateral  | 18,737,223  | 936,877                      | 39,457                            | _                          |
| Intergovernmental Payable  | -   | -                            | -                                 | 75,829,927                 |
| Tax Refunds Payable  | _   | _                            | _                                 | 4,051                      |
| Due to Other Funds   | 27,656  |                              | _                                 | -                          |
| Due to Fiduciary Funds   | 86  | _                            | -                                 | -                          |
| Amounts Held in Custody for Others                                     | 14,795  |                              | _                                 | 48,559,258                 |
| Compensated Absences Payable   | 122,228   | -                            | -                                 | -                          |
| Total Liabilities  | 24,952,482  | 1,046,966                    | 1,386,174                         | \$ 124,393,236             |
|  |   |                              |                                   |                            |
| DEFERRED INFLOWS OF RESOURCES  |   |                              |                                   |                            |
| Derived from Pensions  | 104,071   |                              |                                   |                            |
| Total deferred inflows of resources                                    | 104,071   |                              |                                   |                            |
| NET Position Net Position Restricted for:                              |   |                              |                                   |                            |
| Pension Benefits   | 6 171 045 700   |                              |                                   |                            |
| Other Employee Benefits  | 6,171,845,799<br>1,022,877                              | -                            | -                                 |                            |
| External Investment Pool Participants                                  | 1,022,011   | -<br>273,819,142             | -                                 |                            |
| Other Purposes   | -   |                              | -<br>462,915,637                  |                            |
| Total Net Position Restricted for Pension Benefits and Other Purposes  | \$ 6,172,868,676  | \$ 273,819,142               | \$ 462,915,637                    |                            |
| Total Not Position Residence for Policien Belleting and Other Parposes |   |                              |                                   |                            |

# **Statement of Changes in Fiduciary Net Position Fiduciary Funds**

For the Fiscal Year Ended June 30, 2019

|  | Pension and<br>Other Employee<br>Benefit Trust<br>Funds | Investment<br>Trust<br>Funds | Private-Purpose<br>Trust Funds |  |
|--|---|------------------------------|--------------------------------|--|
| ADDITIONS  |   |                              |                                |  |
| Contributions:   |   |                              |                                |  |
| Employer   | \$ 186,605,926  | \$ -                         | \$ -                           |  |
| Employee   | 179,354,548   | -                            | -                              |  |
| From Participants  | 405.063   | -                            | 47,864,276                     |  |
| Transfers from Other Funds Transfers from Other Plans                | 405,963<br>1,521,518                                    | -                            | -                              |  |
| Donations  | 1,521,516   | _                            | 4,554                          |  |
| Total Contributions  | 367,887,955   | -                            | 47,868,830                     |  |
| Investment Income:   |   |                              |                                |  |
| Net Change in Fair Value of Investments                              | 202,935,625   | 9,340,012                    | (30,027,421)                   |  |
| Interest and Dividends   | 132,458,629   | 6,143,404                    | 11,781,512                     |  |
| Less Investment Expense  | 15,219,295  | 654,932                      | 3,160                          |  |
| Net Investment Income  | 320,174,959   | 14,828,484                   | (18,249,069)                   |  |
| Securities Lending Activity:   |   |                              |                                |  |
| Securities Lending Income  | 442,229   | 24,837                       | 1,141                          |  |
| Less Securities Lending Expense                                      | 44,927  | 4,964                        |                                |  |
| Net Securities Lending Income  | 397,302   | 19,873                       | 1,141                          |  |
| Repurchase Service Credit  | 9,681,637   | -                            | -                              |  |
| Miscellaneous Income (Expense)                                       | 1,257,926   |                              | 2,957                          |  |
| Total Additions  | 699,399,779   | 14,848,357                   | 29,623,859                     |  |
| DEDUCTIONS   |   |                              |                                |  |
| Benefits Paid to Participants  | 423,427,940   | -                            | -                              |  |
| Refunds  | 17,739,919  | -                            | -                              |  |
| Prefunded Credit Applied   | 11,497,890  | -                            | -                              |  |
| Transfer to Other Plans  | 405,963   | -                            | -                              |  |
| Payments in Accordance with Trust Agreements Administrative Expenses | 6 775 400   | -                            | 40,035,794                     |  |
| Administrative Expenses  | 6,775,498   |                              | 3,450,294                      |  |
| Total Deductions   | 459,847,210   |                              | 43,486,088                     |  |
| Redemption of Units at \$1.00 Per Unit                               |   | (1,915,480)                  |                                |  |
| Change in Net Position Held in Trust for:                            |   |                              |                                |  |
| Pension Benefits   | 239,334,759   | -                            | -                              |  |
| Other Employee Benefits  | 217,810   | -                            | -                              |  |
| External Investment Pool Participants Other Purposes                 | -   | 12,932,877                   | -<br>(13,862,229)              |  |
| ·  |   |                              |                                |  |
| Total Change in Net Position   | 239,552,569   | 12,932,877                   | (13,862,229)                   |  |
| Net Position - Beginning of Year                                     | 5,933,316,107   | 260,886,265                  | 476,777,866                    |  |
| Net Position - End of Year   | \$ 6,172,868,676  | \$ 273,819,142               | \$ 462,915,637                 |  |

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

|   |    | CHAND              |    | Historical<br>oundation |    | Public<br>Finance<br>Authority | D  | ND<br>evelopment<br>Fund |    | State Fair<br>oundation |    | Total                   |
|---|----|--------------------|----|-------------------------|----|--------------------------------|----|--------------------------|----|-------------------------|----|-------------------------|
| ASSETS  | _  |                    |    |                         |    |                                |    |                          |    |                         |    |                         |
| Current Assets:   | •  | 0.504.004          | •  | 404.007                 | •  |                                | •  | 40 470 444               | •  | 004.000                 | •  | 45 005 700              |
| Cash and Cash Equivalents Accounts Receivable - Net       | \$ | 2,504,961<br>1,771 | \$ | 424,307<br>231,024      | \$ | -                              | \$ | 12,472,141               | \$ | 204,300                 | \$ | 15,605,709<br>232,795   |
| Interest Receivable - Net                                 |    | - 1,771            |    | 231,024                 |    | -                              |    | 80,999                   |    | -                       |    | 80,999                  |
| Due from Primary Government                               |    | _                  |    | -                       |    | 31,000                         |    | -                        |    | _                       |    | 31,000                  |
| Loans and Notes Receivable - Net                          |    | -                  |    | -                       |    | -                              |    | 6,838,143                |    | -                       |    | 6,838,143               |
| Restricted Cash and Cash Equivalents                      |    | -                  |    | -                       |    | 80,856,000                     |    | -                        |    | 11,016                  |    | 80,867,016              |
| Restricted Investments                                    |    | -                  |    | -                       |    | 102,678,000                    |    | -                        |    | -                       |    | 102,678,000             |
| Restricted Interest Receivable - Net                      |    | -                  |    | -                       |    | 5,933,000                      |    | -                        |    | -                       |    | 5,933,000               |
| Total Current Assets                                      | _  | 2,506,732          |    | 655,331                 |    | 189,498,000                    |    | 19,391,283               |    | 215,316                 |    | 212,266,662             |
| Noncurrent Assets:  |    |                    |    |                         |    |                                |    |                          |    |                         |    |                         |
| Restricted Investments                                    |    | -                  |    | -                       |    | 883,261,000                    |    | -                        |    | -                       |    | 883,261,000             |
| Investments   |    | -                  |    | 468,362                 |    | -                              |    | 350,000                  |    | -                       |    | 818,362                 |
| Due from Primary Government                               |    | -                  |    | -                       |    | 30,000                         |    | -                        |    | -                       |    | 30,000                  |
| Loans and Notes Receivable - Net                          |    | -                  |    | -                       |    | -                              |    | 2,909,629                |    | 1,110,000               |    | 4,019,629               |
| Other Noncurrent Assets Capital Assets:                   |    | -                  |    | 161,200                 |    | -                              |    | -                        |    | -                       |    | 161,200                 |
| Nondepreciable  |    | _                  |    |                         |    | _                              |    | _                        |    | 1,115,389               |    | 1,115,389               |
| Depreciable, Net  |    | -                  |    | 3,098                   |    | -                              |    | 3,738                    |    | -                       |    | 6,836                   |
| Total Noncurrent Assets                                   |    | -                  |    | 632,660                 |    | 883,291,000                    |    | 3,263,367                |    | 2,225,389               |    | 889,412,416             |
|   |    |                    |    |                         |    |                                |    |                          |    |                         |    |                         |
| Total Assets  | _  | 2,506,732          |    | 1,287,991               |    | 1,072,789,000                  |    | 22,654,650               |    | 2,440,705               | 1  | ,101,679,078            |
| DEFERRED OUTFLOWS OF RESOURCES                            |    |                    |    |                         |    |                                |    |                          |    |                         |    |                         |
| Deferred loss on bond refunding Derived from Pensions     |    | -                  |    | -                       |    | 3,802,000                      |    | -                        |    | -                       |    | 3,802,000<br>113,000    |
| Derived from Pensions                                     |    | -                  |    | -                       |    | 113,000                        |    | -                        |    | -                       |    | 113,000                 |
| Total Deferred Outflows of Resources                      | _  | -                  |    | -                       |    | 3,915,000                      |    | -                        |    | -                       |    | 3,915,000               |
| LIABILITIES Current Liabilities:                          |    |                    |    |                         |    |                                |    |                          |    |                         |    |                         |
| Accounts Payable  |    | 575,842            |    | 8,878                   |    | 113,000                        |    | 13,836                   |    | 13,000                  |    | 724,556                 |
| Accrued Payroll   |    | -                  |    | 2,587                   |    | -                              |    | -                        |    | -                       |    | 2,587                   |
| Interest Payable<br>Intergovernmental Payable             |    | -                  |    | -                       |    | 4,802,000<br>3,000             |    | -                        |    | -                       |    | 4,802,000<br>3,000      |
| Compensated Absences Payable                              |    | -                  |    | 13,594                  |    | 3,000                          |    | -                        |    | -                       |    | 13,594                  |
| Notes Payable   |    | _                  |    | -                       |    | -                              |    | _                        |    | 4,407                   |    | 4,407                   |
| Bonds Payable   |    | -                  |    | -                       |    | 26,960,000                     |    | -                        |    | -                       |    | 26,960,000              |
| Unearned Revenue  |    | 2,332              |    | 47,477                  |    | -                              |    | -                        |    | -                       |    | 49,809                  |
| Total Current Liabilities                                 |    | 578,174            |    | 72,536                  |    | 31,878,000                     |    | 13,836                   |    | 17,407                  |    | 32,559,953              |
| Noncurrent Liabilities:                                   |    |                    |    |                         |    |                                |    |                          |    |                         |    |                         |
| Notes Payable   |    | -                  |    | -                       |    | -                              |    | -                        |    | 74,340                  |    | 74,340                  |
| Bonds Payable   |    | -                  |    | -                       |    | 522,940,000                    |    | -                        |    | -                       |    | 522,940,000             |
| Net Pension Liability                                     |    | -                  |    | -                       |    | 279,000                        |    | -                        |    | -                       |    | 279,000                 |
| Other Noncurrent Liabilities Total Noncurrent Liabilities | _  | <del>-</del>       |    | 136,668<br>136,668      |    | 523,219,000                    |    | -                        |    | 74,340                  |    | 136,668<br>523,430,008  |
| , stal its is all all all miss                            |    |                    |    | 100,000                 |    | 020,210,000                    |    |                          |    | 7 1,0 10                |    | 020,100,000             |
| Total Liabilities   | _  | 578,174            |    | 209,204                 |    | 555,097,000                    |    | 13,836                   |    | 91,747                  |    | 555,989,961             |
| DEFERRED INFLOWS OF RESOURCES  Derived from Pensions      |    | -                  |    | _                       |    | 21,000                         |    | _                        |    | -                       |    | 21,000                  |
| Total Deferred Inflows of Resources                       |    | -                  |    | -                       |    | 21,000                         |    | -                        |    | -                       |    | 21,000                  |
| Net Position  |    |                    |    |                         |    |                                |    |                          |    |                         |    |                         |
| Net Investment in Capital Assets                          |    | -                  |    | 3,098                   |    | -                              |    | 3,738                    |    | -                       |    | 6,836                   |
| Restricted for:   |    |                    |    |                         |    |                                |    |                          |    |                         |    |                         |
| Capital Projects  |    | -                  |    | 534,286                 |    | -                              |    | -                        |    | -                       |    | 534,286                 |
| Debt Service  |    | -                  |    | -                       |    | 98,810,000                     |    | -                        |    | -                       |    | 98,810,000              |
| Loan Purposes   |    | -                  |    | 246.001                 |    | 420,857,000                    |    | -                        |    | 2 155 400               |    | 420,857,000             |
| Endowment Funds-Nonexpendable<br>Unrestricted             |    | -<br>1,928,558     |    | 246,001<br>295,402      |    | 1,919,000                      |    | 22,637,076               |    | 2,155,492<br>193,466    |    | 2,401,493<br>26,973,502 |
| Total Net Position  | \$ | 1,928,558          | \$ | 1,078,787               | \$ | 521,586,000                    | \$ | 22,640,814               | \$ | 2,348,958               | \$ | 549,583,117             |
|   | _  |                    |    |                         |    |                                |    |                          |    |                         |    |                         |

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

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

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# NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2019

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### A. REPORTING ENTITY

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

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

#### **BLENDED COMPONENT UNITS**

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

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

#### DISCRETELY PRESENTED COMPONENT UNITS

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

#### MAJOR COMPONENT UNITS

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

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

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

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

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

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

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

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

Comprehensive Health Associations 4510 13<sup>th</sup> Ave. South Fargo, ND 58121

State Historical Society of North Dakota Foundation P.O. Box 1976 Bismarck, ND 58502-1976 Public Finance Authority 1200 Memorial Highway Bismarck ND 58504

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

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

## B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

#### **FUND FINANCIAL STATEMENTS**

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

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

#### MESUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

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

#### **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.

<u>Special Revenue Funds</u> 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.

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

<u>Capital Projects Funds</u> 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.

<u>Permanent Funds</u> 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

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

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

#### FIDUCIARY FUND TYPES

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

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

<u>Private Purpose Trust Funds</u> 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.

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

#### D. GENERAL BUDGETARY POLICIES AND PROCEDURES

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

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

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

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

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

## E. CASH AND CASH EQUIVALENTS

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

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

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

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

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

#### F. INVESTMENTS

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

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

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

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

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

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

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

#### G. SECURITIES LENDING

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

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

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

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

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

#### H. INTERFUND ACTIVITY AND BALANCES

#### **INTERFUND ACTIVITY**

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

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

## **INTERFUND BALANCES**

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

#### I. INVENTORIES AND PREPAID ITEMS

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

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

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

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

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

#### J. BOND PREMIUMS / DISCOUNTS

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

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

#### K. CAPITAL ASSETS

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

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

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

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

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

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

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

#### L. DEFERRED OUTFLOWS OF RESOURCES

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

#### M. LEASE COMMITMENTS

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

#### N. FEDERAL FUNDS PURCHASED

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

#### O. CLAIMS/JUDGMENTS PAYABLE

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

#### P. COMPENSATED ABSENCES

### ANNUAL LEAVE

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

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

#### SICK LEAVE

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

#### Q. DEPOSITS

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

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

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

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

#### R. NET PENSION LIABLITY

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

#### S. NET OTHER POST EMPLOYMENT BENEFITS LIABILITY

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

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

#### T. DEFERRED INFLOWS OF RESOURCES

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

#### U. NET POSITION/FUND BALANCE

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

#### **CLASSIFICATIONS**

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

The <u>restricted fund balance</u> 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 <u>committed fund balance</u> 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.

<u>Assigned fund balance</u> 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.

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

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

#### **BUDGET STABILIZATION FUND**

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

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

## V. REVENUES AND EXPENDITURES/EXPENSES

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

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

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

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

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

#### W. ESTIMATES

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

## **NOTE 2 - RESTATEMENTS**

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

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

#### A. CORRECTION OF ERRORS

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

### **B. CHANGE IN ACCOUNTING METHOD**

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

#### **NOTE 3 - DETAILED NOTES ON ACCOUNT BALANCES**

#### A. DEPOSITS

#### **CUSTODIAL CREDIT RISK**

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

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

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

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

At June 30, 2019, the bank balance of the major component units' deposits was \$96,472,725. Of the bank amount, \$93,328.141 was uncollateralized and uninsured.

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

#### B. INVESTMENTS

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

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

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

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

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

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

#### **INTEREST RATE RISK**

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

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

## **Primary Government (includes Pension and Investment Trust Funds)**

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

## **Major Component Units**

| Investment Type            | T  | otal Fair<br>Value | <br>ess Than<br>1 Year | _1 | - 6 Years | 6 - 10 | Years | <br>re Than<br>Years |
|----------------------------|----|--------------------|------------------------|----|-----------|--------|-------|----------------------|
| Commercial Paper           | \$ | 16,294             | \$<br>16,294           | \$ | _         | \$     | _     | \$<br>_              |
| Corporate Notes            |    | 24,829             | 16,284                 |    | 8,545     |        | -     | -                    |
| Government Agencies        |    | 10,604             | 3,759                  |    | 6,845     |        | -     | -                    |
| Government Bonds           |    | 35,662             | 15,107                 |    | 20,555    |        | -     | -                    |
| Short Term Bills and Notes |    | 11,092             | 11,092                 |    |           |        |       | <br>-                |
| Total Debt Securities      | \$ | 98,481             | \$<br>62,536           | \$ | 35,945    | \$     | -     | \$<br>-              |

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

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

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

#### CONCENTRATION OF CREDIT RISK

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

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

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

## **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.

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

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

|   | Total        | ^ ^ ^                 | ^^                    | ۸                    | BBB        | BB                  | В         | CCC      | CC      |              | D              | Not       |
|---|--------------|-----------------------|-----------------------|----------------------|------------|---------------------|-----------|----------|---------|--------------|----------------|-----------|
| Asset                                   | Fair Value   | AAA                   | AA                    | A                    | DDD        | DD                  | B         | CCC      | _CC_    | С            | D              | Rated     |
| Backed<br>Securities<br>Collater-       | \$446,613    | \$279,687             | \$41,178              | \$17,393             | \$9,776    | \$4,941             | \$2,391   | \$7,297  | \$1,876 | \$ -         | \$1,319        | \$80,755  |
| alized<br>Bonds<br>Commercial           | 2,716        | 2,716                 | -                     | -                    | -          | -                   | -         | -        | -       | -            | -              | -         |
| Mortgage-<br>Backed<br>Commercial       | 1,450,171    | 1,392,549             | 7,294                 | 1,824                | 4,246      | 5,529               | 2,848     | 306      | -       | 387          | 257            | 34,931    |
| Paper<br>Corporate                      | 1,596        | -                     | -                     | 1,596                | -          | -                   | -         | -        | -       | -            | -              | -         |
| Bonds<br>Corporate                      | 2,125,695    | 14,493                | 159,098               | 743,927              | 917,139    | 186,146             | 86,172    | 9,884    | 233     | -            | 878            | 7,725     |
| Convertible<br>Bonds                    | 21,761       | -                     | -                     | 547                  | 1,349      | 7,289               | 1,275     | 3,452    | -       | -            | -              | 7,849     |
| Government<br>Agencies                  | 856,543      | 681,575               | 153,143               | 6,939                | 14,265     | -                   | -         | 621      | -       | -            | -              | -         |
| Government<br>Bonds                     | 619,601      | 4,969                 | 480,492               | 5,775                | 62,881     | 15,590              | 36,281    | -        | -       | -            | -              | 13,613    |
| Government<br>Mortgage<br>Backed        | 501,405      | _                     | 496,988               | 200                  | 2,798      | -                   | 703       | _        | -       | _            | _              | 716       |
| Government<br>Issued CMB<br>Index       | 45,306       | -                     | 45,306                | -                    | -          | -                   | -         | -        | -       | -            | -              | -         |
| Linked<br>Government<br>Bonds           | 582,630      | -                     | 582,630               | -                    | -          | -                   | -         | _        | -       | -            | -              | -         |
| Municipal/<br>Provincial<br>Bonds       | 68,327       | 10,177                | 30,815                | 14,233               | 4,036      | 2,271               | 2,887     | _        | _       | _            | _              | 3,908     |
| Non-<br>Government<br>Backed            |              |                       |                       |                      |            |                     |           |          |         |              |                |           |
| CMOs                                    | 113,410      | 27,925                | 12,069                | 11,629               | 3,249      | 1,567               | 2,128     | 3,747    | 1,395   | -            | 207            | 49,494    |
| Repurchase<br>Agreements                | (20,003)     | -                     | (20,003)              | -                    | -          | -                   | -         | -        | -       | -            | -              | -         |
| Short-Term<br>Investment<br>Funds       | 162,200      | 29                    | 3,622                 | 38,374               | -          | -                   | -         | -        | -       | -            | -              | 120,175   |
| Pooled<br>Investments                   | 1,790,942    | 308,955               | 308,294               | 619,775              | 109,788    | 42,433              | 34,479    |          |         |              |                | 367,218   |
| Total Credit<br>Risk Debt<br>Securities | 8,768,913    | \$2,723,075 <u>\$</u> | \$2,300,926 <u>\$</u> | 61,462,212 <u>\$</u> | 31,129,527 | \$265,766 <u>\$</u> | \$169,164 | \$25,307 | \$3,504 | <u>\$387</u> | <u>\$2,661</u> | \$686,384 |
| US Gov't &<br>Agencies**                | 1,266,484    |                       |                       |                      |            |                     |           |          |         |              |                |           |
| Mutual<br>Funds                         | 53,850       |                       |                       |                      |            |                     |           |          |         |              |                |           |
| Total Debt<br>Securities                | \$10,089,247 |                       |                       |                      |            |                     |           |          |         |              |                |           |

**Major Component Units** 

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

<sup>\*</sup>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.

#### **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.

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

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

# **Primary Government (includes Pension and Investment Trust Funds)**

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

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

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

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

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

| Options              | Fair Value |           |  |  |
|----------------------|------------|-----------|--|--|
| Cash & Other Options | ¢          | (10)      |  |  |
| Call<br>Put          | \$         | (10)<br>1 |  |  |
| Fixed Income Options |            |           |  |  |
| Call                 |            | (38)      |  |  |
| Put                  |            | (241)     |  |  |
| Total options        | \$         | (288)     |  |  |

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

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

# Credit Default Swaps

| Counterparty/Moody's Rating  | Notion   | nal Amount  | Expiration Date   | Fai      | r Value  |
|--|----------|---|---|----------|--|
| Bank of America/Aa2 (2 contracts) Citibank/A1 (34 contracts) Credit Suisse First Boston/A1 (8 contracts) Deutsche Bank/A3 (2 contracts) Goldman Sachs/A3 (4 contracts) HSBC Bank/Aa3 (2 contracts) JP Morgan Chase/Aa2 (2 contracts) Morgan Stanley/A3 (2 contracts) | \$       | (430)<br>(2,535)<br>(43,200)<br>2,000<br>(1,900)<br>(1,550)<br>(400)<br>(245) | 2021 - 2025<br>2019 - 2024<br>2022 - 2024<br>2059<br>2020 - 2024<br>2019<br>2019 - 2024<br>2024 | \$       | (32)<br>(172)<br>931<br>(16)<br>(28)<br>2<br>1 |
| Total credit default swaps   | \$       | (48,260)  |   | \$       | 688  |
| Interest Rate Swaps  |          |   |   |          |  |
| Counterparty/Moody's Rating  |          | nal Amount  | Expiration Date<br>Range  |          | r Value  |
| Citigroup Global Markets/A1 (24 contracts) Credit Suisse First Boston/A1 (39 contracts) JP Morgan Chase/Aa2 (119 contracts)  | \$       | 84,455<br>128,462<br>447,530  | 2020 - 2049<br>2019 - 2049<br>2020 - 2048   | \$       | (3,427)<br>12<br>(14,715)                      |
| Total Interest Rate Swaps  | \$       | 660,447   |   | \$       | (18,130)                                       |
| Total Return Swaps   |          |   |   |          |  |
| Counterparty/Moody's Rating  | Notion   | nal Amount  | Expiration Date   | Fair     | · Value  |
| Credit Suisse International/A1 (2 contracts) Total Return Swaps  | \$<br>\$ | 4,800<br>4,800  | 2041  | \$<br>\$ | (23)   |

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

| Currency                                | Cost  | Cost |    |       | <br>Sales | Fair Value |          |
|---|-------|------|----|-------|-----------|------------|----------|
| Argentine peso                          | \$    | 15   | \$ | 15    | \$<br>-   | \$         | 15       |
| Australian dollar                       | (1,4  | 72)  |    | -     | (1,472)   |            | (1,484)  |
| Brazilian real                          | (     | 18)  |    | -     | (18)      |            | (30)     |
| British pound sterling                  | (8,2  | 41)  | 1  | 5,387 | (23,628)  |            | (8,279)  |
| Canadian dollar                         | (8,4  | 60)  |    | 9,960 | (18,420)  |            | (8,491)  |
| Columbian peso                          | •     | 186  |    | 186   | -         |            | 195      |
| Euro                                    | (61,6 | 22)  | 3  | 7,046 | (98,668)  |            | (62,411) |
| Great Britain pound sterling            | 4     | 175  |    | 475   | -         |            | 475      |
| Japanese yen                            | (17,6 | 09)  | 1  | 3,100 | (30,709)  |            | (18,046) |
| Mexican peso                            |       | 6    |    | 2,818 | (2,812)   |            | 38       |
| South African rand                      | (     | 13)  |    | 1,608 | (1,621)   |            | -        |
| United States dollar                    | 96,7  | 753  | 17 | 7,348 | (80,595)  |            | 96,753   |
| Total forwards subject to currency risk |       |      |    |       |           | \$         | (1,265)  |

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

|  | Total Notional 3 Months or Value Less |                 | 3 to 6 6 to 12  Months Months |                     |    | 1-               | 5 Years | Greater<br>Than<br>5 Years |     |        |                            |          |  |
|--|---------------------------------------|-----------------|-------------------------------|---------------------|----|------------------|---------|----------------------------|-----|--------|----------------------------|----------|--|
| Futures-<br>interest rate<br>contracts       | \$ (2                                 | 57,941)         | \$                            | 162,528             | \$ | (525,813)        | \$      | 105,344                    | \$  |        | \$                         |          |  |
| Total  | \$ (2                                 | 57,941)         | \$                            | 162,528             | \$ | (525,813)        | \$      | 105,344                    | \$  | -      | \$                         |          |  |
| 0.11   |                                       | al Fair<br>alue | 3 N                           | 3 Months or<br>Less |    | 3 to 6<br>Months |         | to 12<br>onths             | 1-5 | Years_ | Greater<br>Than<br>5 Years |          |  |
| Options on<br>futures<br>Swaps -<br>interest | \$                                    | (279)           | \$                            | (279)               | \$ | -                | \$      | -                          | \$  | -      | \$                         | -        |  |
| rate contracts<br>Swaps -<br>credit          | (*                                    | 18,130)         |                               | -                   |    | 5                |         | 293                        |     | (536)  | (                          | (17,892) |  |
| contracts                                    |                                       | 688             |                               | (1)                 |    | 2                |         | 5                          |     | 776    |                            | (94)     |  |
| Total  | \$ (*                                 | 17,721)         | \$                            | (280)               | \$ | 7_               | \$      | 298                        | \$  | 240    | \$ (                       | (17,986) |  |

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

| Month     | Number of<br>Contracts | Average<br>Cost | Fair V | ′alue | A  | verage Cost | <br>Market Value |
|-----------|------------------------|-----------------|--------|-------|----|-------------|------------------|
| Sept 2019 | -5                     | \$ 5.528        | \$ 5.5 | 5425  | \$ | (142,062)   | \$<br>(138,562)  |
| Dec 2019  | 286                    | 5.712           | 5.6    | 6750  |    | 8,186,301   | 8,115,250        |
| Mar 2020  | 133                    | 5.794           | 5.8    | 3100  |    | 3,850,638   | 3,863,650        |
| May 2020  | 73                     | 5.684           | 5.8    | 3875  |    | 2,076,900   | 2,148,938        |
| July 2020 | 10                     | 6.000           | 5.9    | 9650  |    | 300,000     | 298,250          |
|           |                        |                 |        | _ ;   | \$ | 14,271,777  | \$<br>14,287,526 |

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

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, 2019, the table below shows the hedge ratio by futures month going forward:

| Period       | Hedge Ratio |
|--------------|-------------|
| Sept 2019    | 1.0         |
| Dec 2019     | 1.0         |
| Mar 2020     | 1.0         |
| May 2020     | 1.1         |
| July 2020    | 1.0         |
| Net Position | 1.0         |

#### C. SECURITIES LENDING

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

## **Primary Government (includes Pension and Investment Trust Funds)**

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

#### D. ENDOWMENT FUNDS

## **UNIVERSITY SYSTEMS**

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

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

|                               |         |       | Reflected in net position as:             |
|-------------------------------|---------|-------|---|
| North Dakota State University | \$ 23   | 3,027 | Expendable scholarships & fellowships     |
| University of North Dakota    | 93      | 7,935 | Non-expendable scholarships & fellowships |
| Williston State College       |         | 2,731 | Non-expendable scholarships & fellowships |
| Total NDUS                    | \$ 1,17 | 3,693 |   |

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

#### NORTH DAKOTA STATE FAIR FOUNDATION

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

| Beginning endowment     | \$<br>2,149,492 |
|-------------------------|-----------------|
| Endowment contributions | <br>6,000       |
| Ending endowment        | \$<br>2,155,492 |

#### E. RECEIVABLES

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

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

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

#### F. REVERSE REPURCHASE AGREEMENTS

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

#### G. INTERFUND ACCOUNTS AND TRANSFERS

## DUE FROM OTHER FUNDS/DUE TO OTHER FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

#### **INTERFUND TRANSFERS**

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

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

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

Transfers are used for the following purposes:

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

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

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

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

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

# H. CAPITAL ASSETS

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

**Primary Government** 

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

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

|  |       | lance    |               |                |    | Balance      |
|--|-------|----------|---------------|----------------|----|--------------|
| <u>Description</u>                           | July  | 1, 2018  | <br>ncreases  | <br>ecreases   | J  | une 30, 2019 |
| Business-Type Activities:                    |       |          |               |                |    |              |
| Capital Assets Not Being Depreciated         |       |          |               |                |    |              |
| Land   | \$    | 24,099   | \$<br>-       | \$<br>-        | \$ | 24,099       |
| Construction in Progress                     |       | 58,112   | <br>131,190   | <br>(22,353)   |    | 166,949      |
| Total Capital Assets Not Being Depreciated   |       | 82,211   | <br>131,190   | <br>(22,353)   |    | 191,048      |
| Capital Assets Being Depreciated:            |       |          |               |                |    |              |
| Buildings and Improvements                   | 1,    | 779,784  | 40,387        | (2,633)        |    | 1,817,538    |
| Equipment                                    |       | 531,930  | 27,930        | (17,629)       |    | 542,231      |
| Intangibles                                  |       |          |               |                |    |              |
| Software                                     |       | 28,875   | 127           | (79)           |    | 28,923       |
| Other  |       | 21,870   | 2,219         | (51)           |    | 24,038       |
| Infrastructure                               |       | 228,788  | <br>8,849     | <br>-          |    | 237,637      |
| Total Capital Assets Being Depreciated       | 2,    | 591,247  | <br>79,512    | <br>(20,392)   |    | 2,650,367    |
| Less Accumulated Depreciation for:           |       |          |               |                |    |              |
| Buildings and Improvements                   | (6    | 37,590)  | (42,966)      | 2,178          |    | (678,378)    |
| Equipment                                    | (3    | 55,678)  | (30,175)      | 15,749         |    | (370,104)    |
| Intangibles                                  |       |          |               |                |    |              |
| Software                                     | (     | (25,832) | (1,290)       | 181            |    | (26,941)     |
| Other  | (     | (13,450) | (2,201)       | 54             |    | (15,597)     |
| Infrastructure                               | (1    | 12,896)  | <br>(6,199)   | <br>-          |    | (119,095)    |
| Total Accumulated Deprecation                | (1,1  | 45,446)  | <br>(82,831)  | <br>18,162     |    | (1,210,115)  |
| Total Capital Assets Being Depreciated, Net  | 1,4   | 445,801  | <br>(3,319)   | <br>(2,230)    |    | 1,440,252    |
| Business-Type Activities Capital Assets, Net | \$ 1, | 528,012  | \$<br>127,871 | \$<br>(24,583) | \$ | 1,631,300    |

**Major Component Units** 

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

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

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

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

## **Project Description:**

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

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

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

#### I. OPERATING LEASES

## PAYMENTS ON OPERATING LEASES

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

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

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

#### J. CAPITAL LEASES

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

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

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

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

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

#### K. DEFERRED OUTFLOWS OF RESOURCES

#### FINANCIAL DERIVATIVE INSTRUMENT

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

#### DEFERRED LOSS ON BOND REFUNDING

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

#### L. LONG-TERM DEBT

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

#### 1. REVENUE BONDS

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

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

## **Primary Government**

#### **Building Authority**

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

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.

#### Department of Transportation

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

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

#### Student Loan Trust

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

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

#### Housing Finance

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

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

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

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

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

### University System

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

### State Fair Association

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

### **Major Component Units**

### Public Finance Authority

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

Revenue Bonds outstanding (expressed in thousands):

**Primary Government** 

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

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

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

**Major Component Units** 

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

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

### **Primary Government**

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

### **Major Component Units**

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

### 2. NOTES PAYABLE

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

**Primary Government** 

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

### **Major Component Units**

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

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

### Short Term Borrowings:

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

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

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

### **Primary Government**

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

| Major Compo | onent Units |
|-------------|-------------|
|-------------|-------------|

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

### 3. CERTIFICATES OF PARTICIPATION

### **Primary Government**

### University System

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

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

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

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

### **Primary Government**

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

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

### **Primary Government**

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

### Changes in General Long-Term Liabilities

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

**Primary Government** 

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

**Major Component Units\*** 

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

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

<sup>\*\*</sup>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.

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

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

### M. ARBITRAGE REBATE PAYABLE

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

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

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

### N. DEFERRED INFLOWS OF RESOURCES

### GRANTS RECEIVED PRIOR TO TIME REQUIREMENTS

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

### INCREASE IN FAIR VALUE OF HEDGING DERIVATIVES

This amount represents the changes in fair value of futures.

### O. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

### FAIR VALUE HIERARCHY

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

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

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

### **DETERMINATION OF FAIR VALUE**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fair Value

fair value

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

**Primary Government INVESTMENTS MEASURED AT** Fair Value FAIR VALUE 6/30/19 Level 1 Level 2 Level 3 Short term securities: \$ Commercial paper 1,596 \$ \$ 1,596 \$ 143,721 331,970 Short term bills and notes 475,691 Total short term securities 477,287 143,721 333,566 Fixed income investments: Asset backed securities 424.218 416.713 7.505 Bank loans 4,372 4,372 Collateralized bonds 2,716 2,716 Collateralized mortgage obligations 41,484 41,484 2,316 Commercial mortgage-backed 286,647 284,331 Corporate bonds 2,121,267 2,117,557 3,710 Corporate convertible bonds 21,761 20,995 766 Funds - Fixed Income ETF 214,881 214,881 **Government Agencies** 1,302,793 1,189,140 113,653 Government Bonds 988,727 196 988,531 Government MBS 1,547,300 1,547,300 Government - issued Commercial Mortgage-Backed 101,527 101,527 Index Linked Government Bonds 584,015 584,015 Municipal / Provincial Bonds 36,474 36,474 Non- Government Backed C.M.O.s 63,752 57,495 6,257 Other Fixed Income 1,034 31 1,003 Collateralized Debt 17,035 17,035 1.404.248 Total fixed income investments 7,760,003 6,335,201 20.554 Equity Investments: Common stock 4,869,128 4,869,062 2 64 Convertible equity 2,816 4,897 2,081 409,492 Funds - Equities ETF 409,492 Preferred stock 20,979 20,979 776 Rights / Warrants 776 Stapled securities 4,520 4,520 Total equity investments 5,309,792 2,818 5,306,910 64 Other Investments: 20,439 Currency 20.439 **FX Contracts** Global Tactical Asset Allocation MF 826,883 826,883 Master Limited Partnership 94,989 94,989 **REITs** 8,268 8,268 Real Estate 10,194 10.194 **Swaps** 12,846 12.846 Total other investments 973,620 950,580 10,194 12,846 Derivative Investments: Exchange cleared swaps (17,168)(17,168)**Options** (288)(279)(9)**Swaps** 10,134 10,134 Grain future contracts 16 16 Total derivative investments (7,306)(263)(7,043)Total investments measured at

14,513,396

\$

6,677,388

7,805,196

\$

30,812

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

**Major Component Units** 

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

### **NOTE 4 - NET POSITION**

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

### **NOTE 5 - FUND BALANCE**

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

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

# Governmental Fund Balance By Purpose (Expressed in Thousands)

|  |              | Special Revenue |         |              |                          |    |            |
|--|--------------|-----------------|---------|--------------|--------------------------|----|------------|
|  | General      | F               | ederal  | State        | Nonmajor<br>Governmental |    | Total      |
| Fund Balances:                                   |              |                 |         |              |                          |    |            |
| Nonspendable                                     |              |                 |         |              |                          |    |            |
| Inventory  | \$ 2,955     | \$              | 10,965  | \$ 10,705    | \$ -                     | \$ | 24,625     |
| Long - Term Receivables                          | 12           |                 | -       | -            | -                        |    | 12         |
| Prepaid Expenditures                             | 3,671        |                 | 1,367   | 2,150        | -                        |    | 7,188      |
| Permanent Trust fund for Veteran's Postwar       | -            |                 | -       | -            | 6,337                    |    | 6,337      |
| Permanent Trust fund for Coal Development        |              |                 |         |              | 70,214                   |    | 70,214     |
| Total Nonspendable                               | 6,638        |                 | 12,332  | 12,855       | 76,551                   |    | 108,376    |
| Restricted for:                                  |              |                 |         |              |                          |    |            |
| Distribution to Common Schools                   | -            |                 | -       | 4,919,178    |                          |    | 4,919,178  |
| State Education Aid                              | -            |                 | -       | 430,679      | -                        |    | 430,679    |
| Lignite Research                                 | -            |                 | -       | 30,294       | -                        |    | 30,294     |
| Water Projects and Energy Conservation           | -            |                 | -       | 419,654      |                          |    | 419,654    |
| Well Plugging and Site Reclamation               | -            |                 | -       | 22,132       | -                        |    | 22,132     |
| Agriculture and Commerce                         | -            |                 | -       | 62,749       | -                        |    | 62,749     |
| Natural Resources                                | -            |                 | -       | 30,259       | -                        |    | 30,259     |
| Highway Projects                                 | -            |                 | -       | 513,571      | -                        |    | 513,571    |
| Transportation                                   | -            |                 | -       | 25,611       | -                        |    | 25,611     |
| Petroleum Tank Release Compensation              | -            |                 | -       | 6,069        |                          |    | 6,069      |
| Debt Services                                    | -            |                 | -       | -            | 784                      |    | 784        |
| Capital Improvement Projects                     | 279          |                 | -       | -            | -                        |    | 279        |
| Other  | -            |                 | -       | 27,575       | -                        |    | 27,575     |
| Total Restricted                                 | 279          |                 | _       | 6,487,771    | 784                      |    | 6,488,834  |
| Committed to:                                    |              |                 |         |              |                          |    |            |
| Strategic Investments & Improvements             | -            |                 | _       | 905,001      | -                        |    | 905,001    |
| Oil & Gas Impact Grants                          | -            |                 | _       | 29,187       | -                        |    | 29,187     |
| Partnership in Assisting Community Expansion     | -            |                 | _       | 58,438       | -                        |    | 58,438     |
| Human Services & Health Operations               | _            |                 | _       | 27,474       | -                        |    | 27,474     |
| Outdoor Heritage Grants                          | _            |                 | _       | 30,552       | -                        |    | 30,552     |
| Water Development & Management Projects          | _            |                 | _       | 48,149       | -                        |    | 48,149     |
| Oil & Gas Research                               | -            |                 | -       | 11,848       | -                        |    | 11,848     |
| Judicial & Legal                                 | -            |                 | _       | 12,974       | -                        |    | 12,974     |
| Public Safety & Corrections                      | 20,295       |                 | _       | 2,486        | -                        |    | 22,781     |
| Agriculture & Commerce                           | 6,025        |                 | _       | 5,630        | -                        |    | 11,655     |
| State Rail & Special Roads                       | · -          |                 | _       | 15,069       | -                        |    | 15,069     |
| Insurance Regulatory Operations                  | -            |                 | _       | 6,393        | -                        |    | 6,393      |
| Park & Recreation Operations                     | _            |                 | _       | 6,786        | -                        |    | 6,786      |
| Tax Relief                                       | 182,300      |                 | _       | · -          | -                        |    | 182,300    |
| Stabilization                                    | 118,646      |                 | _       | -            | -                        |    | 118,646    |
| Theodore Roosevelt Presidential Library & Museum | 15,051       |                 | _       | -            | -                        |    | 15,051     |
| Veteran's Postwar                                | -            |                 | _       | -            | 398                      |    | 398        |
| Other  | 5,906        |                 | _       | 27,497       | 83                       |    | 33,486     |
| Total Committed                                  | 348,223      |                 | _       | 1,187,484    | 481                      |    | 1,536,188  |
| Assigned to:                                     |              |                 |         |              |                          | _  |            |
| Education  | _            |                 | _       | 3,374        | -                        |    | 3,374      |
| Human Services & Health Operations               | _            |                 | _       | 119,250      | _                        |    | 119,250    |
| Judicial & Legal                                 | _            |                 | _       | 11,048       | -                        |    | 11,048     |
| Correction & Rehabilitation Operations           | _            |                 | _       | 5,935        | _                        |    | 5,935      |
| Strategic Investments & Improvements             | _            |                 | _       | 229,325      | _                        |    | 229,325    |
| Agriculture & Commerce                           | _            |                 | _       | 2,345        | _                        |    | 2,345      |
| Other  | _            |                 | _       | 3,333        | _                        |    | 3,333      |
| Total Assigned                                   |              |                 |         | 374,610      |                          | _  | 374,610    |
| Unassigned                                       | 7,231,355    | _               | (1,642) |              |                          | _  | 7,229,713  |
| Total Fund Balances                              | \$ 7,586,495 | \$              |         | \$ 8,062,720 | \$ 77 Q1C                | Φ  | 15,737,721 |
| TOTAL FULLA DAIATIOES                            | φ 1,000,495  | Φ               | 10,090  | ψ 0,002,720  | ψ 11,010                 | φ  | 10,101,121 |

### **NOTE 6 - RETIREMENT SYSTEMS**

### A. DESCRIPTION OF PLANS

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

### NORTH DAKOTA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

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

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

| Cities   | 94  |
|--|-----|
| Counties   | 50  |
| School Districts                                 | 125 |
| Other  | 85  |
| Total Participating Local Political Subdivisions | 354 |

### Administration

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

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

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

### **Benefits**

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

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

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

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

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

#### **Death and Disability Benefits**

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

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

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

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

#### **Refunds of Member Contributions**

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

### **Contributions**

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

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

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

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

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

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

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

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

### Administration

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

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

### Benefits

Pension benefits are set by statute. The System has no provisions or policies with respect to automatic and ad hoc postretirement 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 member s who become totally disabled after a minimum of 180 days service receive monthly disability benefits that are up to 70 percent of their final average salary, reduced by workers compensation with a minimum benefit of \$100. To qualify under this section, the member must meet the criteria established by the Retirement Board for being totally disabled and apply for benefits within one year of termination.

#### **Refunds of Member Contributions**

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

#### **Contributions**

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

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

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

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

### Administration

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

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

### **Benefits**

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

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

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

### **Death and Disability Benefits**

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

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

### **Refunds of Member Contributions**

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

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

#### Contributions

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

### TEACHERS' FUND FOR RETIREMENT (TFFR)

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

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

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

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

#### 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 statues relating to the administration of the fund, including benefit terms, to the Legislative Assembly for consideration. The Legislative Assembly has final authority for changes to benefit terms and contributions rates.

#### **Benefits**

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

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

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

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

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

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

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

### **Death and Disability Benefits**

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

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 statue.

### EMPLOYEE MEMBERSHIP DATA

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

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

### B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

### BASIS OF ACCOUNTING

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

### INVESTMENT POLICY

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

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

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

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

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

<sup>\*</sup>See note 7 for further details of the RHIC OPEB Plan.

### INVESTMENT RATE OF RETURN

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

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

<sup>\*</sup>See note 7 for further details of the RHIC OPEB Plan.

#### METHOD USED TO VALUE INVESTMENTS

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

### **REALIZED GAINS AND LOSSES**

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

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

### C. FUNDING STATUS AND PROGRESS

### NET PENSION LIABILITY OF THE PLANS

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

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

### **ACTUARIAL ASSUMPTIONS**

#### **PERS**

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

Actuarial Cost Method: Entry Age Normal

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

Inflation: 2.50%

Salary Increase: 4.00% to 20.00% including inflation

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

Investment Rate of Return: 7.75%

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

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

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

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

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

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

#### **HPRS**

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

Actuarial Cost Method: Entry Age Normal

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

Inflation: 2.50%

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

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

Investment Rate of Return: 7.75%

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

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

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

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

#### **JSND**

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

Actuarial Cost Method: Entry Age Normal

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

Inflation: 2.50%

Salary Increase: 3.50%

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

Investment Rate of Return: 4.75%

Cost of Living Adjustment: 2.50%

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

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

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

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

### **TFFR**

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

Actuarial Cost Method: Entry Age Normal

Asset Valuation Method: 5 year smoothed market

Inflation: 2.75%

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

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

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

Cost of Living Adjustment: None

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

### INVESTMENT RATE OF RETURN

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

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

### DISCOUNT RATE

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

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

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

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

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

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

### SENSITIVITY OF NET PENSION LIABILITY

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

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

### D. SINGLE EMPLOYER PENSION PLANS

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

### Single-employer Plans Changes in Net Pension Liability Increases (Decreases) For the Year June 30, 2019\*

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

<sup>\*</sup>The 2019 information presented has a measurement date of June 30, 2018.

### JOB SERVICE NORTH DAKOTA (JSND)

#### **Net Pension Asset**

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

### **Deferred Inflows and Outflows of Resources**

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

|     | Primary Gov | <u>/ernment</u>                               | ·   | Discrete Component Unit        |  |  | <u>nits                                    </u>   |
|-----|-------------|---|---|--------------------------------|--|--|---|
|     | Deferred    | Defe  | rred  | Defe                           | rred   | Defe   | rred  |
| C   | Outflows of | Inflov  | vs of   | Outflo                         | ws of  | Inflov   | vs of   |
| F   | Resources   | Resou   | ırces   | Reso                           | urces  | Resou  | ırces   |
| Φ.  |             | ф.  |   | ф                              |  | ф  |   |
| ф   | -           | Ф   | -   | Ф                              | -  | Ф  | -   |
|     | -           |   | -   |                                | -  |  | -   |
|     |             |   |   |                                |  |  |   |
|     | 4,385,421   |   | -   |                                | -  |  | -   |
|     |             |   |   |                                |  |  | _   |
|     |             |   |   |                                |  |  |   |
|     |             |   |   |                                |  |  |   |
| \$_ | 4,385,421   | \$  |   | \$                             |  | \$   |   |
|     | C           | Deferred Outflows of Resources \$ - 4,385,421 | Deferred Defe Outflows of Inflov Resources Resources  \$ - \$ - 4,385,421 | Outflows of Resources  \$ - \$ | Deferred Outflows of Inflows of Resources Resources \$ - \$ - \$ 4,385,421 | Deferred Outflows of Resources Resources Resources Resources    \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - | Deferred Outflows of Inflows of Resources Resources Resources Resources Resources A,385,421 |

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

### Year ended June 30:

|       | Prin | mary Government | Component Units |
|-------|------|-----------------|-----------------|
| 2020  | \$   | 1,993,919       | \$<br>-         |
| 2021  |      | 1,120,271       | -               |
| 2022  |      | 771,955         | -               |
| 2023  |      | 499,276         | -               |
| Total | \$   | 4,385,421       | \$<br>-         |

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

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

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

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

### **Net Pension Liability**

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

### **Deferred Inflows and Outflows of Resources**

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

|   |      | Primary G  | overni | ment      | Discrete Component Units |       |        |       |
|---|------|------------|--------|-----------|--------------------------|-------|--------|-------|
|   |      | Deferred   | I      | Deferred  | Defe                     | rred  | Defe   | rred  |
|   | 0    | utflows of | I      | nflows of | Outflo                   | ws of | Inflov | vs of |
|   | R    | Resources  | R      | esources  | Reso                     | urces | Reso   | urces |
| Differences between expected and actual     |      |            |        |           |                          |       |        | ,     |
| experience                                  | \$   | 482,350    | \$     | (588,441) | \$                       | -     | \$     | -     |
| Changes of assumptions                      |      | 3,215,897  |        | -         |                          | -     |        | -     |
| Net difference between projected and actual |      |            |        |           |                          |       |        |       |
| earnings on pension plan investments        |      | -          |        | (256,395) |                          | -     |        | -     |
| Changes in proportion and differences       |      |            |        |           |                          |       |        |       |
| between employer contributions and          |      |            |        |           |                          |       |        |       |
| proportionate share of contributions        |      | -          |        | -         |                          | -     |        | -     |
| Employer contributions subsequent to the    |      |            |        |           |                          |       |        |       |
| measurement date                            |      | 2,091,097  |        |           |                          |       |        |       |
| Total                                       | _\$_ | 5,789,344  | \$     | (844,836) | \$                       |       | \$     |       |

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

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

### Year ended June 30:

|            | Prima | ry Government | Compo | onent Units |
|------------|-------|---------------|-------|-------------|
| 2020       | \$    | 1,539,866     | \$    | -           |
| 2021       |       | 992,841       |       | -           |
| 2022       |       | 17,556        |       | -           |
| 2023       |       | 359,233       |       | -           |
| 2024       |       | (34,678)      |       | -           |
| Thereafter |       | (21,407)      |       | _           |
| Total      | \$    | 2,853,411     | \$    | -           |

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

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

|                                    | •  | % Decrease<br>(6.75%) | <br>rent Discount<br>ate (7.75%) | 19 | % Increase<br>(8.75%) |
|------------------------------------|----|-----------------------|----------------------------------|----|-----------------------|
| State's proportionate share of the |    | _                     | <br>                             |    | _                     |
| net pension liability              | \$ | 32,041,790            | \$<br>19,456,960                 | \$ | 8,997,526             |

### E. COST SHARING EMPLOYER PENSION PLANS

### NORTH DAKOTA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

### **Proportionate Share of Net Pension Liability**

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

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

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

### **Deferred Inflows and Outflows of Resources**

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

|  | Primary Government |             |    | Discrete Component Units |    |            | ent Units |           |
|--|--------------------|-------------|----|--------------------------|----|------------|-----------|-----------|
|  |                    | Deferred    |    |                          |    | Deferred   | [         | Deferred  |
|  |                    | Outflows of | De | eferred Inflows          | 0  | utflows of | lı        | nflows of |
|  |                    | Resources   | (  | of Resources             | R  | esources   | R         | esources  |
| Differences between expected and   |                    |             |    |                          |    |            |           |           |
| actual experience  | \$                 | 2,602,369   | \$ | (32,189,349)             | \$ | 1,000      | \$        | (10,000)  |
| Changes of assumptions   |                    | 316,975,734 |    | (12,634,626)             |    | 101,000    |           | (4,000)   |
| Net difference between projected and actual earnings on pension plan     |                    |             |    |                          |    |            |           |           |
| investments  |                    | -           |    | (4,461,712)              |    | -          |           | (1,000)   |
| Changes in proportion and differences between employer contributions and |                    |             |    |                          |    |            |           |           |
| proportionate share of contributions                                     |                    | 9,550,810   |    | (31,532,267)             |    | 1,000      |           | (6,000)   |
| Employer contributions subsequent to                                     |                    |             |    |                          |    |            |           |           |
| the measurement date   |                    | 39,165,627  |    |                          |    | 10,000     |           | _         |
| Total  | \$                 | 368,294,540 | \$ | (80,817,954)             | \$ | 113,000    | \$        | (21,000)  |

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

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

#### Year ended June 30:

|       | Pri | mary Government | Co | omponent Units |
|-------|-----|-----------------|----|----------------|
| 2020  | \$  | 82,916,014      | \$ | 27,000         |
| 2021  |     | 71,473,057      |    | 23,000         |
| 2022  |     | 58,230,810      |    | 19,000         |
| 2023  |     | 33,405,549      |    | 12,000         |
| 2024  |     | 2,285,529       |    | 1,000          |
| Total | \$  | 248,310,959     | \$ | 82,000         |

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

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

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

### NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

### **Proportionate Share of Net Pension Liability**

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

#### **Deferred Inflows and Outflows of Resources**

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

|   | Primary Government       |           |                        |              | Discr                   | Discrete Component Units |                |   |
|---|--------------------------|-----------|------------------------|--------------|-------------------------|--------------------------|----------------|---|
|   | Deferred                 |           | Deferred<br>Inflows of |              | Deferred<br>Outflows of |                          | Defe<br>Infloy |   |
|   | Outflows of<br>Resources |           | Resources              |              | Resources               |                          | Reso           |   |
| Differences between expected and actual     | •                        | 0.4.00.4  | _                      | (0.4.4.0.40) | •                       | _                        | •              |   |
| experience                                  | \$                       | 24,084    | \$                     | (241,349)    | \$                      | -                        | \$             | - |
| Changes of assumptions                      |                          | 488,856   |                        | -            |                         | -                        |                | - |
| Net difference between projected and actual |                          |           |                        |              |                         |                          |                |   |
| earnings on pension plan investments        |                          | -         |                        | (30,681)     |                         | -                        |                | - |
| Changes in proportion and differences       |                          |           |                        | , ,          |                         |                          |                |   |
| between employer contributions and          |                          |           |                        |              |                         |                          |                |   |
| proportionate share of contributions        |                          | 769,172   |                        | (519,700)    |                         | -                        |                | - |
| Employer contributions subsequent to the    |                          |           |                        | ,            |                         |                          |                |   |
| measurement date                            |                          | 542,201   |                        | -            |                         | -                        |                | - |
| Total                                       | \$                       | 1,824,313 | \$                     | (791,730)    | \$                      | _                        | \$             | - |

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

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

### Year ended June 30:

|            | Primar | y Government | Component Units |   |  |
|------------|--------|--------------|-----------------|---|--|
| 2020       | \$     | 367,023      | \$              | - |  |
| 2021       |        | 242,971      |                 | - |  |
| 2022       |        | 25,346       |                 | - |  |
| 2023       |        | (104,696)    |                 | - |  |
| 2024       |        | (36,924)     |                 | - |  |
| Thereafter |        | (3,338)      |                 | _ |  |
| Total      | \$     | 490,382      | \$              | - |  |

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

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

|  |    | 1% Decrease |    | Current Discount |    | 1% Increase |  |
|--|----|-------------|----|------------------|----|-------------|--|
|  |    | (6.75%)     |    | Rate (7.75%)     |    | (8.75%)     |  |
| State's proportionate share of the net | \$ | 11.982.530  | \$ | 8,874,047        | \$ | 6,288,754   |  |

#### F. PENSION SUMMARY

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

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

### G. DEFINED CONTRIBUTION PLAN

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

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

### **Benefits**

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

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

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

### **Death and Disability Benefits**

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

#### **Contributions**

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

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

#### H. TEACHERS' INSURANCE ANNUITY ASSOCIATION

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

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

| <b>Employment Class</b> | Years Of Service           | By The Participant | By The Institution | Total  |
|-------------------------|----------------------------|--------------------|--------------------|--------|
| I and III               | 0 thru 10                  | 4.50%              | 12.50%             | 17.00% |
| i and iii               | over 10                    | 5.00%              | 13.00%             | 18.00% |
|                         | 0 thru 2                   | 3.50%              | 7.50%              | 11.00% |
| II                      | 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    | less than 3                | 0.00%              | 0.00%              | 0.00%  |
| (additional employer    | 3 to less than 6           | 0.00%              | 4.00%              | 4.00%  |
| contribution)           | 6 and over                 | 0.00%              | 8.00%              | 8.00%  |

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

### NOTE 7 - POST-RETIREMENT

### A. IMPLICIT SUBSIDY UNFUNDED PLAN

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

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

### **OPEB Liability**

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

### **Actuarial Assumptions**

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

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

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

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

Inflation: 3% per annum

Expenses: Prior year expense, adjusted for inflation

### B. RETIREE HEALTH INSURANCE CREDIT – PLAN INFORMATION

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

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

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

Employee membership is as follows:

| Retirees receiving benefit | 12,471 |
|----------------------------|--------|
| Active participants        | 23,997 |
| Total Membership           | 36,468 |

### **OPEB Contributions**

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

### **OPEB Benefits**

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

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

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

### Net OPEB Liability of the Plan

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

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

### **Actuarial Assumptions**

Actuarial Cost Method: Entry Age Normal

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

RHIC Inflation: 2.50%

Salary Increase: Not applicable

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

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

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

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

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

### **Investment Rate of Return**

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

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

#### **Discount Rate**

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

### Sensitivity of Net OPEB Liability

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

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

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

### C. RETIREE HEALTH INSURANCE CREDIT - STATE'S SHARE

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

### **Proportionate Share of Net OPEB Liability**

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

### **Deferred Inflows and Outflows of Resources**

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

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

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

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

Year ended June 30:

|            | Prima | Primary Government |    | onent Units |
|------------|-------|--------------------|----|-------------|
| 2020       | \$    | 138,742            | \$ | -           |
| 2021       |       | 138,742            |    | -           |
| 2022       |       | 138,742            |    | -           |
| 2023       |       | 241,891            |    | -           |
| 2024       |       | 600,348            |    | -           |
| Thereafter |       | 705,705            |    |             |
| Total      | \$    | 1,964,170          | \$ | -           |

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

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

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

### D. JOB SERVICE NORTH DAKOTA – MET LIFE INSURANCE BENEFIT

### MET LIFE INSURANCE BENEFIT

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

### **Plan Description**

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

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

| Retirees and beneficiaries currently receiving benefits              | 169 |
|--|-----|
| Terminated employees entitled to benefits but not yet receiving them | 0   |
| Current vested employees   | 14  |
| Total  | 183 |

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

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

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

|  | Outfl | erred<br>ows of<br>ources | Defe<br>Inflov<br>Reso | vs of |
|--|-------|---------------------------|------------------------|-------|
| Differences between expected and actual  | Rest  | Durces                    | Resu                   | urces |
| experience   | \$    | _                         | \$                     | _     |
| Changes of assumptions   |       | -                         |                        | -     |
| Net difference between projected and actual earnings on OPEB plan investments          |       | -                         |                        | _     |
| Changes in proportion and differences between employer contributions and proportionate |       |                           |                        |       |
| share of contributions   |       | 4,182                     |                        |       |
| Total  | \$    | 4,182                     | \$                     | -     |

### **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:

|                  | July 1, 2019    |
|------------------|-----------------|
| Inflation        | none            |
| Salary increases | 5%              |
| Discount rate    | 2.98% per annum |

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

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

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

|                     |              | Current Discount |              |
|---------------------|--------------|------------------|--------------|
| Net OPEB Liability  | 1% Decrease  | Rate             | 1% Increase  |
| As of June 30, 2019 | (1.98%)      | (2.98%)          | (3.98%)      |
| Met Life            | \$ 1.633.126 | \$ 1.452.692     | \$ 1.302.885 |

### Schedule of Changes in Net OPEB Liability

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

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

### E. OPEB SUMMARY

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

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

### **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 lessor of \$19,000 or 100% of gross annual compensation for calendar year 2019. Participation in the plan is optional. The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency.

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

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

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

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

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

# **NOTE 9 - PERS UNIFORM GROUP INSURANCE PROGRAM**

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

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

# **NOTE 10 - SEGMENT INFORMATION**

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

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

# **NOTE 11 - MAJOR COMPONENT UNIT TRANSACTIONS**

# BISMARCK STATE COLLEGE AND BISMARCK STATE COLLEGE FOUNDATION

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

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

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

|                            | <br>BSC         | BS  | SC Foundation |  |  |
|----------------------------|-----------------|-----|---------------|--|--|
| NECE Building              | \$<br>9,548,989 | \$  | 10,846,116    |  |  |
| Accumulated Depreciation   | (2,920,019)     |     | (2,920,019)   |  |  |
| Net Value of NECE Building | \$<br>6,628,970 | _\$ | 7,926,097     |  |  |

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

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

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

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

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

#### DICKINSON STATE UNIVERSITY AND DICKINSON STATE UNIVERSITY FOUNDATION

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

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

- a) prejudgment interest at 6% would commence December 26, 2013,
- b) the amount of attorney fees and costs to be repaid was \$233.420.
- c) the note prepayment amount was \$133,600
- d) the parties shared responsibility for arbitration fees and expenses totaling \$67,620.

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

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

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

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

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

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

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

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

#### **Financial Audit**

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

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

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

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

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

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

#### NDSU FOUNDATION

#### Fargodome Lease and Improvements

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

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

### Renaissance Hall

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

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

#### Barry Hall Business Building and Klai Hall Architecture Building

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

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

# Other Transactions

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

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

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

# UNIVERSITY OF NORTH DAKOTA AND UND AEROSPACE FOUNDATION

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

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

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

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

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

# UNIVERSITY OF NORTH DAKOTA AND RE ARENA, INC.

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

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

In fiscal year 2019, gross tickets sales were \$4.9 million of which RE Arena, Inc. recognized revenue of \$2.5 million with a net due to UND \$2.4 million. Gross ticket sales for the next athletic season year are recorded in deferred revenue at gross by RE Arena, Inc. for a total of \$2.9 million.

RE Arena, Inc. recognized net sponsorship (advertising) revenue of approximately \$746,000 and the net due UND in sponsorship (advertising) income of approximately \$419,000. In addition, RE Arena, Inc. allocated approximately \$670,000 of net income to UND Athletic Department for the year ended May 31, 2019. RE Arena, Inc. expensed \$1.0 million to UND for utilities, maintenance staff, phone service and other expenses.

At the end of the fiscal year RE Arena, Inc. owes UND \$713,000 for the annual operating agreement and monthly services.

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

# UNIVERSITY OF NORTH DAKOTA AND UNIVERSITY OF NORTH DAKOTA FOUNDATION

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

During the year ended June 30, 2019, UND provided approximately \$1.5 million of institutional support for event and database support, annual giving campaign and shared positions. The UND Alumni Association and Foundation (Foundation) manages UND's endowment investments and charged them \$387,600 in investment management fees during the year ended June 30, 2019. These fees and support are reported as operations, fees and miscellaneous revenue on the Statement of Revenue, Expenses and Changes in Fund Net Assets for Component Units (FASB Basis) – University System Foundation.

The Foundation has other receivables with UND related to the construction of the EERC and Minot Center for Family Practice for \$3.8 million and \$2.0 million, respectively. The Foundation has accounts payable due to UND related to miscellaneous services and payments of approximately \$463,000.

The Foundation is leasing 45,000 square feet of land for the Gorecki Alumni Center from UND. Starting in 2016, the rate is \$0.10 per square foot, per year. The cost in fiscal year 2019 was \$4,500.

On July 24, 2002, the Foundation issued \$8.6 million of tax exempt lease revenue bonds to finance the construction of an office building and the renovation of an existing building for the Energy and Environmental Research Center (EERC) of UND. The Foundation recorded a receivable from UND of \$8.6 million under the direct-financing lease arrangement. On October 18, 2012, the Foundation issued refunding lease revenue bonds in the amount of \$6.4 million to refund its outstanding Lease Revenue Bonds, Series 2002. The Foundation also amended the related lease agreement with UND. Interest accrues on the bonds at rates from 0.75 percent to 4.20 percent depending upon maturity. Annual and principal

are due through fiscal year 2027 and as of June 30, 2019 was \$3.8 million. The bonds are secured by a lease with UND. The terms for the repayment are the same as the payment terms of the related bonds. During fiscal year ended June 30, 2019, the Foundation recorded payment of principal and interest of \$405,000 and \$157,000, respectively. The interest is included in operations, fees and miscellaneous income on the statement of activities.

On October 24, 2003, the Foundation issued \$4.4 million of tax-exempt lease revenue bonds to finance the purchase of land and the construction of a facility for the Minot Center for Family Practice in Minot, North Dakota. The center is a department of the School of Medicine & Health Sciences at UND. The Foundation recorded a receivable from UND of \$4.4 million due under the direct-financing lease agreement. In June 2008, the \$3.7 million remaining balance of the 2003 bonds were financed with Lease Revenue Refunding Bonds, series 2008. In April 2018, the \$2.2 million remaining balance of the 2008 bonds was refinanced with Lease Revenue Bonds, Series 2018. The interest rate is fixed at 3.5% until 2028. Payments of \$133,333 are required semi-annually through 2028. The bonds are secured by a lease with UND. Annual principal and semiannual interest payments as of June 30, 2019 was \$2.0 million.

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

#### BANK OF NORTH DAKOTA

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

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

|                                     | Conti          | Contract Amount |  |  |  |  |
|-------------------------------------|----------------|-----------------|--|--|--|--|
|                                     | (in thousands) |                 |  |  |  |  |
| Commitments to extend credit        | \$             | 861,421         |  |  |  |  |
| Financial standby letters of credit |                | 412,614         |  |  |  |  |
| Guarantees provided                 |                | 9,490           |  |  |  |  |

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

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

Letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party which require this type of facility. The maturities for these letters range from three months to ten years, and the likelihood of funding any of these letters of credit is considered to be remote. The Bank holds collateral supporting those commitments. The Bank also has letters of credit with the North Dakota Public Finance Authority with maturities ranging from seventeen months to twenty nine years. If the letters issued to Public Finance Authority were ever drawn upon, Public Finance Authority is legally obligated to reimburse the Bank from funds legally available, or from any appropriation made available to the Legislative Assembly after certification by the Industrial Commission. The likelihood of funding any of these letters of credit is also considered to be remote. Outstanding issued letters of credit as of December 31, 2018 were \$106,834,000.

Confirming letters of credit are issued to North Dakota financial institutions to support letters of credit they have issued but are still in need of backing from an institution with a long-term, high quality bond rating. In the event these letters were to be drawn upon, based on the terms of the agreement, the Bank would immediately withdraw funds from the

institution's correspondent bank account held at the Bank to cover the amount drawn. These agreements generally have terms of 12 months or less. The likelihood of funding any of these confirming letters of credit is also considered to be remote. Outstanding issued confirming letters of credit as of December 31, 2018 were \$3,525,000.

Letters of credit pledged for public deposit to North Dakota financial institutions are issued to support public borrowing arrangements. These letters are fully collateralized by a pool of loans pledged to the Bank. These agreement generally have terms of 12 months or less. Financial standby letters for public deposits by North Dakota banks totaled \$302,255,000 at December 31, 2018. The likelihood of funding any of these letters of credit is also considered to be remote. These letters of credit are authorized form of collateral for public deposits per North Dakota Century Code 21-04-09.

The Bank has not recorded a contingent liability related to off-balance sheet activity as of December 31, 2018.

# INFRASTRUCTURE REVOLVNG LOAN PROGRAM

In the normal course of business, the Loan Fund makes various commitments that are not reflected in the financial statements. These commitments include commitments to extend credit of \$38,955,000 at June 30, 2019.

# NORTH DAKOTA HOUSING FINANCE AGENCY

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

Commitments to extend credit are agreements to fund loans as long as there is no violation of any condition established in the contracts. Commitments require the payment of a reservation fee and generally have a fixed expiration date. Commitments to extend credit total \$524,000 at June 30, 2019.

The bond resolutions require that the funds in the loan acquisition accounts be expended within 42 months of the related bond delivery date. Any remaining funds must be used for debt reduction. The loan acquisition funds totaled \$53,474,000 at June 30, 2019.

# **PUBLIC FINANCE AUTHORITY**

In the normal course of business, the Finance Authority (a component unit) makes various commitments that are not reflected in the financial statements. These commitments include commitments to extend credit of \$269,344,000 at December 31, 2018.

# **NOTE 13 - INTEREST RATE SWAP**

# **BANK OF NORTH DAKOTA**

The Bank has an outstanding interest rate swap agreement with a notional amount totaling \$350 million to convert variable rate federal funds into fixed-rate instruments over the term of the contract.

On June 5, 2014 ("June 2014 Swap") the Bank entered into a swap agreement which matures on June 1, 2029, and the swap's notional amount is \$50,000,000. Under the terms of the swap, the Bank pays the counterparty a fixed payment of 2.861% and receives a variable payment based on the USD-FEDERAL FUNDS-H.15 interest rate.

On April 14, 2015 ("April 2015 Swap") the Bank entered into a swap agreement which matures on May 1, 2030, and the swap's notional amount is \$50,000,000. Under the terms of the swap, the Bank pays the counterparty a fixed payment of 1.920% and receives a variable payment based on the USD-FEDERAL FUNDS-H.15 interest rate.

On August 11, 2016 ("August 2016 Swap") the Bank entered into a swap agreement which matures on September 1, 2031, and the swap's notional amount is \$50,000,000. Under the terms of the swap, the Bank pays the counterparty a fixed payment of 1.483% and receives a variable payment based on the USD-1 MONTH LIBOR-BBA interest rate.

On April 5, 2017 ("April 2017 Swap") the Bank entered into a swap agreement which matures on May 1, 2032, and the swap's notional amount is \$50,000,000. Under the terms of the swap, the Bank pays the counterparty a fixed payment of 2.390% and receives a variable payment based on the USD-1 MONTH LIBOR-BBA interest rate.

On June 15, 2017 ("June 2017 Swap") the Bank entered into a swap agreement which matures on July 1, 2032, and the swap's notional amount is \$50,000,000. Under the terms of the swap, the Bank pays the counterparty a fixed payment of 1.985% and receives a variable payment based on the USD-FEDERAL FUNDS-H.15 interest rate.

On March 27, 2018 ("March 2018 Swap") the Bank entered into a swap agreement which matures on April 1, 2033, and the swap's notional amount is \$50,000,000. Under the terms of the swap, the Bank pays the counterparty a fixed payment of 2.468% and receives a variable payment based on the USD-FEDERAL FUNDS-H.15 interest rate.

On June 28, 2018 ("June 2018 Swap") the Bank entered into a swap agreement which matures on July 1, 2033, and the swap's notional amount is \$50,000,000. Under the terms of the swap, the Bank pays the counterparty a fixed payment of 2.515% and receives a variable payment based on the USD-FEDERAL FUNDS-H.15 interest rate.

At December 31, 2018, the June 2014, March 2018 and June 2018 swaps has a negative fair values of \$2,180,000, \$45,000 and \$320,000, respectively, because interest rates have declined since the swap was executed. The April 2015, August 2016, April 2017 and June 2017 swaps has a positive fair values of \$2,492,000, \$6,240,000, \$1,404,000 and \$2,710,000, respectively, because interest rates have increased since the swap was executed.

At December 31, 2018, the Bank was not exposed to material credit risk because each counterparty is required to fully collateralize the fair value of the swaps within \$250,000 of daily mark-to-market valuations by depositing funds with the other counterparty.

Amongst all swap counterparties for the transactions noted above, the Bank holds a net \$12,150,000 in cash pledged under collateral arrangements related to the interest rate swaps at December 31, 2018, to satisfy the collateral requirements. The Bank is exposed to interest rate risk on its swap agreements.

The Bank is exposed to interest rate risk on its swap agreements. On its pay-fixed, receive variable interest rate swaps, the Bank's net payment increases as the USD-FEDERAL FUNDS-H.15 and USD-1 MONTH LIBOR-BBA interest rates decrease.

Either the Bank or its counterparties may terminate the interest rate swap if the other party fails to perform under the terms of the contract. Termination could result in the Bank being required to make a payment of the fair value of the swap to counterparty.

The following table summarizes the derivative financial instrument utilized at December 31, 2018:

|                  |    |               | Fair           | e      | Changes in  | n Fair         | Value |           |
|------------------|----|---------------|----------------|--------|-------------|----------------|-------|-----------|
|                  | No | tional Amount | Classification | Amount |             | Classification |       | Amount    |
|                  |    |               | Oher           |        |             | Deferred       |       |           |
| June 2014 Swap   | \$ | 50,000,000    | liabilities    | \$     | (2,180,000) | outflow        | \$    | 1,921,000 |
|                  |    |               |                |        |             | Deferred       |       |           |
| April 2015 Swap  |    | 50,000,000    | Other assets   |        | 2,492,000   | inflow         |       | 1,598,000 |
|                  |    |               |                |        |             | Deferred       |       |           |
| August 2016 Swap |    | 50,000,000    | Other assets   |        | 6,240,000   | inflow         |       | 1,018,000 |
|                  |    |               |                |        |             | Deferred       |       |           |
| April 2017 Swap  |    | 50,000,000    | Other assets   |        | 1,404,000   | inflow         |       | 1,530,000 |
|                  |    |               |                |        |             | Deferred       |       |           |
| June 2017 Swap   |    | 50,000,000    | Other assets   |        | 2,710,000   | inflow         |       | 1,930,000 |
|                  |    |               | Oher           |        |             | Deferred       |       |           |
| March 2018 Swap  |    | 50,000,000    | liabilities    |        | (45,000)    | outflow        |       | (45,000)  |
|                  |    |               | Oher           |        |             | Deferred       |       |           |
| June 2018 Swap   |    | 50,000,000    | liabilities    |        | (320,000)   | outflow        |       | (320,000) |
|                  |    |               |                |        |             |                |       |           |

Using rates as of December 31, 2018, the interest expense of the variable rate federal funds, variable rate 1 month LIBOR and the net swap payments are as follows. As rates vary, the federal fund and 1 month LIBOR interest expense and the net swap payments will vary.

|                            | P    | ay Fixed             |    | Receive       |           |                         |     |                         |  |                            |
|----------------------------|------|----------------------|----|---------------|-----------|-------------------------|-----|-------------------------|--|----------------------------|
| Year Ended<br>December 31: |      | Contract<br>Interest |    |               |           | ederal Fund<br>Interest | LIE | 1-Month<br>3OR Interest |  | Interest Rate<br>Swap, net |
| 2019                       | \$   | 7,811,000            | \$ | 6,000,000     | \$        | 2,520,000               | \$  | (709,000)               |  |                            |
| 2020                       |      | 7,811,000            |    | 6,000,000     |           | 2,520,000               |     | (709,000)               |  |                            |
| 2021                       |      | 7,811,000            |    | 6,000,000     |           | 2,520,000               |     | (709,000)               |  |                            |
| 2022                       |      | 7,811,000            |    | 6,000,000     | 2,520,000 |                         |     | (709,000)               |  |                            |
| 2023                       |      | 7,811,000            |    | 6,000,000     |           | 2,520,000               |     | (709,000)               |  |                            |
| 2024-2028                  |      | 39,065,000           |    | 30,000,000    |           | 12,600,000              |     | (3,535,000)             |  |                            |
| 2029-2033                  |      | 22,219,000           |    | 16,800,000    |           | 7,560,000               |     | (2,141,000)             |  |                            |
|                            | \$ 1 | 100,339,000          | \$ | \$ 76,800,000 |           | 32,760,000              | _\$ | (9,221,000)             |  |                            |

# NORTH DAKOTA HOUSING FINANCE AGENCY

As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance, the Agency entered into several cash flow hedges or swaps in connection with various variable-rate housing bond series. The Agency cash flow hedges are pay-fixed. All Agency cash flow hedges are pay-fixed. The intention of these swaps was to effectively change the Agency's interest rate on the bonds to a fixed rate. The Agency also has cash flow hedges that were entered into in connection with variable-rate housing bond series that no longer have bonds outstanding as those bonds have been called. The cash flow hedges that are not connected to a specific bond series hedge the risk related to the Agency's other variable-rate housing bonds that are unhedged.

The bonds and the related swap agreements have a stated issuance and maturity date. Some of the swaps have optional termination dates. Under the swaps, the Agency pays the counterparty a fixed payment and receives a variable payment computed as a percent of the London Interbank Offered Rate (LIBOR) plus a fixed percentage on the swap notional amount. On the other hand, the bond's variable-rate coupons are determined by the remarketing agent. If for any reason the remarketing agent fails to act, the rate shall be the lesser of (i) the TBMA Index plus 0.25% or (ii) the Maximum Rate as defined within the applicable series resolution.

As of June 30, 2019, the Agency no swaps with a positive fair value. Of the swaps with negative fair value, the Agency is not exposed to credit risk. However, the swap exposes the Agency to basis risk should the relationship between LIBOR and TBMA converge, changing the synthetic rate on bonds. The swap counterparty has guaranteed all payments and is rated AAa/AA+/AAA by Moody's Investor Services, Standard & Poor's, and Fitch, respectively. To mitigate potential credit risk, the counterparty has entered into Credit Support Agreements with Bank of New York Mellon, the Royal Bank of Canada and Wells Fargo as a credit enhancement.

The Agency has entered into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements netting provisions permit each party to net the transactions' fair values so that a single sum will be owed by, or owed to, the other party. At June 30, 2019, the Agency owed the swap providers a fixed rate on the notional amount of the swaps of \$2,566,000 and the swap providers owed the Agency a variable rate on the notional amounts of \$1657,000 making the net payment that the Agency owed the swap providers \$909,000.

Due to the difference in the variable rate indices, the swaps had a net negative fair value of \$7,886,000 as of June 30, 2019. Accordingly, the financial derivative instrument is reported as a liability and the accumulated changes in fair value of the swaps are reported as a deferred outflow at June 30, 2019. The coupon on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. All valuations are as of the valuation date indicated. Mid-Market or indicative unwind valuations may be derived from broker quotations or from proprietary models that take into consideration estimates about relevant present and future market conditions as well as the size and liquidity of the position and any related actual or potential hedging transactions. Valuations based on other models or different assumptions may yield different results.

The swap exposes the Agency to basis risk should the relationship between LIBOR and the actual variable rates converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference

between the intended synthetic rate and the synthetic rate as of June 30, 2019. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized.

The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination event." That is, the swap may be terminated if counterparty's credit quality rating falls below "A3" as issued by Moody's Investors Service or "A-" as issued by Fitch Ratings or Standard & Poor's. The swap may be terminated at any time by the Agency or the counterparty with 30 days written notice up to limits specified in the swap agreement. If the swap or swaps were terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of terminations the swap has a negative fair value, the Agency would be liable to the counterparty for payment equal to the swap's fair value, but in the event the fair value is positive, the counterparty would be liable to the Agency.

The Agency is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the Agency will be re-exposed to the risks being hedged by the hedging derivative instrument. The Agency also is exposed to rollover risk on the swaps that mature and the Agency does not call the related variable rate debt.

The terms of the interest rate swaps at June 30, 2019 are as follows:

| 1.  | Bond Series                 | 2008 B        | 2014 B        | 2015 C        | 2015 E        |
|-----|-----------------------------|---------------|---------------|---------------|---------------|
| 2.  | Issuance Date               | 3/26/2008     | 6/24/2014     | 6/25/2015     | 5/1/2016      |
| 3.  | Maturity Date               | 7/1/2038      | 7/1/2044      | 1/1/2046      | 7/1/2036      |
| 4.  | Notional Amount             | \$5,000       | \$27,055,000  | \$17,700,000  | \$25,000,000  |
| 5.  | Variable-rate Bonds         | \$5,000       | \$27,055,000  | \$17,700,000  | \$25,000,000  |
| 6.  | Fixed Rate                  | 4.725%        | 2.890%        | 2.486%        | 2.257%        |
| 7.  | LIBOR Percentage            | 100.00%       | 65.80%        | 66.20%        | 66.40%        |
| 8.  | Additional Percentage       | 0.00%         | 0.17%         | 0.10%         | 0.22%         |
| 9.  | Bonds Variable-rate         | 2.36000%      | 1.97000%      | 2.63000%      | N/A           |
| 10. | Fair Value                  | \$(127,000)   | \$(839,000)   | \$(465,000)   | \$(590,000)   |
| 11. | Percentage of LIBOR         | 2.39800%      | 1.74788%      | 1.68748%      | 1.81227%      |
| 12. | Synthetic Rate              | 4.68700%      | 3.11212%      | 3.42852%      | 0.44473%      |
| 13. | Actual Synthetic Rate       | 4.92102%      | 2.77968%      | 3.17451%      | 2.39800%      |
| 14. | Change in Fair Value        | \$(128,000)   | \$348,000     | \$(635,000)   | \$(946,000)   |
| 15. | Optional Termination Date   | 1/1/2020      | N/A           | 7/1/2020      | 7/1/2020      |
|     | •                           |               |               |               |               |
| 1.  | Bond Series                 | 2015 F        | 2017 C        | 2017 H        | 2018 C        |
| 2.  | Issuance Date               | 12/8/2015     | 5/10/2017     | 12/21/2017    | 6/14/2018     |
| 3.  | Maturity Date               | 1/1/2047      | 7/1/2047      | 7/1/2039      | 1/1/2049      |
| 4.  | Notional Amount             | \$21,000      | \$20,545,000  | \$28,250,000  | \$9,355,000   |
| 5.  | Variable-rate Bonds         | \$21,000      | \$20,545,000  | \$28,250,000  | \$9,355,000   |
| 6.  | Fixed Rate                  | 2.320%        | 2.783%        | 2.266%        | 3.515%        |
| 7.  | LIBOR Percentage            | 100.00%       | 100.00%       | 66.40%        | 100.00%       |
| 8.  | Additional Percentage       | 0.00%         | 0.00%         | 0.09%         | 0.00%         |
| 9.  | Bonds Variable-rate         | 2.38000%      | 2.37408%      | 1.92000%      | 2.38000%      |
| 10. | Fair Value                  | \$(183,000)   | \$(1,138,000) | \$(1,188,000) | \$(1,121,000) |
| 11. | Percentage of LIBOR         | 2.39800%      | 2.39800%      | 1.68227%      | 2.39800%      |
| 12. | Synthetic Rate              | 2.30200%      | 2.75858%      | 2.50373%      | 3.49700%      |
| 13. | Actual Synthetic Rate       | 2.28243%      | 2.69555%      | 2.22250%      | 3.40774%      |
| 14. | Change in Fair Value        | \$1,199,000   | \$1,684,000   | \$1,367,000   | \$839,000     |
| 15. | Optional Termination Date   | 1/1/2025      | 7/1/2027      | 7/1/2023      | 7/1/2027      |
| 1.  | Bond Series                 | 2019 B        | 2019 E        |               |               |
| 2.  | Issuance Date               | 2/13/2019     | 6/25/2019     |               |               |
| 3.  | Maturity Date               | 1/1/2043      | 1/1/2050      |               |               |
| 4.  | Notional Amount             | \$25,000      | \$12,000      |               |               |
| 5.  | Variable-rate Bonds         | \$25,000      | \$12,000      |               |               |
| 6.  | Fixed Rate                  | 2.693%        | 3.171%        |               |               |
| 7.  | LIBOR Percentage            | 70.00%        | 100.00%       |               |               |
| 8.  | Additional Percentage       | 0.00%         | 0.00%         |               |               |
| 9.  | Bonds Variable-rate         | 2.30000%      | 2.30000%      |               |               |
| 10. | Fair Value                  | \$(1,417,000) | \$(818,000)   |               |               |
| 11. | Percentage of LIBOR         | 1.67860%      | 2.39800%      |               |               |
| 12. | Synthetic Rate              | 3.31390%      | 3.07300%      |               |               |
| 13. | Actual Synthetic Rate       | 3.08702%      | 3.43035%      |               |               |
| 14. | Change in Fair Value        | \$(1,417,000) | \$(818,000)   |               |               |
| 15. | Optional Termination Date   | 1/1/2024      | 7/1/2028      |               |               |
| 10. | Optional Tellilliation Date | 1/1/2024      | 11112020      |               |               |

Using rates as of June 30, 2019, debt service requirements of the variable-rate debt and net swap payments are as follows. Interest calculations were based on rates as of June 30, 2019. As rates vary, variable-rate bond interest payments and net swap payments will vary. (Expressed in thousands.)

|                               | Variable-F    | Bond |          |    |                        |    |         |
|-------------------------------|---------------|------|----------|----|------------------------|----|---------|
| Fiscal Year<br>Ending June 30 | Principal     | I    | Interest |    | erest Rate<br>vap, Net |    | Total   |
| 2020                          | \$<br>2,545   | \$   | 3,694    | \$ | 1,810                  | \$ | 8,049   |
| 2021                          | 2,335         |      | 3,637    |    | 1,799                  |    | 7,771   |
| 2022                          | 2,130         |      | 3,585    |    | 1,789                  |    | 7,504   |
| 2023                          | 1,945         |      | 3,538    |    | 1,780                  |    | 7,263   |
| 2024                          | 1,775         |      | 3,495    |    | 1,773                  |    | 7,043   |
| 2025-2029                     | 22,865        |      | 16,445   |    | 8,387                  |    | 47,697  |
| 2030-2034                     | 34,765        |      | 14,392   |    | 6,586                  |    | 55,743  |
| 2035-2039                     | 61,750        |      | 10,067   |    | 3,991                  |    | 75,808  |
| 2040-2044                     | 47,005        |      | 4,013    |    | 1,518                  |    | 52,536  |
| 2045-2049                     | 12,900        |      | 665      |    | 219                    |    | 13,784  |
| 2050-2054                     | <br>1,710     |      | 14       |    | 5                      |    | 1,729   |
|                               | \$<br>191,725 | \$   | 63,545   | \$ | 29,657                 | \$ | 284,927 |

# **NOTE 14 - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK**

Most of the State's business is with customers within the state. Concentrations of credit are present in the construction and operation of community water facilities, loans to medical facilities for health care construction, loans to students for post-secondary education, loans to owners of homes damaged in the 2011 floods in Barnes, Benson, Burleigh, McHenry, Morton, Ramsey, Renville, Richland and Ward counties, loans to political subdivisions in the state for infrastructure, single-family and multifamily mortgage loans, and the agricultural industry. Due to the pervasive nature of agriculture in the economy of the state, all loans, regardless of type, are impacted by agriculture.

# **NOTE 15 - RISK MANAGEMENT**

Several funds accumulate assets to cover risks that the State may incur. Specifically, the State assumes a portion or substantially all risks associated with the following:

### THE STATE FIRE AND TORNADO FUND

The State Fire and Tornado Fund, an Enterprise Fund, is financed by premiums charged to the participating funds of the State. All monies collected must be paid into the fund for use only for the purpose outlined in NDCC 26.1-22.02.

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

# STATE BONDING FUND

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

# **FLEET SERVICES**

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

# **WORKFORCE SAFETY & INSURANCE**

Workforce Safety & Insurance (WSI), an Enterprise Fund, is a State insurance fund and a "no fault" insurance system, covering the State's employers and employees. WSI is financed by premiums assessed to employers. The rate of such premiums is periodically adjusted to assure the solvency of WSI. The premiums are available primarily for the payment of

claims to employees injured in the course of employment. During fiscal year 2019, a total of \$147,666,582 in claims was recognized. The liability of \$1,090,944,000 is the present value of the unpaid claim liability discounted at 5% as determined by the actuarial.

# RISK MANAGEMENT FUND

Due to the loss of sovereign immunity, the 1995 Legislature established the Risk Management Fund (RMF) to pay money damages for tort claims for which the State is liable. The statutory liability of the State is limited to a total of \$250,000 per person and \$1,000,000 per occurrence. The State purchases commercial insurance for claims in excess of coverage provided by the Fund and continues to transfer liabilities for medical malpractice and aviation to private insurance carriers. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

Revenues to the RMF are generated from contributions required from state agencies, boards and commissions, and the University System. The need for and amount of funding is determined using a projected cost allocation approach. The premise of this plan is that the agencies with greater expected loss costs should contribute more to the funding of the RMF than those agencies with lessor costs. The underlying logic is that contributions should roughly equal loss costs plus the expenses of administering the program over the long term.

The RMF liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Unpaid claim liabilities are based on an actuarial study of the outstanding loss reserve need for the fund and a forecast of ultimate loss and loss expense. These liabilities were determined on an undiscounted expected level of ultimate loss. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrines, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities will be re-evaluated periodically to take in consideration settled claims, the frequency of claims, and other economic and social factors.

The following table presents the changes in claims liabilities balance for the fiscal years ending June 30, 2018 and 2019:

| Fiscal<br>Year | Beginning<br>Balance | urrent Year Claims and<br>Changes In Estimates | F  | Claims<br>Payments | Ending<br>Balance |
|----------------|----------------------|--|----|--------------------|-------------------|
| 2018           | \$<br>4,076,985      | \$<br>923,270                                  | \$ | (743,861)          | \$<br>4,256,394   |
| 2019           | 4,256,394            | (175,718)                                      |    | (313,674)          | 3,767,002         |

The Risk Management Workers Compensation Program (WCP) was established to consolidate all state entities under one workers compensation account, allowing for transitional duty between entities. The statutory liability of the fund is limited to \$100,000 per claim with Workforce Safety & Insurance, providing excess insurance for claims that exceed the \$100,000 cap. WCP pays separately for this coverage. Since the inception of WCP on July 1, 2001, forty claims exceeded coverage by \$10.687.695.

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

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

The following table presents the changes in claims liabilities balance for the fiscal years ending June 30, 2018 and 2019:

| Fiscal<br>Year | Beginning<br>Balance      | Current Year Claims and<br>Changes in Estimates |    | Claims<br>Payments         | Ending<br>Balance            |
|----------------|---------------------------|---|----|----------------------------|------------------------------|
| 2018<br>2019   | \$ 5,358,784<br>4,861,686 | \$<br>2,945,274<br>2,639,167                    | \$ | (3,422,372)<br>(3,142,217) | \$<br>4,861,686<br>4,358,636 |

# **NOTE 16 - PUBLIC ENTITY RISK POOLS**

#### A. GENERAL

#### FIRE AND TORNADO AND BONDING FUND

The Fire and Tornado Fund provides property insurance to state agencies, political subdivisions, the International Peace Garden and the Winter Show. The Fire and Tornado Fund has issued 1,161 policies to participating entities for a total building and content coverage of \$15.2 billion. The Bonding Fund is used to provide fidelity bonding of public employees and officials. The Fund has issued 1,892 policies to participating entities. The total coverage for the Bonding Fund is \$674.9 million. If the assets of these funds were exhausted, fund participants would not be responsible for the funds' liabilities.

The Fire and Tornado and Bonding Fund are accounted for on the accrual basis. The Fire and Tornado Fund establishes claim liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims incurred but not reported. The Bonding Fund establishes claim liabilities based on actual judgments obtained against the fund but not paid prior to fiscal year end. Liabilities for incurred but not reported losses have not been established based on prior year activity. Neither fund incurred any acquisition costs, which should have been capitalized, nor were any liabilities recognized that were discounted. Investment income was not considered in determining the existence of premium deficiencies.

The Fire and Tornado Fund uses reinsurance agreements to reduce its on covered losses in excess of \$1.0 million. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Fund as direct insurer of the risks that are reinsured. The Fire and Tornado Fund does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. There were no pending losses at June 30, 2019 that would reduce the fund's liability.

# **WORKFORCE SAFETY & INSURANCE**

Workforce Safety & Insurance (WSI), an Enterprise Fund, is a state insurance fund and a "no fault" insurance system covering the State's employers and employees. At June 30, 2019, coverage extended to the following employers:

| <u>Annual Premium</u> |        |
|-----------------------|--------|
| \$250 - \$5,000       | 19,350 |
| \$5,001 - \$50,000    | 4,312  |
| \$50,001 - \$100,000  | 424    |
| Over \$100,000        | 381    |
| Total Employers       | 24,467 |

WSI is financed by premiums assessed to the employers doing business in North Dakota. The premiums are available primarily for the payment of claims to employees injured in the course of employment.

The operations of WSI are accounted for on the accrual basis. Liability for incurred loss and loss adjustment expense (LAE) is estimated by WSI's actuary. The estimate is developed by WSI's actuary, taking into consideration past experience of WSI in paying claims, and general conditions of the environment in which WSI operates. The liability is based on the estimated ultimate costs to settle both reported and incurred but not report (IBNR) losses and LAE, and includes the effects of inflation and other societal and economic factors. The actuarial computations also include a 4.5% discount to report this liability at its present value. A 5% discount rate has been used in prior years; however, in 2019, the rate was reduced to 4.5% discount. The result of the discount rate decrease, increased liabilities by \$44.3 million.

Management believes the estimated liability for losses and loss adjustment expense is sufficient to cover the ultimate net cost of incurred losses, but such loss reserves are necessarily based on estimates and the ultimate liability may be greater or less than the amounts estimated. As adjustments to this estimated liability become necessary, such adjustments are reflected in current operations.

For the year ended June 30, 2019, the consulting actuaries presented an estimate in the form of a range to emphasize the uncertainty for a "long-tailed" liability insurer such as workers' compensation. These ranges are as follows (expressed in thousands):

|   |    | Low       | Cen | tral Value | High |           |  |
|---|----|-----------|-----|------------|------|-----------|--|
| Full value basis, undiscounted          | \$ | 1,602,041 | \$  | 1,726,416  | \$   | 1,821,531 |  |
| Present value basis, discounted at 4.5% |    | 1,013,686 |     | 1,090,944  |      | 1,151,057 |  |

WSI has adjusted the estimated liability for unpaid loss and loss adjustment expense to the actuary's 4.5 percent discounted expected value of \$1,090,944,000 at June 30, 2019.

While management has recorded amounts that fall within the ranges of estimated liabilities as computed under actuarial assumptions, the high level of uncertainty indicates that actual losses and expenses could be materially higher than the recorded estimated liability.

WSI has entered into a contract with an intermediary for reinsurance coverage for catastrophic coverage. Historically, WSI has had up to four coverage levels, with varying retention limits of \$3 million, \$5 million, \$10 million and \$20 million. Terms, limits and pricing are re-evaluated annually. WSI's current 2019 calendar year has two coverage levels, with retention limits of \$10 million and \$20 million. For the year ended June 30, 2019 WSI recorded ceded losses of \$1,037,258 and ceded premiums of (\$184,860).

For accident years December 1, 1999 to December 1, 2002, Munich Re provided treaty excess of loss reinsurance to WSI. In fiscal year 2019, Munich Re and WSI agreed to commute the remaining liabilities under these treaties. As a result of this commutation, cash increased by \$50.5 million and approximately \$40 million of ceded liabilities were assumed by WSI.

#### B. RECONCILIATION OF CLAIMS LIABILITIES

The following is a reconciliation of total claims liabilities, including an analysis of changes in aggregate liabilities for claims and claim adjustment expenses for the current fiscal year and the prior year (expressed in thousands):

|   | Fire And Tornado |              |    | nado           | Bonding |         |       |            | Workforce Safety & Ins |      |                     |
|---|------------------|--------------|----|----------------|---------|---------|-------|------------|------------------------|------|---------------------|
|   | 2019             |              |    | 2018           |         | 2019    |       | _          | 2019                   | 2018 |                     |
| Unpaid claims and claims adjustment expenses at the beginning of the year Incurred claims and claims adjustment expenses: | \$ 1             | ,879         | \$ | 1,138          | \$      | 106     | \$ 6  | 6 \$       | 1,049,386              | \$   | 1,085,768           |
| Provision for current fiscal year<br>Change in provision for prior fiscal year  |                  | ,953<br>610) |    | 2,352<br>(117) |         | 39<br>- | 8     | 7<br>-     | 186,815<br>(89,573)    |      | 193,275<br>(77,547) |
| Payments and claims and adjustment expenses attributable to:  | i                |              |    |                |         |         |       |            |                        |      |                     |
| Current fiscal year insured events  | (3,              | 217)         |    | (832)          |         | 59      | 1     | 9          | (42,252)               |      | (42,068)            |
| Prior fiscal years' insured events  | (                | 327)         |    | (662)          | (       | (106)   | (66   | <u> </u>   | (103,685)              | _    | (118,153)           |
| Total Payments  | (3,              | <u>544)</u>  |    | (1,494)        |         | (47)    | (47   | <u> </u>   | (145,937)              | _    | (160,221)           |
| Change in provision for discount  |                  |              | _  |                |         |         |       | <u>-</u> _ | 90,253                 | _    | 8,111               |
| Total unpaid claims and claims adjustment expenses at the end of the year   | \$               | 678          | \$ | 1,879          | \$      | 98      | \$ 10 | <u> </u>   | 1,090,944              | \$_  | 1,049,386           |

# **NOTE 17 - BANK OF NORTH DAKOTA**

GASB Statement No. 34 requires assets and liabilities of enterprise funds be presented in a classified format to distinguish between current and long-term assets and liabilities. The Bank of North Dakota is the only government-owned bank in the United States. Banks do not present a classified statement of net position because current assets are not matched with current liabilities. Presentation of a classified statement of net position would give the false impression that there is a liquidity problem at the bank. Presentation of a classified statement of net position for the Bank of North Dakota would be misleading to the extent that the financial statements may be materially misstated. Therefore, the statement of net position of the Bank of North Dakota presents assets and liabilities in order of their relative liquidity, rather than in a classified format.

# **NOTE 18 - COMMITMENTS AND CONTINGENCIES**

#### A. LONG-TERM COMMITMENTS

# **INDUSTRIAL COMMISSION**

The Industrial Commission has entered into various contracts with third parties for the following programs. As of June 30, 2019, the total outstanding balance on these contracts was:

| Lignite Research Program      | \$<br>20,567,049 |
|-------------------------------|------------------|
| Lignite Vision 21 Program     | 1,367,678        |
| Oil and Gas Research Program  | 5,753,306        |
| Renewable Energy Program      | 2,774,012        |
| Outdoor Heritage Fund Program | 24,450,922       |

In addition to the contracts above, the Commission has authorized projects totaling \$9,945,360 for which there is no signed contract.

#### MILL AND ELEVATOR

As of June 30, 2019, the Mill had commitments to purchase 4,645,817 bushels of spring wheat and 601,675 bushels of durum.

#### SCHOOL CONSTRUCTION ASSISTANCE REVOLVING LOAN FUND

As of June 30, 2019, the Fund had five outstanding commitments totaling \$38,910,000 to extend credit.

#### HOUSING INCENTIVE FUND

The Fund makes various commitments relating to construction projects to meet unmet housing needs across North Dakota. The Fund had \$583,147 of signed commitments for construction projects as of June 30, 2019. The Fund had an \$3,910,047 of HIF funds awarded for construction projects as of June 30, 2019. The total paid on these commitments as of June 30, 2019 was \$3,326,900.

# DEPARTMENT OF HUMAN SERVICES

As of June 30, 2019, the Department of Human Services had significant commitments for the purchase of various types of services totaling \$444,725,081.

# NORTH DAKOTA LOTTERY

The Lottery contracts with a third party to provide an online gaming system and related services through June 30, 2022. Total payment for these services during the year ended June 30, 2019 were \$3.8 million based on 10.473% of ticket sales. The Lottery's future obligation through June 30, 2022 is based on 10.473% of ticket sales, there is no minimum fee or retainer fee.

# NORTH DAKOTA DEPARTMENT OF TRANSPORTATION

At June 30, 2019, the North Dakota Department of Transportation (Special Revenue Fund) had non-construction contract commitments of approximately \$90.6 million. Construction commitments at June 30, 2019, totaled approximately \$372.2 million, of which \$231.7 million represents federal programs which are cost reimbursable. These commitments will be funded with future appropriations as work is performed.

#### NORTH DAKOTA DEVELOPMENT FUND

The board of directors has approved equity investments, loans, grants, and guaranty of collections at June 30, 2019, for which funds have not been disbursed or written agreements entered into in the amount of \$5,203,735.

# NORTH DAKOTA SOYBEAN COUNCIL

As of June 30, 2019, the North Dakota Soybean Council had significant commitments of approximately \$3.3 million. This amount mainly consists of grants for the research and development of soybeans.

# STATE WATER COMMISSION

As of June 30, 2019, the State Water Commission had long-term commitments of \$309,719,281 for various water projects.

#### **UNIVERSITY SYSTEMS**

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

|       | Orig | ginal Issue | Paid To Date |         | Amou | nt To Be Paid |
|-------|------|-------------|--------------|---------|------|---------------|
| LRSC  | \$   | 68          | \$           | 68      | \$   | -             |
| MaSU  |      | 82          |              | -       |      | 82            |
| MiSU  |      | 9,012       |              | 7,943   |      | 1,069         |
| NDSCS |      | 13,139      |              | 13,130  |      | 9             |
| NDSU  |      | 61,946      |              | 56,203  |      | 5,743         |
| UND   |      | 112,993     |              | 43,594  |      | 69,399        |
| VCSU  |      | 1,390       |              | 891     |      | 499           |
| WSC   |      | 8,432       |              | 321     |      | 8,111         |
| Total | \$   | 207,062     |              | 122,150 | \$   | 84,912        |

#### OTHER CONSTRUCTION COMMITMENTS

That State has entered into construction commitments. As of June 30, 2019, the following commitment exists on other construction contracts, in thousands:

| Office of Management and Budget | \$<br>15 |
|---------------------------------|----------|
| Secretary of State              | 643      |
| School for the Deaf             | 115      |
| State Health Department         | 65       |
| Department of Human Services    | 1,897    |
| Industrial Commission           | 5,403    |
| Financial Institutions          | 20       |
| Adjutant General                | 29,539   |
| Game and Fish                   | 893      |
| Parks and Recreation            | 20       |
| Department of Transportation    | 244.945  |

# **B. LITIGATION**

The estimated loss in all of the litigation against the State in which a loss to the State that is reasonably possible to result in an unfavorable outcome is estimated to be \$5 million.

# C. QUESTIONED COSTS

The State receives federal financial assistance which is subject to review and audit by the Office of the State Auditor and the federal government. This assistance is generally conditioned upon compliance with certain laws and regulations. Disallowed and questioned costs relating to federal assistance could become a liability to the State. The State estimates that the ultimate disallowances pertaining to federal assistance, if any, will be immaterial to its overall financial condition. The single audit of the State of North Dakota for the two-year period ending June 30, 2018, was completed and issued in March of 2019. As a result of this audit, approximately \$1.9 million of identifiable questioned costs were noted. Also, there were several findings which had potentially significant, unknown, questioned costs. The State is cooperating with the federal government to resolve the findings and is optimistic these findings will not have a material impact on the State.

# NOTE 19 - TOBACCO SETTLEMENT

In November 1998, the North Dakota Attorney General joined forty-five other states and five territories in a settlement agreement against the nation's largest tobacco manufacturer. The settlement money is intended to compensate the State for costs it has incurred in providing health and other services to its citizens that were necessitated by the use of tobacco products. The Master Settlement Agreement includes base payments to states totaling \$220.6 billion for the next 25 years, and continues in perpetuity. The State has received total payments of \$495.93 million as of June 30, 2019. The State recognized revenue of \$20.75 million of tobacco settlement revenue during the year ended June 30, 2019. The amount of the annual payment is subject to a number of modifications, including adjustments for inflation and usage volumes. Some of the adjustments may result in increases in the payments (inflation, for example), or other adjustments will likely cause decreases in the payments (e.g., volume adjustments). The net effect of these adjustments on future payments is unclear.

# **NOTE 20 – TERMINATION BENEFITS**

#### PRIMARY GOVERNMENT (EXCLUDING UNIVERSITY SYSTEMS)

On June 29, 2018, the State offered a Voluntary Separation Incentive Program (VSIP) to state agencies as a tool to assist them when planning for the 2019-21 biennium budget. Agencies independently determined whether or not it is beneficial to offer the program to their employees. This was determined based on each agency's budget planning process and specific business objectives. Under the VSIP, employees were given two options. The first option was to receive lump sum equal to three (3) month's salary and payment equivalent to three (3) months of health insurance at the actual cost of the current health insurance benefit as of VSIP program start date. Participating part-time employees will receive a pro-rated amount based on their current average monthly rate of pay over the last three months. The second option was to remain on payroll for three (3) months after separation date and receive salary and currently enrolled benefits as if still actively working during this time. Participating part-time employees will receive a pro-rated amount based on their current average monthly rate of pay over the last three months. The separation agreement of program participants must be no later than April 30, 2019. In total, 218 employees from 18 state agencies elected to participate in the VSIP for a total cost of \$4.6 million in fiscal year 2019. The terms for these agreements range a payment one to three months. The State recorded a liability at June 30, 2019 of \$252,000 for future payments.

# **UNIVERSITY SYSTEMS**

Termination benefits are benefits provided to employees who are involuntarily or voluntarily terminated, as a result of budget reductions. Termination benefits agreements may include contract buyouts, retirement incentives, severance lump-sum payouts and continuing healthcare coverage for a designated period of time or a combination of these benefits. The agreement terms vary by institution. The outstanding liability is measured at the discounted present value and projected increases in health insurance rates.

The University Systems entered into voluntary termination agreements with 109 employees for a cost of \$4.2 million in fiscal year 2019. The terms for these agreements range from one month to eighteen months. The University Systems recorded a liability at June 30, 2019 of \$2.1 million for future payments.

During the same time-period, The University Systems entered into involuntary separation agreements with 10 employees for a cost of \$146,000. The payments of benefits were for a one-month time period and there is no future liability for these arrangements at June 30, 2019.

In fiscal year 2019, NDUS incurred \$718,000 in expenses related to voluntary termination agreements entered into in prior fiscal years for 26 employees. The terms for these agreements range from three month to thirty-eight months. At June 30, 2019, the liability for future payments was \$456,000.

# **NOTE 21 - SUBSEQUENT EVENTS**

# **BANK OF NORTH DAKOTA**

In May and October 2019 the Bank entered into interest rate swaps with Goldman Sachs, which resulted in a total fixed rate funding commitment of \$100 million for 15 years. These transactions were completed to hedge fixed rate loan exposure, primarily in mortgage and DEAL loans. The Bank also has seven other interest rate swaps for the same purpose with a notional amount of \$50 million each with Goldman Sachs (3), Wells Fargo (3) and SunTrust Bank (1). As of October 31, 2019, the market value position of all interest rate swap transactions was a net loss of \$35.3 million.

The 2015 Legislature authorized a transfer of up to \$100 million from the Bank to fund an Infrastructure Loan Fund for North Dakota cities and counties. They also transferred an additional \$50 million from the Strategic Investment and

Improvement Fund to this same revolving loan fund. So far, the Bank has committed to \$186 million of infrastructure loans. The legislation mandated that the money from the Strategic Investment and Improvement Fund be used to fund the initial \$50 million of commitments and the drawdown of up to \$100 million from the Bank to fund activity over the initial \$50 million. As of October 31, 2019, the Bank has transferred \$48 million of its capital to fund its portion of the Infrastructure Loan Fund. In the 2019 Legislature, legislation passed to add up to \$40 million of additional contribution from the Strategic Investment and Improvement Fund should oil tax collections exceed \$755 million. Oil tax collections exceeded \$780 million, which resulted in an additional contribution of \$25 million to the Infrastructure Loan Fund. That \$25 million will be spent prior to drawing the remaining \$52 million from the Bank's retained earnings.

The 2019 Legislature allowed the Reinsurance Association to establish a credit line at the Bank in the amount of \$25 million to provide reimbursements to member insurers. As of October 31, 2019, the Reinsurance Association has not applied for this line of credit.

#### NORTH DAKOTA HOUSING FINANCE AGENCY

The Agency issued Series 2019F Homeownership Revenue Bonds totaling \$80 million. The bonds have an interest rate ranging from 1.15% to 3.75% and mature between July 1, 2020 and January 1, 2050.

#### **UNIVERSITY SYSTEMS**

On August 21, 2019, WSC issued tax exempt certificates of participation series 2019 totaling \$7.3 million. The proceeds will fund an infrastructure and energy improvement project, including renovations to existing heating, ventilation, controls and deferred maintenance improvements to buildings located on WSC's campus. WSC entered into a lease-purchase agreement on August 1, 2019, with Johnson Controls, Inc. (JCI). JCI will construct the project and provide operations and maintenance assistance through August 1, 2048. The certificates of participation were rated BBB by Standard and Poor's

On October 1, 2019, the University of North Dakota issued \$71.5 million, Series 2019A Housing and Auxiliary Facilities Revenue Bonds. The proceeds will be used to demolish the current student union building and to construct a new student union building. The bond payments commence on April 1, 2020 and mature on April 1, 2050. The security for the bonds is pledged revenues from net housing and auxiliary facilities system and pledged fees. The bonds were issued with a Moody's Investor Services rating of Aa3 with a stable outlook.

#### PUBLIC FINANCE AUTHORITY

Subsequent to year end, the Agency issued \$2.515 million of bonds payable for its capital financing program. The bonds have an interest rate ranging from 1.75% to 4.0% and mature between 2020 and 2024.

# REBUILDERS LOAN PROGRAM

As of October 31, 2019, the outstanding loans total \$25.5 million to 1,184 borrowers. The 2019 legislature allowed an additional \$3.75 million in rebuilders loans for severe flooding in northwestern North Dakota. As a result, an additional 5 loans totaling \$375,000 have been applied for under this program.

# **NOTE 22 - NEW PRONOUNCEMENTS**

The State implemented the following new pronouncement for fiscal year 2019:

GASB Statement No. 83, Certain Asset Retirement Obligations, addresses accounting and financial reporting for certain asset retirement obligations (AROs). This Statement establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for AROs. It also establishes disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant

termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement is effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

The State will implement the following new pronouncements for fiscal years ending after 2019:

GASB Statement No. 84, *Fiduciary Activities*, provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

GASB Statement No. 87, Leases, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 90, *Majority Equity Interests*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement provides guidance for reporting when a government has majority equity interest in legally separate organizations. An equity interest is explicit and measurable if the government has a present or future claim to the net resources of the entity and the method for measuring the government's share of the entity's net resources is determinable. If government's holding of that equity interest meets the definition of an investment, as defined by GASB No. 72, the equity interest should be reported as an investment and measured using the equity method and not as a component unit of the government. If a government's holding of a majority interest in a legally separate organization does not meet the definition of an investment, the holding of the majority equity interest results in the government being financially accountable for the organization and therefore, the government should report the legally separate organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

GASB Statement No. 91, Conduit Debt Obligations, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

Management has not yet determined the effect these Statements will have on the State's financial statements.

# **Required Supplementary Information**

# Required Supplemental Information Budgetary Comparison Schedule General Fund

For the Biennium Ended June 30, 2019

|  | Approved<br>Budget<br>2017-2019<br>Biennium | Appropriation<br>Adjustments<br>2017-2019<br>Biennium | Adjusted<br>Budget<br>2017-2019<br>Biennium | Actual<br>Biennium<br>To Date<br>Thru 6-30-19 | Difference<br>Uncollected/<br>Unspent<br>Thru 6-30-19 |
|--|---|---|---|---|---|
| Budgetary Fund Balance, July 1                                       | \$ 30,890,381 \$                            | - \$  | 30,890,381 \$                               | 217,617,800 \$                                | 186,727,419   |
| Resources (Inflows):   |   |   |   |   |   |
| Sales and Use Tax<br>Income Tax                                      | 1,701,747,285<br>800,816,415                | 70,528,921<br>146,904,486                             | 1,772,276,206<br>947,720,901                | 1,786,479,717<br>1,018,161,523                | 14,203,511<br>70,440,622                              |
| Financial Institutions Tax   | -   | -   | -   | -   | 70,440,022  |
| Oil And Gas Production Tax   | 163,000,000                                 | 49,147,128  | 212,147,128                                 | 215,022,128                                   | 2,875,000   |
| Oil Extraction Tax<br>Insurance Premium Tax                          | 237,000,000<br>129,637,121                  | (49,147,128)<br>(19,311,224)                          | 187,852,872<br>110,325,897                  | 187,852,872<br>115,544,049                    | (0)<br>5,218,152                                      |
| Cigarette, Cigar and Tobacco Tax                                     | 53,247,000                                  | (1,394,452)   | 51,852,548                                  | 52,381,863                                    | 529,315   |
| Wholesale Liquor Tax   | 18,083,000                                  | (131,425)   | 17,951,575                                  | 17,768,453                                    | (183,122)   |
| Coal Conversion Tax Gaming Tax                                       | 39,564,000<br>7,301,480                     | 3,655,227<br>(73,159)                                 | 43,219,227<br>7,228,321                     | 44,572,709<br>9,156,498                       | 1,353,482<br>1,928,177                                |
| Lottery  | 15,000,000                                  | (400,000)   | 14,600,000                                  | 15,900,000                                    | 1,300,000   |
| Department Fees and Collections                                      | 81,983,864                                  | 2,899,574   | 84,883,438                                  | 81,466,893                                    | (3,416,545)   |
| Mineral Leasing Fees Motor Vehicle Excise Tax                        | 30,500,000                                  | 8,372,687   | 38,872,687                                  | 42,197,590                                    | 3,324,903   |
| Interest on Public Funds   | 220,003,000<br>8,000,000                    | 19,977,388<br>1,471,168                               | 239,980,388<br>9,471,168                    | 239,039,038<br>11,319,365                     | (941,350)<br>1,848,197                                |
| Gas Tax Administration   | 2,016,120                                   | -   | 2,016,120                                   | 2,016,120                                     | -   |
| Transfers In   | 821,916,604                                 | 101,489,848   | 923,406,452                                 | 1,074,569,845                                 | 151,163,393   |
| Total Revenue Inflows  | 4,329,815,889                               | 333,989,039   | 4,663,804,928                               | 4,913,448,662                                 | 249,643,734   |
| Amounts Available for Appropriation                                  | 4,360,706,270                               | 333,989,039   | 4,694,695,309                               | 5,131,066,462                                 | 436,371,153   |
| Charges to Appropriations (Outflows): General Government:            |   |   |   |   |   |
| Governor's Office  | 4,007,758                                   | 15,000,000  | 19,007,758                                  | 18,618,908                                    | 388,850   |
| Secretary of State   | 5,520,282                                   | 2,200,620   | 7,720,902                                   | 6,503,661                                     | 1,217,241   |
| Secretary of State Public Printing                                   | 288,450                                     |   | 288,450                                     | 258,942                                       | 29,508  |
| Office of Management and Budget<br>Information Technology            | 31,220,260<br>20,532,334                    | 3,754,817   | 34,975,077<br>20,532,334                    | 30,912,455<br>20,508,160                      | 4,062,622<br>24.174                                   |
| State Auditor  | 9,498,608                                   | 16,000  | 9,514,608                                   | 9,260,450                                     | 254,158   |
| State Treasurer  | 1,747,399                                   | 20,000  | 1,767,399                                   | 1,657,326                                     | 110,073   |
| Attorney General   | 44,795,840                                  | 1,620,065   | 46,415,905                                  | 45,604,153                                    | 811,752   |
| Tax Department<br>Legislative Assembly                               | 51,264,499<br>14,159,170                    | 2,191,623<br>1,308,157                                | 53,456,122<br>15,467,327                    | 51,772,543<br>14,048,930                      | 1,683,579<br>1,418,397                                |
| Legislative Assembly  Legislative Council                            | 11,891,138                                  | 4,601,140   | 16,492,278                                  | 10,110,101                                    | 6,382,177   |
| Supreme Court  | 102,257,770                                 | -   | 102,257,770                                 | 99,313,437                                    | 2,944,333   |
| Legal Counsel for Indigents Education:                               | 17,983,876                                  | -   | 17,983,876                                  | 16,712,744                                    | 1,271,132   |
| Public Instruction   | 1,435,601,984                               | 700,711   | 1,436,302,695                               | 1,423,630,252                                 | 12,672,443  |
| Land Department  | -   | 1,325,500   | 1,325,500                                   | 1,325,425                                     | 75  |
| State Library  | 5,618,301                                   | -   | 5,618,301                                   | 5,607,869                                     | 10,432  |
| School for the Deaf<br>School for the Blind                          | 7,488,526<br>4,394,146                      | 209,115   | 7,697,641<br>4,394,146                      | 7,487,736<br>4,394,026                        | 209,905<br>120  |
| Vocational Education   | 29,556,283                                  | -   | 29,556,283                                  | 29,145,924                                    | 410,359   |
| Health & Human Services:   |   |   |   |   |   |
| Dept. of Health  | 43,474,460                                  | 90,000  | 43,564,460                                  | 41,868,220                                    | 1,696,240   |
| Veteran's Home<br>Indian Affairs Commission                          | 5,951,439<br>1,112,111                      | 234,679   | 6,186,118<br>1,112,111                      | 5,990,029<br>1,080,134                        | 196,089<br>31,977                                     |
| Veteran's Affairs  | 1,155,162                                   | -   | 1,155,162                                   | 1,093,826                                     | 61,336  |
| Dept. of Human Services-Management                                   | 57,120,407                                  | 28,964,777  | 86,085,184                                  | 80,270,665                                    | 5,814,519   |
| Dept. of Human Services-Program and Policy                           | 1,058,183,935                               | (28,594,352)<br>2,123,236                             | 1,029,589,583                               | 1,018,798,922                                 | 10,790,661<br>1,817,585                               |
| Dept. of Human Services-Centers Dept. of Human Services-Institutions | 113,316,558<br>84,610,450                   | 2,123,236<br>9,167,940                                | 115,439,794<br>93,778,390                   | 113,622,209<br>89,177,552                     | 4,600,838   |
| Dept. of Human Services-County Social Service                        | 26,000,000                                  | -   | 26,000,000                                  | 19,312,317                                    | 6,687,683   |
| Protection and Advocacy  | 2,958,999                                   | -   | 2,958,999                                   | 2,958,983                                     | 16  |
| Job Service<br>Regulatory:   | 545,793                                     | -   | 545,793                                     | 437,493                                       | 108,300   |
| Industrial Commission  | 25,408,987                                  | 2,628,086   | 28,037,073                                  | 26,618,928                                    | 1,418,145   |
| Labor Commission   | 2,303,986                                   | -   | 2,303,986                                   | 1,892,463                                     | 411,523   |
| Public Service Commission  | 6,630,762                                   | -   | 6,630,762                                   | 6,179,154                                     | 451,608   |
| Securities Commissioner Public Safety and Corrections:               | 2,184,714                                   | -   | 2,184,714                                   | 2,023,634                                     | 161,080   |
| Highway Patrol   | 42,527,428                                  | -   | 42,527,428                                  | 41,019,557                                    | 1,507,871   |
| Corrections & Rehab  | 214,336,704                                 |   | 214,336,704                                 | 208,430,637                                   | 5,906,067   |
| Adjutant General Agriculture & Commerce:                             | 25,886,422                                  | 2,965,369   | 28,851,791                                  | 27,640,437                                    | 1,211,354   |
| Department of Commerce   | 31,342,680                                  | 31,678,450  | 63,021,130                                  | 30,952,990                                    | 32,068,140  |
| Department of Agriculture  | 9,109,101                                   | 3,900   | 9,113,001                                   | 9,103,944                                     | 9,057   |
| State Fair   | 515,665                                     | -   | 515,665                                     | 515,665                                       | -   |
| Racing Commision Natural Resources:                                  | 379,621                                     | -   | 379,621                                     | 379,620                                       | 1   |
| Historical Society   | 16,673,644                                  | 1,113,136   | 17,786,780                                  | 17,137,752                                    | 649,028   |
| Council on the Arts  | 1,564,876                                   | -   | 1,564,876                                   | 1,561,846                                     | 3,030   |
| Parks and Recreation   | 14,654,276                                  | 5,358,616   | 20,012,892                                  | 17,049,176                                    | 2,963,716   |
| Transportation: Aeronautics Commission                               | 900,000                                     | -   | 900,000                                     | 900,000                                       | -   |
| Department of Transportation   | 555,550                                     | 38,016,031  | 38,016,031                                  | 23,569,851                                    | 14,446,180  |
| Transfers Out  | 723,587,837                                 | 78,741,128  | 802,328,965                                 | 743,371,125                                   | 58,957,840  |
| Total Charges to Appropriations                                      | 4,310,262,641                               | 205,438,744   | 4,515,701,385                               | 4,329,830,171                                 | 185,871,214   |
| Ending Budgetary Fund Balance  | \$ 50,443,629 \$                            | 128,550,295 \$  | 178,993,924 \$                              | 801,236,291 \$                                | 622,242,367   |

Required Supplemental Information Budgetary Comparison Schedule Budget to GAAP Reconciliation General Fund

For the Biennium Ended June 30, 2019

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and for the General Fund Expenditures

# Sources/Inflows of resources

| Actual Amounts (budgetary basis) "total revenue inflows" from the budgetary comparison schedule  | 4,913,448,662    |
|--|------------------|
| Backing out 2018 activity  | (2,348,637,808)  |
| Differences-Budget to GAAP:  |                  |
| The period of availability for revenue recognition for budget purposes differs from the GAAP basis.  | (439,454,229)    |
| Funds considered General funds for GAAP but not for Budget   | 1,061,092,980    |
| Certain due from other funds are recorded under GAAP, but not Budget   | 2,826,630        |
| Reimbursement activity between state agencies is eliminated only for GAAP  | (398,277)        |
| Proceeds are recorded for new capital leases on GAAP, but not for Budget   | 22,628           |
| Repayment received on loan receivable are revenue for Budget to GAAP   | 135,906          |
| Total revenues, capital lease acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds | \$ 3,189,036,492 |
| Uses/Outflows of resources   |                  |
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule  | 4,329,830,171    |
| Backing out Expenditures from FY2018   |                  |
| Differences-Budget to GAAP:  | (2,166,017,840)  |
| Estimated liabilities are recorded as expenditures for GAAP but not for Budget   | 576,389          |
| Funds considered General funds for GAAP but not for Budget   | 103,110,583      |
| New capital leases are recorded as expenditures for GAAP, but not for Budget   | 22,628           |
| Certain due to other funds are recorded under GAAP, but not for Budget   | 4,128,392        |
| Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds | \$ 2,271,650,323 |

# Required Supplemental Information Budgetary Comparison Schedule Federal Fund

For the Biennium Ended June 30, 2019

|  |    | Approved<br>Budget<br>2017-2019<br>Biennium | Adju<br>20 | ropriation<br>ustments<br>17-2019<br>ennium | Adjusted<br>Budget<br>2017-2019<br>Biennium | Actual<br>Biennium<br>To Date<br>Thru 6-30-19 | Difference<br>Uncollected/<br>Unspent<br>Thru 6-30-19 |
|--|----|---|------------|---|---|---|---|
| Budgetary Fund Balance, July 1   | \$ | -   | \$         | - 9   | \$<br>-                                     | - :   | -   |
| Resources (Inflows):   |    |   |            |   |   |   |   |
| Other Budgeted Income  |    | 3,733,229,262                               | 7          | 74,010,488                                  | 3,807,239,750                               | 3,282,287,101                                 | (524,952,649)   |
| Total Revenue Inflows  | _  | 3,733,229,262                               | 7          | 74,010,488                                  | 3,807,239,750                               | 3,282,287,101                                 | (524,952,649)   |
| Amounts Available for Appropriation  | _  | 3,733,229,262                               | 7          | 74,010,488                                  | 3,807,239,750                               | 3,282,287,101                                 | 524,952,649   |
| Charges to Appropriations (Outflows):  |    |   |            |   |   |   |   |
| General Government:  |    |   |            |   |   |   |   |
| Secretary of State   |    | 402,655                                     |            | 53,000                                      | 455,655                                     | 455,344                                       | 311   |
| Information Technology   |    | 2,875,000                                   |            | -   | 2,875,000                                   | 284,428                                       | 2,590,572   |
| State Auditor  |    | 1,463,285                                   |            | -   | 1,463,285                                   | 1,147,134                                     | 316,151   |
| Attorney General   |    | 16,953,660                                  | (          | (5,676,808)                                 | 11,276,852                                  | 6,936,884                                     | 4,339,968   |
| Tax Department   |    | 125,000                                     |            | -   | 125,000                                     | 22,341  | 102,659   |
| Supreme Court  |    | 1,339,138                                   |            | -   | 1,339,138                                   | 1,081,431                                     | 257,707   |
| Education:   |    |   |            |   |   | 004.075.475                                   | 44.004.705  |
| Public Instruction   |    | 288,306,970                                 | 1          | 18,000,000                                  | 306,306,970                                 | 291,375,175                                   | 14,931,795  |
| State Library  |    | 2,155,708                                   |            | 124,500                                     | 2,280,208                                   | 1,976,693                                     | 303,515   |
| School for the Deaf  |    | 351,993                                     |            | 470.450                                     | 351,993                                     | 187,006                                       | 164,987   |
| Vocational Education Health & Human Services:                                  |    | 9,461,692                                   |            | 478,156                                     | 9,939,848                                   | 9,332,107                                     | 607,741   |
|  |    | 110 122 000                                 |            | 174 000                                     | 110 206 000                                 | 104 047 222                                   | 14 250 757  |
| Dept. of Health<br>Veteran's Affairs   |    | 119,132,089                                 |            | 174,000                                     | 119,306,089                                 | 104,947,332                                   | 14,358,757  |
| Dept. of Human Services-Management   |    | 2,091,571<br>125,979,264                    | 6          | -<br>35,210,501                             | 2,091,571                                   | 1,024,864<br>127,907,600                      | 1,066,707<br>63,282,165                               |
| Dept. of Human Services-Management  Dept. of Human Services-Program and Policy |    | 2,003,389,340                               |            | 17,984,235)                                 | 191,189,765<br>1,985,405,105                | 1,803,974,927                                 | 181,430,178   |
| Dept. of Human Services-Centers  |    | 68,285,042                                  |            | (415,288)                                   | 67,869,754                                  | 55,597,316                                    | 12,272,438  |
| Dept. of Human Services-Institutions   |    | 30,666,923                                  |            | 6,189,820                                   | 36.856.743                                  | 33,760,701                                    | 3,096,042   |
| Protection and Advocacy  |    | 3,488,601                                   |            | 0,109,020                                   | 3,488,601                                   | 3,046,792                                     | 441,809   |
| Job Service  |    | 53,851,918                                  |            | 645,000                                     | 54,496,918                                  | 41,809,219                                    | 12,687,699  |
| Regulatory:  |    | 00,001,010                                  |            | 0 10,000                                    | 01,100,010                                  | 11,000,210                                    | 12,007,000  |
| Insurance Department   |    | 619,326                                     |            | _   | 619,326                                     | 537,072                                       | 82,254  |
| Industrial Commission  |    | 238,004                                     |            | _   | 238,004                                     | 223,625                                       | 14,379  |
| Labor Commission   |    | 439,916                                     |            | _   | 439,916                                     | 439,870                                       | 46  |
| Public Service Commission  |    | 10,731,348                                  |            | _   | 10,731,348                                  | 8,123,369                                     | 2,607,979   |
| Public Safety and Corrections:   |    | -, - ,                                      |            |   | -, - ,                                      | -, -,   | , ,-  |
| Highway Patrol   |    | 6,421,209                                   |            | -   | 6,421,209                                   | 6,418,217                                     | 2,992   |
| Corrections & Rehab  |    | 10,539,317                                  |            | -   | 10,539,317                                  | 9,426,932                                     | 1,112,385   |
| Adjutant General   |    | 163,109,179                                 |            | 7,211,842                                   | 170,321,021                                 | 79,889,966                                    | 90,431,055  |
| Agriculture & Commerce:  |    |   |            |   |   |   |   |
| Department of Commerce   |    | 48,207,071                                  |            | -   | 48,207,071                                  | 42,177,583                                    | 6,029,488   |
| Department of Agriculture  |    | 12,089,336                                  |            | -   | 12,089,336                                  | 7,900,807                                     | 4,188,529   |
| Natural Resources:   |    |   |            |   |   |   |   |
| Historical Society   |    | 3,155,795                                   |            | -   | 3,155,795                                   | 1,661,915                                     | 1,493,880   |
| Council on the Arts  |    | 1,675,407                                   |            | -   | 1,675,407                                   | 1,441,747                                     | 233,660   |
| Game and Fish  |    | 38,222,467                                  |            | -   | 38,222,467                                  | 34,357,377                                    | 3,865,090   |
| Parks and Recreation   |    | 5,477,782                                   |            | -   | 5,477,782                                   | 2,525,992                                     | 2,951,790   |
| Water Commission   |    | 27,473,887                                  |            | -   | 27,473,887                                  | 17,449,957                                    | 10,023,930  |
| Transportation:  |    | 4 005 000                                   |            |   | 4 005 000                                   | 040 400                                       | 400 507   |
| Aeronautics Commission   |    | 1,025,000                                   |            | -   | 1,025,000                                   | 842,403                                       | 182,597   |
| Department of Transportation   |    | 673,484,369                                 |            | -   | 673,484,369                                 | 584,002,975                                   | 89,481,394  |
| Total Charges to Appropriations  |    | 3,733,229,262                               | 7          | 74,010,488                                  | 3,807,239,750                               | 3,282,287,101                                 | 524,952,649.00  |
| Ending Budgetary Fund Balance  | \$ | -   | \$         | - 9   | \$<br>- ;                                   | \$ -  |   |

Required Supplemental Information Budgetary Comparison Schedule Budget to GAAP Reconciliation Federal Fund

For the Biennium ended June 30, 2019

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and for the Federal Fund Expenditures

# Sources/Inflows of resources

| Actual Amounts (budgetary basis) "total revenue inflows" from the budgetary comparison schedule  | 3,282,287,101    |
|--|------------------|
| Backing out 2018 activity  | (1,614,312,923)  |
| Differences-Budget to GAAP:  |                  |
| The period of availability for revenue recognition for budget purposes differs from the GAAP basis.  | 40,721,564       |
| Total revenues, capital lease acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds | \$ 1,708,695,742 |
| Uses/Outflows of resources   |                  |
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule  | 3,282,287,101    |
| Backing out Expenditures from FY2018   | (1,614,312,923)  |
| Differences-Budget to GAAP:  |                  |
| Estimated liabilities are recorded as expenditures for GAAP but not for Budget   | 45,234,389       |
| New Loans issued are expenditures for Budget but not for GAAP  | (13,956,048)     |
| GAAP, but not Budget expenditures are reduced by year end inventory balances   | 17,444,559       |
| Intrafund activity eliminated for GAAP   | (12,994,884)     |
| Certain due to other funds are recorded under GAAP, but not for Budget   | 10,494,715       |
| Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds | \$ 1,714,196,909 |

# Required Supplemental Information Budgetary Comparison Schedule State Fund

For the Biennium Ended June 30, 2019

|   |    | Approved<br>Budget<br>2017-2019<br>Biennium |    | Appropriation<br>Adjustments<br>2017-2019<br>Biennium |    | Adjusted<br>Budget<br>2017-2019<br>Biennium |    | Actual<br>Biennium<br>To Date<br>Thru 6-30-19 |    | Difference<br>Uncollected/<br>Unspent<br>Thru 6-30-19 |
|---|----|---|----|---|----|---|----|---|----|---|
| Budgetary Fund Balance, July 1                            | \$ | -   | \$ | -   | \$ | -   | \$ | -   | \$ | -   |
| Resources (Inflows):<br>Other Budgeted Income             |    | 3,061,198,974                               |    | 511,262,860   |    | 3,572,461,834                               |    | 2,555,572,232                                 |    | (1,016,889,602)                                       |
| Total Revenue Inflows                                     | _  | 3,061,198,974                               |    | 511,262,860   |    | 3,572,461,834                               |    | 2,555,572,232                                 |    | (1,016,889,602)                                       |
| Amounts Available for Appropriation                       |    | 3,061,198,974                               |    | 511,262,860   |    | 3,572,461,834                               |    | 2,555,572,232                                 |    | (1,016,889,602)                                       |
| Charges to Appropriations (Outflows): General Government: |    |   |    |   |    |   |    |   |    |   |
| Governor's Office   |    | _   |    | 265,918.00  |    | 265,918.00                                  |    | 203,128.00                                    |    | 62,790.00   |
| Secretary of State  |    | 2,835,500.00                                |    | 970,673.00  |    | 3,806,173.00                                |    | 1,750,021.00                                  |    | 2,056,152.00  |
| Office of Management & Budget                             |    | 11,234,087.00                               |    | 3,448,629.00  |    | 14,682,716.00                               |    | 9,777,337.00                                  |    | 4,905,379.00  |
| Information Technology                                    |    | 221,691,988.00                              |    | -   |    | 221,691,988.00                              |    | 136,894,190.00                                |    | 84,797,798.00   |
| State Auditor   |    | 1,948,202.00                                |    | -   |    | 1,948,202.00                                |    | 1,615,347.00                                  |    | 332,855.00  |
| State Treasurer   |    | -   |    | 8,100,000.00  |    | 8,100,000.00                                |    | 7,965,000.00                                  |    | 135,000.00  |
| Attorney General  |    | 31,260,660.00                               |    | 7,750,944.00  |    | 39,011,604.00                               |    | 30,212,202.00                                 |    | 8,799,402.00  |
| Administrative Hearings                                   |    | 2,918,634.00                                |    | -   |    | 2,918,634.00                                |    | 2,566,703.00                                  |    | 351,931.00  |
| Legislative Council                                       |    | 70,000.00                                   |    | -   |    | 70,000.00                                   |    | 49,232.00                                     |    | 20,768.00   |
| Supreme Court   |    | 1,982,701.00                                |    | (70.750.00)   |    | 1,982,701.00                                |    | 586,627.00                                    |    | 1,396,074.00  |
| Legal Counsel for Indigents                               |    | 2,946,747.00                                |    | (76,759.00)   |    | 2,869,988.00                                |    | 1,989,420.00                                  |    | 880,568.00  |
| Education: Public Instruction                             |    | 609,240,095.00                              |    |   |    | 609,240,095.00                              |    | 607,515,326.00                                |    | 1,724,769.00  |
| Land Department   |    | 238,481,273.00                              |    | 61,552,792.00   |    | 300,034,065.00                              |    | 69,060,346.00                                 |    | 230,973,719.00  |
| State Library   |    | 91,852.00                                   |    | -   |    | 91,852.00                                   |    | 91,783.00                                     |    | 69.00   |
| School for the Deaf                                       |    | 2,846,451.00                                |    | 23,495.00   |    | 2,869,946.00                                |    | 1,669,050.00                                  |    | 1,200,896.00  |
| School for the Blind                                      |    | 1,214,747.00                                |    | -   |    | 1,214,747.00                                |    | 866,839.00                                    |    | 347,908.00  |
| Vocational Education                                      |    | 2,631,974.00                                |    | -   |    | 2,631,974.00                                |    | 2,050,107.00                                  |    | 581,867.00  |
| Health & Human Services:                                  |    |   |    |   |    |   |    |   |    |   |
| Dept. of Health   |    | 38,887,869.00                               |    | (378,723.00)  |    | 38,509,146.00                               |    | 32,941,090.00                                 |    | 5,568,056.00  |
| Veteran's Home  |    | 18,740,593.00                               |    | 278,281.00  |    | 19,018,874.00                               |    | 17,191,292.00                                 |    | 1,827,582.00  |
| Veteran's Affiars   |    | -   |    | 80,000.00   |    | 80,000.00                                   |    |   |    | 80,000.00   |
| Dept. of Human Services-Management                        |    | 3,500,294.00                                |    | 12,088,236.00   |    | 15,588,530.00                               |    | 11,138,485.00                                 |    | 4,450,045.00  |
| Dept. of Human Services-Program and Policy                |    | 167,768,179.00                              |    | (16,677,838.00)                                       |    | 151,090,341.00                              |    | 115,103,327.00                                |    | 35,987,014.00   |
| Dept. of Human Services-Centers                           |    | 14,447,889.00                               |    | (6,267.00)  |    | 14,441,622.00                               |    | 14,253,090.00                                 |    | 188,532.00  |
| Dept. of Human Services-Institutions                      |    | 25,143,851.00                               |    | (65,854.00)   |    | 25,077,997.00                               |    | 25,077,995.00                                 |    | 2.00  |
| Dept. of Human Services-County Social Service Job Service |    | 134,700,000.00<br>1,047,238.00              |    | -   |    | 134,700,000.00<br>1,047,238.00              |    | 134,699,998.00<br>497,347.00                  |    | 2.00<br>549,891.00                                    |
| Regulatory:   |    | 1,047,230.00                                |    | -   |    | 1,047,230.00                                |    | 497,347.00                                    |    | 549,691.00  |
| Insurance Department                                      |    | 25,174,104.00                               |    | _   |    | 25,174,104.00                               |    | 24,176,602.00                                 |    | 997,502.00  |
| Industrial Commission                                     |    | 22,055,202.00                               |    | (1,261.00)  |    | 22,053,941.00                               |    | 19,547,959.00                                 |    | 2,505,982.00  |
| Public Service Commission                                 |    | 1,689,668.00                                |    | ( .,2000)   |    | 1,689,668.00                                |    | 599,682.00                                    |    | 1,089,986.00  |
| Finanacial Institutions                                   |    | 8,409,912.00                                |    | _   |    | 8,409,912.00                                |    | 8,052,433.00                                  |    | 357,479.00  |
| Securities Commission                                     |    | 170,000.00                                  |    | -   |    | 170,000.00                                  |    | 78,289.00                                     |    | 91,711.00   |
| Public Safety and Corrections:                            |    |   |    |   |    |   |    |   |    |   |
| Highway Patrol  |    | 11,918,069.00                               |    | (1,575,108.00)  |    | 10,342,961.00                               |    | 8,427,456.00                                  |    | 1,915,505.00  |
| Corrections & Rehab                                       |    | 28,724,843.00                               |    | -   |    | 28,724,843.00                               |    | 23,077,966.00                                 |    | 5,646,877.00  |
| Adjutant General  |    | 35,359,301.00                               |    | 4,258,574.00  |    | 39,617,875.00                               |    | 22,827,488.00                                 |    | 16,790,387.00   |
| Agriculture & Commerce:                                   |    | 00 070 507 00                               |    | 0.047.000.00  |    | 00 705 047 00                               |    | 44 777 000 00                                 |    | 10.010.007.00   |
| Department of Commerce                                    |    | 20,678,587.00                               |    | 2,047,060.00  |    | 22,725,647.00                               |    | 11,777,280.00                                 |    | 10,948,367.00   |
| Department of Agriculture                                 |    | 10,118,340.00                               |    | 1,500,000.00  |    | 11,618,340.00                               |    | 8,667,524.00                                  |    | 2,950,816.00  |
| Racing Commission Natural Resources:                      |    | 162,557.00                                  |    | -   |    | 162,557.00                                  |    | 116,832.00                                    |    | 45,725.00   |
| Historical Society  |    | 1,000,000.00                                |    | 1,757,943.00  |    | 2,757,943.00                                |    | 2,086,919.00                                  |    | 671,024.00  |
| Council of Arts   |    | 111,515.00                                  |    | 1,737,943.00  |    | 111,515.00                                  |    | 50,025.00                                     |    | 61,490.00   |
| Game and Fish   |    | 45,753,755.00                               |    | 2,384,550.00  |    | 48,138,305.00                               |    | 38,182,161.00                                 |    | 9,956,144.00  |
| Parks and Recreation                                      |    | 13,561,798.00                               |    | (47,237.00)   |    | 13,514,561.00                               |    | 10,847,976.00                                 |    | 2,666,585.00  |
| Water Commission  |    | 694,699,588.00                              |    | 96,295,369.00   |    | 790,994,957.00                              |    | 414,743,806.00                                |    | 376,251,151.00  |
| Transportation:   |    |   |    |   |    |   |    |   |    |   |
| Aeronautics Commission                                    |    | 8,960,412.00                                |    | 2,500,000.00  |    | 11,460,412.00                               |    | 8,640,851.00                                  |    | 2,819,561.00  |
| Department of Transportation                              |    | 597,020,499.00                              | 3  | 324,789,443.00  |    | 921,809,942.00                              |    | 727,905,701.00                                |    | 193,904,241.00  |
| Total Charges to Appropriations                           | 3, | 061,198,974.00                              | 5  | 511,262,860.00  | 3  | 3,572,461,834.00                            | 2  | ,555,572,232.00                               | 1  | ,016,889,602.00                                       |
| Ending Budgetary Fund Balance                             | \$ | -   | \$ | -   | \$ | -   | \$ | -   | \$ |   |

Required Supplemental Information Budgetary Comparison Schedule Budget to GAAP Reconciliation State Fund

For the Biennium ended June 30, 2019

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and for the State Fund Expenditures

# Sources/Inflows of resources

| Astrol Americate (budestons basis) "testal massages inflavor"  |                  |
|--|------------------|
| Actual Amounts (budgetary basis) "total revenue inflows" from the budgetary comparison schedule  | 2,555,572,232    |
| Backing out 2018 activity  | (1,262,622,176)  |
| Differences-Budget to GAAP:  |                  |
| The period of availability for revenue recognition for budget purposes differs from the GAAP basis.  | 1,942,057,542    |
| Total revenues, capital lease acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds | \$ 3,235,007,598 |
| Uses/Outflows of resources   |                  |
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule  | 2,555,572,232    |
| Backing out Expenditures from FY2018   | (1,262,622,176)  |
| Differences-Budget to GAAP:  |                  |
| Estimated liabilities are recorded as expenditures for GAAP but not for Budget   | 1,453,088,464    |
| New Loans issued are expenditures for Budget but not for GAAP  | (6,012,616)      |
| GAAP, but not Budget expenditures are reduced by year end inventory balances   | (1,240,407)      |
| Intrafund activity eliminated for GAAP   | (546,166,097)    |
| Certain due to other funds are recorded under GAAP, but not for Budget   | 312,414          |
| Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds | \$ 2,192,931,814 |

Note To Required Supplemental Information -Budgetary Reporting For the Biennium Ended June 30, 2019

The Budgetary Comparison Schedules present comparisons of the original and revised legally adopted budgets with actual data on a budgetary basis for major funds. The only major fund with a legally adopted budget is the General Fund. All other funds are budgeted together as "Other Budgeted Funds." A budgetary schedule has been done for these other funds because they include budgeted amounts for the Federal Fund and State Funds, which are major special revenue funds. These amounts are reported on the schedules entitled "Federal Funds" and "State Funds".

North Dakota's Appropriation Acts include a dual legal level of budgetary control - one at the General Fund versus Other Budget Income level for each agency and one at the line item level for each agency. Line items are not separate between General Fund and Other Budgeted Income so that control is not presented in our budgetary comparison schedule for major funds. The legal level of control for all agencies is reported in a publication titled "State of North Dakota 2017-2019 Biennium Budget and Actual Detail (Budgetary Basis) For the Fiscal Year Ended June 30, 2019." This budget information is available through the Office of Management and Budget, 600 East Boulevard Ave Dept. 110, Bismarck, ND 58505. For the 2017-2019 biennium there were general, federal, and special fund supplemental appropriations of \$790,712,092.

The Budgetary Comparison Schedule reports expenditures on a budgetary basis. The accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present the financial statements in accordance with GAAP. Reconciliations of the three for the Fiscal Year ended June 30, 2018, for the General Fund, Federal Fund, and State Fund is on the previous pages.

**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<br>proportion of<br>the net<br>pension<br>liability (asset) | Employer's<br>proportionate<br>share of the net<br>pension liability<br>(asset) | Employer's covered payroll | Plan fiduciary<br>net position | Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | Plan fiduciary<br>net position as<br>a percentage<br>of the total<br>pension liability |
|------|--|---|----------------------------|--------------------------------|--|--|
| 2019 | 50.378759%   | \$859,160   | \$569,979                  | \$1,496,340                    | 150.74%  | 63.53%   |
| 2018 | 51.879909%   | 833,182   | 588,960                    | 1,415,199                      | 141.47%  | 62.65%   |
| 2017 | 53.421343%   | 520,338   | 566,915                    | 1,290,070                      | 91.78%   | 71.10%   |
| 2016 | 54.824190%   | 365,845   | 494,732                    | 1,300,271                      | 73.95%   | 77.70%   |
| 2015 | 55.154588%   | 348,760   | 477,406                    | 1,258,398                      | 73.05%   | 78.17%   |

<sup>\*</sup>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<br>percentage of covered<br>payroll |
|------|-----------------------------------|--|----------------------------------|----------------------------|--|
| 2019 | \$40,036                          | \$(40,022)   | \$ 14                            | \$569,875                  | 7.02%  |
| 2018 | 39,824                            | (39,815)   | 9                                | 569,979                    | 6.99%  |
| 2017 | 41,089                            | (41,034)   | 55                               | 588,960                    | 6.98%  |
| 2016 | 39,895                            | (40,330)   | (435)                            | 566,915                    | 7.11%  |
| 2015 | 37.076                            | (37.571)   | (495)                            | 494.732                    | 7.59%  |

<sup>\*</sup>Complete data for this schedule is not available prior to 2015.

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             |                   |
|------|-------------------|-------------------|-----------------|----------------|------------------------|-------------------|
|      |                   | Employer's        |                 |                | proportionate share of | Plan fiduciary    |
|      | Employer's        | proportionate     |                 |                | the net pension        | net position as   |
|      | proportion of     | share of the net  |                 |                | liability (asset) as a | a percentage of   |
|      | the net pension   | pension liability | Employer's      | Plan fiduciary | percentage of its      | the total         |
|      | liability (asset) | (asset)           | covered payroll | net position   | covered payroll        | pension liability |
| 2019 | 100.00%           | \$19,457          | \$10,929        | \$78,929       | 181.21%                | 80.22%            |
| 2018 | 100.00%           | 20,711            | 10,934          | 73,336         | 189.42%                | 77.98%            |
| 2017 | 100.00%           | 22,111            | 10,527          | 65,811         | 210.04%                | 74.85%            |
| 2016 | 100.00%           | 13,436            | 10,146          | 66,676         | 132.43%                | 83.23%            |
| 2015 | 100.00%           | 9,766             | 9,348           | 65,667         | 104.47%                | 87.05%            |

<sup>\*</sup>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)

|      |                      | Contributions in relation | Contribution |                    | Contributions as a    |
|------|----------------------|---------------------------|--------------|--------------------|-----------------------|
|      | Statutorily required | to the statutorily        | deficiency   | Employer's covered | percentage of covered |
|      | contribution         | required contribution     | (excess)     | payroll            | payroll               |
| 2019 | \$2,091              | \$(2,091)                 | \$ -         | \$10,608           | 19.71%                |
| 2018 | 2,153                | (2,153)                   | -            | 10,929             | 19.70%                |
| 2017 | 2,154                | (2,154)                   | -            | 10,934             | 19.70%                |
| 2016 | 2,127                | (2,127)                   | -            | 10,527             | 20.21%                |
| 2015 | 2,002                | (2,002)                   | -            | 10,146             | 19.73%                |

<sup>\*</sup>Complete data for this schedule is not available prior to 2015.

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<br>proportionate<br>share of the net<br>pension liability<br>(asset) | Employer's<br>covered payroll | Plan fiduciary net<br>position | Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | Plan fiduciary<br>net position as<br>a percentage of<br>the total<br>pension liability |
|------|--|---|-------------------------------|--------------------------------|--|--|
| 2019 | 100.00%  | \$(27,459)  | \$471                         | \$95,588                       | (6,590.37)%  | 140.30%  |
| 2018 | 100.00%  | (33,636)  | 563                           | 97,265                         | (5,974.42)%  | 152.86%  |
| 2017 | 100.00%  | (35,329)  | 565                           | 96,534                         | (6,252.92)%  | 157.72%  |
| 2016 | 100.00%  | (32,893)  | 674                           | 96,283                         | (4,880.27)%  | 151.89%  |
| 2015 | 100.00%  | (32,650)  | 753                           | 97,697                         | (4,335.99)%  | 150.20%  |

<sup>\*</sup>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 | Contributions in relation to the statutorily | Contribution deficiency | Employer's covered | Contributions as a<br>percentage of covered |
|------|----------------------|--|-------------------------|--------------------|---|
|      | contribution         | required contribution                        | (excess)                | payroll            | payroll                                     |
| 2019 | \$ -                 | \$ -   | \$ -                    | \$ 417             | 0.00%                                       |
| 2018 | -                    | -  | -                       | 471                | 0.00%                                       |
| 2017 | -                    | -  | -                       | 563                | 0.00%                                       |
| 2016 | -                    | -  | -                       | 565                | 0.00%                                       |
| 2015 | -                    | -  | -                       | 674                | 0.00%                                       |

<sup>\*</sup>Complete data for this schedule is not available prior to 2015.

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<br>proportionate<br>share of the net<br>pension liability<br>(asset) | Employer's<br>covered payroll | Plan fiduciary net<br>position | Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | Plan fiduciary<br>net position as<br>a percentage of<br>the total<br>pension liability |
|------|--|---|-------------------------------|--------------------------------|--|--|
| 2019 | 0.665791%  | \$8,874   | \$4,397                       | \$16,849                       | 201.82%  | 65.50%   |
| 2018 | 0.652945%  | 8,968   | 4,294                         | 15,413                         | 208.85%  | 63.20%   |
| 2017 | 0.666339%  | 9,762   | 4,329                         | 14,155                         | 225.50%  | 59.20%   |
| 2016 | 0.678409%  | 8,873   | 4,173                         | 14,531                         | 212.63%  | 62.10%   |
| 2015 | 0.616525%  | 6,460   | 3,576                         | 12,891                         | 180.65%  | 66.60%   |

<sup>\*</sup>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<br>percentage of covered<br>payroll |
|------|-----------------------------------|--|----------------------------------|----------------------------|--|
| 2019 | \$542                             | \$(542)  | \$-                              | \$4,252                    | 12.75%   |
| 2018 | 561                               | (561)  | -                                | 4,397                      | 12.75%   |
| 2017 | 547                               | (547)  | -                                | 4,294                      | 12.75%   |
| 2016 | 528                               | (528)  | -                                | 4,329                      | 12.75%   |
| 2015 | 532                               | (532)  | -                                | 4,173                      | 12.75%   |

<sup>\*</sup>Complete data for this schedule is not available prior to 2015.

**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<br>proportionate<br>share of the net<br>OPEB liability<br>(asset) | Employer's<br>covered payroll | Plan fiduciary net<br>position | Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | Plan fiduciary<br>net position as<br>a percentage of<br>the total OPEB<br>liability |
|------|---|--|-------------------------------|--------------------------------|---|---|
| 2019 | 0.507311%                                     | \$39,954   | \$563,479                     | \$64,888                       | 7.09%   | 61.89%  |
| 2018 | 0.515458%                                     | 40,877   | 574,972                       | 60,615                         | 7.11%   | 59.78%  |

<sup>\*</sup>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<br>percentage of covered<br>payroll |
|------|-----------------------------------|--|----------------------------------|----------------------------|--|
| 2019 | \$6,425                           | \$(6,413)  | \$12                             | \$561,580                  | 1.14%  |
| 2018 | 6,434                             | (6,424)  | 10                               | 563,479                    | 1.14%  |

<sup>\*</sup>Complete data for this schedule is not available prior to 2018.

# 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)

|   |    | 2019       |    | 2018      |    | 2017      |    | 2016        |
|---|----|------------|----|-----------|----|-----------|----|-------------|
| Total pension liability (asset)                       |    |            |    |           |    |           |    |             |
| Service cost  | \$ | 172,184    | \$ | 164,018   | \$ | 113,148   | \$ | 126,444     |
| Interest  |    | 294,701    |    | 279,835   |    | 269,771   |    | 243,285     |
| Change of benefit terms                               |    | -          |    | -         |    | -         |    | -           |
| Difference between expected and actual experience     |    | (210,896)  |    | (65,346)  |    | (3,612)   |    | 15,915      |
| Changes of assumptions                                |    | (464,473)  |    | 125,225   |    | 741,492   |    | 108,139     |
| Benefit payments, including refund of employee        |    |            |    |           |    |           |    |             |
| contributions   |    | (197,758)  |    | (182,522) |    | (162,992) |    | (149,664)   |
| Net change in total pension liability (asset)         |    | (406,242)  |    | 321,210   |    | 957,807   |    | 344,119     |
| Total pension liability (asset) - beginning           |    | 4,675,582  |    | 4,354,372 |    | 3,396,565 |    | 3,052,446   |
| Total pension liability (asset) - ending (a)          | \$ | 4,269,340  | \$ | 4,675,582 | \$ | 4,354,372 | \$ | 3,396,565   |
| ( acces, comments (a)                                 | ÷  |            | ÷  | , ,       | ÷  | ,,-       | ÷  |             |
| Plan fiduciary net position                           |    |            |    |           |    |           |    |             |
| Contributions - employer                              | \$ | 81,588     | \$ | 80,727    | \$ | 78,934    | \$ | 77,080      |
| Contributions - employee                              |    | 78,213     | ·  | 77,486    | ·  | 76,007    | ·  | 74,219      |
| Contributions - service credit repurchase             |    | 7,220      |    | 19,985    |    | 11,805    |    | 9,179       |
| Contributions - other                                 |    | -          |    | · -       |    | -         |    | -           |
| Net investment income                                 |    | 159,824    |    | 249,165   |    | 311,761   |    | 11,334      |
| Transfers from other plans                            |    | (5)        |    | (24)      |    | 32        |    | 23,575      |
| Benefit payments, including refund of employee        |    |            |    |           |    |           |    |             |
| contributions   |    | (197,758)  |    | (182,522) |    | (162,992) |    | (149,664)   |
| Administrative expense                                |    | (2,531)    |    | (2,473)   |    | (2,607)   |    | (2,538)     |
| Net change in plan fiduciary net position             |    | 126,551    | _  | 242,344   |    | 312,940   |    | 43,185      |
| Plan fiduciary net position - beginning               |    | 2,970,180  |    | 2,727,836 |    | 2,414,896 |    | 2,371,711   |
| Plan fiduciary net position - ending (b)              | \$ | 3,096,731  | \$ | 2,970,180 | \$ | 2,727,836 | \$ | 2,414,896   |
| rian riadolary not pooliton chang (o)                 | Ť  |            | =  |           | =  |           | =  |             |
| Net pension liability (asset) - ending (a) - (b)      | \$ | 1,172,609  | \$ | 1,705,402 | \$ | 1,626,536 | \$ | 981,669     |
| Plan fiduciary net position as a percentage of the    |    |            |    |           |    |           |    |             |
| total pension liability (asset)                       |    | 72.53%     |    | 63.53%    |    | 62.65%    |    | 71.10%      |
| Covered employee payroll                              | \$ | 1,098,416  | \$ | 1,075,958 | \$ | 1,063,372 | \$ | 1,048,548   |
| Plan net pension liability (asset) as a percentage of | Ψ  | .,000, 170 | Ψ  | .,0,000   | Ψ  | .,000,072 | Ψ  | .,5 .5,5 .6 |
| covered employee payroll                              |    | 106.75%    |    | 158.50%   |    | 152.96%   |    | 93.62%      |
| p.o, oo paj. o  |    |            |    | .00.0070  |    | .02.0070  |    | 00.0270     |

Notes to Schedule:

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

Changes of Assumptions: There were no changes made in the actuarial assumptions since the July 1, 2017 valuation.

<sup>\*</sup>Complete data for this schedule is not available prior to 2014.

|    | 2015                    |    | 2014              |
|----|-------------------------|----|-------------------|
| \$ | 104,158<br>236,420<br>2 | \$ | 94,611<br>218,719 |
|    | 4,396<br>(76,152)       |    | 25,783<br>-       |
|    | (134,930)               |    | (119,886)         |
|    | 133,894                 |    | 219,227           |
|    | 2,918,552               |    | 2,699,325         |
| \$ | 3,052,446               | \$ | 2,918,552         |
|    |                         |    |                   |
| \$ | 70,842                  | \$ | 61,661            |
|    | 68,392                  |    | 59,394            |
|    | 6,652                   |    | 8,325             |
|    | -                       |    | -                 |
|    | 81,537                  |    | 316,630           |
|    | -                       |    | -                 |
|    | (134,930)               |    | (119,886)         |
|    | (2,365)                 |    | (2,211)           |
|    | 90,128                  |    | 323,913           |
|    | 2,281,583               |    | 1,957,670         |
| \$ | 2,371,711               | \$ | 2,281,583         |
| \$ | 680,735                 | \$ | 636,969           |
| Φ. | 77.70%                  | Φ. | 78.18%            |
| \$ | 973,536                 | \$ | 888,452           |
|    | 69.92%                  |    | 71.69%            |

# 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)

|   | 2019          | 2018         |    | 2017    | 2016         |
|---|---------------|--------------|----|---------|--------------|
| Total pension liability (asset)                       |               |              |    |         |              |
| Service cost  | \$<br>2,818   | \$<br>2,738  | \$ | 2,701   | \$<br>2,226  |
| Interest  | 7,527         | 7,203        |    | 6,951   | 6,311        |
| Change of benefit terms                               | -             | -            |    | -       | -            |
| Difference between expected and actual experience     | (68)          | (621)        |    | 22      | 40           |
| Changes of assumptions                                | 3,043         | -            |    | 1,257   | 3,946        |
| Benefit payments, including refund of employee        |               |              |    |         |              |
| contributions   | <br>(5,391)   | <br>(4,981)  |    | (4,806) | <br>(4,713)  |
| Net change in total pension liability (asset)         | 7,929         | 4,339        |    | 6,125   | 7,810        |
| Total pension liability (asset) - beginning           | <br>98,386    | <br>94,047   |    | 87,922  | <br>80,112   |
| Total pension liability (asset) - ending (a)          | \$<br>106,315 | \$<br>98,386 | \$ | 94,047  | \$<br>87,922 |
| Plan fiduciary net position                           |               |              |    |         |              |
| Contributions - employer                              | \$<br>2,091   | \$<br>2,153  | \$ | 2,156   | \$<br>2,127  |
| Contributions - employee                              | 1,412         | 1,453        |    | 1,456   | 1,436        |
| Contributions - service credit repurchase             | 168           | 282          |    | 249     | -            |
| Contributions - other                                 | -             | -            |    | -       | -            |
| Net investment income                                 | 4,251         | 6,716        |    | 8,500   | 317          |
| Benefit payments, including refund of employee        |               |              |    |         |              |
| contributions   | (5,391)       | (4,981)      |    | (4,806) | (4,713)      |
| Administrative expense                                | <br>(44)      | <br>(30)     | _  | (30)    | <br>(32)     |
| Net change in plan fiduciary net position             | 2,487         | 5,593        |    | 7,525   | (865)        |
| Plan fiduciary net position - beginning               | <br>78,929    | <br>73,336   | _  | 65,811  | <br>66,676   |
| Plan fiduciary net position - ending (b)              | \$<br>81,416  | \$<br>78,929 | \$ | 73,336  | \$<br>65,811 |
| Net pension liability (asset) - ending (a) - (b)      | \$<br>24,899  | \$<br>19,457 | \$ | 20,711  | \$<br>22,111 |
| Plan fiduciary net position as a percentage of the    |               |              |    |         |              |
| total pension liability (asset)                       | 76.58%        | 80.22%       |    | 77.98%  | 74.85%       |
| Covered employee payroll                              | \$<br>10,354  | \$<br>10,737 | \$ | 10,629  | \$<br>10,527 |
| Plan net pension liability (asset) as a percentage of |               |              |    |         |              |
| covered employee payroll                              | 240.48%       | 181.21%      |    | 194.84% | 210.04%      |

Notes to Schedule:

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

Changes of Assumptions: There were no changes made in the actuarial assumptions since the July 1, 2017 valuation.

<sup>\*</sup>Complete data for this schedule is not available prior to 2014.

| 2015                 | 2014                 |
|----------------------|----------------------|
| \$<br>2,038<br>6,008 | \$<br>1,894<br>5,750 |
| 984<br>395           | (300)                |
| (4,746)              | (3,784)              |
| 4,679                | 3,560                |
| <br>75,433           | <br>71,873           |
| \$<br>80,112         | \$<br>75,433         |
|                      | _                    |
| \$<br>2,002          | \$<br>1,865          |
| 1,352<br>97          | 1,243<br>87          |
| -                    | -                    |
| 2,335                | 9,240                |
| (4,746)<br>(31)      | (3,784)<br>(28)      |
| 1,009                | 8,623                |
| 65,667               | 57,044               |
| \$<br>66,676         | \$<br>65,667         |
| \$<br>13,436         | \$<br>9,766          |
|                      |                      |
| 83.23%               | 87.05%               |
| \$<br>6              | \$<br>9,348          |
| 132.44%              | 104.47%              |

# 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)

|   |    | 2019      |    | 2018      |    | 2017      |    | 2016      |
|---|----|-----------|----|-----------|----|-----------|----|-----------|
| Total pension liability (asset)                       |    |           |    |           |    |           |    |           |
| Service cost  | \$ | 70        | \$ | 80        | \$ | 56        | \$ | 71        |
| Interest  |    | 3,130     |    | 3,501     |    | 4,130     |    | 4,281     |
| Change of benefit terms                               |    | -         |    | -         |    | -         |    | -         |
| Difference betw een expected and actual experience    |    | (505)     |    | (310)     |    | (1,648)   |    | (2,007)   |
| Changes of assumptions                                |    | -         |    | 5,812     |    | 4,421     |    | 70        |
| Benefit payments, including refund of employee        |    |           |    |           |    |           |    |           |
| contributions   | _  | (4,627)   | _  | (4,583)   | _  | (4,534)   | _  | (4,601)   |
| Net change in total pension liability (asset)         |    | (1,932)   |    | 4,500     |    | 2,425     |    | (2,186)   |
| Total pension liability (asset) - beginning           |    | 68,129    |    | 63,629    |    | 61,204    |    | 63,390    |
| Total pension liability (asset) - ending (a)          | \$ | 66,197    | \$ | 68,129    | \$ | 63,629    | \$ | 61,204    |
| Plan fiduciary net position                           |    |           |    |           |    |           |    |           |
| Contributions - employer                              | \$ | _         | \$ | _         | \$ | _         | \$ | _         |
| Contributions - employee                              |    | 29        |    | 33        |    | 39        |    | 44        |
| Contributions - service credit repurchase             |    | -         |    | -         |    | -         |    | -         |
| Contributions - other                                 |    | -         |    | -         |    | -         |    | -         |
| Net investment income                                 |    | 6,230     |    | 2,919     |    | 5,239     |    | 4,840     |
| Benefit payments, including refund of employee        |    |           |    |           |    |           |    |           |
| contributions   |    | (4,627)   |    | (4,583)   |    | (4,534)   |    | (4,601)   |
| Administrative expense                                |    | (17)      |    | (46)      | _  | (13)      | _  | (32)      |
| Net change in plan fiduciary net position             |    | 1,615     |    | (1,677)   |    | 731       |    | 251       |
| Plan fiduciary net position - beginning               |    | 95,588    |    | 97,265    |    | 96,534    |    | 96,283    |
| Plan fiduciary net position - ending (b)              | \$ | 97,203    | \$ | 95,588    | \$ | 97,265    | \$ | 96,534    |
| Net pension liability (asset) - ending (a) - (b)      | \$ | (31,006)  | \$ | (27,459)  | \$ | (33,636)  | \$ | (35,330)  |
| Plan fiduciary net position as a percentage of the    |    |           |    |           |    |           |    |           |
| total pension liability (asset)                       |    | 146.84%   |    | 140.30%   |    | 152.86%   |    | 157.72%   |
| Covered employee payroll                              | \$ | 417       | \$ | 417       | \$ | 499       | \$ | 567       |
| Plan net pension liability (asset) as a percentage of |    |           |    |           |    |           |    |           |
| covered employee payroll                              |    | -7443.56% |    | -6590.37% |    | -6746.56% |    | -6256.45% |

#### Notes to Schedule:

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

Changes of Assumptions: The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2018 actuarial valuation:

All other actuarial assumptions used in the July 1, 2018 are the same as the last actuarial valuation as of July 1, 2017.

<sup>\*</sup>Complete data for this schedule is not available prior to 2014.

<sup>•</sup> The investment return assumption was lowered from 5.7 to 4.75 percent.

|    | 2015             |    | <u>2014</u>     |
|----|------------------|----|-----------------|
| \$ | 128<br>5,026     | \$ | 88<br>5,107     |
|    | (1,806)<br>(310) |    | (1,607)<br>-    |
|    | (4,694)          |    | (4,595)         |
|    | (1,656)          |    | (1,007)         |
|    | 65,046           |    | 66,053          |
| \$ | 63,390           | \$ | 65,046          |
| \$ | -                | \$ | -               |
|    | 50               |    | 56              |
|    | -                |    | -               |
|    | 3,260            |    | 11,888          |
|    | (4,694)<br>(30)  |    | (4,595)<br>(31) |
|    | (1,414)          |    | 7,318           |
| _  | 97,697           | _  | 90,379          |
| \$ | 96,283           | \$ | 97,697          |
| \$ | (32,893)         | \$ | (32,651)        |
| \$ | 151.89%<br>791   | \$ | 150.20%<br>843  |
|    | -4160.24%        |    | -3874.93%       |

# Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios North Dakota Teachers' Fund for Retirement Last 10 Fiscal Years\*

(Dollars in thousands)

|  | 2019 |           | 2018 |           | 2017 |           | 2016 |           |
|--|------|-----------|------|-----------|------|-----------|------|-----------|
| Total pension liability (asset)  |      |           |      |           |      |           |      |           |
| Service cost   | \$   | 77,756    | \$   | 78,041    | \$   | 75,476    | \$   | 68,239    |
| Interest   |      | 296,876   |      | 287,375   |      | 276,412   |      | 265,440   |
| Change of benefit terms  |      | -         |      | -         |      | -         |      | -         |
| Difference between expected and actual experience                              |      | (23,495)  |      | (27,939)  |      | (10,749)  |      | (8,093)   |
| Changes of assumptions   |      | -         |      | -         |      | -         |      | -         |
| Benefit payments, including refund of employee                                 |      |           |      |           |      |           |      |           |
| contributions  |      | (221,228) |      | (207,979) |      | (196,516) |      | (185,969) |
| Net change in total pension liability (asset)                                  |      | 129,909   |      | 129,498   |      | 144,623   |      | 139,617   |
| Total pension liability (asset) - beginning                                    |      | 3,863,515 |      | 3,734,017 |      | 3,589,394 |      | 3,449,777 |
| Total pension liability (asset) - ending (a)                                   | \$   | 3,993,424 | \$   | 3,863,515 | \$   | 3,734,017 | \$   | 3,589,394 |
| Plan fiduciary net position  |      |           |      |           |      |           |      |           |
| Contributions - employer   | \$   | 89,445    | \$   | 86,676    | \$   | 86,059    | \$   | 82,840    |
| Contributions - employee   |      | 82,429    |      | 79,878    |      | 79,309    |      | 76,343    |
| Contributions - service credit repurchase                                      |      | 1,917     |      | 2,181     |      | 2,553     |      | 2,768     |
| Contributions - other  |      | 159       |      | 194       |      | 236       |      | 45        |
| Net investment income  |      | 135,043   |      | 211,345   |      | 266,688   |      | 8,239     |
| Benefit payments, including refund of employee                                 |      |           |      |           |      |           |      |           |
| contributions  |      | (221,228) |      | (207,979) |      | (196,516) |      | (185,969) |
| Administrative expense   |      | (2,251)   | _    | (2,129)   | _    | (2,173)   |      | (1,852)   |
| Net change in plan fiduciary net position                                      |      | 85,514    |      | 170,166   |      | 236,156   |      | (17,586)  |
| Plan fiduciary net position - beginning  |      | 2,530,657 |      | 2,360,491 |      | 2,124,335 |      | 2,141,921 |
| Plan fiduciary net position - ending (b)                                       | \$   | 2,616,171 | \$   | 2,530,657 | \$   | 2,360,491 | \$   | 2,124,335 |
| Net pension liability (asset) - ending (a) - (b)                               | \$   | 1,377,253 | \$   | 1,332,858 | \$   | 1,373,526 | \$   | 1,465,059 |
| Plan fiduciary net position as a percentage of the                             |      |           |      |           |      |           |      |           |
| total pension liability (asset)  |      | 65.50%    |      | 65.50%    |      | 63.20%    |      | 59.20%    |
| Covered employee payroll   | \$   | 701,528   | \$   | 679,809   | \$   | 674,971   | \$   | 649,725   |
| Plan net pension liability (asset) as a percentage of covered employee payroll |      | 196.10%   |      | 196.10%   |      | 203.50%   |      | 225.50%   |
| 30 voi sa siripioy co payroli  |      | 100.1070  |      | 100.1070  |      | 200.0070  |      | 220.0070  |

#### Notes to Schedule:

Changes of Assumptions: In 2015, amounts reported as changes of assumptions resulted primarily from a decrease in the investment return assumption from 8% to 7.75% and an updated mortality improvement scale.

<sup>\*</sup>Complete data for this schedule is not available prior to 2014.

<sup>\*\*</sup>Restated in 2015 due to GASB 68 implementation.

| 2015   | 2014  |
|--|---|
| \$<br>60,618<br>249,064  | \$<br>56,752<br>237,821   |
| 2,209<br>171,325   | -<br>9,347<br>-   |
| <br>(172,239)<br>310,977                                       | <br>(162,259)<br>141,661  |
| \$<br>3,138,800<br>3,449,777                                   | \$<br>2,997,139<br>3,138,800                                    |
| \$<br>78,422<br>72,268<br>1,601<br>172<br>73,205               | \$<br>62,355<br>56,555<br>2,034<br>48<br>294,246                |
| \$<br>(172,239)<br>(1,923)<br>51,506<br>2,090,415<br>2,141,921 | \$<br>(162,259)<br>(1,586)<br>251,393<br>1,839,584<br>2,090,977 |
| \$<br>1,307,856  | \$<br>1,047,823   |
| \$<br>62.10%<br>615,105<br>212.60%                             | \$<br>66.60%<br>580,053   |
| Z 1Z.UU 70   | 100.00%   |

# 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)

|  |    | 2019      |    | 2018      |    | 2017      |
|--|----|-----------|----|-----------|----|-----------|
| Total OPEB liability (asset)                       |    |           |    |           |    |           |
| Service cost                                       | \$ | 3,828     | \$ | 3,767     | \$ | 3,430     |
| Interest   |    | 15,217    |    | 14,485    |    | 14,327    |
| Change of benefit terms                            |    | -         |    | -         |    | -         |
| Difference between expected and actual experience  |    | (1,374)   |    | 2,732     |    | (2,231)   |
| Changes of assumptions                             |    | 5,002     |    | -         |    | 8,861     |
| Benefit payments, including refund of employee     |    |           |    |           |    |           |
| contributions                                      |    | (11,505)  | _  | (11,016)  | _  | (10,014)  |
| Net change in total OPEB liability (asset)         |    | 11,168    |    | 9,968     |    | 14,373    |
| Total OPEB liability (asset) - beginning           |    | 206,663   |    | 196,695   |    | 182,322   |
| Total OPEB liability (asset) - ending (a)          | \$ | 217,831   | \$ | 206,663   | \$ | 196,695   |
| Plan fiduciary net position                        |    |           |    |           |    |           |
| Contributions - employer                           | \$ | 12,977    | \$ | 12,834    | \$ | 12,576    |
| Contributions - employee                           |    | 16        |    | 16        |    | 16        |
| Contributions - service credit repurchase          |    | 377       |    | 747       |    | 464       |
| Contributions - other                              |    | -         |    | -         |    | -         |
| Net investment income                              |    | 8,178     |    | 8,211     |    | 12,074    |
| Benefit payments, including refund of employee     |    |           |    |           |    |           |
| contributions                                      |    | (11,505)  |    | (11,016)  |    | (10,014)  |
| Administrative expense                             |    | (437)     |    | (480)     |    | (443)     |
| Net change in plan fiduciary net position          |    | 9,606     |    | 10,312    |    | 14,673    |
| Plan fiduciary net position - beginning            |    | 127,906   |    | 117,594   |    | 102,921   |
| Plan fiduciary net position - ending (b)           | \$ | 137,512   | \$ | 127,906   | \$ | 117,594   |
| Net OPEB liability (asset) - ending (a) - (b)      | \$ | 80,319    | \$ | 78,757    | \$ | 79,101    |
| Plan fiduciary net position as a percentage of the |    |           |    |           |    |           |
| total OPEB liability (asset)                       |    | 63.13%    |    | 61.89%    |    | 59.78%    |
| Covered employee payroll                           | \$ | 1,115,858 | \$ | 1,094,217 | \$ | 1,081,841 |
| Plan net OPEB liability (asset) as a percentage of | Ψ  | 1,110,000 | Ψ  | 1,004,217 | Ψ  | 1,001,041 |
| covered employee payroll                           |    | 7.20%     |    | 7.20%     |    | 7.31%     |
| oovered employed payroll                           |    | 1.2070    |    | 1.2070    |    | 7.0170    |

Notes to Schedule:

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

Changes of Assumptions: There were no changes made in the actuarial assumptions since the July 1, 2017 valuation

<sup>\*</sup>Complete data for this schedule is not available prior to 2017.

# **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)

|  | 2019        |           | 2018  |
|--|-------------|-----------|-------|
| Total OPEB liability (asset)                       |             |           |       |
| Service cost                                       | \$<br>4     | \$        | 4     |
| Interest   | 42          |           | 43    |
| Change of benefit terms                            | -           |           | -     |
| Difference betw een expected and actual experience | -           |           | -     |
| Changes of assumptions                             | -           |           | -     |
| Benefit payments, including refund of employee     |             |           |       |
| contributions                                      | (84)        |           | (80)  |
| Net change in total OPEB liability (asset)         | (38)        |           | (33)  |
| Total OPEB liability (asset) - beginning           | 1,491       |           | 1,524 |
| Total OPEB liability (asset) - ending (a)          | \$<br>1,453 | \$        | 1,491 |
| Plan fiduciary net position                        |             |           |       |
| Contributions - employer                           | \$<br>84    | \$        | 80    |
| Contributions - employee                           | _           |           | _     |
| Contributions - service credit repurchase          | _           |           | _     |
| Contributions - other                              | _           |           | _     |
| Net investment income                              | _           |           | _     |
| Benefit payments, including refund of employee     |             |           |       |
| contributions                                      | (84)        |           | (80)  |
| Administrative expense                             | _           |           | -     |
| Net change in plan fiduciary net position          | <br>_       |           | _     |
| Plan fiduciary net position - beginning            | _           |           | _     |
| Plan fiduciary net position - ending (b)           | \$<br>-     | \$        | -     |
|  |             |           |       |
| Net OPEB liability (asset) - ending (a) - (b)      | \$<br>1,453 | <u>\$</u> | 1,491 |
| Plan fiduciary net position as a percentage of the |             |           |       |
| total OPEB liability (asset)                       | 0.00%       |           | 0.00% |
| Covered employee payroll                           | n/a         |           | n/a   |
| Plan net OPEB liability (asset) as a percentage of |             |           |       |
| covered employee payroll                           | n/a         |           | n/a   |

<sup>\*</sup>Complete data for this schedule is not available prior to 2018.

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

| Actuarially  | <u>2019</u>     | <u>2018</u>     | <u>2017</u>     | <u>2016</u>           | <u>2015</u>     | <u>2014</u>           | <u>2013</u>     | 2012                  | <u>2011</u>           | 2010           |
|--|-----------------|-----------------|-----------------|-----------------------|-----------------|-----------------------|-----------------|-----------------------|-----------------------|----------------|
| determined contribution  | \$127,129       | \$125,714       | \$116,564       | \$124,336             | \$107,514       | \$107,864             | \$97,985        | \$91,458              | \$82,910              | \$54,158       |
| Contribution in relation to the actuarially determined contribution  | <u>81,588</u>   | 80,727          | <u>78.934</u>   | <u>77,081</u>         | <u>70.843</u>   | <u>61,661</u>         | <u>48,847</u>   | <u>38,006</u>         | <u>32,278</u>         | <u>30.253</u>  |
| Contribution deficiency (excess)                                     | <u>\$45,541</u> | <u>\$44,987</u> | <u>\$37,630</u> | <u>\$47,255</u>       | <u>\$36,671</u> | \$46,203              | <u>\$49,138</u> | <u>\$53,452</u>       | \$50,632              | \$23,905       |
| Covered payroll  | 1,098,416       | 1,075,958       | 1,063,372       | 1,048,548             | 973,536         | 888,452               | 800,878         | 804,169               | 769,710               | 697,737        |
| Contributions<br>as a<br>percentage<br>of covered<br>payroll         | 7.43%           | 7.50%           | 7.42%           | 7.35%                 | 7.28%           | 6.94%                 | 6.10%           | 4.73%                 | 4.19%                 | 4.34%          |
| Highway Pati   | olmen's R       | etirement S     | <u>System</u>   |                       |                 |                       |                 |                       |                       |                |
| Actuarially  | 2019            | <u>2018</u>     | 2017            | <u>2016</u>           | <u>2015</u>     | <u>2014</u>           | <u>2013</u>     | <u>2012</u>           | <u>2011</u>           | <u>2010</u>    |
| determined contribution  | \$2,936         | \$2,949         | \$3,060         | \$2,307               | \$2,201         | \$2,348               | \$2,191         | \$2,171               | \$1,744               | \$1,313        |
| Contribution<br>in relation<br>to the<br>actuarially                 |                 |                 |                 |                       |                 |                       |                 |                       |                       |                |
| determined contribution  | 2,091           | 2,153           | 2,156           | 2,127                 | 2,002           | 1,865                 | 1,586           | 1,423                 | 1,286                 | 1,197          |
| determined contribution  | 2,091           | <u>2.153</u>    | <u>2,156</u>    | <u>2,127</u>          | 2,002           | <u>1,865</u>          | <u>1,586</u>    | <u>1,423</u>          | <u>1,286</u>          | <u>1,197</u>   |
| determined   | 2.091<br>\$845  | 2.153<br>\$796  | 2,156<br>\$904  | <u>2.127</u><br>\$180 | 2.002<br>\$199  | <u>1.865</u><br>\$483 | 1.586<br>\$605  | <u>1.423</u><br>\$748 | <u>1,286</u><br>\$458 | 1.197<br>\$116 |
| determined<br>contribution<br>Contribution<br>deficiency             |                 |                 |                 |                       |                 |                       |                 |                       |                       |                |
| determined<br>contribution<br>Contribution<br>deficiency<br>(excess) | \$845           | \$796           | \$ <u>904</u>   | <u>\$180</u>          | <u>\$199</u>    | <u>\$483</u>          | <u>\$605</u>    | <u>\$748</u>          | \$458                 | <u>\$116</u>   |

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

| 1 - 1- | 0    | .:   | N.I4.I- | D -14- |
|--------|------|------|---------|--------|
| .ion   | Serv | /ICE | INOUL   | Dakota |

| Job Service N   | <u>lorth Dakot</u>  | <u>a</u>            |                |                |                  |               |                  |                 |                 |                 |
|---|---------------------|---------------------|----------------|----------------|------------------|---------------|------------------|-----------------|-----------------|-----------------|
| Actuarially   | <u>2019</u>         | 2018                | 2017           | <u>2016</u>    | <u>2015</u>      | <u>2014</u>   | <u>2013</u>      | 2012            | <u>2011</u>     | <u>2010</u>     |
| determined contribution   | \$ -                | \$ -                | \$ -           | \$ -           | \$ -             | \$ -          | \$ -             | \$ -            | \$ -            | \$ -            |
| Contribution in relation to the actuarially determined contribution |                     | <u></u>             | <del>-</del> - |                |                  | <u>-</u>      |                  |                 |                 |                 |
| Contribution deficiency (excess)                                    | <u>\$</u>           | <u>\$</u>           | <u>\$</u>      | <u>\$</u>      | <u>\$</u>        | <u>\$</u>     | \$               | <u>\$</u>       | <u>\$</u>       | <u>\$</u>       |
| Covered payroll   | 417                 | 417                 | 499            | 565            | 791              | 843           | 1,011            | 1,163           | 1,266           | 1,487           |
| Contributions<br>as a<br>percentage<br>of covered<br>payroll        | 0.00%<br>Fund for F | 0.00%<br>Retirement | 0.00%          | 0.00%          | 0.00%            | 0.00%         | 0.00%            | 0.00%           | 0.00%           | 0.00%           |
| TOUGHOU   | 2019                | 2018                | 2017           | 2016           | <u>2015</u>      | <u>2014</u>   | <u>2013</u>      | <u>2012</u>     | 2011            | 2010            |
| Actuarially determined contribution                                 | \$90,778            | \$88,307            | \$89,231       | \$84,724       | \$71,168         | \$59,513      | \$52,396         | \$69,374        | \$65,113        | \$52,053        |
| Contribution in relation to the actuarially determined contribution | <u>89.445</u>       | <u>86.676</u>       | <u>86.059</u>  | <u>82,840</u>  | <u>78.422</u>    | <u>62,355</u> | <u>59.301</u>    | <u>46.126</u>   | <u>44,545</u>   | <u>39,837</u>   |
| Contribution deficiency (excess)                                    | <u>\$1,333</u>      | <u>\$1,631</u>      | <u>\$3,172</u> | <u>\$1,884</u> | <u>\$(7,254)</u> | \$(2,842)     | <u>\$(6,905)</u> | <u>\$23,248</u> | <u>\$20,568</u> | <u>\$12,216</u> |
| Covered payroll   | 701,528             | 679,809             | 674,971        | 649,725        | 615,105          | 580,053       | 551,656          | 527,156         | 509,091         | 482,868         |
| Contributions as a percentage of covered payroll                    | 12.75%              | 12.75%              | 12.75%         | 12.75%         | 12.75%           | 10.75%        | 10.75%           | 10.75%          | 8.75%           | 8.75%           |

# Required Supplementary Information Schedule of Employer Contributions Last 10 Fiscal Years\*

(Dollars in thousands)

### Retiree Health Insurance Credit Plan

| Actuarially   | <u>2019</u> | <u>2018</u>    | <u>2017</u>   | <u>2016</u> | <u>2015</u>   | <u>2014</u>   | <u>2013</u>  | <u>2012</u>  | <u>2011</u> | <u>2010</u> |
|---|-------------|----------------|---------------|-------------|---------------|---------------|--------------|--------------|-------------|-------------|
| determined<br>contribution  | \$12,707    | \$12,252       | 11,696        | 7,544       | 6,439         | 7,014         | 7,411        | 7,263        | 7,053       | 7,199       |
| Contribution in relation to the actuarially determined contribution | 12,977      | <u> 12,835</u> | <u>12,575</u> | 12,350      | <u>11,479</u> | <u>10,710</u> | <u>9,960</u> | <u>9,388</u> | 8,930       | 8,393       |
| Contribution  |             |                |               |             |               |               |              |              |             |             |
| deficiency<br>(excess)  | \$(270)     | \$(583)        | \$(879)       | \$(4,806)   | \$(5,040)     | \$(3,696)     | \$(2,549)    | \$(2,125)    | \$(1,877)   | \$(1,194)   |
| Covered payroll   | 1,115,858   | 1,094,217      | 1,081,841     | 1,142,375   | 1,052,657     | 1,001,204     | 914,368      | 824,855      | 828,978     | 793,634     |
| Contributions<br>as a<br>percentage<br>of covered<br>payroll        | 1.16%       | 1.17%          | 1.16%         | 1.08%       | 1.09%         | 1.07%         | 1.09%        | 1.14%        | 1.08%       | 1.06%       |

# Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2019

#### **PERS**

#### **Benefit Changes**

The interest rate earned on member contributions will decrease from 7.25 percent to 7.00 percent effective January 1, 2020 (based on the adopted decrease in the investment return assumption). New Main System and Public Safety members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

#### Changes of Assumptions

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 actuarial valuation:

 The investment return assumption was lowered from 7.75 to 7.5 percent for the July 1, 2019 valuation

All other actuarial assumptions used in the July 1, 2019 are the same as the last actuarial valuation as of July 1, 2018.

#### **HPRS**

#### **Benefit Changes**

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

#### Changes of Assumptions

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 actuarial valuation:

 The investment return assumption was lowered from 7.75 to 7.5 percent for the July 1, 2019 valuation

All other actuarial assumptions used in the July 1, 2019 are the same as the last actuarial valuation as of July 1, 2018.

#### **JSND**

#### **Benefit Changes**

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

#### Changes of Assumptions

There were no changes made in in the actuarial assumptions since the July 1, 2019 valuation.

#### **RHIC**

#### **Benefit Changes**

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC

#### Changes of Assumptions

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 actuarial valuation:

 The investment return assumption was lowered from 7.5 to 7.25 percent for the July 1, 2019 valuation

All other actuarial assumptions used in the July 1, 2019 are the same as the last actuarial valuation as of July 1, 2018.

# Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2019

Schedule of Employer Contributions

**PERS** 

Valuation Date July 1, 2019

Actuarial Cost Method Entry Age Normal Method

Amortization Method Level Percentage of Payroll, Open Period

Assumed annual payroll growth of 3.75% (3.25% for Judges)

Remaining Amortization

Period 20 Years

Asset Valuation Method 5-Year smoothed marked

Inflation 2.50%

Salary Increases 4.00% to 20.00% including inflation

Investment Rate of Return 7.75%

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

Mortality For June 30, 2019 and June 30, 2018, mortality rates for active members, inactive

members and healthy retirees were based on the RP-2000 Combined Healthy Mortality Table, set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table, set back one year for males

(no setback for females) multiplied by 125%.

Other Notes Main System and Public Safety members hired on and after January 1, 2020 are to have

a 1.75% benefit multiplier.

The economic assumptions (excluding salary increases) and the asset smoothing method were updated beginning with the actuarial valuation as of July 1, 2017 based on a review performed by GRS. All other actuarial assumptions were adopted by the Board based on

an experience study covering the period July 1, 2009, through June 30, 2014.

The employer rates to the System are the statutory/Board approved contribution rates of 7.12% of payroll for the Main System, 17.52% for the Judges System, 9.81% for Public Safety with prior Main service System, and 7.93% for the Public Safety without prior Main

System service System.

**HPRS** 

Valuation Date July 1, 2019

Actuarial Cost Method Entry Age Normal Method

Amortization Method Level Percentage of Payroll, Open Period

Assumed annual payroll growth of 3.75%

Remaining Amortization

Period 20 Years

Asset Valuation Method 5-Year smoothed marked

Inflation 2.50%

# Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2019

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

table for members with more than five years of service.

Investment Rate of Return 7.75%

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

Mortality For June 30, 2019, mortality rates for active members, inactive members and healthy

retirees were based on the RP-2000 Combined Healthy Mortality Table, set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table, set back one year for males (no setback for

females) multiplied by 125%.

Other Notes There were no benefit changes during the year.

The economic assumptions (excluding salary increases) and the asset smoothing method were updated beginning with the actuarial valuation as of July 1, 2017 based on a review performed by GRS. All other actuarial assumptions were adopted by the Board based on

an experience study covering the period July 1, 2009, through June 30, 2014.

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

**JSND** 

Valuation Date July 1, 2019

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

Amortization Method Not Applicable

Asset Valuation Method 5-Year smoothed marked

Inflation 2.50%

COLA 2.50%

Salary Increases 3.50%

Investment Rate of Return 4.75%

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

Mortality For June 30, 2019, mortality rates for active members, inactive members and healthy

retirees were based on the RP-2000 Combined Healthy Mortality Table, set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table, set back one year for males (no setback for

females) multiplied by 125%.

Other Notes There were no benefit changes during the year.

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

2014

The System has assets in excess of the present value of future benefits. Therefore, no

employer contributions are being made

# Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2019

TFFR:

Amortization method Level percentage of payroll, closed

Remaining amortization

Period 24 years

Asset valuation method 5-year smoothed market

Inflation 2.75%; decreased from 3% prior to July 1, 2015.

Salary increases 4.25% - 14.5%, including inflation and productivity; 4.5% - 14.75% prior to July 1, 2015.

Investment rate of return 7.75%, net of investment expenses, including inflation. Rate was decreased from 8%

beginning July 1, 2015.

Retirement age In the 2015 valuation, rates of retirement were changed to better reflect anticipated future

experience. In the 2010 valuation, expected retirement ages of plan members were

adjusted to more closely reflect actual experience.

Mortality In the 2015 valuation, assumed life expectancies were adjusted as a result of adopting

the RP-2014 mortality tables with generational improvement. In prior years, those assumptions were based on percentages of GRS post termination non-disabled tables

and RP-2000 disabled-life tables.

**RHIC** 

Valuation Date July 1, 2019

Actuarial Cost Method Entry Age Normal Method

Amortization Method Level Percentage of Payroll, 40-year closed Period (beginning July 1, 1990) for fiscal year

2019 contribution.

Assumed annual payroll growth of 3.75%

Remaining Amortization

Period 12 years remaining as of July 1, 2018

Asset Valuation Method 5-Year smoothed marked

Inflation 2.50%

Salary Increases Not Applicable

Investment Rate of Return 7.50%

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

Mortality For June 30, 2019 and June 30, 2018, mortality rates for active members, inactive

members and healthy retirees were based on the RP-2000 Combined Healthy Mortality Table, set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table, set back one year for males

(no setback for females) multiplied by 125%.

Other Notes There were no benefit changes during the year.

The economic assumptions (excluding salary increases) and the asset smoothing method were updated beginning with the actuarial valuation as of July 1, 2017 based on a review

# Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2019

performed by GRS. All other actuarial assumptions were adopted by the Board based on an experience study covering the period July 1, 2009, through June 30, 2014.

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

#### Schedule of Investment Returns

|      | Public Employees<br>Retirement<br>System | Highway<br>Patrolmen's<br>Retirement System | Job Service<br>North Dakota | Teachers' Fund<br>for Retirement | Retiree Health<br>Insurance Credit<br>Fund |
|------|--|---|-----------------------------|----------------------------------|--|
| 2019 | 5.69%                                    | 5.39%                                       | 7.00%                       | 5.46%                            | 6.75%                                      |
| 2018 | 9.21%                                    | 9.16%                                       | 3.32%                       | 9.15%                            | 7.01%                                      |
| 2017 | 13.01%                                   | 12.93%                                      | 5.85%                       | 12.81%                           | 11.75%                                     |
| 2016 | 0.49%                                    | 0.48%                                       | 5.14%                       | 0.39%                            | 0.83%                                      |
| 2015 | 3.61%                                    | 3.66%                                       | 3.41%                       | 3.56%                            | 0.00%                                      |
| 2014 | 16.29%                                   | 16.20%                                      | 13.46%                      | 16.35%                           | 0.00%                                      |
| 2013 | 13.52%                                   | 13.38%                                      | 12.07%                      | 13.60%                           | 0.00%                                      |

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

#### Met Life Insurance Plan:

Actuarial cost method

Entry age normal actuarial cost method was used in the valuation.

Changes of assumptions

The following changes were made to the actuarial assumptions and methods effecting July 1, 2018

- The benefits valued were changed from retiree medical and life benefits to life benefits only.
- The discount rate is 2.98 percent based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2018, compared to the prior Statement No. 45 discount rate of 4.5%.
- The funding method was changed from Projected Unit Credit to Entry Age Normal.
- Mortality was updated from table RP-2-14 adjusted to 2006 and projected using scale MP-2015 to table RP-2014 adjusted to 2006 and projected using scale MP-2017.



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# **Combining Financial Statements**

# **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.

#### **Debt Service Funds**

A debt service fund is used to account for accumulation for resources for, and the payment of, principal and interest on long-term debt.

#### **BUILDING AUTHORITY**

#### 919 - Building Authority Debt Service Fund

Account for accumulation of resources for, and the payment of, principal and interest on bonds issued by the North Dakota Building Authority.

#### **DEPARTMENT OF TRANSPORTATION**

#### 949 - Department of Transportation Debt Service Fund

Account for accumulation of resources for, and the payment of, principal and interest on bonds issued by the Department of Transportation.

# Combining Balance Sheet Nonmajor Governmental Funds June 30, 2019

|   |                                   | Perm Trust Fund                    |                      |    | De                    | bt Service Funds   | <b>;</b> |    |   |
|---|-----------------------------------|------------------------------------|----------------------|----|-----------------------|--------------------|----------|----|---|
|   | Coal<br>Development<br>Trust Fund | Veteran's<br>Postwar<br>Trust Fund | Total                |    | Building<br>Authority | Dept. of<br>Trans. | Total    |    | Total<br>Nonmajor<br>overnmental<br>Funds |
| ASSETS  |                                   |                                    |                      |    |                       |                    |          |    |   |
| Cash Deposits at the Bank of ND Cash and Cash Equivalents | \$ 279,990                        | \$ 134,646<br>85,943               | \$ 414,636<br>85,943 | \$ | 35,000                | \$ 85,831 \$<br>-  | 120,831  | \$ | 535,467<br>85,943                         |
| Investments at the Bank of ND                             | -                                 | -                                  | -                    |    | 663,000               | -                  | 663,000  |    | 663,000                                   |
| Investments   | 18,540,107                        | 6,514,050                          | 25,054,157           |    | -                     | -                  | -        |    | 25,054,157                                |
| Accounts Receivable - Net                                 | -                                 | 50                                 | 50                   |    | -                     | -                  | -        |    | 50  |
| Taxes Receivable - Net                                    | 113,376                           | -                                  | 113,376              |    | -                     | -                  | -        |    | 113,376                                   |
| Interest Receivable - Net                                 | 154,655                           | 12,087                             | 166,742              |    | -                     | -                  | -        |    | 166,742                                   |
| Due from Other Funds                                      | -                                 | 15                                 | 15                   |    | -                     | -                  | -        |    | 15  |
| Loans and Notes Receivable - Net                          | 52,976,356                        | -                                  | 52,976,356           |    | -                     | -                  | -        |    | 52,976,356                                |
| Total Assets  | 72,064,484                        | 6,746,791                          | 78,811,275           |    | 698,000               | 85,831             | 783,831  |    | 79,595,106                                |
| DEFERRED OUTFLOWS OF RESOURCES                            |                                   |                                    |                      |    |                       |                    |          |    |   |
| Total Deferred Outflows of Resources                      | -                                 | -                                  | -                    |    | -                     | -                  | -        |    | -   |
| Total Assets and Deferred Outflows of                     |                                   |                                    |                      |    |                       |                    |          |    |   |
| Resources   | \$ 72,064,484                     | \$ 6,746,791                       | \$ 78,811,275        | \$ | 698,000               | \$ 85,831 \$       | 783,831  | \$ | 79,595,106                                |
| LIABILITIES AND FUND BALANCES                             |                                   |                                    |                      |    |                       |                    |          |    |   |
| Liabilities:  |                                   |                                    |                      |    |                       |                    |          |    |   |
| Accounts Payable  | 1,633                             | 11,121                             | 12,754               |    | -                     | -                  | -        |    | 12,754                                    |
| Securities Lending Collateral                             | 1,613,262                         | -                                  | 1,613,262            |    | -                     | -                  | -        |    | 1,613,262                                 |
| Due to Other Funds  | 153,238                           | 325                                | 153,563              |    | -                     | -                  | -        |    | 153,563                                   |
| Total Liabilities   | 1,768,133                         | 11,446                             | 1,779,579            | _  | -                     | -                  |          | _  | 1,779,579                                 |
| DEFERRED INFLOWS OF RESOURCES                             |                                   |                                    |                      |    |                       |                    |          |    |   |
| Total Deferred Inflows of Resources                       | -                                 | -                                  | -                    |    | -                     | -                  | -        |    | -   |
| Fund Balances:  |                                   |                                    |                      |    |                       |                    |          |    |   |
| Nonspendable  | 70,213,873                        | 6,337,408                          | 76,551,281           |    | -                     | -                  | -        |    | 76,551,281                                |
| Restricted  | -                                 | -                                  | -                    |    | 698,000               | 85,831             | 783,831  |    | 783,831                                   |
| Committed   | 82,478                            | 397,937                            | 480,415              |    | -                     | -                  | -        |    | 480,415                                   |
| Total Fund Balances                                       | 70,296,351                        | 6,735,345                          | 77,031,696           |    | 698,000               | 85,831             | 783,831  |    | 77,815,527                                |
| Total Liabilities, Deferred Inflows of                    |                                   |                                    |                      |    |                       |                    |          |    |   |
| Resources, and Fund Balance                               | \$ 72,064,484                     | \$ 6,746,791                       | \$ 78,811,275        | \$ | 698,000               | \$ 85,831 \$       | 783,831  | \$ | 79,595,106                                |

#### Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2019

| Coal Development Development Development Development Development Prust Fund         Veteran's Post War Trust Fund         Bailding Development De  |   |               |                 |             | Debt Service Funds |             |             |             |                         |   |
|--|---|---------------|-----------------|-------------|--------------------|-------------|-------------|-------------|-------------------------|---|
| Dil Gas, and Coal Taxes  |   | Development   | Post War        | Total       |                    | •           | •           | Total       | Nonmajor<br>overnmental |   |
| Content  | REVENUES  |               |                 |             |                    |             |             |             |                         |   |
| Intergovernmental  | Oil, Gas, and Coal Taxes  | \$ 1,576,908  | \$ - \$         |             | \$                 | - \$        | - \$        | -           | \$<br>                  |   |
| Sales and Services         -         8,460         8,460         -         -         -         -         8,460           Interest and Investment Income         1,224,477         430,274         1,654,751         3,000         1,134         4,134         1,658,885           Miscellaneous         2,801,385         486,600         32,87,985         3,000         4,301,754         4,304,754         7,592,739           EXPENDITURES           Current:           General Government         39,819         46,190         86,009         -         -         -         86,009           Health and Human Services         -         104,278         104,278         -         -         -         104,278           Debt Services         -         104,278         104,278         -         -         -         104,278           Principal         -         -         -         5,200,000         4,820,000         10,020,000         10,020,000           Interest and Other Charges         -         -         -         5,200,000         48,650         1,567,650         1,567,650           Total Expenditures         39,819         150,468         190,287         6,272,000         5,315,650   | ,   | -             | 9,820           | 9,820       |                    | -           | -           | -           | -                       |   |
| Interest and Investment Income   1,224,477   430,274   1,654,751   3,000   1,134   4,134   1,658,858   Miscellaneous   - 38,046   38,046   - 0   - 0   - 0   39,046   39,046   - 0   - 0   - 0   - 0   39,046   - 0    | -   | -             |                 |             |                    | -           | 4,300,620   | 4,300,620   |                         |   |
| Miscellaneous         -         38,046         38,046         -         -         -         38,046           Total Revenues         2,801,385         486,600         3,287,985         3,000         4,301,754         4,304,754         7,592,739           EXPENDITURES           Current:         General Government         39,819         46,190         86,009         -         -         -         86,009           Health and Human Services         -         104,278         104,278         -         -         -         104,278           Debt Service:         Principal         -         -         -         5,200,000         4,820,000         10,020,000         10,020,000           Interest and Other Charges         -         -         -         1,072,000         495,650         1,567,650         1,567,650           Total Expenditures         39,819         150,468         190,287         6,272,000         5,315,650         11,587,650         11,777,937           Revenues over (under) Expenditures         2,761,566         336,132         3,097,698         (6,269,000)         (1,013,896)         (7,282,896)         (4,185,198)           OTHER FINANCING SOURCES (USES) <td colsp<="" td=""><td></td><td>-</td><td></td><td>-</td><td></td><td>-</td><td>-</td><td>-</td><td>•</td></td>   | <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td>-</td> <td>-</td> <td>-</td> <td>•</td> |               | -               |             | -                  |             | -           | -           | -                       | • |
| Total Revenues         2,801,385         486,600         3,287,985         3,000         4,301,754         4,304,754         7,592,739           EXPENDITURES           Current:   |   | 1,224,477     |                 |             |                    | 3,000       | 1,134       | 4,134       |                         |   |
| Current:   September   Septe | Miscellaneous   | -             | 38,046          | 38,046      |                    | -           | -           | -           | 38,046                  |   |
| Current: General Government 39,819 46,190 86,009 86,009 Health and Human Services - 104,278 104,278 104,278  Debt Service: Principal 5,200,000 4,820,000 10,020,000 10,020,000 Interest and Other Charges 1,072,000 495,650 1,567,650 1,567,650  Total Expenditures 39,819 150,468 190,287 6,272,000 5,315,650 11,587,650 11,777,937  Revenues over (under) Expenditures 2,761,566 336,132 3,097,698 (6,269,000) (1,013,896) (7,282,896) (4,185,198)  OTHER FINANCING SOURCES (USES) Transfers In 6,291,000 1,014,907 7,305,907 7,305,907 Transfers Out (2,056,507) - (2,056,507) (2,056,507)  Total Other Financing Sources (Uses) (2,056,507) - (2,056,507) 5,249,400  Net Change in Fund Balances 69,591,292 6,399,213 75,990,505 676,000 84,820 760,820 76,751,325   | Total Revenues  | 2,801,385     | 486,600         | 3,287,985   |                    | 3,000       | 4,301,754   | 4,304,754   | 7,592,739               |   |
| General Government Health and Human Services         39,819         46,190         86,009         -         -         -         -         86,009           Health and Human Services         -         104,278         104,278         -         -         -         -         104,278           Debt Service:         Principal         -         -         -         5,200,000         4,820,000         10,020,000         10,020,000           Interest and Other Charges         -         -         -         1,072,000         495,650         1,567,650         1,567,650           Total Expenditures         39,819         150,468         190,287         6,272,000         5,315,650         11,587,650         11,777,937           Revenues over (under) Expenditures         2,761,566         336,132         3,097,698         (6,269,000)         (1,013,896)         (7,282,896)         (4,185,198)           OTHER FINANCING SOURCES (USES)         -         -         -         -         6,291,000         1,014,907         7,305,907         7,305,907           Transfers In Transfers In Council (2,056,507)         -         -         -         -         -         -         -         -         -         -         -         -         <  | EXPENDITURES  |               |                 |             |                    |             |             |             |                         |   |
| Health and Human Services         -         104,278         104,278         -         -         -         -         104,278           Debt Service:         Principal         -         -         -         -         5,200,000         4,820,000         10,020,000         10,020,000           Interest and Other Charges         -         -         -         -         1,567,650         1,567,650         1,567,650           Total Expenditures         39,819         150,468         190,287         6,272,000         5,315,650         11,587,650         11,777,937           Revenues over (under) Expenditures         2,761,566         336,132         3,097,698         (6,269,000)         (1,013,896)         (7,282,896)         (4,185,198)           OTHER FINANCING SOURCES (USES)         -         -         -         -         6,291,000         1,014,907         7,305,907         7,305,907           Transfers Out         (2,056,507)         -         -         -         -         -         -         -         -         -         (2,056,507)           Total Other Financing Sources (Uses)         (2,056,507)         -         (2,056,507)         6,291,000         1,014,907         7,305,907         5,249,400  | Current:  |               |                 |             |                    |             |             |             |                         |   |
| Debt Service:           Principal         -         -         -         -         5,200,000         4,820,000         10,020,000         10,020,000           Interest and Other Charges         -         -         -         -         1,072,000         495,650         1,567,650         1,567,650           Total Expenditures         39,819         150,468         190,287         6,272,000         5,315,650         11,587,650         11,777,937           Revenues over (under) Expenditures         2,761,566         336,132         3,097,698         (6,269,000)         (1,013,896)         (7,282,896)         (4,185,198)           OTHER FINANCING SOURCES (USES)           Transfers In         -         -         -         6,291,000         1,014,907         7,305,907         7,305,907           Transfers Out         (2,056,507)         -         (2,056,507)         -         -         -         -         (2,056,507)           Total Other Financing Sources (Uses)         (2,056,507)         -         (2,056,507)         6,291,000         1,014,907         7,305,907         5,249,400           Net Change in Fund Balances         705,059         336,132         1,041,191         22,000         1,011         23,011         1,0   | General Government  | 39,819        | 46,190          | 86,009      |                    | -           | -           | -           | 86,009                  |   |
| Principal<br>Interest and Other Charges         -         -         -         -         5,200,000<br>1,072,000         4,820,000<br>495,650         10,020,000<br>1,567,650         10,020,000<br>1,567,650           Total Expenditures         39,819         150,468         190,287         6,272,000         5,315,650         11,587,650         11,777,937           Revenues over (under) Expenditures         2,761,566         336,132         3,097,698         (6,269,000)         (1,013,896)         (7,282,896)         (4,185,198)           OTHER FINANCING SOURCES (USES)           Transfers In         -         -         -         6,291,000         1,014,907         7,305,907         7,305,907           Transfers Out         (2,056,507)         -         (2,056,507)         -         -         -         -         (2,056,507)           Total Other Financing Sources (Uses)         (2,056,507)         -         (2,056,507)         6,291,000         1,014,907         7,305,907         5,249,400           Net Change in Fund Balances         705,059         336,132         1,041,191         22,000         1,011         23,011         1,064,202           Fund Balances - Beginning of Year         69,591,292         6,399,213         75,990,505         676,000         84,820         760,820   | Health and Human Services   | -             | 104,278         | 104,278     |                    | -           | -           | -           | 104,278                 |   |
| Interest and Other Charges         -         -         -         1,072,000         495,650         1,567,650         1,567,650           Total Expenditures         39,819         150,468         190,287         6,272,000         5,315,650         11,587,650         11,777,937           Revenues over (under) Expenditures         2,761,566         336,132         3,097,698         (6,269,000)         (1,013,896)         (7,282,896)         (4,185,198)           OTHER FINANCING SOURCES (USES)           Transfers In         -         -         -         6,291,000         1,014,907         7,305,907         7,305,907           Transfers Out         (2,056,507)         -         (2,056,507)         -         -         -         -         (2,056,507)           Total Other Financing Sources (Uses)         (2,056,507)         -         (2,056,507)         6,291,000         1,014,907         7,305,907         5,249,400           Net Change in Fund Balances         705,059         336,132         1,041,191         22,000         1,011         23,011         1,064,202           Fund Balances - Beginning of Year         69,591,292         6,399,213         75,990,505         676,000         84,820         760,820         76,751,325   | Debt Service:   |               |                 |             |                    |             |             |             |                         |   |
| Total Expenditures 39,819 150,468 190,287 6,272,000 5,315,650 11,587,650 11,777,937  Revenues over (under) Expenditures 2,761,566 336,132 3,097,698 (6,269,000) (1,013,896) (7,282,896) (4,185,198)  OTHER FINANCING SOURCES (USES)  Transfers In 6,291,000 1,014,907 7,305,907 7,305,907  Transfers Out (2,056,507) - (2,056,507) (2,056,507)  Total Other Financing Sources (Uses) (2,056,507) - (2,056,507) 6,291,000 1,014,907 7,305,907 5,249,400  Net Change in Fund Balances 705,059 336,132 1,041,191 22,000 1,011 23,011 1,064,202  Fund Balances - Beginning of Year 69,591,292 6,399,213 75,990,505 676,000 84,820 760,820 76,751,325   | Principal   | -             | -               | -           |                    | 5,200,000   | 4,820,000   | 10,020,000  | 10,020,000              |   |
| Revenues over (under) Expenditures 2,761,566 336,132 3,097,698 (6,269,000) (1,013,896) (7,282,896) (4,185,198)  OTHER FINANCING SOURCES (USES)  Transfers In 6,291,000 1,014,907 7,305,907 7,305,907  Transfers Out (2,056,507) - (2,056,507) (2,056,507)  Total Other Financing Sources (Uses) (2,056,507) - (2,056,507) 6,291,000 1,014,907 7,305,907 5,249,400  Net Change in Fund Balances 705,059 336,132 1,041,191 22,000 1,011 23,011 1,064,202  Fund Balances - Beginning of Year 69,591,292 6,399,213 75,990,505 676,000 84,820 760,820 76,751,325  | Interest and Other Charges  | -             | -               | -           |                    | 1,072,000   | 495,650     | 1,567,650   | 1,567,650               |   |
| OTHER FINANCING SOURCES (USES)           Transfers In         -         -         6,291,000         1,014,907         7,305,907         7,305,907           Transfers Out         (2,056,507)         -         (2,056,507)         -         -         -         (2,056,507)           Total Other Financing Sources (Uses)         (2,056,507)         -         (2,056,507)         6,291,000         1,014,907         7,305,907         5,249,400           Net Change in Fund Balances         705,059         336,132         1,041,191         22,000         1,011         23,011         1,064,202           Fund Balances - Beginning of Year         69,591,292         6,399,213         75,990,505         676,000         84,820         760,820         76,751,325   | Total Expenditures  | 39,819        | 150,468         | 190,287     | _                  | 6,272,000   | 5,315,650   | 11,587,650  | 11,777,937              |   |
| Transfers In Transfers Out         -         -         -         -         6,291,000         1,014,907         7,305,907         7,305,907           Total Other Financing Sources (Uses)         (2,056,507)         -         (2,056,507)         -         -         -         -         -         -         (2,056,507)           Net Change in Fund Balances         705,059         336,132         1,041,191         22,000         1,011         23,011         1,064,202           Fund Balances - Beginning of Year         69,591,292         6,399,213         75,990,505         676,000         84,820         760,820         76,751,325  | Revenues over (under) Expenditures  | 2,761,566     | 336,132         | 3,097,698   | _                  | (6,269,000) | (1,013,896) | (7,282,896) | <br>(4,185,198)         |   |
| Transfers In Transfers Out         -         -         -         -         6,291,000         1,014,907         7,305,907         7,305,907           Total Other Financing Sources (Uses)         (2,056,507)         -         (2,056,507)         -         -         -         -         -         -         (2,056,507)           Net Change in Fund Balances         705,059         336,132         1,041,191         22,000         1,011         23,011         1,064,202           Fund Balances - Beginning of Year         69,591,292         6,399,213         75,990,505         676,000         84,820         760,820         76,751,325  |   |               |                 |             |                    |             |             |             |                         |   |
| Transfers Out         (2,056,507)         -         (2,056,507)         -         -         -         -         (2,056,507)           Total Other Financing Sources (Uses)         (2,056,507)         -         (2,056,507)         6,291,000         1,014,907         7,305,907         5,249,400           Net Change in Fund Balances         705,059         336,132         1,041,191         22,000         1,011         23,011         1,064,202           Fund Balances - Beginning of Year         69,591,292         6,399,213         75,990,505         676,000         84,820         760,820         76,751,325   |   |               |                 |             |                    |             |             |             |                         |   |
| Total Other Financing Sources (Uses)         (2,056,507)         -         (2,056,507)         6,291,000         1,014,907         7,305,907         5,249,400           Net Change in Fund Balances         705,059         336,132         1,041,191         22,000         1,011         23,011         1,064,202           Fund Balances - Beginning of Year         69,591,292         6,399,213         75,990,505         676,000         84,820         760,820         76,751,325   |   | -             | -               | -           |                    | 6,291,000   | 1,014,907   | 7,305,907   |                         |   |
| Net Change in Fund Balances         705,059         336,132         1,041,191         22,000         1,011         23,011         1,064,202           Fund Balances - Beginning of Year         69,591,292         6,399,213         75,990,505         676,000         84,820         760,820         76,751,325  | Transfers Out   | (2,056,507)   | -               | (2,056,507) |                    | -           | -           | -           | (2,056,507)             |   |
| Fund Balances - Beginning of Year 69,591,292 6,399,213 75,990,505 676,000 84,820 760,820 76,751,325  | Total Other Financing Sources (Uses)  | (2,056,507)   | -               | (2,056,507) | =                  | 6,291,000   | 1,014,907   | 7,305,907   | 5,249,400               |   |
|  | Net Change in Fund Balances   | 705,059       | 336,132         | 1,041,191   |                    | 22,000      | 1,011       | 23,011      | 1,064,202               |   |
| Fund Balances - End of Year \$ 70,296,351 \$ 6,735,345 \$ 77,031,696 \$ 698,000 \$ 85,831 \$ 783,831 \$ 77,815,527   | Fund Balances - Beginning of Year   |               |                 | 75,990,505  |                    |             |             | 760,820     | 76,751,325              |   |
|  | Fund Balances - End of Year   | \$ 70,296,351 | \$ 6,735,345 \$ | 77,031,696  | \$                 | 698,000 \$  | 85,831 \$   | 783,831     | \$<br>77,815,527        |   |



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# Nonmajor Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the State is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the State has decided that periodic determination of net income is appropriate for accountability purposes.

#### **BANK OF NORTH DAKOTA**

#### 907 - School Construction Assistance Revolving Loan Fund

Fund used to provide low-interest school construction loans.

#### 934 – Infrastructure Revolving Loan Fund

Fund used to provide loans to political subdivisions for essential infrastructure projects.

#### 954 - Addiction Counselor Internship Loan Program

Fund used to provide loans to qualified individuals participating in a paid or unpaid internship at a licensed substance abuse treatment facility in North Dakota in order to obtain licensure as an addiction counselor.

#### 984 - Medical Facility Infrastructure Loan Program

Fund used to make loans to medical facilities to conduct construction that improves the health care infrastructure in the state or improves access to existing nonprofit health care providers in the state.

#### 985 - Rebuilders Loan Program

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

#### **BEGINNING FARMER REVOLVING LOAN**

#### 973 - Beginning Farmer Revolving Loan Fund

Fund used to make loans to North Dakota beginning farmers for the purchase of agricultural real estate.

#### **BONDING**

#### 210 (924) - State Bonding Fund

Fund used to maintain the bonding of public employees and officials of the state, county, city or other unit of local government.

#### **COMMUNITY WATER FACILITY LOAN**

#### 974 - Community Water Facility Loan Fund

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

#### **FIRE AND TORNADO**

#### 211 (923) - State Fire and Tornado Fund

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

#### **GUARANTEED STUDENT LOAN**

#### 969 - North Dakota Guaranteed Student Loan

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

#### HIT PLANNING LOAN FUND

#### 987 - HIT Planning Loan Fund

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

#### INFORMATION TECHNOLOGY DEPARTMENT

#### 408 (903) - Edutech Fund

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

#### 476 (908) – SW Interoperable Radio Network Fund

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

#### MILL AND ELEVATOR

#### 970 - Mill and Elevator

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

# PERS UNIFORM GROUP INSURANCE

#### 980 - Public Employees Retirement System Group Insurance

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

#### **ROUGHRIDER 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.

#### Combining Statement of Net Position Nonmajor Enterprise Funds June 30, 2019

|   | Addictio<br>Counsel<br>Internsh<br>Loan | or   | Beginning<br>Farmer<br>Revolving<br>Loan | Bonding                 | Community<br>Water<br>Facility<br>Loan | Edutech          | Fire<br>and<br>Tornado  | Guaranteed<br>Student Loan | HIT Planning<br>Loan Fund | Infrastructure<br>Revolving<br>Loan Fund |
|---|---|------|--|-------------------------|--|------------------|-------------------------|----------------------------|---------------------------|--|
| ASSETS  |   |      |  |                         |  |                  |                         |                            |                           |  |
| Current Assets:   |   |      |  |                         |  |                  |                         |                            |                           |  |
| Cash Deposits at the Bank of ND<br>Cash and Cash Equivalents        | \$ 79,                                  | 910  | \$ 5,548,000                             | \$ 136,008<br>1,621,474 | \$ 14,005,000                          | \$ 1,038,844     | \$ 243,813<br>2,270,428 | \$ 42,124,746              | \$ -                      | \$ 5,573,000                             |
| Investments at the Bank of ND                                       | -                                       |      | -  | -                       | -                                      | -                | -                       | -                          | -                         | -  |
| Investments   | -                                       |      | -  | 1,968,177               | -                                      | -                | 20,414,695              | -                          | -                         | -  |
| Accounts Receivable - Net<br>Interest Receivable - Net              | -<br>1.                                 | 081  | -  | 134,891<br>28,111       | 275,000                                | 55,980<br>-      | 16,359<br>146,703       | -                          | 3,399                     | -<br>761,000                             |
| Intergovernmental Receivable - Net                                  | -                                       |      | -  | -                       | -                                      | -                | -                       | -                          | -                         | -  |
| Due from Other Funds  | -                                       |      | -  | -                       | -                                      | 12,000           | 204.045                 | 773,515                    | -                         | -  |
| Prepaid Items<br>Inventory  | -                                       |      | 2,449,000                                | -                       | -                                      | -                | 304,945                 | -                          | -                         | -  |
| Loans and Notes Receivable - Net                                    | 9,                                      | 978  | -  | -                       | 744,000                                | -                | -                       | -                          | 1,205,166                 | 4,449,000                                |
| Other Assets Restricted Cash at the Bank of ND                      | -                                       |      | -  | -                       | -                                      | -                | -                       | -<br>131,595               | -<br>4 717 222            | -  |
| Restricted Cash and Cash Equivalents                                | -                                       |      | -  | -                       | -                                      | -                | -                       | -                          | 4,717,323                 | -  |
| Restricted Investments at the Bank of ND                            | -                                       |      | -  | -                       | -                                      | -                | -                       | -                          | -                         | -  |
| Restricted Loans Receivable - Net Total Current Assets              |   | 969  | 7,997,000                                | 3,888,661               | 15,024,000                             | 1,106,824        | 23,396,943              | 43,029,856                 | 5,925,888                 | 10,783,000                               |
| Total Cullent Assets  |   | 303  | 7,997,000                                | 3,000,001               | 13,024,000                             | 1,100,024        | 23,330,343              | 43,029,030                 | 3,923,000                 | 10,763,000                               |
| Noncurrent Assets:  |   |      |  |                         |  |                  |                         |                            |                           |  |
| Loans and Notes Receivable - Net Other Noncurrent Assets            | 100,                                    | 482  | 3,912,000                                | -                       | 20,314,000                             |                  | -                       | -                          | 3,386,324                 | 80,111,000                               |
| Capital Assets:   |   |      | 3,312,000                                |                         |  |                  |                         |                            |                           |  |
| Nondepreciable  | -                                       |      | -  | -                       | -                                      | -                | -                       | -                          | -                         | -  |
| Depreciable, Net Total Noncurrent Assets                            | 100,                                    | 482  | 3,912,000                                |                         | 20,314,000                             | 33,428<br>33,428 | -                       |                            | 3,386,324                 | 80,111,000                               |
|   |   | .02  |  |                         | 20,011,000                             | 00,120           |                         |                            | 0,000,021                 | 50,111,000                               |
| Total Assets  | 191,                                    | 451  | 11,909,000                               | 3,888,661               | 35,338,000                             | 1,140,252        | 23,396,943              | 43,029,856                 | 9,312,212                 | 90,894,000                               |
| DEFERRED OUTFLOWS OF RESOURCES                                      |   |      |  |                         |  |                  |                         |                            |                           |  |
| Derived from Pensions   | -                                       |      | -  | 11,566                  | -                                      | -                | 274,243                 | -                          | -                         | -  |
| Derived from OPEB   | -                                       |      | -  | 359                     | -                                      | -                | 9,517                   | -                          | -                         | -  |
| Total Deferred Outflows of Resources                                |   |      |  | 11,925                  |  |                  | 283,760                 | _                          |                           |  |
|   |   |      |  | ,                       |  |                  |                         |                            |                           |  |
| LIABILITIES Current Liabilities:                                    |   |      |  |                         |  |                  |                         |                            |                           |  |
| Accounts Payable  | -                                       |      | _  | 131                     | _                                      | 2,106            | 57,879                  | -                          | 6,251                     | -  |
| Accrued Payroll   | -                                       |      | -  | 4,643                   | -                                      | -                | 61,887                  | -                          | -                         | -  |
| Securities Lending Collateral Interest Payable                      | -                                       |      | -  | 8,340<br>1,195          | -                                      | -                | 70,368<br>8,163         | -                          | -                         | -  |
| Intergovernmental Payable   | -                                       |      | -  | 1,193                   | -                                      | -                | 7,062                   | 4,487,595                  | -                         | -  |
| Due to Other Funds  | -                                       |      | -  | 17                      | 27,000                                 | 1,252            | -                       | 728,338                    | -                         | 97,000                                   |
| Amounts Held in Custody for Others<br>Claims/Judgments Payable      | -                                       |      | -  | 144,209                 | -                                      | -                | -<br>677,834            | -                          | -                         | -  |
| Compensated Absences Payable  |   |      | -  | 18                      | -                                      | -                | 1,115                   | -                          | -                         | -  |
| Bonds Payable   | -                                       |      | -  | -                       | -                                      | -                | -                       | -                          | -                         | -  |
| Unearned Revenue Other Current Liabilities                          | -                                       |      | -  | -                       | -                                      |                  | 112.936                 | -                          | -                         | -  |
| Total Current Liabilities   |   |      | -  | 158,553                 | 27,000                                 | 3,358            | 997,244                 | 5,215,933                  | 6,251                     | 97,000                                   |
|   |   |      |  |                         |  |                  |                         |                            |                           |  |
| Noncurrent Liabilities: Compensated Absences Payable                |   |      |  | 341                     |  | _                | 21,191                  | -                          | _                         | -  |
| Bonds Payable   | -                                       |      | -  | -                       | -                                      | -                | -                       | -                          | -                         | -  |
| Net Pension Liability Net Pension OPEB                              | -                                       |      | -  | 25,521                  | -                                      | -                | 609,339                 | -                          | -                         | -  |
| Other Noncurrent Liabilities  | -                                       |      | -  | 312                     | -                                      | -                | 8,166                   | -<br>18,273,765            | -                         | -  |
| Total Noncurrent Liabilities  |   |      | -  | 26,174                  | -                                      | -                | 638,696                 | 18,273,765                 | -                         | -  |
| Total Liabilities   | _                                       |      | _  | 184,727                 | 27,000                                 | 3,358            | 1,635,940               | 23,489,698                 | 6,251                     | 97,000                                   |
|   |   |      |  | .07,121                 | 21,000                                 | 0,000            | .,500,040               | 25,405,000                 | 0,201                     | 51,000                                   |
| DEFERRED INFLOWS OF RESOURCES                                       |   |      |  |                         |  |                  |                         |                            |                           |  |
| Increase in Fair Value of Hedging Derivatives Derived from Pensions | -                                       |      | -  | -<br>1,519              | -                                      | -                | -<br>35,861             | -                          | -                         | -  |
| Derived from OPEB   | -                                       |      | -  | 48                      | -                                      | -                | 1,351                   | -                          | -                         | -  |
| Tatal Deferred Inflavor of Decourage                                |   |      |  | 4 507                   |  |                  | 27.040                  |                            |                           |  |
| Total Deferred Inflows of Resources                                 |   |      | -  | 1,567                   | -                                      | -                | 37,212                  | -                          | -                         | <del>-</del>                             |
| Net Position  |   |      |  |                         |  |                  |                         |                            |                           |  |
| Net Investment in Capital Assets                                    | -                                       |      | -  | -                       | -                                      | -                | -                       | -                          | -                         | -  |
| Restricted for: Debt Service  |   |      | -  |                         | _                                      | _                | _                       | -                          | _                         | -  |
| Unemployment Compensation   | -                                       |      | -  | -                       | -                                      | -                | -                       | -                          | -                         | -  |
| Other<br>Unrestricted   | -<br>191,                               | 151  | 11,909,000                               | -<br>3,714,292          | -<br>35,311,000                        | 1,136,894        | -<br>22,007,551         | -<br>19,540,158            | -<br>9,305,961            | 90,797,000                               |
| Officounoted  |   | 70 I | 11,000,000                               | 5,114,232               | 55,511,000                             | 1,130,034        | 22,001,001              | 10,040,100                 | 3,303,301                 | 30,737,000                               |
| Total Net Position  | \$ 191,                                 | 451  | \$ 11,909,000                            | \$ 3,714,292            | \$ 35,311,000                          | \$ 1,136,894     | \$ 22,007,551           | \$ 19,540,158              | \$ 9,305,961              | \$ 90,797,000                            |

|    | eroperable<br>Radio<br>stwork Fund | Medical<br>Facility<br>Infrastructure<br>Loan Fund | Mill and<br>Elevator            | PERS<br>Uniform<br>Group<br>Insurance | Rebuilders<br>Loan<br>Program | Roughrider<br>Industries     | School<br>Construction<br>Assistance<br>Loan Fund | State<br>Fair         | State<br>Lottery<br>Fund      | Student<br>Loan      | Unemployment<br>Compensation               | Total  |
|----|------------------------------------|--|---------------------------------|---------------------------------------|-------------------------------|------------------------------|---|-----------------------|-------------------------------|----------------------|--|--|
| \$ | -                                  | \$ 5,343,000                                       | \$ 1,754,988<br>-               | \$ 3,602,289<br>2,867,344             | \$ 742,345<br>-               | \$ 10,581,007<br>500         | -   | \$ 5,754,186          | \$ 9,870,335<br>390,040       | \$ -                 | 197,221,988                                | \$ 149,752,740<br>204,371,774                          |
|    | -                                  | -  | -                               | 28,207,330                            | -                             | -                            | -   | 1,000,000             | -                             | -                    | -  | 1,000,000<br>50,590,202                                |
|    | 336,629                            | -  | 39,350,917                      | 248,238                               | -                             | 578,938                      |   | 139,725               | 361,439                       | -                    | 32,390,590                                 | 73,613,706   |
|    | -                                  | 25,000   | -                               | -                                     | 24,653                        | -                            | 791,000   | -                     | -                             | -                    | 1,163,972<br>906,195                       | 3,219,919<br>906,195                                   |
|    | 45,511                             | -  | -                               | -                                     | -                             | 249,521                      | -   | -                     | -                             | 10,000               | -  | 1,090,547  |
|    | -                                  | -  | 1,419,783<br>25,394,997         | -                                     | -                             | 18,868<br>1,974,735          | -   | 52,480                | 12,085                        | -                    | -  | 4,257,161<br>27,369,732                                |
|    | -                                  | 1,812,000  | -                               | -                                     | 1,874,109                     | -                            | 12,591,000  | -                     | -                             | -                    | -  | 22,685,253   |
|    | -                                  | -  | 15,750                          | -                                     | -                             | 2,935                        | -   | -                     | -                             | -                    | -  | 18,685   |
|    | -                                  | -  | -                               | -                                     | -                             | -                            | -   | -                     | -                             | 225,000              | -  | 4,848,918<br>225,000                                   |
|    | -                                  | -  | -                               | -                                     | -                             | -                            | -   | -                     | -                             | 1,000,000            | -  | 1,000,000  |
| _  | 9,237,047                          | 7,180,000  | 67,936,435                      | 34,925,201                            | 2,641,107                     | 13,406,504                   | 47,849,000  | 6,946,391             | 10,633,899                    | 162,000<br>1,397,000 | 231,716,107                                | 162,000<br>545,111,832                                 |
| _  | -,,                                | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,            | 01,000,100                      |                                       | _,_,,,,,,                     | ,,                           | ,,  | 0,0.0,000             | ,                             | .,,                  |  | ,,   |
|    | -                                  | 42,781,000   | -<br>476,558                    | -                                     | 22,056,027                    | -                            | 182,774,000                                       | -                     | -<br>1,430,060                | 816,000              | -  | 352,338,833<br>5,818,618                               |
|    | _                                  | _  | 24,122,965                      | _                                     | _                             | _                            | -   | 620,678               | _                             | _                    | _  | 24,743,643   |
| _  | 70,846                             |  | 85,721,571                      | 393,539                               | -                             | 1,585,764                    | -   | 24,743,405            | 8,367                         | -                    | -  | 112,556,920  |
| _  | 70,846                             | 42,781,000   | 110,321,094                     | 393,539                               | 22,056,027                    | 1,585,764                    | 182,774,000                                       | 25,364,083            | 1,438,427                     | 816,000              | -  | 495,458,014  |
| _  | 9,307,893                          | 49,961,000   | 178,257,529                     | 35,318,740                            | 24,697,134                    | 14,992,268                   | 230,623,000                                       | 32,310,474            | 12,072,326                    | 2,213,000            | 231,716,107                                | 1,040,569,846  |
|    | -                                  | -  | 6,724,416<br>266,283            | -                                     | -                             | 873,233<br>25,996            | -   | 847,530<br>19,496     | 438,127<br>13,339             | -                    | -<br>-                                     | 9,169,115<br>334,990                                   |
|    | -                                  | -  | 6,990,699                       | -                                     | -                             | 899,229                      | -   | 867,026               | 451,466                       | -                    | -  | 9,504,105  |
|    | -<br>-<br>-                        | -<br>-<br>-<br>-                                   | 16,930,064<br>537,584<br>-<br>- | 102,427<br>84,825<br>-<br>-           | 7,262<br>-<br>-<br>-          | 267,142<br>145,625<br>-<br>- | -<br>-<br>-<br>-                                  | 45,022<br>-<br>-<br>- | 1,026,694<br>80,416<br>-<br>- | -<br>-<br>-<br>3,000 | 5,559,224<br>-<br>-<br>-<br>-<br>1,800,540 | 24,004,202<br>914,980<br>78,708<br>12,358<br>6,295,197 |
|    | 14,934<br>-                        | 57,000<br>-  | 52,443,576<br>-                 | 9,779<br>6,052,981                    | 24,488,884                    | 16,504                       | 247,000   | -                     | 8,618,497<br>-                | 21,000               | 46,580                                     | 86,817,361<br>6,052,981                                |
|    | -                                  | -  |                                 | -                                     | -                             | -                            | -   |                       | -                             | -                    | -  | 822,043  |
|    | -                                  | -  | 100,465                         | 5,209                                 | -                             | -                            | -   | 70,000<br>120,000     | -                             | -                    | -  | 176,807<br>120,000                                     |
|    | -                                  | -  | -                               | -                                     | -                             | 9,375                        | -   | -                     | 266,184                       | -                    | -  | 275,559  |
| _  | 14,934                             | 57,000   | 70,011,689                      | 6,255,221                             | 24,496,146                    | 438,646                      | 247,000   | 235,022               | 9,991,791                     | 24,000               | 7,406,344                                  | 112,936<br>125,683,132                                 |
|    | -                                  | -<br>-   | 1,091,292                       | 53,053<br>-                           | -                             | -                            | -   | 34,532<br>1,576,794   | 60,969<br>-                   | -<br>1,000,000       | -<br>-                                     | 1,261,378<br>2,576,794                                 |
|    | -                                  | -  | 14,040,992<br>615,199           | -                                     | -                             | 2,142,082<br>93,854          | -   | 1,670,191<br>77,560   | 1,048,537<br>45,941           | -                    | -  | 19,536,662<br>841,032                                  |
|    | -                                  | -  | -                               | -                                     | -                             | 93,034                       |   | -                     | -                             | -                    | -  | 18,273,765   |
|    | -                                  | -  | 15,747,483                      | 53,053                                | -                             | 2,235,936                    | -   | 3,359,077             | 1,155,447                     | 1,000,000            | -  | 42,489,631   |
|    | 14,934                             | 57,000   | 85,759,172                      | 6,308,274                             | 24,496,146                    | 2,674,582                    | 247,000   | 3,594,099             | 11,147,238                    | 1,024,000            | 7,406,344                                  | 168,172,763  |
|    | -                                  | -  | 15,750                          | -                                     | -                             | -                            | -   | -                     | -                             | -                    | -  | 15,750   |
|    | -                                  | -  | 1,242,649<br>25,946             | -                                     | -                             | 260,984<br>6,160             | -   | 88,566<br>4,879       | 66,609<br>1,938               | -                    | -  | 1,696,188<br>40,322                                    |
|    |                                    |  |                                 |                                       |                               |                              |   |                       | 1,330                         |                      |  |  |
| _  | -                                  | -  | 1,284,345                       | -                                     | -                             | 267,144                      | -   | 93,445                | 68,547                        | -                    | -  | 1,752,260  |
|    | -                                  | -  | 109,844,536                     | 393,539                               | -                             | 1,585,764                    | -   | 23,667,289            | 8,367                         | -                    | -  | 135,499,495  |
|    | -                                  | -  | -                               | -                                     | -                             | -                            | -   | -                     | -                             | 379,000              | -<br>224,309,763                           | 379,000<br>224,309,763                                 |
|    | 9,292,959                          | 49,904,000   | -<br>(11,639,825)               | -<br>28,616,927                       | 200,988                       | -<br>11,364,007              | 230,376,000                                       | -<br>5,822,667        | 1,430,060<br>(130,420)        | -<br>810,000         |  | 1,430,060<br>518,530,610                               |
|    |                                    |  |                                 |                                       |                               |                              |   |                       |                               |                      |  |  |

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

|  | С  | ddiction<br>ounselor<br>iternship<br>Loan | Beginning<br>Farmer<br>Revolving<br>Loan | Bonding      | (  | Community<br>Water<br>Facility<br>Loan | Edutech         | Fire<br>and<br>Tornado | uaranteed<br>udent Loan | Γ Planning<br>oan Fund | R  | astructure<br>evolving<br>pan Fund |
|--|----|---|--|--------------|----|--|-----------------|------------------------|-------------------------|------------------------|----|------------------------------------|
| OPERATING REVENUES                               |    |   |  |              |    |  |                 |                        |                         |                        |    |                                    |
| Sales and Services                               | \$ | -   | \$<br>-                                  | \$ 1,270     | \$ | -                                      | \$<br>238,250   | \$<br>2,439,402        | \$<br>7,111,290         | \$<br>- :              | \$ | -                                  |
| Royalties and Rents                              |    | - 0.400                                   | -  | -            |    | -                                      | -               | -                      | -                       | -                      |    | - 4 450 000                        |
| Interest and Investment Income Miscellaneous     |    | 6,128                                     | -  | -<br>10,119  |    | 653,000                                | -               | -                      | -                       | 59,397                 |    | 1,452,000                          |
| Miscellatieous                                   |    | -   | -  | 10,119       |    | -                                      | -               | -                      | -                       | -                      |    | -                                  |
| Total Operating Revenues                         |    | 6,128                                     | -  | 11,389       |    | 653,000                                | 238,250         | 2,439,402              | 7,111,290               | 59,397                 |    | 1,452,000                          |
| OPERATING EXPENSES                               |    |   |  |              |    |  |                 |                        |                         |                        |    |                                    |
| Cost of Sales and Services                       |    | -   | -  | -            |    | -                                      | -               | -                      | -                       | -                      |    | -                                  |
| Salaries and Benefits                            |    | -   | -  | 23,960       |    | -                                      | -               | 355,420                | -                       | -                      |    | -                                  |
| Operating  |    | 5,700                                     | 2,283,000                                | 3,799        |    | 115,000                                | 89,953          | 457,616                | 7,579,087               | 27,276                 |    | 612,000                            |
| Claims   |    | -   | -  | 38,535       |    | -                                      | -               | 2,039,364              | -                       | -                      |    | -                                  |
| Interest   |    | -   | -  | -            |    | -                                      | -               | -                      | -                       | -                      |    | -                                  |
| Depreciation                                     |    | -   | -  | -            |    | -                                      | 50,923          | -                      | -                       | -                      |    | -                                  |
| Miscellaneous                                    |    | -   | 6,000                                    | 3,180        |    | -                                      | -               | 29,523                 | -                       | -                      |    | -                                  |
| Total Operating Expenses                         |    | 5,700                                     | 2,289,000                                | 69,474       |    | 115,000                                | 140,876         | 2,881,923              | 7,579,087               | 27,276                 |    | 612,000                            |
| Operating Income (Loss)                          |    | 428                                       | (2,289,000)                              | (58,085      | )  | 538,000                                | 97,374          | (442,521)              | (467,797)               | 32,121                 |    | 840,000                            |
| NONOPERATING REVENUES (EXPENSES)                 |    |   |  |              |    |  |                 |                        |                         |                        |    |                                    |
| Grants and Contracts                             |    | -   | -  | -            |    | -                                      | -               | -                      | -                       | -                      |    | -                                  |
| Interest and Investment Income                   |    | 117                                       | 5,000                                    | 202,386      |    | 14,000                                 | -               | 1,405,852              | 50,948                  | -                      |    | 19,000                             |
| Interest Expense                                 |    | -   | -  | (3,563       | )  | -                                      | -               | (38,158)               | -                       | -                      |    | -                                  |
| Other  |    | -   | -  | -            |    | -                                      | -               | -                      | -                       | -                      |    | -                                  |
| Total Nonoperating Revenues (Expenses)           |    | 117                                       | 5,000                                    | 198,823      |    | 14,000                                 | -               | 1,367,694              | 50,948                  | -                      |    | 19,000                             |
| Income (Loss) Before Contributions and Transfers | _  | 545                                       | (2,284,000)                              | 140,738      |    | 552,000                                | 97,374          | 925,173                | (416,849)               | 32,121                 |    | 859,000                            |
| Transfers In                                     |    | -   | 2,750,000                                | -            |    | -                                      | -               | -                      | -                       | -                      |    | 24,000,000                         |
| Transfer Out                                     |    | -   | -  | -            |    | -                                      | -               | -                      | -                       | -                      |    | -                                  |
| Change in Net Position                           |    | 545                                       | 466,000                                  | 140,738      |    | 552,000                                | 97,374          | 925,173                | (416,849)               | 32,121                 |    | 24,859,000                         |
| Total Net Position - Beginning of Year           | _  | 190,906                                   | 11,443,000                               | 3,573,554    |    | 34,759,000                             | 1,039,520       | 21,082,378             | 19,957,007              | 9,273,840              |    | 65,938,000                         |
| Total Net Position - End of Year                 | \$ | 191,451                                   | \$<br>11,909,000                         | \$ 3,714,292 | \$ | 35,311,000                             | \$<br>1,136,894 | \$<br>22,007,551       | \$<br>19,540,158        | \$<br>9,305,961        | \$ | 90,797,000                         |

|    | nteroperable<br>Radio<br>etwork Fund | Medical<br>Facility<br>Infrastructure<br>Loan Fund | Mill and<br>Elevator           | PERS<br>Uniform<br>Group<br>Insurance | Rebuilders<br>Loan<br>Program | Roughrider<br>Industries | School<br>Construction<br>Assistance<br>Loan Fund | State<br>Fair                            | State<br>Lottery<br>Fund     | Student<br>Loan       | Unemployment<br>Compensation | Total  |
|----|--------------------------------------|--|--------------------------------|---------------------------------------|-------------------------------|--------------------------|---|--|------------------------------|-----------------------|------------------------------|--|
| \$ | 5,183,547<br>-<br>-                  | \$ -<br>-<br>458,000                               | \$ 245,597,327                 | \$ 332,091,694<br>-<br>-              | \$ -<br>-<br>277,825          | \$ 7,281,329<br>174,763  | \$ -<br>3,015,000                                 | \$ 6,944,615 \$<br>-                     | 35,511,058                   | \$ -<br>-<br>70,000   | \$ 114,657,558<br>-<br>-     | \$ 757,057,340<br>174,763<br>5,991,350           |
|    | -                                    | -  | -                              | 6,094                                 | -                             | 82,310                   | -   | -  | -                            | -                     | -                            | 98,523   |
| =  | 5,183,547                            | 458,000  | 245,597,327                    | 332,097,788                           | 277,825                       | 7,538,402                | 3,015,000   | 6,944,615                                | 35,511,058                   | 70,000                | 114,657,558                  | 763,321,976                                      |
|    | -                                    | -  | 200,567,398                    | -                                     | -                             | 3,763,747                | -   | -  | -                            | -<br>-                | -                            | 204,331,145<br>25,669,490                        |
|    | 26,629<br>297,413<br>-               | 240,000  | 19,088,505<br>7,987,181<br>-   | 976,168<br>338,706,818<br>-           | 91,595<br>-                   | 2,164,281<br>773,084     | 1,436,000<br>-                                    | 1,947,148<br>5,097,401<br>-              | 1,087,379<br>25,085,244<br>- | 38,000                | -<br>-<br>84,205,911         | 390,926,167<br>86,283,810                        |
|    | 23,156<br>-                          | -<br>-<br>-  | 5,644,673<br>-                 | -<br>294,577<br>2,163                 | -<br>-<br>-                   | -<br>192,870<br>-        | -<br>-<br>-                                       | -<br>1,654,700<br>-                      | -<br>2,063<br>-              | 31,000<br>-<br>-      | -<br>-<br>-                  | 31,000<br>7,862,962<br>40,866                    |
|    | 347,198                              | 240,000  | 233,287,757                    | 339,979,726                           | 91,595                        | 6,893,982                | 1,436,000   | 8,699,249                                | 26,174,686                   | 69,000                | 84,205,911                   | 715,145,440                                      |
| _  | 4,836,349                            | 218,000  | 12,309,570                     | (7,881,938)                           | 186,230                       | 644,420                  | 1,579,000   | (1,754,634)                              | 9,336,372                    | 1,000                 | 30,451,647                   | 48,176,536                                       |
|    | -<br>12,364<br>-<br>-                | -<br>8,000<br>-<br>-                               | 9,246<br>(1,753,116)<br>56,511 | 1,519,418<br>-<br>(325,000)           | -<br>421<br>(201,011)<br>-    | -<br>-<br>-<br>-         | -<br>69,000<br>-<br>-                             | 801,525<br>12,954<br>(57,200)<br>(4,240) | -<br>12,952<br>-<br>-        | -<br>14,000<br>-<br>- | -<br>4,442,751<br>-<br>-     | 801,525<br>7,798,409<br>(2,053,048)<br>(272,729) |
| _  | 12,364                               | 8,000  | (1,687,359)                    | 1,194,418                             | (200,590)                     | -                        | 69,000  | 753,039                                  | 12,952                       | 14,000                | 4,442,751                    | 6,274,157  |
| _  | 4,848,713                            | 226,000  | 10,622,211                     | (6,687,520)                           | (14,360)                      | 644,420                  | 1,648,000   | (1,001,595)                              | 9,349,324                    | 15,000                | 34,894,398                   | 54,450,693                                       |
|    | -                                    |  | -<br>(8,140,828)               | -                                     | -                             | -                        | -   | 257,832<br>-                             | -<br>(9,342,500)             | 296,000               | -                            | 27,303,832<br>(17,483,328)                       |
|    | 4,848,713                            | 226,000  | 2,481,383                      | (6,687,520)                           | (14,360)                      | 644,420                  | 1,648,000   | (743,763)                                | 6,824                        | 311,000               | 34,894,398                   | 64,271,197                                       |
| _  | 4,444,246                            | 49,678,000   | 95,723,328                     | 35,697,986                            | 215,348                       | 12,305,351               | 228,728,000                                       | 30,233,719                               | 1,301,183                    | 878,000               | 189,415,365                  | 815,877,731                                      |
| \$ | 9,292,959                            | \$ 49,904,000                                      | \$ 98,204,711                  | \$ 29,010,466                         | \$ 200,988                    | \$ 12,949,771            | \$ 230,376,000                                    | \$ 29,489,956 \$                         | 1,308,007                    | \$ 1,189,000          | \$ 224,309,763               | \$ 880,148,928                                   |

#### Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Fiscal Year Ended June 30, 2019

| Persistant Customers and Users   \$   \$   \$   \$   \$   \$   \$   \$   \$  | Cook Flows from Operating Activities                                    | Addiction<br>Counselor<br>Internship<br>Loan Program | R      | eginning<br>Farmer<br>evolving<br>Loan  | Bonding         | Community<br>Water<br>Facility<br>Loan | Edutech   | Fire<br>and<br>Tornado | Guaranteed<br>Student<br>Loan | HIT Planning<br>Loan Fund | Infrastructure<br>Revolving<br>Loan Fund |
|--|---|--|--------|---|-----------------|--|-----------|------------------------|-------------------------------|---------------------------|--|
| Part      | Cash Flows from Operating Activities:                                   |  |        |   |                 |  |           |                        |                               |                           |  |
| Receipts from Lose Principal Respursents   1   |   | \$ -   | \$     | -                                       | \$ 46,387 \$    | - \$                                   | 224,521   | \$ 2,423,043           | 6,574,700                     |                           | \$ -                                     |
| Payments of Chemical Payment   |   | -  |        | -                                       | -               | -                                      | -         | -                      | 671,812                       |                           | -  |
| Payments for Loan Funds  | Receipts from Others  | -  |        | -                                       | -               | -                                      | -         | -                      | -                             |                           | -  |
| Payments to Suppliers   Captal Payments of Employees   Capta   |   | -  |        | -                                       |                 | -                                      | -         | (2,431)                |                               |                           | -  |
| Payments to Chinary Symmats   Chinary Chinar   |   | -  | C      | 2.908.000)                              | =               | (116.000)                              | (99.917)  | (463.309)              |                               |                           | -  |
| Column   C   | Payments to Employees   | -  | (-     | -                                       |                 | -                                      | -         |                        | -                             | -                         | -  |
| Net Cash Provided by (Used for) Ciperating Activities  |   | -  | .0)    | - (0.000)                               | -               | -                                      |           |                        | -                             | -                         | -  |
| Proceed from Noncapital Financing Activities:  |   | (5,70  | 10)    | (6,000)                                 | -               | -                                      |           | -                      | -                             | -                         | (336,000)                                |
| Process from Sale of Notes and Other Borrowings  |   |  | 10) (  | 0.044.000\                              | 47.050          | (440,000)                              | 404 004   | (4.004.200)            | (2.402.000)                   | 404.070                   | (220,000)                                |
| Processed from Sale of Notes and Other Borrowings Principal Payments Notices and Other Borrowings Interest Payments Notices and Notice Part Notices Interest Payments Notices and Notices Notices Interest Payments Notices of Notices Notices Interest Notic |   | (5,70  | 10) (2 | 2,914,000)                              | 17,000          | (116,000)                              | 124,004   | (1,021,328)            | (3,192,890)                   | 481,078                   | (336,000)                                |
| Principal Payments - Notes and Other Borrowings  | Cash Flows from Noncapital Financing Activities:                        |  |        |   |                 |  |           |                        |                               |                           |  |
| Interest Payments - Notes and Other Borrowings   1   |   | -  |        | -                                       | -               | -                                      | -         | -                      | -                             | -                         | -  |
| Transfers   Payments - Notes and Other Borrowings   1,750,000   1,00   |   |  |        | -                                       | -               |  | -         |                        |                               |                           | -  |
| Principal Payments on Due To Other Funds   |   | -  |        | -                                       | -               | -                                      | -         | -                      | -                             | -                         | -  |
| Principal Payments on Due To Other Funds   1   |   | -  | - 2    | 2,750,000                               | -               | -                                      | -         | -                      | -                             | -                         | 24,000,000                               |
| Net Cash Provided by (Used for) Noncapital Financing Activities  |   | -  |        | -                                       | -               | -                                      | -         | -                      | -                             | -                         | -  |
| Cash Flows from Capital and Related Financing Activities:   Acquisition and Construction of Capital Assets   |   | -  |        | -                                       | -               | -                                      | -         | -                      | -                             | -                         | -  |
| Cash Flows from Capital and Related Financing Activities:   Acquisition and Construction of Capital Assets   | Net Cash Provided by (Used for) Noncapital Financing Activities         |  |        | 2.750.000                               |                 |  |           |                        | -                             |                           | 24.000.000                               |
| Acquisition and Construction of Capital Assets Principal Payments - Bonds Interest Payments - Bonds Interest Payments - Bonds Net Cash Provided by (Used for) Capital and Related Financing Activities  Proceeds from Investing Activities  Proceeds from Sale and Maturilies of Investment Securities Interest Payments - Bonds Interest Payments Interest  |   |  |        | , |                 |  |           |                        |                               |                           | ,,                                       |
| Principal Payments - Bonds   |   |  |        |   |                 |  |           |                        |                               |                           |  |
| Payment of Bond Issue Costs  |   |  |        | -                                       | -               |  | -         |                        |                               |                           | -  |
| Net Cash Provided by (Used for) Capital and Related Financing Activities   |   | -  |        | -                                       | -               | -                                      | -         | -                      | -                             | -                         | -  |
| Proceeds from Sale and Maturities of Investment Securities   Proceeds from Sale and Maturities of Investments   Proceeds from Sale and Maturities of Investments   Proceeds from Sale and Notes Meet   Proceeds from Sale and Notes Receivable      | Payment of Bond Issue Costs   | -  |        | -                                       | -               | -                                      |           | -                      | -                             |                           | -  |
| Proceeds from Sale and Maturities of Investment Securities Purchase of Investments Pur | Net Cash Provided by (Used for) Capital and Related Financing Activitie | -  |        | -                                       | -               | -                                      | -         | -                      | -                             | -                         | -  |
| Purchase of Investment Securities  | Cash Flows from Investing Activities:                                   |  |        |   |                 |  |           |                        |                               |                           |  |
| Net Increase In Investments Interest and Dividends on Interest | Proceeds from Sale and Maturities of Investment Securities              | _  |        | -                                       | _               | _                                      | _         | -                      | _                             | -                         | _  |
| Interest and Dividends on Investments  |   | -  |        |   | (185,793)       | -                                      | -         | (19,143)               | -                             | -                         | -  |
| Disbursements for Loans and Loan Purchases Receipt of Loan Principal Repayments Proceeds from Collection of Loans and Notes Receivable Loan Income Received Loan Principal Repayments Proceeds from Collection of Loans and Notes Receivable Loan Income Received Loan Principal Repayments Proceeds from Collection of Loans and Notes Receivable Loan Income Received Loan Principal Repayments Received Loan Income R |   | -  | 7      |   | -<br>275 120    | 14.000                                 | -         | 1 643 050              | -<br>50.049                   | -                         | 10,000                                   |
| Receipt of Loan Principal Repayments   |   |  |        |   | -               | -                                      | -         | 1,043,939              | -                             | -                         |  |
| Loan Income Received         4,877         -         659,000         -         -         -         -         1,242,000           Net Cash Provided by (Used for) Investing Activities         18,417         5,000         89,345         1,493,000         -         1,624,816         50,948         -         (29,294,000)           Net Change in Cash           Net Increase (Decrease) in Cash and Cash Equivalents         12,717         (159,000)         107,001         1,377,000         124,604         3,488         (3,141,942)         481,078         (5,630,000)           Cash and Cash Equivalents at June 30, 2018         67,193         5,707,000         1,650,481         12,628,000         914,240         2,510,753         45,398,283         4,236,245         11,203,000           Cash and Cash Equivalents at June 30, 2019         \$ 79,910         \$,548,000         \$,1757,482         \$14,005,000         \$1,038,844         \$2,514,241         \$42,256,341         4,717,323         \$5,573,000           Reconciliation:           Cash and Cash Equivalents         79,910         \$,548,000         136,008         14,005,000         1,038,844         \$243,813         42,124,746         -         5,573,000           Cash and Cash Equivalents         79,910         \$,5  | Receipt of Loan Principal Repayments                                    | -  |        | -                                       | -               | 820,000                                | -         | -                      | -                             | -                         | -  |
| Net Cash Provided by (Used for) Investing Activities         18,417         5,000         89,345         1,493,000         - 1,624,816         50,948         - (29,294,000)           Net Change in Cash:           Net Increase (Decrease) in Cash and Cash Equivalents         12,717         (159,000)         107,001         1,377,000         124,604         3,488         (3,141,942)         481,078         (5,630,000)           Cash and Cash Equivalents at June 30, 2018         67,193         5,707,000         1,650,481         12,628,000         914,240         2,510,753         45,398,283         4,236,245         11,203,000           Reconciliation:         79,910         5,548,000         1,757,482         14,005,000         1,038,844         243,813         42,124,746         -         5,573,000           Cash Deposits at the Bank of North Dakota         79,910         5,548,000         136,008         14,005,000         1,038,844         243,813         42,124,746         -         5,573,000           Cash and Cash Equivalents           Cash Deposits at the Bank of North Dakota         79,910         5,548,000         136,008         14,005,000         1,038,844         243,813         42,124,746         -         5,573,000           Cash and Cash Equivalents         1         1 <td></td> <td></td> <td></td> <td>-</td> <td>-</td> <td>650,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td></td>  |   |  |        | -                                       | -               | 650,000                                | -         | -                      | -                             | -                         |  |
| Net Change in Cash :  Net Increase (Decrease) in Cash and Cash Equivalents  12,717 (159,000) 107,001 1,377,000 124,604 3,488 (3,141,942) 481,078 (5,630,000)  Cash and Cash Equivalents at June 30, 2018 67,193 5,707,000 1,650,481 12,628,000 914,240 2,510,753 45,398,283 4,236,245 11,203,000  Cash and Cash Equivalents at June 30, 2019 \$ 79,910 \$ 5,548,000 \$ 1,757,482 \$ 14,005,000 \$ 1,038,844 \$ 2,514,241 \$ 42,256,341 \$ 4,717,323 \$ 5,573,000  Reconciliation:  Cash Deposits at the Bank of North Dakota 79,910 5,548,000 136,008 14,005,000 1,038,844 243,813 42,124,746 - 5,573,000 Cash and Cash Equivalents  Restricted Cash Deposits at the Bank of North Dakota - 1,621,474 2,270,428 131,595 4,717,323  |   |  |        | -                                       |                 |  |           | 1 001 010              | -                             |                           |  |
| Net Increase (Decrease) in Cash and Cash Equivalents 12,717 (159,000) 107,001 1,377,000 124,604 3,488 (3,141,942) 481,078 (5,630,000)  Cash and Cash Equivalents at June 30, 2018 67,193 5,707,000 1,650,481 12,628,000 914,240 2,510,753 45,398,283 4,236,245 11,203,000  Cash and Cash Equivalents at June 30, 2019 79,910 5,548,000 1,757,482 14,005,000 1,038,844 2,514,241 42,563,41 47,173,23 5,573,000  Reconciliation:  Cash Deposits at the Bank of North Dakota 79,910 5,548,000 136,008 14,005,000 1,038,844 243,813 42,124,746 - 5,573,000 Cash and Cash Equivalents 1   | Net Cash Provided by (Osed for) Investing Activities                    | 18,4   | 1      | 5,000                                   | 89,345          | 1,493,000                              |           | 1,024,810              | 50,948                        | -                         | (29,294,000)                             |
| Cash and Cash Equivalents at June 30, 2018 67,193 5,707,000 1,650,481 12,628,000 914,240 2,510,753 45,398,283 4,236,245 11,203,000 914,240 2,510,753 45,398,283 4,236,245 11,203,000 914,240 2,510,753 45,398,283 4,236,245 11,203,000 914,240 91,203,200 91,203,200 91,200 91,200,20 | Net Change in Cash:   |  |        |   |                 |  |           |                        |                               |                           |  |
| Reconciliation:     79,910     5,548,000     1,757,482     14,005,000     1,038,844     2,514,241     4,2256,341     4,717,323     5,573,000       Reconciliation:       Current:       Cash Deposits at the Bank of North Dakota     79,910     5,548,000     136,008     14,005,000     1,038,844     243,813     42,124,746     -     5,573,000       Cash and Cash Equivalents     -     -     1,621,474     -     -     2,270,428     -     -     5,573,000       Restricted Cash Deposits at the Bank of North Dakota     -     -     1,621,474     -     -     2,270,428     -     -     -     5,573,000  | Net Increase (Decrease) in Cash and Cash Equivalents                    | 12,71  | 7      | (159,000)                               | 107,001         | 1,377,000                              | 124,604   | 3,488                  | (3,141,942)                   | 481,078                   | (5,630,000)                              |
| Reconciliation: Current: Cash Deposits at the Bank of North Dakota Cash and Cash Equivalents Restricted Cash Deposits at the Bank of North Dakota  79,910 5,548,000 136,008 14,005,000 1,038,844 243,813 42,124,746 - 5,573,000 - 2,270,428 131,595 4,717,323 -  | Cash and Cash Equivalents at June 30, 2018                              | 67,19  | 93 5   | 5,707,000                               | 1,650,481       | 12,628,000                             | 914,240   | 2,510,753              | 45,398,283                    | 4,236,245                 | 11,203,000                               |
| Current:         Cash Deposits at the Bank of North Dakota         79,910         5,548,000         136,008         14,005,000         1,038,844         243,813         42,124,746         -         5,573,000           Cash and Cash Equivalents         -         -         -         1,621,474         -         -         2,270,428         -         -         -         -           Restricted Cash Deposits at the Bank of North Dakota         -<  | Cash and Cash Equivalents at June 30, 2019                              | \$ 79,91   | 0 \$ 5 | 5,548,000                               | \$ 1,757,482 \$ | 14,005,000 \$                          | 1,038,844 | \$ 2,514,241           | 42,256,341                    | 4,717,323                 | \$ 5,573,000                             |
| Cash Deposits at the Bank of North Dakota 79,910 5,548,000 136,008 14,005,000 1,038,844 243,813 42,124,746 - 5,573,000 Cash and Cash Equivalents 1,621,474 2,270,428 131,595 4,717,323   |   |  |        |   |                 |  |           |                        |                               |                           |  |
| Cash and Cash Equivalents       -       -       1,621,474       -       -       2,270,428       -       -         Restricted Cash Deposits at the Bank of North Dakota       -       -       -       -       131,595       4,717,323       -   |   | 79.91  | 0 !    | 5.548.000                               | 136.008         | 14.005.000                             | 1.038.844 | 243.813                | 42.124.746                    | -                         | 5.573.000                                |
|  | Cash and Cash Equivalents   | -  |        | -                                       |                 | -                                      | -         |                        | -                             | -                         | -,                                       |
|  | Restricted Cash Deposits at the Bank of North Dakota                    | -  |        | -                                       | -               | -                                      | -         | -                      | 131,595                       | 4,717,323                 | -  |
| Cash and Cash Equivalents \$ 79,910 \$ 5,548,000 \$ 1,757,482 \$ 14,005,000 \$ 1,038,844 \$ 2,514,241 \$ 42,256,341 \$ 4,717,323 \$ 5,573,000  | Cash and Cash Equivalents   | \$ 79,91   | 0 \$ 5 | 5,548,000                               | \$ 1,757,482 \$ | 14,005,000 \$                          | 1,038,844 | \$ 2,514,241           | 42,256,341                    | 4,717,323                 | \$ 5,573,000                             |

| lı | nteroperable<br>Radio | Medical<br>Facility<br>Infrastructure<br>Loan Fund | Mill<br>and<br>Elevator | PERS<br>Uniform<br>Group<br>Insurance | Rebuilders<br>Loan<br>Program           | Roughrider<br>Industries | School<br>Construction<br>Assistance<br>Revolving<br>Loan | State<br>Fair        | State<br>Lottery<br>Fund | Student<br>Loan           | Unemployment<br>Compensation | Total                                   |
|----|-----------------------|--|-------------------------|---------------------------------------|---|--------------------------|---|----------------------|--------------------------|---------------------------|------------------------------|---|
| \$ | 5,558,798             | · -  | \$322,293,634           | 332,725,716                           | ; -                                     | \$ 7,551,805             | \$ - \$   | 6,866,357            | \$ 26,618,695 \$         | 216,000                   | 126,306,757 \$               | 837,406,413                             |
|    | -                     | -  | -                       | -                                     | -                                       | -                        | -   | -                    | -                        | -                         | -                            | 59,178                                  |
|    | -                     | -  | -                       | -                                     | -                                       | -                        | -   | -                    | -                        | -                         | -<br>505,500                 | 1,859,981<br>505,500                    |
|    | -                     | -  | -                       | -                                     | (136,868)                               | (266,358)                | -   | -                    | -                        | -                         | 505,500                      | (405,663)                               |
|    | -                     | -  | -                       | -                                     | -                                       | -                        | -   | -                    | -                        | -                         | -                            | (10,368,931)                            |
|    | (481,506)             | -  | (278,113,542)           | (338,720,640)                         | -                                       | (4,622,453)              | (864,000)   | (5,020,463)          | (15,898,454)             | (39,000)                  | (9,053,350)                  | (657,244,488)                           |
|    | (29,157)              | -  | (18,196,123)            | (992,190)                             | -                                       | (1,924,714)              | -   | (1,768,229)          | (940,047)                | -                         | (4,434,082)<br>(73,748,817)  | (28,644,472)<br>(76,989,129)            |
|    | -                     | -  | -                       | -                                     | (150,650)                               | -                        | -   | -                    | (212,485)                | -                         | (34,697)                     | (745,532)                               |
|    | -                     | (234,000)  | -                       | 5,702,931                             | - '                                     | -                        | -   | -                    | -                        | -                         | - 1                          | 5,468,931                               |
| =  | 5,048,135             | (234,000)  | 25,983,969              | (1,284,183)                           | (287,518)                               | 738,280                  | (864,000)   | 77,665               | 9,567,709                | 177,000                   | 39,541,311                   | 70,901,788                              |
|    |                       |  |                         |                                       |   |                          |   |                      |                          |                           |                              |   |
|    | -                     | -  | 43,000,000              | -                                     | -                                       | -                        | -   | -                    | -                        | -                         | -                            | 43,000,000                              |
|    | -                     | -  | (32,655,860)            | -                                     | -                                       | -                        | -   | -                    | -                        | <del>-</del>              | -                            | (32,655,860)                            |
|    | -                     | -  | (1,742,224)             | -                                     | -                                       | -                        | -   | -                    | -                        | (30,000)                  | -                            | (30,000)<br>(1,742,224)                 |
|    | -                     | -  | (1,742,224)             | -                                     | -                                       | -                        | -   | 257,832              | -                        | -                         | -                            | 27,007,832                              |
|    | -                     | -  | (10,859,953)            | (325,000)                             | -                                       | -                        | -   | -                    | (8,042,500)              | (8,577,000)               | -                            | (27,804,453)                            |
|    | -                     | -  | _                       | -                                     | (2,908,021)                             | -                        | -   | -<br>801,525         | -                        | -                         | -                            | (2,908,021)<br>801,525                  |
| _  |                       |  |                         |                                       |   |                          |   |                      |                          |                           | <u> </u>                     |   |
| _  | -                     | -  | (2,258,037)             | (325,000)                             | (2,908,021)                             | -                        | -   | 1,059,357            | (8,042,500)              | (8,607,000)               | -                            | 5,668,799                               |
|    |                       |  |                         |                                       |   |                          |   |                      |                          |                           |                              |   |
|    | (51,557)              | -  | (22,619,060)            | -                                     | -                                       | (502,371)                | -   | (303,065)            | -                        | -                         | -                            | (23,476,053)                            |
|    | -                     | -  | -                       | -                                     | -                                       | -                        | -   | (120,000)            | -                        | -                         | -                            | (120,000)                               |
|    | -                     | -  | -                       | -                                     | -                                       | -                        | -   | (57,200)<br>(16,500) | -                        | -                         | -                            | (57,200)<br>(16,500)                    |
| _  | (54.557)              |  | (00.040.000)            |                                       |   | (500.074)                |   |                      |                          |                           |                              |   |
| _  | (51,557)              | -  | (22,619,060)            | -                                     |   | (502,371)                | -   | (496,765)            | -                        |                           | -                            | (23,669,753)                            |
|    |                       |  |                         |                                       |   |                          |   |                      |                          |                           |                              |   |
|    | -                     | -  | -                       | 18,876,588<br>(17,200,000)            | -                                       | -                        | -   | -                    | -                        | 13,670,000<br>(6,000,000) | -                            | 32,546,588<br>(23,404,936)              |
|    | -                     | -  | -                       | 1,519,418                             | -                                       | -                        | -   | -                    | -                        | (0,000,000)               | -                            | 1,519,418                               |
|    | 12,364                | 8,000  | 9,246                   | -                                     | 421                                     | -                        | 69,000  | 12,954               | 8,780                    | 18,000                    | 4,101,464                    | 6,248,391                               |
|    | -                     | (1,922,000)  | -                       | -                                     | -                                       | -                        | (56,026,000)  | -                    | -                        | -                         | -                            | (91,716,500)                            |
|    |                       | 1,615,000  |                         |                                       | 3,061,354                               |                          | 10,912,000  | - 1                  | -                        |                           | -                            | 11,732,000<br>7,903,277                 |
|    | -                     | 458,000  | -                       | -                                     | 279,303                                 | -                        | 2,559,000   | -                    | -                        | -                         | -                            | 5,202,180                               |
| _  | 12,364                | 159,000  | 9,246                   | 3,196,006                             | 3,341,078                               | -                        | (42,486,000)  | 12,954               | 8,780                    | 7,688,000                 | 4,101,464                    | (49,969,582)                            |
|    |                       |  |                         |                                       |   |                          |   |                      |                          |                           |                              |   |
|    | 5,008,942             | (75,000)   | 1,116,118               | 1,586,823                             | 145,539                                 | 235,909                  | (43,350,000)  | 653,211              | 1,533,989                | (742,000)                 | 43,642,775                   | 2,931,252                               |
|    | 3,845,965             | 5,418,000  | 638,870                 | 4,882,810                             | 596,806                                 | 10,345,598               | 77,817,000  | 5,100,975            | 8,726,386                | 967,000                   | 153,612,575                  | 356,267,180                             |
| \$ | 8,854,907             | 5,343,000  | \$ 1,754,988            | 6,469,633                             | 742,345                                 | \$ 10,581,507            | \$ 34,467,000 \$  | 5,754,186            | \$ 10,260,375 \$         | 225,000                   | 197,255,350 \$               | 359,198,432                             |
|    | 8,854,907<br>-<br>-   | 5,343,000<br>-<br>-                                | 1,754,988<br>-<br>-     | 3,602,289<br>2,867,344                | 742,345<br>-<br>-                       | 10,581,007<br>500        | 34,467,000<br>-<br>-                                      | 5,754,186<br>-<br>-  | 9,870,335<br>390,040     | -<br>-<br>225,000         | 33,362<br>197,221,988<br>-   | 149,752,740<br>204,371,774<br>5,073,918 |
| \$ | 8,854,907             | 5,343,000  | \$ 1,754,988 \$         | 6,469,633                             | 742 3/15                                | \$ 10,581,507            | \$ 34.467.000   | 5 754 196            | \$ 10,260,375 \$         |                           | 197,255,350 \$               | 359.198.432                             |
| φ  | 0,00+,501             | , 0,040,000  | ψ 1,134,300 (           | , 0,700,000 (                         | , | ψ 10,001,007             | Ψ 07,707,000 3  | J,1J4,100            | ψ 10,200,313 φ           | 223,000                   | ψ 101,2JJ,JJU Φ              | JJJ, 130,4JZ                            |

#### Combining Statement of Cash Flows Nonmajor Enterprise Funds (Continued) For the Fiscal Year Ended June 30, 2019

|  | Addiction<br>Counselor<br>Internship<br>Loan Program | Beginning<br>Farmer<br>Revolving<br>Loan | Bonding     | Community<br>Water<br>Facility<br>Loan | Edutech  | Fire<br>and<br>Tornado | Guaranteed<br>Student<br>Loan | HIT Planning<br>Loan Fund | Infrastructure<br>Revolving<br>Loan Fund |
|--|--|--|-------------|--|----------|------------------------|-------------------------------|---------------------------|--|
| Reconciliation of Operating Income (Loss) to Net Cash  |  |  |             |  |          |                        |                               |                           |  |
| Provided (Used for) Operating Activities: Operating Income (Loss)                                      | \$ 428   | \$ (2,289,000) \$                        | (58,085) \$ | 538,000 \$                             | 07 274   | \$ (442,521) \$        | (467,797)                     | \$ 32,121                 | \$ 840,000                               |
| Adjustments to Reconcile Operating   | φ 420  | \$ (2,209,000) \$                        | (30,003) \$ | 330,000 ş                              | 91,314   | Φ (442,321) Φ          | (407,797)                     | φ 32,121                  | \$ 040,000                               |
| Income to Net Cash Provided by Operating Activities:   |  |  |             |  |          |                        |                               |                           |  |
| Depreciation   | _  | _  | -           | _                                      | 50,923   | _                      | _                             | _                         | _  |
| Reclassification of Interest Revenue\Expense   | -  | _  | -           | (653,000)                              | -        | -                      | _                             | -                         | _  |
| Interest Received on Program Loans   | -  | -  | -           | -                                      | -        | -                      | -                             | -                         | (1,452,000)                              |
| Receipt of Loan Principal Repayments   | -  | -  | -           | -                                      | -        | -                      | -                             | -                         | -  |
| Provision for Losses   | -  | -  | -           | -                                      | -        | -                      | (2,206,467)                   | -                         | 244,000                                  |
| Other  | -  | -  | -           | -                                      | -        | -                      | -                             | -                         | -  |
| Deferred Outflows  | -  | -  | 747         | -                                      | -        | 37,766                 | -                             | -                         | -  |
| Deferred Inflows   | -  | -  | 630         | -                                      | -        | 13,670                 | -                             | -                         | -  |
| Change in Assets and Liabilities:  |  |  |             |  |          |                        |                               |                           |  |
| (Increase) Decrease in Accounts Receivable   | -  | -  | 34,998      | -                                      | (1,810)  | (16,359)               | (536,590)                     | -                         | -  |
| (Increase) Decrease in Interest Receivable   | (6,128)  | -  | -           | -                                      | -        | -                      | -                             | (220)                     | -  |
| (Increase) Decrease in Due From  | -  | -  | -           | -                                      | (12,000) | -                      | -                             | -                         | 32,000                                   |
| (Increase) Decrease in Intergovernmental Receivable  | -  | -  | -           | -                                      | -        | -                      | -                             | -                         | -  |
| (Increase) Decrease in Notes Receivable  | -  | -  | -           | -                                      | -        | -                      | -                             | 447,517                   | -  |
| (Increase) Decrease in Prepaid Items   | -  | (625,000)                                | -           | -                                      | -        | (75,638)               | -                             | -                         | -  |
| (Increase) Decrease in Inventories   | -  | -  | -           | -                                      | -        | -                      | -                             | -                         | -  |
| (Increase) Decrease in Other Assets  | -  | -  | -           | -                                      | -        | -                      | -                             | -                         | -  |
| Increase (Decrease) in Accounts Payable  | -  | -  | 13          | -                                      | (2,513)  |                        | -                             | 1,660                     | -  |
| Increase (Decrease) in Claims\Judgments Payable  | -  | -  | 38,535      | -                                      | -        | (1,200,948)            | -                             | -                         | -  |
| Increase (Decrease) in Intergovernmental Payable   | -  | -  | (6)         | -                                      | -        | -                      | -                             | -                         | -  |
| Increase (Decrease) in Accrued Payroll   | -  | -  | 2,732       | -                                      | -        | 5,951                  | -                             | -                         | -  |
| Increase (Decrease) in Compensated Absences Payable  | -  | -  | (2,309)     | -                                      | -        | (32,080)               | -                             | -                         | -  |
| Increase (Decrease) in Amounts Held for Others   | -  | -  | -           | -                                      | -        | -                      | -                             | -                         | -  |
| Increase (Decrease) in Due To  | -  | -  | -           | (1,000)                                | (7,370)  | (2,431)                | 54,269                        | -                         | -  |
| Increase (Decrease) in Unavailable Revenue   | -  | -  | -           | -                                      | -        | -                      | -                             | -                         | -  |
| Increase (Decrease) in Net Pension Liability   | -  | -  | 1,218       | -                                      | -        | (6,905)                | -                             | -                         | -  |
| Increase (Decrease) in Net OPEB Liability  | -  | -  | (817)       | -                                      | -        | (20,451)               | -                             | -                         | -  |
| Increase (Decrease) in Other Liabilities   |  | -  | -           | -                                      | -        | 87,538                 | (36,305)                      | -                         | -  |
| Total Adjustments  | (6,128)  | (625,000)                                | 75,741      | (654,000)                              | 27,230   | (1,178,807)            | (2,725,093)                   | 448,957                   | (1,176,000)                              |
| Net Cash Provided by (Used for) Operating Activities   | \$ (5,700)   | \$ (2,914,000) \$                        | 17,656 \$   | (116,000) \$                           | 124,604  | \$ (1,621,328) \$      | (3,192,890)                   | \$ 481,078                | \$ (336,000)                             |
| Noncash Transactions: Net Change in Fair Value of Investments Value Received on Trade of Capital Asset | \$ -   | \$ - \$                                  | 77,443 \$   | - \$                                   | -<br>-   | \$ 303,191 \$          | S - :                         | \$ -<br>-                 | \$ -<br>-                                |
| Total Noncash Transactions   | \$ -   | \$ - \$                                  | 77,443 \$   | - \$                                   | -        | \$ 303,191 \$          | · - :                         | \$ -                      | \$ -                                     |

|        | perable<br>dio   | Medical<br>Facility<br>Infrastructure<br>Loan Fund | Mill<br>and<br>Elevator          | PERS<br>Uniform<br>Group<br>Insurance | Rebuilders<br>Loan<br>Program | Roughrider<br>Industries        | School<br>Construction<br>Assistance<br>Revolving<br>Loan | State<br>Fair       | State<br>Lottery<br>Fund  | Student<br>Loan      | Unemployment<br>Compensation | Total                                   |
|--------|------------------|--|----------------------------------|---------------------------------------|-------------------------------|---------------------------------|---|---------------------|---------------------------|----------------------|------------------------------|---|
| \$ 4,8 | 36,349           | \$ 218,000 \$                                      | \$ 12,309,570 \$                 | (7,881,938) \$                        | 186,230                       | \$ 644,420 \$                   | 1,579,000   | (1,754,634) \$      | 9,336,372 \$              | 1,000                | \$ 30,451,647 \$             | 48,176,536                              |
|        | 23,156<br>-<br>- | -<br>(458,000)<br>-                                | 5,644,673<br>-<br>-              | 294,577<br>-<br>-                     | -<br>(277,825)<br>-           | 192,870<br>-<br>-               | -<br>(3,015,000)<br>-                                     | 1,654,700<br>-<br>- | 2,063<br>-<br>-           | -<br>77,000<br>3,000 | -<br>-<br>-                  | 7,862,962<br>(4,326,825)<br>(1,449,000) |
|        | -                | 6,000<br>-   | -<br>-<br>80,392                 | -                                     | (199,745)<br>-                | -                               | 519,000<br>-  | -                   | -                         | 139,000<br>-<br>-    | -<br>-<br>-                  | 139,000<br>(1,637,212)<br>80,392        |
|        | -                | -  | (923,980)                        | -                                     | -                             | 114,207<br>33,366               | -   | (457,581)<br>3,225  | 32,301<br>25,498          | -                    | -                            | (1,196,540)<br>76,389                   |
|        | 32,004<br>43,246 | -  | 9,870,451<br>-                   | 5,651,886<br>-                        | -                             | -<br>-<br>(457,072)             | -   | (78,258)<br>-       | (8,858)<br>-<br>-         | -                    | 9,443,954<br>-<br>91,997     | 24,491,418<br>(6,348)<br>197,271        |
| 2      | 43,240<br>-<br>- | -<br>-<br>-  | -                                | -                                     | -<br>-                        | (157,972)<br>-<br>-             | -   | -                   | -                         | -                    | 543,230                      | 543,230<br>447,517                      |
|        | -                | -<br>-<br>-  | (332,794)<br>523,865<br>(28,614) | -                                     | -<br>-<br>-                   | (2,163)<br>(94,764)<br>(16,522) | -   | 1,782<br>-<br>-     | (1,363)<br>-<br>(209,516) | -                    | -<br>-<br>-                  | (1,035,176)<br>429,101<br>(254,652)     |
|        | (57)<br>-<br>-   | -<br>-<br>-  | (2,972,232)                      | 3,734<br>-<br>33                      | 3,822<br>-<br>-               | (46,593)<br>-<br>-              | -   | (2,698)             | 263,719<br>-<br>-         | -                    | (414,286)<br>-<br>(587,841)  | (3,134,351)<br>(1,162,413)<br>(587,814) |
|        | (2,528)          | -<br>-<br>-  | (626,312)<br>(29,053)            | 784<br>(16,807)<br>681,137            | -                             | 35,050<br>-<br>-                | -   | -<br>7,757          | 74<br>3,527               | -                    | -                            | (584,249)<br>(68,965)<br>681,137        |
| (1     | 84,035)          | -  | -<br>-<br>2,471,727              | (17,589)                              | -                             | 564<br>(24,107)<br>59,788       | 53,000  | -<br>-<br>625,812   | 755<br>-                  | (44,000)<br>-<br>-   | 12,610<br>-<br>-             | (135,227)<br>(24,107)<br>3,236,079      |
|        | -                | -<br>-<br>-  | (3,724)                          | -<br>-<br>-                           | -<br>-<br>-                   | (2,844)<br>2,980                | -<br>-<br>-   | 77,560<br>-         | 84,439<br>1,170<br>37,528 | 1,000                | -<br>-<br>-                  | 54,618<br>89,017                        |
| 2      | 11,786           | (452,000)  | 13,674,399                       | 6,597,755                             | (473,748)                     | 93,860                          | (2,443,000)   | 1,832,299           | 231,337                   | 176,000              | 9,089,664                    | 22,725,252                              |
| \$ 5,0 | 48,135           | \$ (234,000) \$                                    | \$ 25,983,969 \$                 | (1,284,183) \$                        | (287,518)                     | \$ 738,280 \$                   | (864,000) \$  | 77,665 \$           | 9,567,709 \$              | 177,000              | \$ 39,541,311 \$             | 70,901,788                              |
| \$     | -                | \$ - \$  | \$ - \$<br>-                     | - \$<br>-                             | ; -<br>-                      | \$ - \$                         | 5 - \$<br>-   | - \$<br>16,806      | - \$<br>-                 | -                    | \$ - \$<br>-                 | 380,634<br>16,806                       |
| \$     | -                | \$ - 9   | - \$                             | - \$                                  | -                             | \$ - \$                         | - \$  | 16,806 \$           | - \$                      | -                    | \$ - \$                      | 397,440                                 |

#### Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the State and to other government units, on a cost reimbursement basis.

#### 790 (927) - Central Services

Accounts for the revenues and expenditures associated with central printing and office supply services to state agencies and the Legislative Assembly; a surplus property program for the acquisition, distribution, and disposition of federal and state surplus property and procurement services for all state agencies not exempt by statute.

#### 700 (918) - Fleet Services

Accounts for costs of operating and maintaining State-owned vehicles. Costs are billed to user agencies and include depreciation on equipment.

#### 780 (929) - Information Technology Department

Accounts used for the procurement and maintenance of data processing equipment and supplies and telecommunications equipment and supplies to provide data processing and telecommunications services to state departments and agencies.

#### 288\275 (912) - Risk Management Fund

Fund provides insurance coverage and loss prevention to all state agencies and the University System for tort liability and employee injury claims. Coverage is provided using an optional combination of self-insurance and private excess insurance.

# Combining Statement of Net Position Internal Service Funds June 30, 2019

| Current Assets:  |                                     | Central<br>Services | Fleet<br>Services | Information<br>Technology<br>Department | Risk<br>Management | Total          |
|--|-------------------------------------|---------------------|-------------------|---|--------------------|----------------|
| Cash Deposits at the Bank of ND  | ASSETS                              |                     |                   |   |                    |                |
| Cash   Depositis at the Bank of ND   Cash and Cash   Cas |                                     |                     |                   |   |                    |                |
| Numer  |                                     | \$ 1,288,687        | \$ 16,605,745     | \$ 14,061,790                           | \$ 816,008         | \$ 32,772,230  |
| Nestments  | Cash and Cash Equivalents           | 400                 | -                 | -                                       | 400,718            | 401,118        |
| Accounts Receivable Net   1.   | Investments at the Bank of ND       | -                   | -                 | -                                       | 341,583            | 341,583        |
| Interest Receivable - Net  | Investments                         | -                   | -                 | -                                       | 9,337,152          |                |
| Intergovernmental Receivable - Net   70.330   30.074   273.442   373.846   Due from Other Funds   107473   2274764   6.56.90.450   11.565   8.844.643   Prepaid Items   31.424   53.870   3.956.347   50.900   4.092.441   Inventory   122.653         122.653   Total Current Assets   1.626.460   19.160.717   25.025.183   11.013.767   56.826.147  |                                     | 5,493               | 196,264           | 183,154                                 |                    |                |
| Due from Other Funds   |                                     | -                   | -                 | -                                       | 54,952             |                |
| Perpeal Items  | 9                                   | ,                   | ,                 | ,                                       | -                  |                |
| Total Current Assets   |                                     |                     |                   | , ,                                     |                    |                |
| Total Current Assets   | •                                   |                     | 53,870            | 3,956,347                               | 50,800             |                |
| Noncurrent Assets:   Capital Assets:   Nondepreciable  | •                                   |                     | 10 160 717        | 25.025.193                              | 11 012 797         |                |
| Nondepreciable   | Total Current Assets                | 1,020,400           | 19,100,717        | 25,025,165                              | 11,013,767         | 30,620,147     |
| Nondepreciable   | Noncurrent Assets:                  |                     |                   |   |                    |                |
| Depreciable, Net   | Capital Assets:                     |                     |                   |   |                    |                |
| Total Noncurrent Assets  | Nondepreciable                      | -                   | 154,838           | -                                       | -                  | 154,838        |
| Total Assets   | Depreciable, Net                    | 242,144             | 89,408,306        | 4,430,536                               | -                  | 94,080,986     |
| DeFERRED OUTFLOWS OF RESOURCES   Derived from Pensions   489,583   1,190,799   13,257,849   255,434   15,193,665   Derived from OPEB   12,924   36,261   387,657   6,807   443,648   15 total Defered Outflow of Resources   502,507   1,227,060   13,645,506   262,241   15,637,314   15 total Defered Outflow of Resources   502,507   1,227,060   13,645,506   262,241   15,637,314   14,637,314   14,637,314   14,637,314   14,637,314   14,637,314   14,637,314   14,637,314   14,637,316   14,637,314   14,637,316   14,637,314   14,637,316   14, | Total Noncurrent Assets             | 242,144             | 89,563,144        | 4,430,536                               | -                  | 94,235,824     |
| Derived from Pensions   A89,583   1,190,799   13,257,849   255,434   15,193,665   Derived from OPEB   12,924   36,261   387,657   6,807   443,649   A43,649   A43,64 | Total Assets                        | 1,868,604           | 108,723,861       | 29,455,719                              | 11,013,787         | 151,061,971    |
| Derived from OPEB   12,924   36,261   387,657   6,807   443,649   1,667,731   1,227,060   13,645,506   262,241   15,637,314   1,637,314  | DEFERRED OUTFLOWS OF RESOURCES      |                     |                   |   |                    |                |
| Total Deferred Outflow of Resources  | Derived from Pensions               | 489,583             | 1,190,799         | 13,257,849                              | 255,434            | 15,193,665     |
| Current Liabilities:   Current Liabilities Lending Collateral   S1,395   185,958   2,267,836   38,311   2,573,500     Securities Lending Collateral   Current Liabilities   Current Liability   Current Liability  | Derived from OPEB                   | 12,924              | 36,261            | 387,657                                 | 6,807              | 443,649        |
| Current Liabilities:   | Total Deferred Outflow of Resources | 502,507             | 1,227,060         | 13,645,506                              | 262,241            | 15,637,314     |
| Accounts Payable         191,756         843,006         266,359         102,028         1,403,149           Accrued Payroll         81,395         185,958         2,267,836         38,311         2,573,500           Securities Lending Collateral         -         -         -         36,879         36,879           Interest Payable         -         -         -         -         2,576         2,576           Due to Other Funds         6,369         299,035         75,247         13,807         394,458           Claims/Judgments Payable         -         -         -         1,213,316         1213,316           Compensated Absences Payable         2,519         5,976         201,704         4,851         215,050           Capital Leases Payable         10,078         -         -         -         -         10,078           Total Current Liabilities         292,117         1,333,975         2,811,146         1,411,768         5,849,006           Noncurrent Liabilities         -         -         -         6,912,322         6,912,322           Capital Leases Payable         -         -         -         6,912,322         6,912,322           Capital Leases Payable         55,471         60,86   | LIABILITIES                         |                     |                   |   |                    |                |
| Accounts Payable         191,756         843,006         266,359         102,028         1,403,149           Accrued Payroll         81,395         185,958         2,267,836         38,311         2,573,500           Securities Lending Collateral         -         -         -         36,879         36,879           Interest Payable         -         -         -         -         2,576         2,576           Due to Other Funds         6,369         299,035         75,247         13,807         394,458           Claims/Judgments Payable         -         -         -         1,213,316         1213,316           Compensated Absences Payable         2,519         5,976         201,704         4,851         215,050           Capital Leases Payable         10,078         -         -         -         -         10,078           Total Current Liabilities         292,117         1,333,975         2,811,146         1,411,768         5,849,006           Noncurrent Liabilities         -         -         -         6,912,322         6,912,322           Capital Leases Payable         -         -         -         6,912,322         6,912,322           Capital Leases Payable         55,471         60,86   |                                     |                     |                   |   |                    |                |
| Securities Lending Collateral Interest Payable         -         -         -         -         36,879         36,879         11 Interest Payable         -         -         2,576         2,576         2,576         2,576         2,576         2,576         2,576         2,576         2,576         2,576         2,576         2,576         2,576         2,573         3,44,58         3,44,58         3,316         2,519         5,976         201,704         4,851         12,13,316         12,13,316         2,13,137         3,143,306         3,13,14,316  |                                     | 191,756             | 843,006           | 266,359                                 | 102,028            | 1,403,149      |
| Interest Payable   | Accrued Payroll                     | 81,395              | 185,958           | 2,267,836                               | 38,311             | 2,573,500      |
| Due to Other Funds         6,369         299,035         75,247         13,807         394,458           Claims/Judgments Payable         -         -         -         -         1,213,316         1,213,316           Compensated Absences Payable         2,519         5,976         201,704         4,851         215,050           Capital Leases Payable         10,078         -         -         -         -         10,078           Total Current Liabilities         292,117         1,333,975         2,811,146         1,411,768         5,849,006           Noncurrent Liabilities:           Claims/Judgments Payable         -         -         -         6,912,322         6,912,322           Compensated Absences Payable         55,471         60,869         2,054,495         49,413         2,220,248           Capital Leases Payable         8,209         -         -         -         8,209           Net Pension Liability         1,127,529         2,902,132         32,629,873         596,017         37,255,551           Net OPEB Liability         49,402         127,252         1,444,572         26,114         1,647,340           Total Noncurrent Liabilities         1,532,728         4,424,228         38,940,086   | Securities Lending Collateral       | -                   | -                 | -                                       | 36,879             | 36,879         |
| Claims/Judgments Payable         -         -         1,213,316         1,213,316           Compensated Absences Payable         2,519         5,976         201,704         4,851         215,050           Capital Leases Payable         10,078         -         -         -         -         10,078           Total Current Liabilities         292,117         1,333,975         2,811,146         1,411,768         5,849,006           Noncurrent Liabilities         -         -         -         6,912,322         6,912,322           Claims/Judgments Payable         -         -         -         6,912,322         6,912,322           Compensated Absences Payable         55,471         60,869         2,054,495         49,413         2,220,248           Capital Leases Payable         8,209         -         -         -         8,209           Net Pension Liability         1,127,529         2,902,132         32,629,873         596,017         37,255,551           Net OPEB Liability         49,402         127,252         1,444,572         26,114         1,647,340           Total Noncurrent Liabilities         1,532,728         4,424,228         38,940,086         8,995,634         53,892,676           DerFERRED INFLOWS OF RES   | Interest Payable                    | -                   | -                 | -                                       | 2,576              | 2,576          |
| Compensated Absences Payable         2,519         5,976         201,704         4,851         215,050           Capital Leases Payable         10,078         -         -         -         -         10,078           Total Current Liabilities         292,117         1,333,975         2,811,146         1,411,768         5,849,006           Noncurrent Liabilities:           Claims/Judgments Payable         -         -         -         6,912,322         6,912,322         6,912,322         6,912,322         2,002,132         2,004,495         49,413         2,220,248         2,002,132         2,002,495         49,413         2,220,248         2,009         - <td< td=""><td>Due to Other Funds</td><td>6,369</td><td>299,035</td><td>75,247</td><td>13,807</td><td>394,458</td></td<>  | Due to Other Funds                  | 6,369               | 299,035           | 75,247                                  | 13,807             | 394,458        |
| Capital Leases Payable         10,078         -         -         -         10,078           Total Current Liabilities         292,117         1,333,975         2,811,146         1,411,768         5,849,006           Noncurrent Liabilities:           Claims/Judgments Payable         -         -         -         6,912,322         6,912,322           Compensated Absences Payable         55,471         60,869         2,054,495         49,413         2,220,248           Capital Leases Payable         8,209         -         -         -         8,209           Net Pension Liability         1,127,529         2,902,132         32,629,873         596,017         37,255,551           Net OPEB Liability         49,402         127,252         1,444,572         26,114         1,647,340           Total Noncurrent Liabilities         1,240,611         3,090,253         36,128,940         7,583,866         48,043,670           DEFERRED INFLOWS OF RESOURCES           Derived from Pensions         107,286         289,171         2,576,043         63,581         3,036,081           Derived from OPEB         5,159         7,754         103,515         3,576         120,004           Total Deferred Inflow of Resources         1   | ·                                   | -                   | -                 | -                                       | 1,213,316          | 1,213,316      |
| Noncurrent Liabilities   292,117   |                                     |                     | 5,976             | 201,704                                 | 4,851              |                |
| Noncurrent Liabilities:   Claims/Judgments Payable   | •                                   |                     | -                 | -                                       | -                  |                |
| Claims/Judgments Payable         -         -         -         6,912,322         6,912,322         6,912,322           Compensated Absences Payable         55,471         60,869         2,054,495         49,413         2,220,248           Capital Leases Payable         8,209         -         -         -         -         8,209           Net Pension Liability         1,127,529         2,902,132         32,629,873         596,017         37,255,551           Net OPEB Liability         49,402         127,252         1,444,572         26,114         1,647,340           Total Noncurrent Liabilities         1,532,728         4,424,228         38,940,086         8,995,634         53,892,676           DEFERRED INFLOWS OF RESOURCES           Derived from Pensions         107,286         289,171         2,576,043         63,581         3,036,081           Derived from OPEB         5,159         7,754         103,515         3,576         120,004           Total Deferred Inflow of Resources         112,445         296,925         2,679,558         67,157         3,156,085           NET POSITION           Net Investment in Capital Assets         223,857         89,563,143         4,430,537         -         94,217,537   | Total Current Liabilities           | 292,117             | 1,333,975         | 2,811,146                               | 1,411,768          | 5,849,006      |
| Compensated Absences Payable         55,471         60,869         2,054,495         49,413         2,220,248           Capital Leases Payable         8,209         -         -         -         8,209           Net Pension Liability         1,127,529         2,902,132         32,629,873         596,017         37,255,551           Net OPEB Liability         49,402         127,252         1,444,572         26,114         1,647,340           Total Noncurrent Liabilities         1,240,611         3,090,253         36,128,940         7,583,866         48,043,670           DEFERRED INFLOWS OF RESOURCES           Derived from Pensions         107,286         289,171         2,576,043         63,581         3,036,081           Derived from OPEB         5,159         7,754         103,515         3,576         120,004           Total Deferred Inflow of Resources         112,445         296,925         2,679,558         67,157         3,156,085           NET POSITION           Net Investment in Capital Assets         223,857         89,563,143         4,430,537         -         94,217,537           Unrestricted         502,081         15,666,625         (2,948,956)         2,213,237         15,432,987   | Noncurrent Liabilities:             |                     |                   |   |                    |                |
| Capital Leases Payable         8,209         -         -         -         8,209           Net Pension Liability         1,127,529         2,902,132         32,629,873         596,017         37,255,551           Net OPEB Liability         49,402         127,252         1,444,572         26,114         1,647,340           Total Noncurrent Liabilities         1,240,611         3,090,253         36,128,940         7,583,866         48,043,670           DEFERRED INFLOWS OF RESOURCES           Derived from Pensions         107,286         289,171         2,576,043         63,581         3,036,081           Derived from OPEB         5,159         7,754         103,515         3,576         120,004           Total Deferred Inflow of Resources         112,445         296,925         2,679,558         67,157         3,156,085           NET POSITION           Net Investment in Capital Assets         223,857         89,563,143         4,430,537         -         94,217,537           Unrestricted         502,081         15,666,625         (2,948,956)         2,213,237         15,432,987   | Claims/Judgments Payable            | -                   | -                 | -                                       | 6,912,322          | 6,912,322      |
| Net Pension Liability         1,127,529         2,902,132         32,629,873         596,017         37,255,551           Net OPEB Liability         49,402         127,252         1,444,572         26,114         1,647,340           Total Noncurrent Liabilities         1,240,611         3,090,253         36,128,940         7,583,866         48,043,670           DEFERRED INFLOWS OF RESOURCES           Derived from Pensions         107,286         289,171         2,576,043         63,581         3,036,081           Derived from OPEB         5,159         7,754         103,515         3,576         120,004           Total Deferred Inflow of Resources         112,445         296,925         2,679,558         67,157         3,156,085           NET POSITION           Net Investment in Capital Assets         223,857         89,563,143         4,430,537         -         94,217,537           Unrestricted         502,081         15,666,625         (2,948,956)         2,213,237         15,432,987  | Compensated Absences Payable        | 55,471              | 60,869            | 2,054,495                               | 49,413             | 2,220,248      |
| Net OPEB Liability         49,402         127,252         1,444,572         26,114         1,647,340           Total Noncurrent Liabilities         1,240,611         3,090,253         36,128,940         7,583,866         48,043,670           Total Liabilities         1,532,728         4,424,228         38,940,086         8,995,634         53,892,676           DEFERRED INFLOWS OF RESOURCES           Derived from Pensions         107,286         289,171         2,576,043         63,581         3,036,081           Derived from OPEB         5,159         7,754         103,515         3,576         120,004           Total Deferred Inflow of Resources         112,445         296,925         2,679,558         67,157         3,156,085           NET POSITION           Net Investment in Capital Assets         223,857         89,563,143         4,430,537         -         94,217,537           Unrestricted         502,081         15,666,625         (2,948,956)         2,213,237         15,432,987  | Capital Leases Payable              | 8,209               | -                 | -                                       | -                  | 8,209          |
| Total Noncurrent Liabilities         1,240,611         3,090,253         36,128,940         7,583,866         48,043,670           Total Liabilities         1,532,728         4,424,228         38,940,086         8,995,634         53,892,676           DEFERRED INFLOWS OF RESOURCES           Derived from Pensions         107,286         289,171         2,576,043         63,581         3,036,081           Derived from OPEB         5,159         7,754         103,515         3,576         120,004           Total Deferred Inflow of Resources         112,445         296,925         2,679,558         67,157         3,156,085           NET POSITION           Net Investment in Capital Assets         223,857         89,563,143         4,430,537         -         94,217,537           Unrestricted         502,081         15,666,625         (2,948,956)         2,213,237         15,432,987   | •                                   | 1,127,529           | 2,902,132         | 32,629,873                              | 596,017            | 37,255,551     |
| DEFERRED INFLOWS OF RESOURCES         4,424,228         38,940,086         8,995,634         53,892,676           Derived from Pensions         107,286         289,171         2,576,043         63,581         3,036,081           Derived from OPEB         5,159         7,754         103,515         3,576         120,004           Total Deferred Inflow of Resources         112,445         296,925         2,679,558         67,157         3,156,085           NET POSITION           Net Investment in Capital Assets         223,857         89,563,143         4,430,537         -         94,217,537           Unrestricted         502,081         15,666,625         (2,948,956)         2,213,237         15,432,987  |                                     | 49,402              |                   |   |                    | 1,647,340      |
| DEFERRED INFLOWS OF RESOURCES           Derived from Pensions         107,286         289,171         2,576,043         63,581         3,036,081           Derived from OPEB         5,159         7,754         103,515         3,576         120,004           Total Deferred Inflow of Resources         112,445         296,925         2,679,558         67,157         3,156,085           NET POSITION           Net Investment in Capital Assets         223,857         89,563,143         4,430,537         -         94,217,537           Unrestricted         502,081         15,666,625         (2,948,956)         2,213,237         15,432,987  | Total Noncurrent Liabilities        | 1,240,611           | 3,090,253         | 36,128,940                              | 7,583,866          | 48,043,670     |
| Derived from Pensions         107,286         289,171         2,576,043         63,581         3,036,081           Derived from OPEB         5,159         7,754         103,515         3,576         120,004           Total Deferred Inflow of Resources         112,445         296,925         2,679,558         67,157         3,156,085           NET POSITION           Net Investment in Capital Assets         223,857         89,563,143         4,430,537         -         94,217,537           Unrestricted         502,081         15,666,625         (2,948,956)         2,213,237         15,432,987  | Total Liabilities                   | 1,532,728           | 4,424,228         | 38,940,086                              | 8,995,634          | 53,892,676     |
| Derived from OPEB         5,159         7,754         103,515         3,576         120,004           Total Deferred Inflow of Resources         112,445         296,925         2,679,558         67,157         3,156,085           NET POSITION  Net Investment in Capital Assets Unrestricted         223,857         89,563,143         4,430,537         -         94,217,537           Unrestricted         502,081         15,666,625         (2,948,956)         2,213,237         15,432,987   | DEFERRED INFLOWS OF RESOURCES       |                     |                   |   |                    |                |
| Derived from OPEB         5,159         7,754         103,515         3,576         120,004           Total Deferred Inflow of Resources         112,445         296,925         2,679,558         67,157         3,156,085           NET POSITION  Net Investment in Capital Assets Unrestricted         223,857         89,563,143         4,430,537         -         94,217,537           Unrestricted         502,081         15,666,625         (2,948,956)         2,213,237         15,432,987   | Derived from Pensions               | 107,286             | 289,171           | 2,576,043                               | 63,581             | 3,036,081      |
| NET POSITION           Net Investment in Capital Assets         223,857         89,563,143         4,430,537         -         94,217,537           Unrestricted         502,081         15,666,625         (2,948,956)         2,213,237         15,432,987   | Derived from OPEB                   | 5,159               | 7,754             | 103,515                                 | 3,576              | 120,004        |
| Net Investment in Capital Assets         223,857         89,563,143         4,430,537         -         94,217,537           Unrestricted         502,081         15,666,625         (2,948,956)         2,213,237         15,432,987  | Total Deferred Inflow of Resources  | 112,445             | 296,925           | 2,679,558                               | 67,157             | 3,156,085      |
| Net Investment in Capital Assets         223,857         89,563,143         4,430,537         -         94,217,537           Unrestricted         502,081         15,666,625         (2,948,956)         2,213,237         15,432,987  | NET POSITION                        |                     |                   |   |                    |                |
| Unrestricted 502,081 15,666,625 (2,948,956) 2,213,237 15,432,987   |                                     | 223.857             | 89.563.143        | 4.430.537                               | _                  | 94.217.537     |
| Total Net Position \$ 725,938 \$ 105,229,768 \$ 1,481,581 \$ 2,213,237 \$ 109,650,524  | ·                                   |                     |                   |   | 2,213,237          |                |
|  | Total Net Position                  | \$ 725,938          | \$ 105,229,768    | \$ 1,481,581                            | \$ 2,213,237       | \$ 109,650,524 |

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

|  | Central<br>Services |  | ;  | Fleet<br>Services                                   |    | Information<br>Technology<br>Department    |    | Risk<br>anagement               | Total  |
|--|---------------------|--|----|---|----|--|----|---------------------------------|--|
| OPERATING REVENUES   |                     |  |    |   |    |  |    |                                 |  |
| Sales and Services<br>Miscellaneous  | \$                  | 2,169,124                                      | \$ | 29,619,795<br>288,989                               | \$ | 65,354,963<br>-                            | \$ | 3,973,131 \$                    | 101,117,013<br>288,989   |
| Total Operating Revenues   |                     | 2,169,124                                      |    | 29,908,784  |    | 65,354,963                                 |    | 3,973,131                       | 101,406,002  |
| OPERATING EXPENSES   |                     |  |    |   |    |  |    |                                 |  |
| Cost of Sales and Services Salaries and Benefits Operating Claims Depreciation Miscellaneous |                     | 829,488<br>1,144,460<br>415,134<br>-<br>50,833 |    | 2,971,567<br>15,400,527<br>-<br>9,151,796<br>49,379 |    | 32,675,073<br>32,122,915<br>-<br>2,752,815 |    | 528,995<br>660,792<br>2,463,449 | 829,488<br>37,320,095<br>48,599,368<br>2,463,449<br>11,955,444<br>49,379 |
| Total Operating Expenses   |                     | 2,439,915                                      |    | 27,573,269  |    | 67,550,803                                 |    | 3,653,236                       | 101,217,223  |
| Operating Income (Loss)  |                     | (270,791)                                      |    | 2,335,515   |    | (2,195,840)                                |    | 319,895                         | 188,779  |
| NONOPERATING REVENUES (EXPENSES)   |                     |  |    |   |    |  |    |                                 |  |
| Interest and Investment Income<br>Interest Expense<br>Gain (Loss) on Sale of Capital Assets  |                     | (2,901)<br>(2,276)                             |    | -<br>-<br>922,416                                   |    | -<br>(39,281)                              |    | 751,930<br>(15,487)<br>-        | 751,930<br>(18,388)<br>880,859   |
| Total Nonoperating Revenues (Expenses)   |                     | (5,177)  |    | 922,416   |    | (39,281)                                   |    | 736,443                         | 1,614,401  |
| Income (Loss) Before Contributions and Transfers   |                     | (275,968)                                      |    | 3,257,931   |    | (2,235,121)                                |    | 1,056,338                       | 1,803,180  |
| Capital Grants and Contributions   |                     | -  |    | 110,106   |    | -  |    | -                               | 110,106  |
| Changes in Net Position  |                     | (275,968)                                      |    | 3,368,037   |    | (2,235,121)                                |    | 1,056,338                       | 1,913,286  |
| Total Net Position - Beginning of Year, as restated  |                     | 1,001,906                                      |    | 101,861,731   |    | 3,716,702                                  |    | 1,156,899                       | 107,737,238  |
| Total Net Position - End of Year   | \$                  | 725,938  | \$ | 105,229,768   | \$ | 1,481,581                                  | \$ | 2,213,237 \$                    | 109,650,524  |

#### Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended June 30, 2019

|   |    | Central<br>Services  |    | Fleet<br>Services                                       | Information<br>Technology                             | Risk<br>Management   | Total   |
|---|----|--|----|---|---|--|---|
| Cash Flows from Operating Activities:   |    |  |    |   |   |  |   |
| Receipts from Customers and Users Receipts from Other Funds Payments to Other Funds Payments to Suppliers Payments to Employees Claim Payments  | (  | 702,444<br>1,482,929<br>-<br>1,156,023)<br>1,013,997)<br>- |    | 45,154 \$ 29,950,352 (4,335) (15,487,938) (2,446,448) - | 2,422,509 \$ 62,706,545 - (33,974,685) (28,077,036) - | 1,716,493 \$ 2,251,802 (3,174,274) (730,751) (453,286) (301,814) | 4,886,600<br>96,391,628<br>(3,178,609)<br>(51,349,397)<br>(31,990,767)<br>(301,814) |
| Net Cash Provided by (Used for) Operating Activities  |    | 15,353   |    | 12,056,785  | 3,077,333   | (691,830)  | 14,457,641  |
| Cash Flows from Noncapital Financing Activities:  |    |  |    |   |   |  |   |
| Cash Flows from Capital and Related Financing Activities:   |    |  |    |   |   |  |   |
| Acquisition and Construction of Capital Assets<br>Proceeds from Sale of Capital Assets<br>Payment on Capital Leases<br>Interest Payments - Capital Leases   |    | (132,855)<br>-<br>(11,328)<br>(2,901)                      |    | (13,747,304)<br>4,198,005<br>-<br>-                     | (3,008,053)<br>-<br>-<br>-                            | -<br>-<br>-<br>-   | (16,888,212)<br>4,198,005<br>(11,328)<br>(2,901)                                    |
| Net Cash Provided by (Used for) Capital and Related Financing Activities  |    | (147,084)  |    | (9,549,299)   | (3,008,053)   | -  | (12,704,436)  |
| Cash Flows from Investing Activities:   |    |  |    |   |   |  |   |
| Proceeds from Sale and Maturities of Investment Securities Interest and Dividends on Investments  |    | -  |    | -   | -<br>-  | 620,742<br>324,679   | 620,742<br>324,679  |
| Net Cash Provided by (Used for) Investing Activities  |    | -  |    | -   | -   | 945,421  | 945,421   |
| Net Change in Cash:   |    |  |    |   |   |  |   |
| Net Increase (Decrease) in Cash and Cash Equivalents  |    | (131,731)  |    | 2,507,486   | 69,280  | 253,591  | 2,698,626   |
| Cash and Cash Equivalents at June 30, 2018  |    | 1,420,818  |    | 14,098,259  | 13,992,510  | 963,135  | 30,474,722  |
| Cash and Cash Equivalents at June 30, 2019  | \$ | 1,289,087  | \$ | 16,605,745 \$   | 14,061,790 \$   | 1,216,726 \$   | 33,173,348  |
| Reconciliation: Cash Deposits at the Bank of North Dakota Cash and Cash Equivalents   |    | 1,288,687<br>400   |    | 16,605,745  | 14,061,790  | 816,008<br>400,718   | 32,772,230<br>401,118   |
| Cash and Cash Equivalents   | \$ | 1,289,087  | \$ | 16,605,745 \$   | 14,061,790 \$   | 1,216,726 \$   | 33,173,348  |
| Reconciliation of Operating Income (Loss) to Net Cash<br>Provided by (Used for) Operating Activities:<br>Operating Income (Loss)<br>Adjustments to Reconcile Operating  | _  | (270,791)  |    | 2,335,515   | (2,195,840)   | 319,895  | 188,779   |
| Income to Net Cash Provided by Operating Activities: Depreciation Deferred Outflows Deferred Inflows Change in Assets and Liabilities:  |    | 50,833<br>88,987<br>59,791                                 |    | 9,151,796<br>(12,825)<br>89,308                         | 2,752,815<br>2,660,967<br>1,088,321                   | 54,283<br>41,726   | 11,955,444<br>2,791,412<br>1,279,146  |
| (Increase) Decrease in Accounts Receivable (Increase) Decrease in Due From (Increase) Decrease in Intergovernmental Receivable (Increase) Decrease in Prepaid Items (Increase) Decrease in Inventories          |    | 46,051<br>(11,387)<br>(23,962)<br>7,943<br>(43,028)        |    | (118,219)<br>235,015<br>(30,074)<br>(13,944)            | (52,361)<br>(413,853)<br>240,306<br>(443,573)         | (618)<br>(4,952)<br>-<br>(12,069)                                | (125,147)<br>(195,177)<br>186,270<br>(461,643)<br>(43,028)                          |
| Increase (Decrease) in Accounts Payable Increase In Interest Payable Increase (Decrease) in Claims/Judgments Payable Increase (Decrease) in Accrued Payroll Increase (Decrease) in Compensated Absences Payable |    | 142,980<br>-<br>-<br>(2,497)<br>(9,652)                    |    | (24,090)<br>-<br>-<br>(7,022)<br>1,776                  | (1,035,645)<br>-<br>(65,064)<br>16,357                | 63,521<br>-<br>(992,442)<br>557<br>2,293                         | 182,411<br>(1,035,645)<br>(992,442)<br>(74,026)<br>10,774                           |
| Increase (Decrease) in Due To<br>Increase (Decrease) In Net OPEB Liability<br>Increase (Decrease) In Net Pension Liability  |    | (10,698)<br>(4,638)<br>(4,579)                             |    | (4,335)<br>12,725<br>441,159                            | (372,552)<br>(39,298)<br>936,753                      | (140,873)<br>(2,522)<br>(20,629)                                 | (528,458)<br>(33,733)<br>1,352,704  |
| Total Adjustments   | _  | 286,144  | _  | 9,721,270   | 5,273,173   | (1,011,725)  | 14,268,862  |
| Net Cash Provided by (Used for) Operating Activities  | \$ | 15,353   | \$ | 12,056,785 \$   | 3,077,333 \$  | (691,830) \$   | 14,457,641  |
| Noncash Transactions:  Net Change in Fair Value of Investments  Decrease in Securities Lending Collateral   | \$ | -  | \$ | - \$  | - \$  | 204,741 \$<br>(61,956)   | 204,741<br>(61,956)   |
| Total Noncash Transactions  | \$ | -  | \$ | - \$  | - \$  | 142,785 \$   | 142,785   |

# Fiduciary Funds

Fiduciary funds account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental organizations.

# Pension and Other Employee-Related Benefit Trust Funds

## **DEFERRED COMPENSATION**

# 981 - Deferred Compensation Fund

Accounts for the activity of the deferred compensation plan adopted under the provisions of Internal Revenue Service Code, Section 457, for State employees.

### PERS FLEXCOMP

### 932 - Flex Program

Accounts for pre-tax premium conversions, a medical spending account and a dependent care spending account according to Section 125 of the Internal Revenue Code.

### HIGHWAY PATROLMEN'S RETIREMENT

## 982 - Highway Patrolmen's Retirement Fund

A single employer defined benefit pension plan covering officers of the State Highway Patrol.

### JOB SERVICE RETIREMENT

# 920 - Job Service Retirement Fund

A single employer defined benefit pension plan for Job Service employees. Participation in this plan is limited to employees participating in the program as of September 30, 1980.

# PREFUNDED RETIREE HEALTH PROGRAM

# 933 - Prefunded Retiree Health Program

Members receiving retirement benefits from NDPERS receive a credit toward their monthly eligible insurance premium.

### PUBLIC EMPLOYEES' RETIREMENT

# 470 (983) - Public Employees Retirement System

Accounts for the financial resources associated with the Public Employees Retirement System.

# **DEFINED CONTRIBUTION RETIREMENT**

# 930 - Defined Contribution Retirement Plan

Accounts for the financial resources of the Defined Contribution Retirement Plan. Participation in this plan is limited to state employees who are in positions not classified by the Central Personnel Division and who are not employees of the judicial branch or board of higher education.

# **TEACHERS' RETIREMENT**

# 964 - North Dakota Teachers' Fund For Retirement

Accounts for the financial resources of the Teachers' Retirement Fund.

# **Investment Trust Funds**

# 911 - ND Association of Counties RIO Investments

Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the North Dakota Association of Counties.

# 913 - City of Bismarck RIO Investments

Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the City of Bismarck.

# 936 - City of Grand Forks RIO Investments

Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the City of Grand Forks.

# 950 - City of Fargo RIO Investments

Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the City of Fargo.

# **Private Purpose Trust Funds**

### STUDENT AND CULTURAL DONATIONS

# 928 - Indian Cultural Education Trust Fund

Trust accounts for donations provided for the purpose of generating income to benefit Indian Culture.

# 937 - Department of Public Instruction Thordarson Scholarship Trust Fund

Fund used to provide scholarship grants to students enrolled in courses offered by the independent study division.

# 988 - School for the Deaf Scholarship Trust Fund

Account for funds donated to provide scholarships to deaf students.

# 989 - School for the Deaf Student Trust Funds

Accounts for funds donated to the School for the Deaf for the benefit of the students.

### **COLLEGE SAVE**

# 940 - College SAVE

Program established by the State of North Dakota to encourage the investment of funds to be used for qualified higher education expenses at institutions of higher education.

### MANDAN REMEDIATION TRUST

# 943 - Mandan Remediation Trust

Accounts for the funds obtained from a lawsuit settlement for the remediation efforts of the North Dakota Health Department and the City of Mandan.

# **Agency Funds**

# **BONDING**

# 402 - Sales and Use Tax Deposit Fund

Accounts for cash received in lieu of a surety bond for sales tax permit holders.

# 403 - Motor Fuel Cash Bond Deposit Fund

Accounts for cash received in lieu of a surety bond for motor vehicle fuel dealers.

# 939 - Public Service Commission Trustee Account

Accounts for savings certificates posted in lieu of performance bonds for surface mining activities and grain elevator insolvency cases.

## 942 - Agriculture Cash and Investment

Accounts for securities or bonds in lieu of a surety bond relating to the operation of livestock dealers, auction markets and dairy plants.

# 944 - Cash Bonds

Accounts for the financial resources for the plugging of abandoned oil and gas wells and the reclamation of abandoned oil and gas well sites.

# 945 - Insurance Company Deposits

Accounts for securities of domestic insurance companies required by the NDCC to keep on deposit with the Insurance Commissioner securities in a value equal to the policies they have in force.

# 947 - District Court Bond Fund

Accounts for bail bonds posted for civil and criminal court cases.

#### **PAYROLL**

# 461 - OMB Unemployment/Payroll Clearing Fund

Accounts for employers and employees payroll taxes and other deductions such as, insurance and credit union deductions, etc.

### CHILD SUPPORT

# 463 - Child Support Disbursement Unit Fund

Accounts for all child support payments received by the state disbursement unit.

# STUDENT AND OTHER

# 406 - Drivers License Trust Fund

Accounts for cash received from a motor vehicle operator involved in an accident and has no automobile liability policy and the driver was negligent.

# 946 - District Court Collection Fund

Accounts for collections for third parties.

# STUDENT AND OTHER cont.

# 986 - Developmental Center Residents' Funds

Accounts for funds belonging to patients of the State Developmental Center.

### 990 - Veteran's Home-Custodial

Accounts for resident's personal funds.

# 991 - State Hospital Patients

Accounts for patient's personal funds.

# 992 - Prisoner Accounts

Accounts for prisoner's personal fund.

# 993 - Youth Correctional Center Student Accounts

Account for the student's personal funds.

# 994 - School for the Deaf Students

Account for the students personal funds.

### TAX COLLECTION

# 434 - City Lodging Tax Suspense

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

## 435 - City Sales Tax Suspense

Accounts for city sales and use taxes collected by the State Tax Commission.

# 437 - City Motor Vehicle Rental Tax

Accounts for city motor vehicle rental tax collected by the state tax commissioner.

# 438 - City Restaurant and Lodge Tax Suspense

A city tax, at a rate not to exceed one percent, upon the gross receipts of retailers on the leasing or renting of hotel, motel, or tourist court accommodations within the city and gross receipts of a restaurant from any sales of prepared food or beverages, not including alcoholic beverages for consumption off the premises where purchased is collected by the State Tax Commissioner. Proceeds, net of a 3% administrative fee which is deposited into the general fund, are remitted quarterly to each city collecting the tax.

# Combining Statement of Fiduciary Net Position Pension, Investment and Private-Purpose Trust Funds June 30, 2019

|  |                          | Pensio                                | on and Other Emplo                   | yee Benefit Trust Fu         | nds              |  |
|--|--------------------------|---------------------------------------|--------------------------------------|------------------------------|------------------|--|
|  | Deferred<br>Compensation | Defined<br>Contribution<br>Retirement | Highway<br>Patrolmen's<br>Retirement | Job<br>Service<br>Retirement | PERS<br>Flexcomp | Prefunded<br>Retiree Health<br>Program |
| ASSETS   |                          |                                       |                                      |                              |                  |  |
| Cash Deposits at the Bank of ND                    | \$ 200,509               | \$ 114,690 \$                         | -                                    | \$ 2,113                     | \$ 445,409       | \$ 936,159                             |
| Cash and Cash Equivalents                          | -                        | -                                     | -                                    | -                            | -                | -                                      |
| Receivables:                                       |                          |                                       |                                      |                              |                  |  |
| Contributions Receivable                           | 1,037,149                | 105,171                               | -                                    | 2,430                        | 505,782          | 1,050,419                              |
| Accounts Receivable - Net                          | -                        | -                                     | -                                    | -                            | -                | -                                      |
| Interest Receivable - Net                          | -                        | -                                     | 254,928                              | 237                          | -                | 22                                     |
| Due from Other Funds                               | -                        | -                                     | -                                    | -                            | -                | 294                                    |
| Total Receivables                                  | 1,037,149                | 105,171                               | 254,928                              | 2,667                        | 505,782          | 1,050,735                              |
| Investments, at Fair Value:                        |                          |                                       |                                      |                              |                  |  |
| Investments at the Bank of ND                      | -                        | _                                     | _                                    | _                            | _                | _                                      |
| Equities   | _                        | _                                     | _                                    | _                            | _                | _                                      |
| Equity Pool  | _                        | _                                     | 47,339,840                           | 19,094,960                   | _                | 84,480,446                             |
| Fixed Income Pool                                  | 2,066,180                | 234,950                               | 18,311,705                           | 77,780,193                   | _                | 51,472,649                             |
| Cash and Cash Pool                                 | 2,327,401                | 193,159                               | 480,015                              | 409,888                      | _                | 9,404                                  |
| Real Estate Pool                                   | -                        | -                                     | 15,024,209                           | -                            | _                | <u>-</u>                               |
| Mutual Funds                                       | 121,999,475              | 14,368,134                            | -                                    | -                            | -                | -                                      |
| Total Investments                                  | 126,393,056              | 14,796,243                            | 81,155,769                           | 97,285,041                   | -                | 135,962,499                            |
| Invested Securities Lending Collateral             | _                        | _                                     | 264,646                              | _                            | _                |  |
|  |                          |                                       |                                      |                              |                  |  |
| Capital Assets (Net of Depreciation)               | 262,359                  | 3,544                                 | 4,822                                | 3,027                        | 131,180          | 50,134                                 |
| Total Assets                                       | 127,893,073              | 15,019,648                            | 81,680,165                           | 97,292,848                   | 1,082,371        | 137,999,527                            |
| DEFERRED OUTFLOWS OF RESOURCES                     |                          |                                       |                                      |                              |                  |  |
| Derived from Pensions                              |                          | -                                     | -                                    | -                            | -                | -                                      |
| Total Deferred Outflows of Resources               |                          | -                                     | -                                    | -                            | -                | -                                      |
| LIABILITIES  |                          |                                       |                                      |                              |                  |  |
| Accounts Payable                                   | 16,071                   | 8                                     | -                                    | 89,602                       | 24,592           | 478,706                                |
| Accrued Payroll                                    | 40,921                   | -                                     | -                                    | -                            | 20,569           | -                                      |
| Securities Lending Collateral                      | -                        | -                                     | 264,646                              | -                            | -                | -                                      |
| Due to Other Funds                                 | 4,859                    | 94                                    | -                                    | -                            | 2,801            | -                                      |
| Due to Fiduciary Funds                             | -                        | -                                     | -                                    | -                            | -                | 86                                     |
| Amounts Held in Custody for Others                 | 14,795                   | -                                     | -                                    | -                            | -                | -                                      |
| Compensated Absences Payable                       | 31,811                   | -                                     | -                                    | -                            | 11,532           | -                                      |
| Total Liabilities                                  | 108,457                  | 102                                   | 264,646                              | 89,602                       | 59,494           | 478,792                                |
| DEFERRED INFLOWS OF RESOURCES                      |                          |                                       |                                      |                              |                  |  |
| Derived from Pensions                              | -                        | -                                     | -                                    | -                            | -                | -                                      |
| Total Deferred Inflows of Resources                | -                        | -                                     | -                                    | -                            | -                | -                                      |
| NET POSITION                                       |                          |                                       |                                      |                              |                  |  |
| Net Position Restricted for:                       |                          |                                       |                                      |                              |                  |  |
| Pension Benefits                                   | 127,784,616              | 15,019,546                            | 81,415,519                           | 97,203,246                   | _                | 137,520,735                            |
| Other Employee Benefits                            | -                        | -                                     | - , -,,,,-                           | -                            | 1,022,877        | - //                                   |
| External Investment Pool Participants              | _                        | -                                     | _                                    | -                            | -                | -                                      |
| Other Purposes                                     | -                        | -                                     | -                                    | -                            | -                | -                                      |
| Total Net Position Restricted for Pension Benefits |                          |                                       |                                      |                              |                  |  |
| and Other Purposes                                 | \$ 127,784,616           | \$ 15,019,546 \$                      | 81,415,519                           | \$ 97,203,246                | \$ 1,022,877     | \$ 137,520,735                         |

|    | Pension and Oth                          | ner Employee Benef                       | it Trust Funds  | Investment Trust Funds |                                     |    |                                  |    |                                     |                                    |    |                                       |
|----|--|--|---|------------------------|-------------------------------------|----|----------------------------------|----|-------------------------------------|------------------------------------|----|---------------------------------------|
|    | Public<br>Employees<br>Retirement        | Teachers<br>Retirement                   | Total   | _                      | City of<br>Bismarck                 |    | ND<br>Association<br>of Counties |    | City of<br>Grand Forks              | City of<br>Fargo                   |    | Total                                 |
| \$ | 13,541,711 5<br>70,823                   | \$ 20,305,041                            | \$ 35,545,632<br>70,823                                     | \$                     | -                                   | \$ | -                                | \$ | - \$<br>-                           | -<br>-                             | \$ | -                                     |
|    | 13,105,664                               | 25,076,932                               | 40,883,547  |                        | -                                   |    | -                                |    | -                                   | -                                  |    | -                                     |
|    | -<br>9,617,806<br>-                      | -<br>12,526,857<br>-                     | 22,399,850<br>294   |                        | -<br>449,660<br>-                   |    | -<br>4,028<br>-                  |    | -<br>182,168<br>-                   | 73,292<br>-                        |    | 709,148<br>-                          |
| _  | 22,723,470                               | 37,603,789                               | 63,283,691  | _                      | 449,660                             |    | 4,028                            |    | 182,168                             | 73,292                             |    | 709,148                               |
|    | -<br>-<br>1,786,074,688                  | -<br>1,495,354,621<br>-                  | -<br>1,495,354,621<br>1,936,989,934                         |                        | -<br>71,526,231<br>-                |    | -<br>2,221,513<br>-              |    | -<br>45,891,784<br>-                | -<br>22,440,882<br>-               |    | -<br>142,080,410<br>-                 |
|    | 690,878,383<br>18,110,399<br>566,845,153 | 575,551,625<br>35,025,659<br>455,163,805 | 1,416,295,685<br>56,555,925<br>1,037,033,167<br>136,367,609 |                        | 46,561,116<br>438,861<br>28,183,950 |    | 3,918,313<br>189,199<br>-<br>-   |    | 17,653,044<br>668,378<br>11,200,354 | 17,458,242<br>447,844<br>4,420,372 |    | 85,590,715<br>1,744,282<br>43,804,676 |
|    | 3,061,908,623                            | 2,561,095,710                            | 6,078,596,941   |                        | 146,710,158                         |    | 6,329,025                        |    | 75,413,560                          | 44,767,340                         |    | 273,220,083                           |
|    | 9,977,140                                | 8,495,437                                | 18,737,223  |                        | 516,530                             |    | 21,196                           |    | 259,956                             | 139,195                            |    | 936,877                               |
|    | 521,286                                  | 4,949                                    | 981,301   |                        | -                                   |    | -                                |    | -                                   | -                                  |    | -                                     |
|    | 3,108,743,053                            | 2,627,504,926                            | 6,197,215,611   |                        | 147,676,348                         |    | 6,354,249                        |    | 75,855,684                          | 44,979,827                         |    | 274,866,108                           |
|    | -<br>-                                   | 709,618<br>709,618                       | 709,618<br>709,618  | _                      | -<br>-                              |    | -                                |    | -                                   | -                                  |    | -                                     |
|    | 1,844,752<br>99,247                      | 3,436,026<br>-                           | 5,889,757<br>160,737  |                        | 74,101<br>-                         |    | 1,765<br>-                       |    | 22,169                              | 12,054                             |    | 110,089                               |
|    | 9,977,140<br>11,948<br>-                 | 8,495,437<br>7,954                       | 18,737,223<br>27,656<br>86                                  |                        | 516,530<br>-                        |    | 21,196                           |    | 259,956<br>-                        | 139,195<br>-<br>-                  |    | 936,877                               |
|    | -<br>78,885                              | -  | 14,795<br>122,228   |                        | -                                   |    | -                                |    | -<br>-                              | -                                  |    | -                                     |
|    | 12,011,972                               | 11,939,417                               | 24,952,482  | _                      | 590,631                             |    | 22,961                           |    | 282,125                             | 151,249                            |    | 1,046,966                             |
|    |  | 104,071<br>104,071                       | 104,071<br>104,071  | _                      | -                                   |    |                                  |    | -                                   |                                    |    | -                                     |
|    | 3,096,731,081                            | 2,616,171,056<br>-<br>-                  | 6,171,845,799<br>1,022,877<br>-                             |                        | -<br>-<br>147,085,717<br>-          |    | -<br>-<br>6,331,288<br>-         |    | -<br>-<br>75,573,559<br>-           | -<br>-<br>44,828,578<br>-          |    | -<br>-<br>273,819,142<br>-            |
| \$ | 3,096,731,081                            | \$ 2,616,171,056                         |   | \$                     |                                     | \$ | 6,331,288                        | \$ |                                     | 44,828,578                         | \$ | 273,819,142                           |

# Combining Statement of Fiduciary Net Position Pension, Investment and Private-Purpose Trust Funds (Continued) June 30, 2019

|   |     |                                      | Private-l                    | Purpose Ti | rust Funds      |    |                      |
|---|-----|--------------------------------------|------------------------------|------------|-----------------|----|----------------------|
|   |     | Student and<br>Cultural<br>Donations | Mandan<br>Remediati<br>Trust |            | College<br>SAVE |    | Total                |
| ASSETS  |     |                                      |                              |            |                 |    |                      |
| Cash Deposits at the Bank of ND<br>Cash and Cash Equivalents    | \$  | 126,454 \$<br>13,278                 | 5,782                        | 2,369 \$   | -<br>809,772    | \$ | 5,908,823<br>823,050 |
| Receivables:  |     |                                      |                              |            |                 |    |                      |
| Contributions Receivable  |     | -                                    |                              | -          | -               |    | -                    |
| Accounts Receivable - Net                                       |     | -                                    |                              | -          | 185,538         |    | 185,538              |
| Interest Receivable - Net                                       |     | 2,170                                |                              | -          | -               |    | 2,170                |
| Due from Other Funds  |     | 25                                   |                              | -          | -               |    | 25                   |
| Total Receivables   |     | 2,195                                |                              | -          | 185,538         |    | 187,733              |
| Investments, at Fair Value:                                     |     |                                      |                              |            |                 |    |                      |
| Investments, at rail value.                                     |     | 21,740                               |                              | _          | _               |    | 21,740               |
| Equities  |     | -                                    |                              | -          | -               |    | -                    |
| Equity Pool   |     | -                                    |                              | -          | -               |    | -                    |
| Fixed Income Pool   |     | 1,317,953                            |                              | -          | -               |    | 1,317,953            |
| Cash and Cash Pool  |     | -                                    |                              | -          | -               |    | -                    |
| Real Estate Pool  |     | -                                    |                              | -          | -               |    | -                    |
| Mutual Funds  |     | -                                    |                              | -          | 456,003,055     |    | 456,003,055          |
| Total Investments   |     | 1,339,693                            |                              | -          | 456,003,055     |    | 457,342,748          |
| Invested Securities Lending Collateral                          |     | 39,457                               |                              | -          | -               |    | 39,457               |
| Capital Assets (Net of Depreciation)                            |     | -                                    |                              | -          | -               |    | -                    |
| Total Assets  |     | 1,521,077                            | 5,782                        | 2,369      | 456,998,365     |    | 464,301,811          |
|   |     |                                      |                              |            |                 |    |                      |
| DEFERRED OUTFLOWS OF RESOURCES                                  |     |                                      |                              |            |                 |    |                      |
| Derived from Pensions Total Deferred Outflows of Resources      |     | -                                    |                              | -          |                 |    |                      |
|   |     |                                      |                              |            |                 |    |                      |
| LIABILITIES   |     |                                      |                              |            |                 |    |                      |
| Accounts Payable  |     | 524                                  |                              | 7,842      | 1,338,351       |    | 1,346,717            |
| Accrued Payroll   |     | -                                    |                              | -          | -               |    | -                    |
| Securities Lending Collateral                                   |     | 39,457                               |                              | -          | -               |    | 39,457               |
| Due to Other Funds  |     | -                                    |                              | -          | -               |    | -                    |
| Due to Fiduciary Funds  |     | -                                    |                              | -          | -               |    | -                    |
| Amounts Held in Custody for Others Compensated Absences Payable |     | -                                    |                              | -          | -               |    | -                    |
|   |     |                                      |                              |            |                 |    |                      |
| Total Liabilities   |     | 39,981                               | -                            | 7,842      | 1,338,351       |    | 1,386,174            |
| DEFERRED INFLOWS OF RESOURCES                                   |     |                                      |                              |            |                 |    |                      |
| Derived from Pensions   |     | -                                    |                              | -          | -               |    |                      |
| Total Deferred Inflows of Resources                             |     | -                                    |                              | -          | -               |    | -                    |
| NET POSITION  |     |                                      |                              |            |                 |    |                      |
| Net Position Restricted for:                                    |     |                                      |                              |            |                 |    |                      |
| Pension Benefits  |     |                                      |                              | _          |                 |    |                      |
|   |     | -                                    |                              | -          | -               |    | -                    |
| Other Employee Benefits  External Investment Pool Participants  |     | -                                    |                              | _          | -               |    | -                    |
| External Investment Pool Participants Other Purposes            |     | 1,481,096                            | 5,774                        | -<br>4,527 | 455,660,014     |    | 462,915,637          |
|   | -\$ | 1,481,096                            | 5 77/                        | 1,527 \$   | 455,660,014     | \$ | 462,915,637          |
|   | Ψ   | 1,701,000 4                          | , 3,772                      | τ,υΖι ψ    | 700,000,014     | Ψ  | 702,010,007          |



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# Combining Statement of Changes in Fiduciary Net Position Pension, Investment and Private-Purpose Trust Funds

For the Fiscal Year Ended June 30, 2019

|   | Pension and Other Employee Benefit Trust Funds |                                       |                                      |                              |                  |  |  |  |  |
|---|--|---------------------------------------|--------------------------------------|------------------------------|------------------|--|--|--|--|
|   | Deferred<br>Compensation                       | Defined<br>Contribution<br>Retirement | Highway<br>Patrolmen's<br>Retirement | Job<br>Service<br>Retirement | PERS<br>Flexcomp | Prefunded<br>Retiree Health<br>Program |  |  |  |
| ADDITIONS   |  |                                       |                                      |                              |                  |  |  |  |  |
| Contributions:  |  |                                       |                                      |                              |                  |  |  |  |  |
| Employer  |  | \$ 504,381                            | . , ,                                | \$ - \$                      |                  | \$ 12,977,460                          |  |  |  |
| Employee  | 11,208,573                                     | 495,881                               | 1,411,619                            | 29,159                       | 5,550,283        | 15,859                                 |  |  |  |
| From Participants                                     | 400,000  | -                                     | -                                    | -                            | -                | -                                      |  |  |  |
| Transfers from Other Funds Transfers from Other Plans | 400,000<br>1,521,518                           | 5,963                                 | -                                    | -                            | -                | -                                      |  |  |  |
| Donations   | 1,521,516                                      | -                                     | -                                    | -                            | _                | -                                      |  |  |  |
| Total Contributions                                   | 13,130,091                                     | 1,006,225                             | 3,502,505                            | 29,159                       | 5,550,283        | 12,993,319                             |  |  |  |
|   |  | , ,                                   | -,,                                  | -,                           | -,,              | ,,.                                    |  |  |  |
| Investment Income:                                    |  |                                       |                                      |                              |                  |  |  |  |  |
| Net Change in Fair Value of Investments               | 6,252,160                                      | 4,619                                 | 2,678,760                            | 3,497,989                    | -                | 5,197,140                              |  |  |  |
| Interest and Dividends                                | 1,466  | 794,206                               | 1,784,059                            | 3,043,292                    | 945              | 3,373,208                              |  |  |  |
| Less Investment Expense                               |  | 8,009                                 | 217,565                              | 311,651                      | -                | 391,416                                |  |  |  |
| Net Investment Income                                 | 6,253,626                                      | 790,816                               | 4,245,254                            | 6,229,630                    | 945              | 8,178,932                              |  |  |  |
| Securities Lending Activity:                          |  |                                       |                                      |                              |                  |  |  |  |  |
| Securities Lending Income                             | _  | _                                     | 5,647                                | _                            | _                | _                                      |  |  |  |
| Less Securities Lending Expense                       | -  | -                                     | -                                    | -                            | -<br>-           | -                                      |  |  |  |
| Net Securities Lending Income                         | -  | -                                     | 5,647                                | -                            | -                | -                                      |  |  |  |
|   |  |                                       |                                      |                              |                  |  |  |  |  |
| Repurchase Service Credit                             | -  | -                                     | 167,824                              | -                            | -                | 377,329                                |  |  |  |
| Miscellaneous Income (Expense)                        | 324,784  | 8,339                                 | (41)                                 | -                            | 772,629          | (857)                                  |  |  |  |
| Total Additions                                       | 19,708,501                                     | 1,805,380                             | 7,921,189                            | 6,258,789                    | 6,323,857        | 21,548,723                             |  |  |  |
| DEDUCTIONS  |  |                                       |                                      |                              |                  |  |  |  |  |
| Benefits Paid to Participants                         | 5,975,993                                      | 1,049,355                             | 5,341,256                            | 4,626,846                    | 5,460,799        | 1,031                                  |  |  |  |
| Refunds   | -  | -                                     | 49,859                               | -                            | -                | 7,180                                  |  |  |  |
| Prefunded Credit Applied                              | -  | -                                     | -                                    | -                            | -                | 11,497,890                             |  |  |  |
| Transfer to Other Plans                               | -  | -                                     | -                                    | -                            | 75,000           | -                                      |  |  |  |
| Payments in Accordance with Trust Agreements          | -  | <del>-</del>                          | -                                    | -                            | -                | -                                      |  |  |  |
| Administrative Expenses                               | 916,616  | 8,535                                 | 43,555                               | 16,808                       | 570,248          | 437,349                                |  |  |  |
| Total Deductions                                      | 6,892,609                                      | 1,057,890                             | 5,434,670                            | 4,643,654                    | 6,106,047        | 11,943,450                             |  |  |  |
| Purchase (Redemption) of Units at \$1.00 Per Unit     |  | -                                     | -                                    | -                            | -                |  |  |  |  |
| Change in Net Position Held in Trust for:             |  |                                       |                                      |                              |                  |  |  |  |  |
| Pension Benefits                                      | 12,815,892                                     | 747,490                               | 2,486,519                            | 1,615,135                    |                  | 9,605,273                              |  |  |  |
| Other Employee Benefits                               | 12,010,032                                     | -                                     | 2,400,319                            | 1,010,100                    | 217,810          | -                                      |  |  |  |
| External Investment Pool Participants                 | -  | -                                     | _                                    | -                            |                  | -                                      |  |  |  |
| Other Purposes  | -  | -                                     | -                                    | -                            | -                | -                                      |  |  |  |
| Net Position - Beginning of Year                      | 114,968,724                                    | 14,272,056                            | 78,929,000                           | 95,588,111                   | 805,067          | 127,915,462                            |  |  |  |
| Net Position - End of Year                            | \$ 127,784,616                                 | \$ 15,019,546                         | 81,415,519                           | \$ 97,203,246 \$             | 1,022,877        | \$ 137,520,735                         |  |  |  |

|    | Pension and Oth                   | er Employee Benefit    | Trust Funds    | Investment Trust Funds |                     |                                  |      |                        |                  |                 |
|----|-----------------------------------|------------------------|----------------|------------------------|---------------------|----------------------------------|------|------------------------|------------------|-----------------|
|    | Public<br>Employees<br>Retirement | Teachers<br>Retirement | Total          |                        | City of<br>Bismarck | ND<br>Association<br>of Counties |      | City of<br>Grand Forks | City of<br>Fargo | Total           |
| \$ | 81,588,318 \$                     | 89,444,881 \$          | 186,605,926    | \$                     | - \$                | ) -                              | \$   | s - \$                 | - \$             | _               |
|    | 78,213,580                        | 82,429,594             | 179,354,548    |                        | -                   | -                                |      | -                      | -                | -               |
|    | -                                 | -                      | 405,963        |                        | -                   | -                                |      | -                      | -                | -               |
|    | -                                 | -                      | 1,521,518      |                        | -                   | -                                |      | -                      | -                | -               |
|    | -                                 | -                      | <u> </u>       |                        | -                   | -                                |      | -                      | -                |                 |
|    | 159,801,898                       | 171,874,475            | 367,887,955    |                        | -                   | -                                |      | -                      | -                | -               |
|    | 100,603,577                       | 84,701,380             | 202,935,625    |                        | 5,162,288           | 286,31                           | Λ    | 2,672,275              | 1,219,139        | 9,340,012       |
|    | 67,026,499                        | 56,434,954             | 132,458,629    |                        | 3,332,349           | 145,90                           |      | 1,630,647              | 1,034,503        | 6,143,404       |
|    | 8,017,853                         | 6,272,801              | 15,219,295     |                        | 374,121             | 10,92                            | 4    | 181,246                | 88,641           | 654,932         |
|    | 159,612,223                       | 134,863,533            | 320,174,959    |                        | 8,120,516           | 421,29                           | 1    | 4,121,676              | 2,165,001        | 14,828,484      |
|    |                                   |                        |                |                        |                     |                                  |      |                        |                  |                 |
|    | 211,869                           | 224,713                | 442,229        |                        | 11,959              | 57                               | 8    | 6,832                  | 5,468            | 24,837          |
|    | -                                 | 44,927                 | 44,927         |                        | 2,392               | 11                               |      | 1,366                  | 1,089            | 4,964           |
|    | 211,869                           | 179,786                | 397,302        |                        | 9,567               | 46                               | 1    | 5,466                  | 4,379            | 19,873          |
|    | 7,219,697                         | 1,916,787              | 9,681,637      |                        | _                   | _                                |      | _                      | _                | _               |
|    | (5,641)                           | 158,713                | 1,257,926      |                        | -                   | -                                |      | -                      | -                |                 |
|    | 326,840,046                       | 308,993,294            | 699,399,779    |                        | 8,130,083           | 421,75                           | 2    | 4,127,142              | 2,169,380        | 14,848,357      |
|    |                                   |                        |                |                        |                     |                                  |      |                        |                  |                 |
|    | 185,644,486                       | 215,328,174            | 423,427,940    |                        | -                   | _                                |      | -                      | -                | -               |
|    | 11,782,488                        | 5,900,392              | 17,739,919     |                        | -                   | -                                |      | -                      | -                | -               |
|    | -                                 | -                      | 11,497,890     |                        | -                   | -                                |      | -                      | -                | -               |
|    | 330,963                           | -                      | 405,963        |                        | -                   | -                                |      | -                      | -                | -               |
|    | -<br>2,531,304                    | -<br>2,251,083         | -<br>6,775,498 |                        | -                   | -                                |      | -                      | -                | -               |
|    | 200,289,241                       | 223,479,649            | 459,847,210    |                        |                     |                                  |      |                        |                  |                 |
| _  | 200,209,241                       | 223,479,049            | 439,047,210    | -                      | <u> </u>            |                                  |      | <u> </u>               | <u> </u>         |                 |
| _  | -                                 | -                      | -              |                        | (1,000,000)         | -                                |      | 1,049,520              | (1,965,000)      | (1,915,480)     |
|    | 126,550,805                       | 85,513,645             | 239,334,759    |                        | -                   | -                                |      | -                      | -                | -               |
|    | -                                 | -                      | 217,810        |                        | -                   | -                                |      | -                      | <del>-</del>     | -               |
|    | -                                 | -                      | -              |                        | 7,130,083<br>-      | 421,75                           | 2    | 5,176,662<br>-         | 204,380          | 12,932,877<br>- |
|    | 2,970,180,276                     | 2,530,657,411          | 5,933,316,107  |                        | 139,955,634         | 5,909,53                         | 6    | 70,396,897             | 44,624,198       | 260,886,265     |
| \$ | 3,096,731,081 \$                  | 2,616,171,056 \$       | 6,172,868,676  | \$                     | 147,085,717 \$      | 6,331,28                         | 8 \$ | 5 75,573,559 \$        | 44,828,578 \$    | 273,819,142     |

# Combining Statement of Changes in Fiduciary Net Position Pension, Investment and Private-Purpose Trust Funds (Continued) For the Fiscal Year Ended June 30, 2019

|   |                                      | Private-Purpose Tr             | ust Funds       |              |
|---|--------------------------------------|--------------------------------|-----------------|--------------|
|   | Student and<br>Cultural<br>Donations | Mandan<br>Remediation<br>Trust | College<br>SAVE | Total        |
| ADDITIONS   |                                      |                                |                 |              |
| Contributions:                                    |                                      |                                |                 |              |
| Employer  | \$ -                                 | \$ - \$                        | - \$            | -            |
| Employee  | -                                    | -                              | -               | -            |
| From Participants                                 | -                                    | -                              | 47,864,276      | 47,864,276   |
| Transfers from Other Funds                        | -                                    | -                              | -               | -            |
| Transfers from Other Plans                        | -                                    | -                              | -               | -            |
| Donations   | 4,554                                | -                              | -               | 4,554        |
| Total Contributions                               | 4,554                                | -                              | 47,864,276      | 47,868,830   |
| Investment Income:                                |                                      |                                |                 |              |
| Net Change in Fair Value of Investments           | 16,210                               | -                              | (30,043,631)    | (30,027,421) |
| Interest and Dividends                            | 34,771                               | 6,145                          | 11,740,596      | 11,781,512   |
| Less Investment Expense                           | 3,160                                | -                              | -               | 3,160        |
| Net Investment Income                             | 47,821                               | 6,145                          | (18,303,035)    | (18,249,069) |
| Securities Lending Activity:                      |                                      |                                |                 |              |
| Securities Lending Income                         | 1,141                                | _                              | _               | 1,141        |
| Less Securities Lending Expense                   | -                                    | _                              | _               | -            |
| Net Securities Lending Income                     | 1,141                                | -                              | -               | 1,141        |
| Decimalización Cardia                             |                                      |                                |                 |              |
| Repurchase Service Credit                         | -<br>2,957                           | -                              | -               | -<br>2,957   |
| Miscellaneous Income (Expense)                    | 2,957                                | <u> </u>                       | <u> </u>        | 2,957        |
| Total Additions                                   | 56,473                               | 6,145                          | 29,561,241      | 29,623,859   |
| DEDUCTIONS  |                                      |                                |                 |              |
| Benefits Paid to Participants                     | _                                    | -                              | -               | <u>-</u>     |
| Refunds   | -                                    | -                              | -               | -            |
| Prefunded Credit Applied                          | -                                    | -                              | -               | -            |
| Transfer to Other Plans                           | -                                    | -                              | -               | -            |
| Payments in Accordance with Trust Agreements      | 40,334                               | 166,972                        | 39,828,488      | 40,035,794   |
| Administrative Expenses                           | 1,202                                | 89,230                         | 3,359,862       | 3,450,294    |
| Total Deductions                                  | 41,536                               | 256,202                        | 43,188,350      | 43,486,088   |
| Purchase (Redemption) of Units at \$1.00 Per Unit |                                      | -                              | -               | -            |
| Change in Net Position Held in Trust for:         |                                      |                                |                 |              |
| Pension Benefits                                  | _                                    | _                              | -               | _            |
| Other Employee Benefits                           | -                                    | -                              | -               | -            |
| External Investment Pool Participants             | -                                    | -                              | -               | _            |
| Other Purposes                                    | 14,937                               | (250,057)                      | (13,627,109)    | (13,862,229) |
| Net Position - Beginning of Year                  | 1,466,159                            | 6,024,584                      | 469,287,123     | 476,777,866  |
| Net Position - End of Year                        | \$ 1,481,096                         | \$ 5,774,527 \$                | 455,660,014 \$  | 462,915,637  |

# Combining Statement of Fiduciary Assets and Liabilities Agency Funds June 30, 2019

|   | <br>Bonding                                | Payroll                   | Child<br>Support           | į  | Student and Other              | Tax<br>Collection          | Total                                       |
|---|--|---------------------------|----------------------------|----|--------------------------------|----------------------------|---|
| ASSETS  |  |                           |                            |    |                                |                            |   |
| Cash Deposits at the Bank of ND<br>Cash and Cash Equivalents<br>Investments at the Bank of ND | \$<br>6,208,485<br>5,181,350<br>29,837,602 | \$<br>46,185<br>-<br>-    | \$<br>3,062,965<br>190,243 | \$ | 3,393,457<br>425,231<br>50,000 | \$<br>17,920,255<br>-<br>- | \$<br>30,631,347<br>5,796,824<br>29,887,602 |
| Investments Accounts Receivable - Net   | 141,619<br>-                               | -<br>11,033,893           | -                          |    | -                              | -                          | 141,619<br>11,033,893                       |
| Taxes Receivable - Net<br>Interest Receivable - Net   | -  | -                         | -                          |    | 124                            | 46,901,827<br>-            | 46,901,827<br>124                           |
| Total Assets  | \$<br>41,369,056                           | \$<br>11,080,078          | \$<br>3,253,208            | \$ | 3,868,812                      | \$<br>64,822,082           | \$<br>124,393,236                           |
| LIABILITIES   |  |                           |                            |    |                                |                            |   |
| Intergovernmental Payable<br>Tax Refunds Payable<br>Amounts Held in Custody for Others        | 2,500<br>41,366,556                        | 11,009,397<br>-<br>70,681 | -<br>-<br>3,253,208        |    | -<br>-<br>3,868,812            | 64,820,530<br>1,551<br>1   | 75,829,927<br>4,051<br>48,559,258           |
| Total Liabilities   | \$<br>41,369,056                           | \$<br>11,080,078          | \$<br>3,253,208            | \$ | 3,868,812                      | \$<br>64,822,082           | \$<br>124,393,236                           |

# **Combining Statement of Changes in Assets and Liabilities** Agency Funds For the Fiscal Year Ended June 30, 2019

|  | une 30  |    |  |   | June 30   |
|--|---|----|--|---|---|
|  | <br>2018  | Α  | dditions                                 | Deductions                                      | 2019  |
| Bonding  |   |    |  |   |   |
| ASSETS Cash Deposits at the Bank of ND Cash and Cash Equivalents Investments at the Bank of ND Investments | \$<br>6,475,159<br>6,037,077<br>29,791,148<br>141,619 | \$ | 379,277<br>6,388,601<br>967,347          | \$<br>645,951<br>7,244,328<br>920,893           | \$<br>6,208,485<br>5,181,350<br>29,837,602<br>141,619 |
| Total Assets   | \$<br>42,445,003                                      | \$ | 7,735,225                                | \$<br>8,811,172                                 | \$<br>41,369,056                                      |
| LIABILITIES Tax Refunds Payable Amounts Held in Custody for Others Total Liabilities                       | \$<br>11,000<br>42,434,003<br>42,445,003              | \$ | 2,500<br>7,675,225<br>7,677,725          | \$<br>11,000<br>8,742,672<br>8,753,672          | \$<br>2,500<br>41,366,556<br>41,369,056               |
| Payroll  |   |    |  |   |   |
| ASSETS Cash Deposits at the Bank of ND Accounts Receivable - Net Total Assets                              | \$<br>213,729<br>10,297,613<br>10,511,342             |    | 126,162,165<br>11,033,893<br>137,196,058 | \$<br>126,329,709<br>10,297,613<br>136,627,322  | \$<br>46,185<br>11,033,893<br>11,080,078              |
| LIABILITIES Intergovernmental Payable Amounts Held in Custody for Others Total Liabilities                 | \$<br>10,457,993<br>53,349<br>10,511,342              |    | 11,009,396<br>125,201,979<br>136,211,375 | \$<br>10,457,992<br>125,184,647<br>135,642,639  | \$<br>11,009,397<br>70,681<br>11,080,078              |
| Child Support  |   |    |  |   |   |
| ASSETS Cash Deposits at the Bank of ND Cash and Cash Equivalents Accounts Receivable - Net Total Assets    | \$<br>3,142,926<br>203,129<br>1<br>3,346,056          |    | 131,331,542                              | \$<br>131,411,503<br>12,886<br>1<br>131,424,390 | \$<br>3,062,965<br>190,243<br>-<br>3,253,208          |
| LIABILITIES Amounts Held in Custody for Others Total Liabilities   | \$<br>3,346,056<br>3,346,056                          |    | 134,756,166<br>134,756,166               | \$<br>134,849,014<br>134,849,014                | \$<br>3,253,208<br>3,253,208                          |

|   | June 30<br>2018   |  | Deductions  | June 30<br>2019   |
|---|---|--|---|---|
| Student and Other   |   |  |   |   |
| ASSETS  Cash Deposits at the Bank of ND  Cash and Cash Equivalents  Investments at the Bank of ND  Interest Receivable - Net  | \$ 5,962.<br>633,<br>50,  | 711 3,399,887<br>000 -   | \$ 6,544,847<br>3,608,367<br>-  | \$ 3,393,457<br>425,231<br>50,000   |
| Total Assets  | \$ 6,646  | 62 124<br>,459 \$ 7,375,629  | \$ 10,153,276   | \$ 3,868,812  |
| <b>LIABILITIES</b> Amounts Held in Custody for Others Total Liabilities   | 6,646<br>\$ 6,646   |  | 10,153,276<br>\$ 10,153,276   | 3,868,812<br>\$ 3,868,812   |
| Tax Collection  |   |  |   |   |
| ASSETS  Cash Deposits at the Bank of ND  Taxes Receivable - Net  Total Assets   | 18,472<br>40,948<br>\$ 59,421                                       | 46,901,827   | 327,064,183<br>40,948,498<br>\$ 368,012,681   | 17,920,255<br>46,901,827<br>\$ 64,822,082   |
| LIABILITIES Intergovernmental Payable Tax Refunds Payable Amounts Held in Custody of Others Total Liabilities   | 59,417,<br>3,<br>\$ 59,421,   | ,888 1,551<br>1 -  | 391,724,329<br>3,888<br>-<br>\$ 391,728,217   | 64,820,530<br>1,551<br>1<br>\$ 64,822,082   |
| Total -All Agency Funds   |   |  |   |   |
| ASSETS  Cash Deposits at the Bank of ND Cash and Cash Equivalents Investments at the Bank of ND Investments Accounts Receivable - Net Taxes Receivable - Net Interest Receivable - Net Total Assets | 34,267<br>6,873<br>29,841<br>141,<br>10,297<br>40,948<br>\$ 122,370 | .917     9,788,488       .148     967,347       .619     -       .614     11,033,893       .498     46,901,827       .62     124 | 591,996,193<br>10,865,581<br>920,893<br>-<br>10,297,614<br>40,948,498<br>62<br>\$ 655,028,841 | 30,631,347<br>5,796,824<br>29,887,602<br>141,619<br>11,033,893<br>46,901,827<br>124<br>\$ 124,393,236 |
| LIABILITIES Intergovernmental Payable Tax Refunds Payable Amounts Held in Custody for Others Total Liabilities  | 69,875,<br>14,<br>52,479,<br>\$ 122,370,                            | ,888 4,051<br>,868 275,008,999   | 402,182,321<br>14,888<br>278,929,609<br>\$ 681,126,818  | 75,829,927<br>4,051<br>48,559,258<br>\$ 124,393,236   |

| State of North Dakota |  |
|-----------------------|--|
|-----------------------|--|

# **Statistical Information**

# **INDEX TO SCHEDULES**

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|--------------------|-------------------------------------|---------------|---------------|-------------|--------|------------|---------|---------|
| financial performa | ance and well-being                 | have change   | ed over time. | •           |        |            |         |         |

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

|   | 2010 |               | 2011 |               | 2012 |                | 2013                 |
|---|------|---------------|------|---------------|------|----------------|----------------------|
| Governmental Activities                     |      |               |      |               |      |                |                      |
| Net Investment in Capital Assets            | \$   | 1,450,350,320 | \$   | 1,640,080,874 | \$   | 1,943,226,802  | \$<br>2,331,214,264  |
| Restricted                                  |      | 1,984,324,201 |      | 2,470,400,337 |      | 3,094,031,766  | 3,786,154,729        |
| Unrestricted                                |      | 1,772,441,595 |      | 2,537,062,796 |      | 3,635,538,536  | 5,597,014,917        |
| Total Governmental Activities Net Position  | \$   | 5,207,116,116 | \$   | 6,647,544,007 | \$   | 8,672,797,104  | \$<br>11,714,383,910 |
| Business-Type Activities                    |      |               |      |               |      |                |                      |
| Net Investment in Capital Assets            |      | 644,108,459   |      | 706,459,639   |      | 752,357,235    | 792,067,993          |
| Restricted                                  |      | 445,609,412   |      | 452,312,013   |      | 569,991,053    | 632,431,958          |
| Unrestricted                                |      | 749,258,206   |      | 916,758,798   |      | 957,796,166    | 1,019,582,872        |
| Total Business-Type Activities Net Position | \$   | 1,838,976,077 | \$   | 2,075,530,450 | \$   | 2,280,144,454  | \$<br>2,444,082,823  |
| Primary Government                          |      |               |      |               |      |                |                      |
| Net Investment in Capital Assets            |      | 2,094,458,779 |      | 2,346,540,513 |      | 2,695,584,037  | 3,123,282,257        |
| Restricted                                  |      | 2,429,933,613 |      | 2,922,712,350 |      | 3,664,022,819  | 4,418,586,687        |
| Unrestricted                                |      | 2,521,699,801 |      | 3,453,821,594 |      | 4,593,334,702  | 6,616,597,789        |
| Total Primary Government Net Position       | \$   | 7,046,092,193 | \$   | 8,723,074,457 | \$   | 10,952,941,558 | \$<br>14,158,466,733 |

|    | 2014  | 2015  | 2015 2016 2017 |   | 2017 | 2018  |          | 2019  |   |
|----|---|---|----------------|---|------|---|----------|---|---|
| \$ | 2,502,234,624<br>4,976,564,822<br>7,109,867,360                     | \$<br>3,622,722,021<br>6,254,673,532<br>6,812,545,677                       | \$             | 4,299,696,899<br>6,246,873,312<br>5,781,826,861                       | \$   | 4,759,286,304<br>6,224,908,099<br>5,989,501,438                   | \$       | 4,988,838,700<br>6,355,103,413<br>7,172,275,944                       | \$<br>5,185,682,467<br>6,639,785,616<br>8,786,695,069                       |
| \$ | 14,588,666,806  | \$<br>16,689,941,230  | \$             | 16,328,397,072  | \$   | 16,973,695,841  | \$       | 18,516,218,057  | \$<br>20,612,163,152  |
| \$ | 844,395,270<br>600,269,799<br>1,287,315,405<br><b>2,731,980,474</b> | \$<br>1,023,384,933<br>485,012,106<br>1,439,859,232<br><b>2,948,256,271</b> | \$             | 1,155,758,401<br>533,664,273<br>1,528,847,402<br><b>3,218,270,076</b> | \$   | 1,223,438,996<br>888,080,253<br>1,633,421,219<br>3,744,940,468    | \$       | 1,214,133,386<br>924,610,477<br>1,779,197,611<br><b>3,917,941,474</b> | \$<br>1,246,740,894<br>972,887,591<br>1,904,500,531<br><b>4,124,129,016</b> |
| -  | 3,346,629,894<br>5,576,834,621<br>8,397,182,765<br>17,320,647,280   | <br>4,646,106,954<br>6,739,685,638<br>8,252,404,909<br>19,638,197,501       | \$             | 5,455,455,300<br>6,780,537,585<br>7,310,674,263<br>19,546,667,148     | -\$  | 5,982,725,300<br>7,112,988,352<br>7,622,922,657<br>20,718,636,309 | <u> </u> | 6,202,972,086<br>7,279,713,890<br>8,951,473,555<br>22,434,159,531     | <br>6,432,423,361<br>7,612,673,207<br>10,691,195,600<br>24,736,292,168      |

# Schedule 2 -- Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

| •  |                                   |   |                                       |                                   |
|--|-----------------------------------|---|---------------------------------------|-----------------------------------|
|  | 2010                              | 2011                                    | 2012                                  | 2013                              |
| _  |                                   |   |                                       |                                   |
| Expenses Governmental Activities:  |                                   |   |                                       |                                   |
| General Governmental   | \$ 393,432,224                    | \$ 507,512,750                          | \$ 617,152,026                        | \$ 889.332.121                    |
| Education  | 849,337,255                       | 830,649,191                             | 843,780,168                           | 875,991,527                       |
| Health and Human Services  | 1,149,201,916                     | 1,244,163,316                           | 1,271,569,970                         | 1,318,899,711                     |
| Regulatory   | 26,187,266                        | 28,419,774                              | 33,988,310                            | 44,813,739                        |
| Public Safety and Corrections  | 284,846,465                       | 242,521,440                             | 303,602,543                           | 209,732,547                       |
| Agriculture and Commerce   | 85,327,633                        | 98,038,471                              | 91,653,406                            | 93,212,834                        |
| Natural Resources  | 81,304,271                        | 117,862,905                             | 132,679,303                           | 114,752,488                       |
| Transportation   | 463,845,880                       | 468,695,689                             | 796,123,086                           | 595,646,719                       |
| Interest on Long Term Debt Total Governmental Activities Expenses                        | 11,773,684_<br>3,345,256,594      | 10,461,658<br>3,548,325,193             | 9,063,514<br>4,099,612,325            | 8,454,110<br>4,150,835,796        |
| Business-Type Activities:  | 5,545,250,554                     | 3,340,323,133                           | 4,039,012,323                         | 4,130,033,730                     |
| Bank of North Dakota   | 80.132.606                        | 77,556,546                              | 71,996,932                            | 68,887,617                        |
| Housing Finance  | 62,931,910                        | 69,824,036                              | 56,046,981                            | 48,368,304                        |
| Loan Programs  | 6,315,852                         | 6,898,226                               | 8,092,864                             | 8,756,357                         |
| State Lottery  | 18,177,724                        | 17,068,826                              | 18,877,249                            | 19,713,987                        |
| Unemployment Compensation  | 137,473,630                       | 108,482,422                             | 89,236,878                            | 118,377,072                       |
| University System  | 963,820,452                       | 1,008,539,618                           | 1,047,949,521                         | 1,080,816,602                     |
| Workers Compensation   | 218,185,899                       | 300,297,491                             | 359,216,200                           | 448,535,174                       |
| Other  | 188,406,517                       | 237,373,095                             | 523,164,269                           | 279,389,712                       |
| Total Business-Type Activities Expenses Total Primary Government Expenses                | 1,675,444,590<br>\$ 5,020,701,184 | 1,826,040,260<br>\$ 5,374,365,453       | 2,174,580,894<br><b>6,274,193,219</b> | 2,072,844,825<br>\$ 6,223,680,621 |
|  |                                   | , ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, |                                       |                                   |
| Program Revenues   |                                   |   |                                       |                                   |
| Governmental Activities:   |                                   |   |                                       |                                   |
| Charges for Services:  |                                   |   |                                       |                                   |
| General Governmental   | 20,683,111                        | 26,863,061                              | 30,255,507                            | 32,815,967                        |
| Education  | 5,440,633                         | 6,985,958                               | 7,515,580                             | 6,086,567                         |
| Health and Human Services  | 31,858,461                        | 36,563,927                              | 36,100,539                            | 38,381,590<br>32,359,807          |
| Regulatory   | 23,963,949                        | 22,122,244                              | 30,312,566                            |                                   |
| Public Safety and Corrections Agriculture and Commerce                                   | 12,310,270<br>29,530,575          | 14,456,950<br>29,861,552                | 26,263,919<br>31,026,427              | 26,614,392<br>35,652,945          |
| Natural Resources  | 30,854,355                        | 24,772,981                              | 31,017,855                            | 26,356,862                        |
| Transportation   | 90,768,728                        | 96,023,474                              | 111,125,056                           | 120,821,133                       |
| Operating Grants and Contributions   | 2,025,395,367                     | 2,015,949,905                           | 2,012,322,201                         | 1,867,800,810                     |
| Capital Grants and Contributions   | 63,034,991                        | 12,768,330                              | 18,099,423                            | 5,353,007                         |
| Total Governmental Activities Program Revenues   | 2,333,840,440                     | 2,286,368,382                           | 2,334,039,074                         | 2,192,243,080                     |
| Business-Type Activities:  |                                   |   |                                       |                                   |
| Charges for Services:  |                                   |   |                                       |                                   |
| Bank of North Dakota   | 138,081,000                       | 140,043,000                             | 145,038,000                           | 161,080,000                       |
| Housing Finance  | 48,814,007                        | 54,190,469                              | 49,583,855                            | 42,649,030                        |
| Loan Programs<br>State Lottery   | 6,013,058<br>24,498,988           | 5,989,229<br>23,085,242                 | 6,185,948<br>26,587,851               | 7,538,124<br>27,999,486           |
| Unemployment Compensation  | 115,951,800                       | 119,074,810                             | 126,040,929                           | 127,174,321                       |
| University System  | 418,085,075                       | 438,741,616                             | 468,992,991                           | 486,262,379                       |
| Workers Compensation   | 157,710,330                       | 193,150,136                             | 253,677,520                           | 320,237,794                       |
| Other  | 201,085,424                       | 246,210,771                             | 278,124,295                           | 289,981,947                       |
| Operating Grants and Contributions   | 412,398,322                       | 449,392,800                             | 601,695,091                           | 370,855,633                       |
| Capital Grants and Contributions   | 19,762,204                        | 14,258,261                              | 20,975,446                            | 19,865,857                        |
| Total Business-Type Activities Program Revenues  | 1,542,400,208                     | 1,684,136,334                           | 1,976,901,926                         | 1,853,644,571                     |
| Total Primary Government Program Revenues  | \$ 3,876,240,648                  | \$ 3,970,504,716                        | \$ 4,310,941,000                      | \$ 4,045,887,651                  |
| Net (Expense)/Revenue  |                                   |   |                                       |                                   |
| Governmental Activities  | (1,011,416,154)                   | (1,261,956,811)                         | (1,765,573,251)                       | (1,958,592,716)                   |
| Business-Type Activities   | (133,044,382)                     | (141,903,926)                           | (197,678,968)                         | (219,200,254)                     |
| Total Primary Government Net Expense   | \$ (1,144,460,536)                | \$ (1,403,860,737)                      | \$ (1,963,252,219)                    | \$ (2,177,792,970)                |
| General Revenues and Other Changes in Net Position<br>Governmental Activities:<br>Taxes: |                                   |   |                                       |                                   |
| Individual and Corporate Income Taxes  | 379,938,009                       | 605,526,736                             | 658.905.496                           | 863,018,492                       |
| Sales and Use Taxes  | 885,445,674                       | 1,121,730,307                           | 1,543,140,897                         | 1,654,186,763                     |
| Oil, Gas and Coal Taxes  | 633,445,059                       | 1,059,467,528                           | 1,670,059,257                         | 2,518,921,322                     |
| Business and Other Taxes   | 62,075,915                        | 69,733,806                              | 71,974,295                            | 83,470,020                        |
| Unrestricted Investment Earnings   | 33,925,667                        | 21,330,843                              | 15,500,793                            | 17,967,764                        |
| Tobacco Settlement   | 23,559,384                        | 30,453,643                              | 22,265,336                            | 22,332,577                        |
| Miscellaneous  | 150,818,789                       | 158,447,124                             | 170,544,538                           | 206,709,383                       |
| Contributions to Permanent Fund Principal  | 11,203,425                        | 999,110                                 | 12,469,733                            | 13,722,930                        |
| Special Items  | -                                 | -                                       | -                                     | -                                 |
| Extraordinary Item<br>Transfers  | (250 406 660)                     | (265 204 206)                           | (269 204 494)                         | (409,585,575)                     |
| Total Governmental Activities  | (350,496,669)<br>1,829,915,253    | (365,304,396)<br>2,702,384,702          | (368,204,484)<br>3,796,655,862        | 4,970,743,676                     |
| Business-Type Activities:  | 1,023,310,233                     | 2,102,004,102                           | 3,730,033,002                         | 4,010,140,010                     |
| Miscellaneous  | -                                 | -                                       | 1,940,000                             | 39,166,106                        |
| Special Items  | -                                 | -                                       | · · · · · · · · · · · · · · · · · · · | (14,728,630)                      |
| Transfers  | 324,785,928                       | 376,538,823                             | 390,214,559                           | 358,701,147                       |
| Total Business-Type Activities   | 324,785,928                       | 376,538,823                             | 392,154,559                           | 383,138,623                       |
| Total Primary Government   | \$ 2,154,701,181                  | \$ 3,078,923,525                        | \$ 4,188,810,421                      | \$ 5,353,882,299                  |
| Change in Net Position   |                                   |   |                                       |                                   |
| Governmental Activities  | 818,499,099                       | 1,440,427,891                           | 2,031,082,611                         | 3,012,150,960                     |
| Business-Type Activities   | 191,741,546                       | 234,634,897                             | 194,475,591                           | 163,938,369                       |
| Total Primary Government   | \$ 1,010,240,645                  | \$ 1,675,062,788                        | \$ 2,225,558,202                      | \$ 3,176,089,329                  |

|    | 2014                           | 2015                             |    | 2016                           |    | 2017                           | 2018                             |    | 2019                           |
|----|--------------------------------|----------------------------------|----|--------------------------------|----|--------------------------------|----------------------------------|----|--------------------------------|
| •  | 4 000 040 000                  | 4 474 007 040                    |    | 4.055.077.004                  |    | 055 440 200                    | 4.004.004.050                    |    | 4.400.000.07                   |
| \$ | 1,283,916,089                  | \$<br>1,171,207,640              | \$ | 1,055,377,601                  | \$ | 955,118,609                    | \$<br>1,034,864,058              | \$ | 1,183,233,944                  |
|    | 1,075,062,067<br>1,433,598,932 | 1,415,255,393<br>1,706,333,172   |    | 1,175,550,087<br>1,776,822,167 |    | 1,214,358,440<br>1,851,801,955 | 1,208,513,849<br>1,930,264,975   |    | 1,238,988,634<br>1,947,263,363 |
|    | 54,727,821                     | 66,743,817                       |    | 69,084,070                     |    | 76,261,665                     | 60,781,953                       |    | 61,213,248                     |
|    | 243,149,474                    | 249,290,966                      |    | 227.617.802                    |    | 238,515,283                    | 241,143,887                      |    | 230,666,579                    |
|    | 96,055,152                     | 106,455,113                      |    | 106.845.611                    |    | 100,774,792                    | 95,411,926                       |    | 99.247.117                     |
|    | 119,395,831                    | 236,079,321                      |    | 321,992,458                    |    | 286,546,075                    | 230,194,737                      |    | 261,307,506                    |
|    | 1,066,103,806                  | 603,812,692                      |    | 679,070,102                    |    | 529,532,248                    | 444,530,511                      |    | 443,629,333                    |
|    | 7,601,561                      | <br>7,154,580                    |    | 1,334,285                      |    | 2,677,665                      | 2,502,540                        |    | 1,952,361                      |
|    | 5,379,610,733                  | <br>5,562,332,694                |    | 5,413,694,183                  |    | 5,255,586,732                  | <br>5,248,208,436                |    | 5,467,502,085                  |
|    | 76,366,749<br>40,901,946       | 71,053,171<br>37,510,475         |    | 85,822,027<br>40,245,934       |    | 88,791,813<br>40,997,193       | 86,073,174<br>46,083,037         |    | 98,931,503<br>52,714,991       |
|    | 12,759,106                     | 11,366,158                       |    | 17,322,830                     |    | 13,172,549                     | 13,320,203                       |    | 12,665,669                     |
|    | 19,264,562                     | 20,359,788                       |    | 26,038,434                     |    | 20,637,595                     | 23,214,880                       |    | 26,174,686                     |
|    | 113,988,509                    | 144,920,974                      |    | 225,358,209                    |    | 156,930,938                    | 115,486,597                      |    | 84,205,911                     |
|    | 1,129,869,106                  | 1,170,159,474                    |    | 1,211,438,892                  |    | 1,204,936,394                  | 1,178,669,412                    |    | 1,198,989,180                  |
|    | 418,500,961                    | 377,926,363                      |    | 366,662,703                    |    | 254,467,332                    | 270,197,345                      |    | 297,497,091                    |
|    | 269,600,028<br>2,081,250,967   | <br>549,799,020<br>2,383,095,423 |    | 569,432,422<br>2,542,321,451   |    | 571,077,157<br>2,351,010,971   | <br>632,911,836<br>2,365,956,484 | -  | 594,491,102<br>2,365,670,133   |
| \$ | 7,460,861,700                  | \$<br>7,945,428,117              | \$ | 7,956,015,634                  | \$ | 7,606,597,703                  | \$<br>7,614,164,920              | \$ | 7,833,172,218                  |
|    | 1,100,001,100                  | <br>.,010,120,111                |    | 1,000,010,001                  |    | 1,000,001,100                  | <br>.,0,.0.,020                  |    |                                |
|    |                                |                                  |    |                                |    |                                |                                  |    |                                |
|    | 38,080,695<br>6,064,710        | 37,107,914<br>6,806,001          |    | 36,278,126<br>7,071,212        |    | 33,728,302<br>7,530,807        | 33,504,205<br>6,987,309          |    | 37,185,115<br>7,147,934        |
|    | 39,915,016                     | 64,507,593                       |    | 42,982,802                     |    | 43,283,756                     | 48,201,500                       |    | 80,627,617                     |
|    | 45,384,490                     | 25.862.700                       |    | 52,583,727                     |    | 29,390,590                     | 31.489.459                       |    | 29,490,252                     |
|    | 28,552,402                     | 30,428,332                       |    | 24,446,658                     |    | 23,272,409                     | 30,370,076                       |    | 32,002,961                     |
|    | 36,600,243                     | 31,198,196                       |    | 38,222,183                     |    | 35,559,194                     | 40,756,601                       |    | 32,809,364                     |
|    | 29,681,837                     | 33,895,342                       |    | 35,142,635                     |    | 35,392,128                     | 33,128,741                       |    | 38,390,527                     |
|    | 120,058,651                    | 132,160,558                      |    | 122,699,922                    |    | 124,378,227                    | 120,482,453                      |    | 120,377,945                    |
|    | 2,083,789,612                  | 1,888,797,868                    |    | 1,755,539,596                  |    | 2,221,211,526                  | 2,156,381,884                    |    | 2,121,702,987                  |
|    | 11,045,879                     | <br>1,388,033<br>2,252,152,537   |    | 3,416,338                      |    | 1,205,837                      | <br>94,772                       |    | 106,834<br>2,499,841,536       |
|    | 2,439,173,535                  | <br>2,252,152,537                | -  | 2,118,383,199                  | -  | 2,554,952,776                  | <br>2,501,397,000                | -  | 2,499,641,536                  |
|    | 155,548,000                    | 175,117,000                      |    | 207,836,000                    |    | 223,476,000                    | 221,210,000                      |    | 251,626,000                    |
|    | 36,150,366                     | 34,386,013                       |    | 36,286,659                     |    | 37,984,271                     | 39,821,469                       |    | 49,362,786                     |
|    | 7,548,651                      | 10,365,115                       |    | 12,212,352                     |    | 11,530,798                     | 7,391,511                        |    | 13,095,470                     |
|    | 27,051,014                     | 27,212,010                       |    | 35,736,460                     |    | 27,744,572                     | 31,520,906                       |    | 35,511,058                     |
|    | 133,701,408<br>507,302,753     | 127,328,232<br>517,570,660       |    | 147,802,377<br>537,645,053     |    | 193,118,386<br>546,737,253     | 162,161,260<br>549,206,645       |    | 114,657,558<br>540,691,218     |
|    | 318,779,835                    | 339,806,696                      |    | 308,682,776                    |    | 244,720,318                    | 239,542,884                      |    | 249,787,742                    |
|    | 276,895,777                    | 554,752,747                      |    | 573,829,155                    |    | 577,288,875                    | 639,883,523                      |    | 600,125,017                    |
|    | 439,950,824                    | 312,136,231                      |    | 298,603,154                    |    | 380,842,641                    | 363,266,299                      |    | 410,790,831                    |
|    | 18,703,628                     | <br>36,923,275                   |    | 29,609,083                     |    | 32,025,992                     | <br>4,769,350                    |    | 19,925,817                     |
|    | 1,921,632,256                  | 2,135,597,979                    |    | 2,188,243,069                  |    | 2,275,469,106                  | 2,258,773,847                    |    | 2,285,573,497                  |
| \$ | 4,360,805,791                  | \$<br>4,387,750,516              |    | 4,306,626,268                  | \$ | 4,830,421,882                  | \$<br>4,760,170,847              | \$ | 4,785,415,033                  |
|    | (2,940,437,198)                | (3,310,180,157)                  |    | (3,295,310,984)                |    | (2,700,633,956)                | (2,746,811,436)                  |    | (2,967,660,549)                |
|    | (159,618,711)                  | <br>(247,497,444)                |    | (354,078,382)                  |    | (75,541,865)                   | <br>(107,182,637)                |    | (80,096,636)                   |
| \$ | (3,100,055,909)                | \$<br>(3,557,677,601)            | \$ | (3,649,389,366)                | \$ | (2,776,175,821)                | \$<br>(2,853,994,073)            | \$ | (3,047,757,185)                |
|    |                                |                                  |    |                                |    |                                |                                  |    |                                |
|    | 700,867,920                    | 732,975,064                      |    | 414,964,865                    |    | 418,040,178                    | 452,792,812                      |    | 604,088,632                    |
|    | 1,756,777,615                  | 1,804,380,378                    |    | 1,348,342,960                  |    | 1,236,701,340                  | 1,326,248,557                    |    | 1,435,129,762                  |
|    | 3,335,934,782                  | 2,734,507,198                    |    | 1,457,361,212                  |    | 1,490,398,754                  | 2,196,877,038                    |    | 2,586,569,876                  |
|    | 82,437,250                     | 92,936,834                       |    | 99,295,506                     |    | 98,374,118                     | 100,127,079                      |    | 110,714,853                    |
|    | 130,011,232<br>23,652,803      | 117,643,232<br>21,789,723        |    | 64,347,477<br>22,776,760       |    | 489,070,430<br>21,599,800      | 380,164,919<br>55,305,183        |    | 360,264,138<br>20,752,400      |
|    | 198,533,139                    | 161,725,312                      |    | 119,545,563                    |    | 119,134,899                    | 163,996,339                      |    | 231,745,021                    |
|    | 14,251,211                     | 16,382,336                       |    | 15,637,987                     |    | 11,895,026                     | 4,393,122                        |    | 11,014,244                     |
|    | -                              | -                                |    | (4,948,596)                    |    | (38,379,966)                   | -                                |    | -                              |
|    | (424,008,500)                  | <br>(542,713,254)                |    | (603,556,908)                  |    | (503,278,766)                  | <br>(367,497,321)                |    | (290,718,287)                  |
|    | 5,818,457,452                  | <br>5,139,626,823                |    | 2,933,766,826                  |    | 3,343,555,813                  | <br>4,312,407,728                |    | 5,069,560,639                  |
|    | 1,857,975                      | 9,562,071                        |    | 93,003                         |    | 4,846,618                      | 2,921,705                        |    | 5,162,713                      |
|    | 455,888,029<br>457,746,004     | <br>535,979,992<br>545,542,063   |    | 611,332,622<br>611,425,625     |    | 598,094,515<br>602,941,133     | <br>285,002,133<br>287,923,838   |    | 277,018,465<br>282,181,178     |
| \$ | 6,276,203,456                  | \$<br>5,685,168,886              | \$ | 3,545,192,451                  | \$ | 3,946,496,946                  | \$<br>4,600,331,566              | \$ | 5,351,741,817                  |
|    | 2 070 020 254                  | 1 920 446 666                    |    | (261 F44 4E0)                  |    | 642 024 057                    | 1 565 500 202                    |    | 2 101 000 000                  |
|    | 2,878,020,254<br>298,127,293   | <br>1,829,446,666<br>298,044,619 |    | (361,544,158)<br>257,347,243   |    | 642,921,857<br>527,399,268     | <br>1,565,596,292<br>180,741,201 |    | 2,101,900,090<br>202,084,542   |
| \$ | 3,176,147,547                  | \$<br>2,127,491,285              | \$ | (104,196,915)                  | \$ | 1,170,321,125                  | \$<br>1,746,337,493              | \$ | 2,303,984,632                  |
|    |                                | <br>                             |    |                                |    |                                | <br>                             |    |                                |

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

(modified accrual basis of accounting)

|                              | 2010                |
|------------------------------|---------------------|
|                              |                     |
| General Fund                 |                     |
| Reserved                     | \$<br>4,990,240     |
| Unreserved                   | 834,021,114         |
| Total General Fund           | 839,011,354         |
|                              |                     |
| All Other Governmental Funds |                     |
| Reserved                     | 2,201,584,878       |
| Unreserved, Reported in:     |                     |
| Special Revenue Funds        | 1,525,108,012       |
| Total All Other Governmental |                     |
| Funds                        | <br>3,726,692,890   |
| Total Fund Balances,         |                     |
| Governmental Funds           | \$<br>4,565,704,244 |
|                              |                     |

Note: Due to GASB Statement 54, a new table is included below for 2011 going forward.

|                              | 2011             | 2012             | 2013             | 2014              |  |
|------------------------------|------------------|------------------|------------------|-------------------|--|
| General Fund                 |                  |                  |                  |                   |  |
| Nonspendable                 | \$ 4,628,040     | \$ 498,042,684   | \$ 1,355,179,441 | \$ 2,447,681,621  |  |
| Restricted                   | -                | -                | -                | -                 |  |
| Commited                     | 682,696,887      | 996,737,740      | 840,061,206      | 1,365,420,166     |  |
| Unassigned                   | 712,046,495      | 1,412,091,095    | 2,142,277,489    | 1,421,552,566     |  |
| Total General Fund           | 1,399,371,422    | 2,906,871,519    | 4,337,518,136    | 5,234,654,353     |  |
| All Other Governmental Funds |                  |                  |                  |                   |  |
| Nonspendable                 | 81,757,950       | 82,345,060       | 85,991,097       | 88,250,884        |  |
| Restricted                   | 2,371,817,130    | 3,003,088,539    | 3,679,248,354    | 4,913,528,772     |  |
| Commited                     | 1,055,012,373    | 682,600,401      | 1,200,571,048    | 1,628,346,627     |  |
| Assigned                     | 124,052,099      | 66,930,266       | 64,730,555       | 224,403,093       |  |
| Unassigned                   | (3,205,875)      | (3,797,855)      | (6,075,964)      | -                 |  |
| Total All Other Governmental |                  |                  |                  |                   |  |
| Funds                        | 3,629,433,677    | 3,831,166,411    | 5,024,465,090    | 6,854,529,376     |  |
| Total Fund Balances,         |                  |                  |                  |                   |  |
| Governmental Funds           | \$ 5,028,805,099 | \$ 6,738,037,930 | \$ 9,361,983,226 | \$ 12,089,183,729 |  |

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

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

(modified accrual basis of accounting)

|   | 2010           | 2011             | 2012             | 2013             |
|---|----------------|------------------|------------------|------------------|
| Revenues  |                |                  |                  |                  |
| Individual and Corporate Income Taxes                   | \$ 380,068,970 | \$ 602,185,856   | \$ 643,107,392   | \$ 845,590,604   |
| Sales and Use Taxes                                     | 883,265,443    | 1,120,803,578    | 1,542,807,423    | 1,652,264,305    |
| Oil, Gas, and Coal Taxes                                | 633,497,612    | 1,058,519,977    | 1,670,529,100    | 2,518,629,175    |
| Business and Other Taxes                                | 62,344,622     | 70,417,133       | 72,084,077       | 80,514,313       |
| Licenses, Permits and Fees                              | 143,516,524    | 154,090,944      | 183,303,744      | 191,268,529      |
| Intergovernmental                                       | 1,692,074,692  | 1,610,019,463    | 1,753,469,275    | 1,428,170,719    |
| Sales and Services                                      | 47,993,528     | 53,599,656       | 51,864,186       | 51,333,672       |
|   |                | , ,              |                  |                  |
| Royalties and Rents                                     | 407,051,277    | 328,289,031      | 392,165,022      | 389,989,643      |
| Fines and Forfeits                                      | 13,282,502     | 16,213,841       | 18,151,711       | 23,770,098       |
| Interest and Investment Income                          | 181,825,499    | 270,760,984      | 74,621,630       | 250,383,144      |
| Tobacco Settlement                                      | 32,839,602     | 30,453,643       | 31,277,903       | 31,344,429       |
| Commodity Assessments                                   | 19,558,592     | 23,111,279       | 19,710,327       | 28,572,996       |
| Miscellaneous   | 11,870,275     | 7,622,389        | 25,651,998       | 56,131,404       |
| Total Revenues  | 4,509,189,138  | 5,346,087,774    | 6,478,743,788    | 7,547,963,031    |
| Expenditures  |                |                  |                  |                  |
| Current:  |                |                  |                  |                  |
| General Government                                      | 118,135,852    | 174,560,163      | 193,919,196      | 316,117,619      |
| Education   | 849,104,680    | 830,379,618      | 842,666,213      | 874,348,965      |
| Health and Human Services                               | 1,147,503,138  | 1,240,584,657    | 1,267,415,392    | 1,316,596,317    |
| Regulatory  | 22,114,812     | 25,371,933       | 30,249,484       | 35,368,070       |
| Public Safety and Corrections                           | 276,719,107    | 233,108,649      | 292,979,177      | 199,319,379      |
| Agriculture and Commerce                                | 85,141,016     | 97,880,158       | 91,516,274       | 92,435,869       |
| Natural Resources                                       | 73,359,931     | 110,413,413      | 123,117,235      | 105,696,650      |
| Transportation  | 425,930,371    | 430,542,156      | 753,087,144      | 550,383,353      |
| Intergovernmental - Revenue Sharing                     | 273,118,311    | 326,572,267      | 415,775,866      | 570,905,886      |
|   |                |                  | , ,              |                  |
| Capital Outlay  | 155,148,376    | 233,071,350      | 358,083,597      | 428,030,196      |
| Debt Service:   | 20 542 504     | 46,000,000       | 40 202 006       | 47 404 000       |
| Principal   | 30,513,501     | 16,869,266       | 18,282,996       | 17,421,039       |
| Interest and Other Charges                              | 12,318,072     | 10,659,235       | 9,736,260        | 8,744,962        |
| Total Expenditures                                      | 3,469,107,167  | 3,730,012,865    | 4,396,828,834    | 4,515,368,305    |
| Revenue over (under) Expenditures                       | 1,040,081,971  | 1,616,074,909    | 2,081,914,954    | 3,032,594,726    |
| Other Financing Sources (Uses)                          |                |                  |                  |                  |
| Bonds and Notes Issued                                  | _              | 2,575,000        | _                | -                |
| Refunding Bonds Issued                                  | _              | 5,337,000        | 20,004,000       | _                |
| Payment to Refund Bond Escrow Agent                     | _              | -                |                  | _                |
| Payment of Refunded Bonds                               | _              | (4,940,000)      | (25,041,000)     | _                |
| Capital Lease Acquisitions                              | 166,951        | 1,402,326        | 147,344          | 282,145          |
| Sale of Capital Assets                                  | 471,890        | 539,837          | 284,974          | 641,170          |
| Other   | 47 1,030       | 333,037          | 204,374          | 041,170          |
| Transfers In  | 474,985,111    | 566,165,036      | 1,162,122,470    | 398,824,628      |
| Transfers Out   | (825,481,779)  | (931,469,432)    | (1,530,199,911)  | (808,397,373)    |
| Total Other Financing Sources (Uses)                    | (349,857,827)  | (360,390,233)    | (372,682,123)    | (408,649,430)    |
| Total Other Financing Sources (Oses)                    | (349,057,027)  | (300,390,233)    | (372,002,123)    | (400,049,430)    |
| Extraordinary Item                                      |                |                  |                  |                  |
| Net Changes in Fund Balances                            | \$ 690,224,144 | \$ 1,255,684,676 | \$ 1,709,232,831 | \$ 2,623,945,296 |
| Debt Service as a Percentage of Noncapital Expenditures | 1.2%           | 1.3%             | <1%              | <1%              |

|    | 2014          | 2015                | 2016                  | 2017              | 2018                | 2019                |
|----|---------------|---------------------|-----------------------|-------------------|---------------------|---------------------|
|    |               |                     |                       |                   |                     |                     |
| \$ | 736,426,799   | \$<br>714,657,090   | \$<br>424,229,756     | \$<br>397,563,377 | \$<br>459,742,512   | \$<br>594,902,271   |
|    | 1,747,358,775 | 1,790,646,715       | 1,353,955,780         | 1,227,777,645     | 1,308,380,507       | 1,447,039,166       |
|    | 3,336,441,100 | 2,734,607,036       | 1,457,086,135         | 1,489,177,632     | 2,198,245,617       | 2,586,461,875       |
|    | 85,216,692    | 93,445,691          | 99,743,017            | 99,358,473        | 100,050,115         | 113,491,911         |
|    | 205,896,279   | 215,706,207         | 207,163,123           | 201,347,912       | 209,425,979         | 208,629,095         |
|    | 1,433,023,985 | 1,626,610,762       | 1,643,431,832         | 1,718,291,215     | 1,666,435,743       | 1,722,371,509       |
|    | 54,206,137    | 81,988,980          | 57,382,857            | 56,713,042        | 59,147,530          | 87,945,566          |
|    | 474,293,031   | 398,048,916         | 237,379,524           | 256,351,062       | 358,554,090         | 428,518,481         |
|    | 23,022,332    | 26,167,673          | 22,979,377            | 25,792,953        | 27,794,757          | 31,643,952          |
|    | 515,486,326   | 149.053.816         | 63.615.120            | 863.607.155       | 668.469.231         | 568.502.158         |
|    | 33,896,173    | 30,512,364          | 31,872,848            | , ,               | ,,                  | 20,752,400          |
|    |               |                     | , ,                   | 25,677,716        | 55,305,183          |                     |
|    | 24,788,270    | 23,662,092          | 25,007,037            | 27,771,103        | 25,879,090          | 24,055,725          |
|    | 37,337,036    | <br>17,176,577      | <br>43,591,538        | <br>19,059,502    | <br>32,577,808      | <br>26,261,882      |
| _  | 8,707,392,935 | <br>7,902,283,919   | <br>5,667,437,944     | <br>6,408,488,787 | <br>7,170,008,162   | <br>7,860,575,991   |
|    |               |                     |                       |                   |                     |                     |
|    | 391,604,389   | 690,034,696         | 363,410,801           | 375,462,221       | 196,145,504         | 212,878,777         |
|    | 1,073,921,730 | 1,116,260,493       | 1,174,928,314         | 1,212,413,715     | 1,205,816,564       | 1,236,434,495       |
|    | 1,430,474,509 | 1,707,702,397       | 1,774,061,712         | 1,830,146,819     | 1,895,273,724       | 1,901,317,937       |
|    | 47.317.516    | 58.625.606          | 60,161,098            | 66,319,143        | 50.990.125          | 44,017,306          |
|    | 230,055,951   | 237,542,738         | 216,354,458           | 221,427,867       | 217,079,519         | 206,073,620         |
|    | 95,791,431    | 106,304,742         | 106,791,473           | 100,053,823       | 93,502,803          | 97,290,753          |
|    | 107.874.535   | 185.712.117         | 307.669.526           | 270.375.075       | 210.225.132         | 240.134.308         |
|    | - ,- ,        | ,                   | ,,-                   | -,,-              | -, -, -             | -, - ,              |
|    | 1,015,136,123 | 550,382,661         | 613,815,927           | 446,115,824       | 369,478,453         | 359,256,938         |
|    | 887,469,331   | 811,392,745         | 693,793,125           | 574,300,791       | 826,616,477         | 964,483,838         |
|    | 250,938,968   | 648,582,253         | 770,056,268           | 585,432,696       | 339,847,100         | 341,357,479         |
|    | 18,094,333    | 35,744,666          | 63,766,311            | 11,576,381        | 16,169,612          | 10,839,024          |
|    | 7,999,247     | 7,915,666           | 4,544,267             | 2,809,155         | 2,532,662           | 2,073,539           |
|    | 5,556,678,063 | 6,156,200,780       | 6,149,353,280         | 5,696,433,510     | 5,423,677,675       | 5,616,158,014       |
|    | 3,150,714,872 | 1,746,083,139       | (481,915,336)         | 712,055,277       | 1,746,330,487       | 2,244,417,977       |
|    | _             | _                   | _                     | -                 | 42,812,909          | _                   |
|    | _             | _                   | _                     | -                 | -                   | _                   |
|    | _             | _                   | _                     | _                 | _                   | _                   |
|    | _             | _                   | _                     | _                 | (20,347,000)        | _                   |
|    | 52,526        | 244,493             | 149,891               | 1,728,159         | 175,968             | 184,258             |
|    | 336,557       | 49,910              | 5,712,951             | 27,150            | 19,343              | 1,141,039           |
|    | 330,337       | 49,910              | 5,712,951             | 27,150            | 19,343              | 1,141,039           |
|    | 404 000 400   | 4 470 000 047       | -                     |                   | -                   | -                   |
|    | 104,808,196   | 1,176,200,047       | 838,882,833           | 346,374,625       | 291,318,581         | 285,737,190         |
|    | (528,711,650) | <br>(1,718,913,302) | (1,443,399,242)       | (849,628,391)     | <br>(658,815,902)   | (576,455,477)       |
|    | (423,514,371) | <br>(542,418,852)   | <br>(598,653,567)     | <br>(501,498,457) | <br>(344,836,101)   | <br>(289,392,990)   |
|    | -             | <br>                | <br>-                 | <br>(38,379,966)  | <br>                |                     |
| \$ | 2,727,200,501 | \$<br>1,203,664,287 | \$<br>(1,080,568,903) | \$<br>172,176,854 | \$<br>1,401,494,386 | \$<br>1,955,024,987 |
|    | <1%           | <1%                 | <1%                   | 1.3%              | <1%                 | <1%                 |
|    | 71/0          | -1/0                | -170                  |                   | -1/0                | 71/0                |

# Schedule 5 Taxable Sales by Industry Last Ten Calendar Years

|  | Calendar Year    |                   |                   |                   |  |  |  |  |
|--|------------------|-------------------|-------------------|-------------------|--|--|--|--|
|  | 2009             | 2010              | 2011              | 2012              |  |  |  |  |
| Mining and Oil Extraction                    | \$ 704,397,852   | \$ 1,491,748,626  | \$ 3,609,963,576  | \$ 5,117,138,306  |  |  |  |  |
| Construction                                 | 429,559,387      | 494,291,922       | 702,237,062       | 1,073,180,098     |  |  |  |  |
| Manufacturing                                | 649,627,740      | 711,340,542       | 995,535,882       | 1,270,236,581     |  |  |  |  |
| Transportation, Communications,              |                  |                   |                   |                   |  |  |  |  |
| And Public Utilities                         | 489,144,528      | 390,215,115       | 577,280,642       | 652,478,635       |  |  |  |  |
| Wholesale                                    | 2,413,689,772    | 3,367,800,790     | 4,394,667,162     | 5,987,059,129     |  |  |  |  |
| Retail                                       | 4,334,670,425    | 4,686,288,902     | 5,448,304,958     | 6,348,806,735     |  |  |  |  |
| Services                                     | 1,542,498,356    | 1,724,349,874     | 2,490,644,719     | 3,135,679,592     |  |  |  |  |
| Accommodation and Food Service Miscellaneous | 1,179,623,344    | 1,271,280,053     | 1,471,737,060     | 1,706,097,731     |  |  |  |  |
| Total  | \$11,743,211,404 | \$ 14,137,315,824 | \$ 19,690,371,061 | \$ 25,290,676,807 |  |  |  |  |
| Effective Tax Rate                           | 4.97%            | 4.98%             | 4.86%             | 5.08%             |  |  |  |  |

Source: ND State Tax Department

# Schedule 6 Sales Tax Revenue Payers by Industry Calendar Years 2009 and 2018

(Dollars are in Millions)

| -                               | Calendar Year 2009  |                        |    |                  |                        |  |  |  |  |
|---------------------------------|---------------------|------------------------|----|------------------|------------------------|--|--|--|--|
|                                 | Number<br>of Filers | Percentage<br>of Total |    | Tax<br>Liability | Percentage<br>of Total |  |  |  |  |
| Retail Trade                    | 7,977               | 28.8%                  | \$ | 202.18           | 34.0%                  |  |  |  |  |
| Wholesale Trade                 | 4,409               | 15.9%                  |    | 81.45            | 13.7%                  |  |  |  |  |
| Services                        | 7,709               | 27.8%                  |    | 65.02            | 11.0%                  |  |  |  |  |
| Transportation, Communications, |                     |                        |    |                  |                        |  |  |  |  |
| And Public Utilities            | 436                 | 1.6%                   |    | 28.40            | 4.8%                   |  |  |  |  |
| Manufacturing                   | 2,450               | 8.8%                   |    | 138.14           | 23.3%                  |  |  |  |  |
| Construction                    | 1,772               | 6.4%                   |    | 38.53            | 6.5%                   |  |  |  |  |
| Miscellaneous                   | 2,693               | 9.7%                   |    | 35.59            | 6.0%                   |  |  |  |  |
| Mining and Oil Extraction       | 266                 | 1.0%                   |    | 3.78             | 0.6%                   |  |  |  |  |
| Total                           | 27,712              | 100.0%                 |    | 593.09           | 100.0%                 |  |  |  |  |

Source: ND State Tax Department

#### Calendar Year

| Galendar Year     |                   |                   |                   |                   |                   |  |  |  |  |  |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--|--|--|--|--|
| 2013 2014         |                   | 2015              | 2016              | 2017              | 2018              |  |  |  |  |  |
| \$ 4,374,052,860  | \$ 5,194,104,870  | \$ 3,195,799,670  | \$ 1,270,571,326  | \$ 1,933,586,774  | \$ 2,798,102,134  |  |  |  |  |  |
| 985,079,023       | 965,197,436       | 893,628,575       | 788,360,652       | 572,742,527       | 581,608,306       |  |  |  |  |  |
| 1,334,723,444     | 1,527,873,493     | 1,256,620,179     | 955,191,364       | 940,433,285       | 1,073,576,742     |  |  |  |  |  |
| 569,453,738       | 630,444,105       | 566,226,446       | 359,835,574       | 325,778,272       | 520,830,231       |  |  |  |  |  |
| 6,434,467,781     | 7,391,400,913     | 5,339,698,317     | 3,564,195,615     | 3,971,599,479     | 4,849,827,096     |  |  |  |  |  |
| 6,569,146,675     | 6,900,590,520     | 6,634,790,900     | 6,137,317,234     | 6,039,261,375     | 6,253,114,138     |  |  |  |  |  |
| 3,441,014,994     | 3,684,213,017     | 3,176,227,835     | 2,547,155,903     | 2,411,082,485     | 2,420,785,043     |  |  |  |  |  |
| 1,756,625,375     | 1,928,607,097     | 1,839,842,915     | 1,705,940,154     | 1,706,215,062     | 1,765,283,726     |  |  |  |  |  |
| \$ 25,464,563,890 | \$ 28,222,431,451 | \$ 22,902,834,837 | \$ 17,328,567,822 | \$ 17,900,699,259 | \$ 20,263,127,416 |  |  |  |  |  |
|                   |                   |                   |                   |                   |                   |  |  |  |  |  |
| 5.08%             | 5.00%             | 5.35%             | 5.42%             | 5.06%             | 5.12%             |  |  |  |  |  |

# Calendar Year 2018

| Number<br>of Filers | Percentage<br>of Total | Tax<br>Liability | Percentage<br>of Total |
|---------------------|------------------------|------------------|------------------------|
| 9,469               | 28.8%                  | 316.45           | 30.5%                  |
| 5,140               | 15.6%                  | 242.44           | 23.3%                  |
| 9,290               | 28.3%                  | 121.29           | 11.7%                  |
| 486                 | 1.5%                   | 26.04            | 2.5%                   |
| 2,723               | 8.3%                   | 53.68            | 5.2%                   |
| 2,144               | 6.5%                   | 29.08            | 2.8%                   |
| 3,004               | 9.1%                   | 109.45           | 10.5%                  |
| 589                 | 1.8%                   | 139.91           | 13.5%                  |
| 32,845              | 100.0%                 | \$<br>1,038.34   | 100.0%                 |

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

(dollars in thousands)

|  |                 | Fisc            | al Year | •         |                 |
|--|-----------------|-----------------|---------|-----------|-----------------|
|  | 2010            | 2011            |         | 2012      | 2013            |
| Governmental Activities                              |                 |                 |         |           |                 |
| Revenue bonds  | \$<br>232,102   | \$<br>219,221   | \$      | 197,021   | \$<br>180,757   |
| Capital leases                                       | 2,842           | 2,964           |         | 1,928     | 1,068           |
| Notes Payable  | 19,493          | 8,563           |         | 7,428     | 6,211           |
| Total Governmental Activities                        | 254,437         | 230,748         |         | 206,377   | 188,036         |
| Business-type Activities                             |                 |                 |         |           |                 |
| Revenue bonds  | 1,301,368       | 1,193,816       |         | 1,069,257 | 919,506         |
| Certificates of Participation                        | -               | -               |         | -         | -               |
| Capital leases                                       | 72,461          | 75,649          |         | 73,211    | 61,796          |
| Notes payable  | 412,095         | 403,509         |         | 481,735   | 415,856         |
| Total Business-Type Activities                       | 1,785,924       | 1,672,974       |         | 1,624,203 | 1,397,158       |
| Total Primary Government                             | \$<br>2,040,361 | \$<br>1,903,722 | \$      | 1,830,580 | \$<br>1,585,194 |
| Debt as a Percentage of Personal Income <sup>1</sup> | 7.5%            | 7.1%            |         | 6.2%      | 4.8%            |
| Amount of Debt per Capita 1                          | \$<br>3,103     | \$<br>2,863     | \$      | 2,714     | \$<br>2,313     |

<sup>&</sup>lt;sup>1</sup> These ratios are calculated using personal income and population for the prior calendar year. See Schedule 10 for personal income and population data.

Details regarding the state's debt can be found in Note 3-L of the financial statements.

### Fiscal Year

| 2014            | 2015            | 2016            | <br>2017      | <br>2018        | <br>2019        |
|-----------------|-----------------|-----------------|---------------|-----------------|-----------------|
| \$<br>163,031   | \$<br>129,345   | \$<br>64,049    | \$<br>54,105  | \$<br>40,429    | \$<br>29,950    |
| 667             | 600             | 467             | 1,695         | 1,415           | 1,118           |
| <br>4,981       | <br>4,412       | <br>3,891       | <br>2,181     | <br>22,248      | <br>21,897      |
| 168,679         | <br>134,357     | <br>68,407      | <br>57,981    | <br>64,092      | <br>52,965      |
| 901,527         | 884,086         | 1,040,019       | 1,019,125     | 1,242,368       | 1,525,285       |
| -               | -               | -               | -             | _               | 96,843          |
| 44,774          | 41,224          | 38,533          | 41,425        | 40,058          | 54,359          |
| 484,763         | 665,792         | 747,186         | 1,299,860     | 1,289,686       | 1,120,787       |
| 1,431,064       | 1,591,102       | 1,825,738       | 2,360,410     | 2,572,112       | 2,797,274       |
| \$<br>1,599,743 | \$<br>1,725,459 | \$<br>1,894,145 | <br>2,418,391 | \$<br>2,636,204 | \$<br>2,850,239 |
| 4.1%            | 4.3%            | 4.4%            | 5.8%          | 6.4%            | 6.9%            |
| \$<br>2,279     | \$<br>2,383     | \$<br>2,560     | \$<br>3,195   | \$<br>3,478     | \$<br>3,760     |

# Schedule 8 Pledged-Revenue Coverage Last Ten Fiscal Years

|                | _                          | Less:                    | Net                   | Deb  | Debt Service Requirements |          |          |          |  |
|----------------|----------------------------|--------------------------|-----------------------|------|---------------------------|----------|----------|----------|--|
| Fiscal<br>Year | Gross<br>Revenues          | Operating<br>Expenses    | Available<br>Revenues | Prin | <u>icipal</u>             | Interes  | <u>t</u> | Coverage |  |
|                | BUILDING AUTHORITY E       | BONDS                    |                       |      |                           |          |          |          |  |
| 2010           | 11,026,000                 | -                        | 11,026,000            | 10   | 360,000                   | 4,005    | 000      | 0.77     |  |
| 2011           | 9,570,000                  | _                        | 9,570,000             |      | 243,000                   | 3,656    | ,        | 0.97     |  |
| 2012           | 11,298,000                 | _                        | 11,298,000            |      | 106,000                   | 3,211    |          | 1.10     |  |
| 2013           | 8,394,000                  | _                        | 8,394,000             |      | 806,000                   | 2,655    |          | 0.99     |  |
| 2014           | 9,176,000                  | _                        | 9,176,000             |      | 825,000                   | 2,336    |          | 1.00     |  |
| 2015           | 8,163,000                  | _                        | 8,163,000             |      | 130,000                   | 2,080    |          | 0.99     |  |
| 2016           | 9,868,000                  | _                        | 9,868,000             |      | 375,000                   | 1,896    |          | 1.19     |  |
| 2017           | 5,300,000                  | _                        | 5,300,000             |      | 315,000                   | 1,680    | ,        | 0.76     |  |
| 2018           | 32,500,000                 | _                        | 32,500,000            |      | 110,000                   | 1,485    |          | 1.00     |  |
| 2019           | , ,                        | -                        | \$ 6,343,000          |      | 200,000                   | \$ 1,092 | ,        | 1.01     |  |
|                | Pledged revenues include   |                          | . , ,                 | * -  | ,,,,                      | ,,,,,    | ,        |          |  |
|                | WATER COMMISSION B         | ONDS                     |                       |      |                           |          |          |          |  |
| 2010           | 9,658,200                  | -                        | 9,658,200             | 5.   | ,055,000                  | 4,685    | .748     | 0.99     |  |
| 2011           | 9,425,473                  | _                        | 9,425,473             |      | 227,642                   | 4,645    |          | 0.95     |  |
| 2012           | 9,761,020                  | _                        | 9,761,020             |      | 541,961                   | 4,372    |          | 0.98     |  |
| 2013           | 9,863,578                  | _                        | 9,863,578             |      | 760,272                   | 4,142    | ,        | 1.00     |  |
| 2014           | 16,615,188                 | _                        | 16,615,188            |      | ,990,528                  | 3,911    | ,        | 1.68     |  |
| 2015           | 8,783,565                  | _                        | 8,783,565             |      | 343,592                   | 3,318    |          | 0.53     |  |
| 2016           | 45,840,868                 | _                        | 45,840,868            |      | 525,000                   | 1,309    | ,        | 0.85     |  |
|                | Pledged revenues inlcude   | user fees, interest, and |                       |      | , ,                       | ,        | , -      |          |  |
|                | INFORMATION TECHNO         | LOGY BONDS               |                       |      |                           |          |          |          |  |
| 2010           | 48,633,238                 | 38,453,612               | 10,179,626            | 1    | 716,372                   | 700      | ),686    | 4.06     |  |
| 2010           | 49,841,497                 | 41,956,029               | 7,885,468             |      | 537,178                   |          | ,831     | 0.73     |  |
| 2012           | 53,268,445                 | 47,300,345               | 5,968,100             |      | 694,550                   |          | ,028     | 7.62     |  |
| 2013           | 58,427,069                 | 52,478,918               | 5,948,151             |      | 736,600                   |          | 9,805    | 7.66     |  |
| 2014           | 60,619,327                 | 53,925,234               | 6,694,093             |      | 711,950                   |          | 1,239    | 9.22     |  |
| 2011           | Pledged revenues include   |                          | 0,001,000             |      | 7 1 1,000                 |          | ,200     | 0.22     |  |
|                | Ü                          |                          |                       |      |                           |          |          |          |  |
|                | DEPARTMENT OF TRAN         | SPORTATION BONDS         | 3                     |      |                           |          |          |          |  |
| 2010           | 5,750,480                  | -                        | 5,750,480             | 3    | ,355,000                  | 2,397    | ,783     | 1.00     |  |
| 2011           | 5,271,363                  | -                        | 5,271,363             | 3    | ,465,000                  | 1,854    | ,138     | 0.99     |  |
| 2012           | 5,345,315                  | -                        | 5,345,315             | 3    | ,595,000                  | 1,726    | ,615     | 1.00     |  |
| 2013           | 5,344,822                  | -                        | 5,344,822             | 3    | ,725,000                  | 1,597    | ,010     | 1.00     |  |
| 2014           | 5,320,012                  | -                        | 5,320,012             |      | ,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             |      | 375,000                   |          | ,250     | 1.00     |  |
| 2018           | 5,314,000                  | -                        | 5,314,000             |      | 590,000                   |          | ,500     | 1.00     |  |
| 2019           |                            | -                        | \$ 5,313,500          |      | 820,000                   |          | ,000     | 1.00     |  |
|                | Pledged revenues include   |                          |                       |      |                           |          |          |          |  |
|                | highway fund appropriation | ns, and transfers from I | Highway fund (200).   |      |                           |          |          |          |  |

|                | _                        | Less:                   |      | Net                   | _       | Debt Service     | Req | uirements  |          |
|----------------|--------------------------|-------------------------|------|-----------------------|---------|------------------|-----|------------|----------|
| Fiscal<br>Year | Gross<br>Revenues        | Operating<br>Expenses   |      | Available<br>Revenues |         | <u>Principal</u> |     | Interest   | Coverage |
|                | STUDENT LOAN TRUST       |                         |      |                       |         |                  |     |            |          |
| 2010           | 1,630,000                | 925,000                 |      | 705,000               |         | 1,000,000        |     | 535,000    | 0.46     |
| 2011           | 1,406,000                | 923,000                 |      | 483,000               |         | 9,000,000        |     | 288,000    | 0.05     |
| 2012           | 1,168,000                | 770,000                 |      | 398,000               |         | 2,000,000        |     | 39,000     | 0.20     |
| 2013           | 976,000                  | 658,000                 |      | 318,000               |         | 2,200,000        |     | 24,000     | 0.14     |
| 2014           | 868,000                  | 559,000                 |      | 309,000               |         | -                |     | 9,000      | 34.33    |
| 2015           | 732,000                  | 487,000                 |      | 245,000               |         | -                |     | 9,000      | 27.22    |
| 2016           | 639,000                  | 402,000                 |      | 237,000               |         | -                |     | 10,000     | 23.70    |
| 2017           | 543,000                  | 361,000                 |      | 182,000               |         | -                |     | 14,000     | 13.00    |
| 2018           | 237,000                  | 57,000                  |      | 180,000               |         | -                |     | 22,000     | 8.18     |
| 2019           | \$ 84,000                | \$ 38,000               | \$   | 46,000                | \$      | -                | \$  | 31,000     | 1.48     |
|                | Pledged revenues include | e federal revenues, and | loan | and investment in     | ntere   | st.              |     |            |          |
|                | HOUSING FINANCE AGI      | ENCY                    |      |                       |         |                  |     |            |          |
| 2010           | 72,564,000               | 26,958,000              |      | 45,606,000            |         | 354,181,000      |     | 37,499,000 | 0.12     |
| 2011           | 74,163,000               | 46,020,000              |      | 28,143,000            |         | 247,099,000      |     | 36,352,000 | 0.10     |
| 2012           | 62,386,855               | 42,874,000              |      | 19,512,855            |         | 246,535,000      |     | 36,562,000 | 0.07     |
| 2013           | 55,452,870               | 36,480,000              |      | 18,972,870            |         | 209,045,000      |     | 29,902,000 | 0.08     |
| 2014           | 48,261,366               | 28,677,687              |      | 19,583,679            |         | 189,830,000      |     | 22,360,000 | 0.09     |
| 2015           | 46,104,013               | 25,535,000              |      | 20,569,013            |         | 136,385,000      |     | 18,303,000 | 0.13     |
| 2016           | 48,479,659               | 27,986,000              |      | 20,493,659            |         | 102,480,000      |     | 17,801,000 | 0.17     |
| 2017           | 50,851,271               | 28,185,000              |      | 22,666,271            |         | 249,400,000      |     | 17,985,000 | 0.08     |
| 2018           | 54,771,000               | 29,905,000              |      | 24,866,000            |         | 126,620,000      |     | 18,900,000 | 0.17     |
| 2019           | \$ 64,712,000            | \$ 37,843,000           | \$   | 26,869,000            | \$      | 89,660,000       | \$  | 23,474,000 | 0.24     |
|                | Pledged revenues include | e income and proceeds   | from | mortgage loan ac      | ctivity | <i>'</i> .       |     |            |          |
|                | UNIVERSITY SYSTEM        |                         |      |                       |         |                  |     |            |          |
| 2010           | 663,347,234              | 823,053,516             |      | (159,706,282)         |         | 25,067,090       |     | 12,968,810 | (4.20)   |
| 2011           | 777,992,712              | 937,253,706             |      | (159,260,994)         |         | 19,435,268       |     | 14,390,104 | (4.71)   |
| 2012           | 708,136,180              | 979,701,772             |      | (271,565,592)         |         | 27,187,867       |     | 15,553,703 | (6.35)   |
| 2013           | 729,800,506              | 1,012,017,963           |      | (282,217,457)         |         | 43,206,702       |     | 12,842,418 | (5.04)   |
| 2014           | 750,780,897              | 1,051,848,696           |      | (301,067,799)         |         | 42,458,545       |     | 11,650,094 | (5.56)   |
| 2015           | 758,127,326              | 1,090,845,378           |      | (332,718,052)         |         | 45,904,456       |     | 13,702,718 | (5.58)   |
| 2016           | 838,245,926              | 1,200,399,795           |      | (362,153,869)         |         | 60,435,257       |     | 12,328,344 | (4.98)   |
| 2017           | 794,108,239              | 1,186,452,340           |      | (392,344,101)         |         | 46,330,594       |     | 12,539,581 | (6.66)   |
| 2018           | 795,593,560              | 1,160,802,712           |      | (365,209,152)         |         | 44,073,161       |     | 12,241,613 | (6.49)   |
| 2019           | \$ 814,825,704           | \$ 1,179,695,430        | \$   | (364,869,726)         | \$      | 20,538,565       | \$  | 11,627,313 | (11.34)  |

Pledged revenues include student fees, auxiliary revenues, sales, tax revenue, investment income and debt service grants.

NOTE: Gross revenues include nonoperating interest income. Operating expenses do not include bond interest or depreciation expenses.

Schedule 9 Legal Debt Limit Fiscal Year Ending June 30, 2019

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

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

The State is in compliance with the Legal Debt Margin.

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

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

# Schedule 10 Demographic and Economic Indicators Last Ten Calendar Years

| Year | Population (a) | Total<br>Personal<br>Income (b)<br>(000's) | Per Capita<br>Personal<br>Income (b) | ND<br>Unemployment<br>Rate (c) | Annual<br>Average<br>UI Covered<br>Employment (d) |
|------|----------------|--|--------------------------------------|--------------------------------|---|
| 2009 | 664,968        | 26,687,878                                 | 40,134                               | 4.1%                           | 349,561   |
| 2010 | 674,518        | 29,450,250                                 | 43,661                               | 3.8%                           | 358,674   |
| 2011 | 684,830        | 33,306,563                                 | 48,635                               | 3.5%                           | 379,433   |
| 2012 | 701,380        | 39,449,209                                 | 56,245                               | 3.1%                           | 411,710   |
| 2013 | 722,908        | 40,296,443                                 | 55,742                               | 2.9%                           | 427,109   |
| 2014 | 738,658        | 42,991,436                                 | 58,202                               | 2.7%                           | 444,658   |
| 2015 | 754,859        | 42,002,831                                 | 55,643                               | 2.8%                           | 437,078   |
| 2016 | 755,548        | 41,404,978                                 | 54,801                               | 3.1%                           | 417,150   |
| 2017 | 755,393        | 41,277,100                                 | 54,643                               | 2.6%                           | 414,039   |
| 2018 | 760,077        | 42,147,700                                 | 55,542                               | 2.6%                           | 417,578   |

### Source:

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

# Schedule 11 Principal Employers

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

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

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

|   |           | 2018 |                      |           | 2009 |                      |  |  |  |  |
|---|-----------|------|----------------------|-----------|------|----------------------|--|--|--|--|
|   |           |      | Percent of           |           |      | Percent of           |  |  |  |  |
|   |           | T    | otal Nonagricultural |           | Т    | otal Nonagricultural |  |  |  |  |
| <u>Industry</u>                           | Number of |      | Wage and Salary      | Number of |      | Wage and Salary      |  |  |  |  |
|   | Employees | Rank | Employment           | Employees | Rank | Employment           |  |  |  |  |
| Government                                | 82,500    | 1    | 19.04%               | 77,900    | 1    | 21.25%               |  |  |  |  |
| Educational and Health Services           | 63,700    | 2    | 14.70%               | 53,300    | 2    | 14.54%               |  |  |  |  |
| Retail Trade                              | 46,900    | 3    | 10.82%               | 42,600    | 3    | 11.62%               |  |  |  |  |
| Leisure and Hospitality                   | 40,200    | 4    | 9.28%                | 34,000    | 4    | 9.27%                |  |  |  |  |
| Professional and Business Services        | 34,600    | 5    | 7.98%                | 29,300    | 5    | 7.99%                |  |  |  |  |
| Construction                              | 25,900    | 6    | 5.98%                | 20,900    | 7    | 5.70%                |  |  |  |  |
| Manufacturing                             | 25,900    | 7    | 5.98%                | 23,500    | 6    | 6.41%                |  |  |  |  |
| Financial Activities                      | 24,300    | 8    | 5.61%                | 20,200    | 8    | 5.51%                |  |  |  |  |
| Wholesale Trade                           | 23,900    | 9    | 5.51%                | 20,100    | 9    | 5.48%                |  |  |  |  |
| Transportation, Warehousing and Utilities | 23,400    | 10   | 5.40%                | 15,000    | 11   | 4.09%                |  |  |  |  |
| Logging and Mining                        | 20,700    | 11   | 4.78%                | 7,000     | 13   | 1.91%                |  |  |  |  |
| Other Services                            | 15,200    | 12   | 3.51%                | 15,300    | 10   | 4.17%                |  |  |  |  |
| Information                               | 6,200     | 13   | 1.43%                | 7,500     | 12   | 2.05%                |  |  |  |  |
| Total                                     | 433,400   | _    | 100%                 | 366,600   | =    | 100%                 |  |  |  |  |

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

# Schedule 13 Education Enrollment Last Ten Academic Years

### **Public School Enrollment**

|     |                          | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> | <u>2013-14</u> | <u>2014-15</u> | <u>2015-16</u> | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> | 2019-20 |  |
|-----|--------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------|--|
| Kir | ndergarten               | 7,446          | 8,236          | 8,575          | 8,822          | 9,033          | 8,925          | 8,841          | 9,271          | 9,324          | 9,620   |  |
| Gr  | ades 1-3                 | 21,592         | 22,229         | 23,796         | 24,859         | 25,960         | 26,585         | 26,320         | 26,316         | 26,663         | 27,208  |  |
| Gr  | ades 4-6                 | 20,788         | 20,932         | 22,008         | 22,810         | 23,751         | 24,513         | 25,244         | 26,076         | 26,580         | 26,622  |  |
| Gr  | ades 7-8                 | 14,662         | 14,740         | 14,750         | 14,920         | 15,299         | 15,642         | 16,115         | 16,511         | 16,845         | 17,561  |  |
| Gr  | ades 9-12                | 30,241         | 29,641         | 30,063         | 30,245         | 30,235         | 30,405         | 30,343         | 30,771         | 31,430         | 31,847  |  |
| То  | tal Enrollment           | 94,729         | 95,778         | 99,192         | 101,656        | 104,278        | 106,070        | 106,863        | 108,945        | 110,842        | 112,858 |  |
| Sp  | ecial Education Students | 13,170         | 13,123         | 13,268         | 13,399         | 13,675         | 13,988         | 14,429         | 15,175         | 15902          | NA      |  |

Source: Department of Public Instruction

# University System Full-Time Equivalent Student Enrollment

|                               | 2010-11 | 2011-12 | 2012-13 | 2013-14 | <u>2014-15</u> | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|-------------------------------|---------|---------|---------|---------|----------------|---------|---------|---------|---------|---------|
| Bismarck State College        | 3,208   | 3,209   | 2,990   | 2,955   | 2,909          | 2,912   | 2,860   | 2,646   | 2,611   | 2,598   |
| Dakota College at Bottineau   | 540     | 524     | 474     | 502     | 518            | 459     | 490     | 527     | 590     | 596     |
| Dickinson State University    | 2,054   | 1,959   | 1,454   | 1,201   | 1,176          | 1,070   | 1,114   | 1,128   | 1,090   | 1,093   |
| Lake Region State College     | 921     | 988     | 973     | 943     | 978            | 981     | 971     | 995     | 1,005   | 974     |
| Mayville State University     | 704     | 704     | 759     | 749     | 798            | 796     | 782     | 784     | 817     | 801     |
| Minot State University        | 3,002   | 2,795   | 2,731   | 2,710   | 2,600          | 2,570   | 2,591   | 2,467   | 2,483   | 2,399   |
| ND State College Of Science   | 2,217   | 2,366   | 2,354   | 2,295   | 2,272          | 2,305   | 2,298   | 2,253   | 2,126   | 2,076   |
| North Dakota State University | 12,708  | 12,606  | 12,707  | 12,797  | 12,934         | 12,834  | 12,782  | 12,784  | 12,394  | 11,704  |
| University of North Dakota    | 12,018  | 12,319  | 12,728  | 12,606  | 12,420         | 12,455  | 12,180  | 11,964  | 11,585  | 11,164  |
| Valley City State University  | 957     | 1,011   | 995     | 975     | 990            | 1,031   | 1,044   | 1,086   | 1,096   | 1,164   |
| Williston State College       | 570     | 608     | 537     | 593     | 579            | 738     | 756     | 763     | 806     | 783     |
|                               |         |         |         |         |                |         |         |         |         |         |
| Total                         | 38,899  | 39,089  | 38,702  | 38,326  | 38,174         | 38,151  | 37,870  | 37,398  | 36,603  | 35,352  |

Source: North Dakota University System, Fall Enrollment Reports

Schedule 14 State Employees by State Agency Last Ten Fiscal Years

|  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| EXECUTIVE BRANCH                             |       |       |       |       |       |       |       |       |       |       |
| Adjutant General                             | 174   | 172   | 174   | 178   | 177   | 170   | 155   | 155   | 155   | 155   |
| Aeronautics Commission                       | 6     | 6     | 6     | 6     | 6     | 6     | 7     | 7     | 7     | 7     |
| Bank of North Dakota                         | 177   | 177   | 177   | 177   | 180   | 180   | 182   | 183   | 190   | 190   |
| Barley Council                               | 6     | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 100   |
| Beef Commission                              | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 3     | 3     | 3     |
| Career and Technical Education               | 34    | 34    | 34    | 34    | 34    | 29    | 27    | 27    | 25    | 25    |
| Corn Council                                 | 3     | 3     | 4     | 5     | 6     | 6     | 6     | 6     | 6     | 3     |
| Council on the Arts                          | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     |
| Department of Agriculture                    | 72    | 75    | 75    | 76    | 77    | 77    | 77    | 77    | 73    | 74    |
| Department of Commerce                       | 68    | 68    | 68    | 68    | 70    | 69    | 69    | 69    | 54    | 66    |
| Department of Corrections and Rehabilitation | 704   | 705   | 739   | 812   | 813   | 834   | 838   | 845   | 845   | 895   |
| Department of Emergency Services             | 60    | 65    | 64    | 68    | 70    | 76    | 79    | 79    | 79    | 76    |
| Department of Environmental Quality          | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 2     |
| Department of Financial Institutions         | 29    | 29    | 29    | 29    | 29    | 29    | 30    | 31    | 30    | 30    |
| Department of Human Services                 | 2,222 | 2,232 | 2,201 | 2,201 | 2,203 | 2,215 | 2,216 | 2,218 | 2,163 | 2,140 |
| Department of Public Instruction             | 99    | 101   | 99    | 99    | 99    | 100   | 100   | 92    | 92    | 94    |
| Department of Transportation                 | 1,057 | 1,066 | 1,066 | 1,081 | 1,084 | 1,082 | 1,081 | 1,081 | 1,047 | 1,008 |
| Department of Trust Lands                    | 21    | 23    | 26    | 28    | 31    | 34    | 34    | 33    | 30    | 30    |
| Game and Fish Department                     | 20    | 157   | 157   | 158   | 158   | 164   | 163   | 163   | 163   | 164   |
| Highway Patrol                               | 194   | 194   | 198   | 198   | 213   | 215   | 215   | 204   | 204   | 204   |
| Historical Society                           | 63    | 63    | 66    | 73    | 72    | 73    | 80    | 80    | 77    | 78    |
| Indian Affairs Commission                    | 4     | 4     | 4     | 5     | 5     | 5     | 5     | 5     | 5     | 4     |
| Industrial Commission                        | 60    | 68    | 73    | 93    | 93    | 114   | 113   | 114   | 106   | 108   |
| Information Technology Department            | 339   | 341   | 335   | 326   | 341   | 354   | 350   | 352   | 346   | 447   |
| Job Service North Dakota                     | 309   | 309   | 309   | 252   | 239   | 238   | 182   | 182   | 182   | 182   |
| Milk Marketing Board                         | 6     | 6     | 6     | 6     | 6     | 6     | 6     | 6     | 6     | 4     |
| ND Department of Health                      | 346   | 341   | 345   | 352   | 354   | 365   | 366   | 368   | 360   | 365   |
| ND Horse Racing Commission                   | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| ND Housing Finance Agency                    | 46    | 46    | 46    | 46    | 46    | 40    | 41    | 41    | 41    | 42    |
| ND Mill and Elevator Association             | 130   | 131   | 130   | 131   | 134   | 135   | 142   | 147   | 153   | 151   |
| ND Vision Services/School for the Blind      | 32    | 33    | 33    | 33    | 33    | 33    | 32    | 32    | 30    | 30    |
| North Dakota University System               | 7,579 | 7,775 | 7,756 | 7,763 | 7,904 | 8,028 | 8,012 | 7,532 | 7,290 | 7,207 |
| Office of Administrative Hearings            | 7     | 7     | 7     | 7     | 5     | 5     | 5     | 5     | 5     | 5     |
| Office of Management and Budget              | 133   | 135   | 134   | 134   | 134   | 132   | 124   | 123   | 117   | 118   |

|                                      | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| EXECUTIVE BRANCH, Continued          |        |        |        |        |        |        |        |        |        |        |
| Office of the Attorney General       | 202    | 202    | 205    | 214    | 217    | 248    | 253    | 253    | 240    | 249    |
| Office of the Governor               | 18     | 18     | 18     | 18     | 18     | 18     | 18     | 19     | 17     | 17     |
| Office of the Insurance Commissioner | 46     | 45     | 49     | 49     | 49     | 49     | 49     | 49     | 46     | 46     |
| Office of the Labor Commissioner     | 12     | 12     | 12     | 13     | 13     | 15     | 15     | 15     | 14     | 14     |
| Office of the State Auditor          | 56     | 56     | 56     | 55     | 55     | 61     | 62     | 62     | 57     | 57     |
| Office of the State Tax Commissioner | 133    | 133    | 133    | 134    | 134    | 134    | 135    | 135    | 132    | 132    |
| Office of the State Treasurer        | 7      | 7      | 8      | 8      | 8      | 8      | 8      | 8      | 7      | 7      |
| Oilseed Council                      | 1      | 1      | 1      | 1      | 1      | 2      | 1      | 1      | 1      | 1      |
| Parks and Recreation Department      | 52     | 53     | 53     | 53     | 55     | 65     | 66     | 65     | 63     | 62     |
| Protection and Advocacy              | 28     | 29     | 29     | 29     | 28     | 28     | 28     | 28     | 28     | 29     |
| Public Employees Retirement System   | 33     | 33     | 33     | 33     | 33     | 33     | 35     | 35     | 35     | 35     |
| Public Service Commission            | 45     | 46     | 43     | 44     | 44     | 46     | 46     | 47     | 47     | 47     |
| Retirement and Investment Office     | 17     | 18     | 18     | 18     | 19     | 19     | 19     | 19     | 19     | 20     |
| School for the Deaf                  | 50     | 50     | 50     | 50     | 50     | 51     | 51     | 51     | 51     | 51     |
| Secretary of State                   | 28     | 28     | 31     | 31     | 31     | 34     | 34     | 34     | 32     | 32     |
| Securities Department                | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 10     | 9      |
| Seed Department                      | 30     | 30     | 30     | 30     | 30     | 30     | 30     | 31     | 31     | 30     |
| Soybean Council                      | 5      | 5      | 6      | 7      | 7      | 8      | 8      | 8      | 7      | 6      |
| State Fair Association               | 28     | 27     | 27     | 27     | 28     | 27     | 27     | 26     | 27     | 28     |
| State Library                        | 30     | 30     | 30     | 30     | 30     | 31     | 30     | 30     | 29     | 29     |
| State Radio                          | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      |
| Veteran's Affairs Department         | 7      | 7      | 8      | 8      | 8      | 8      | 9      | 9      | 9      | 7      |
| Veterans Home                        | 98     | 116    | 114    | 117    | 118    | 120    | 116    | 118    | 120    | 119    |
| Water Commission                     | 86     | 87     | 87     | 88     | 90     | 95     | 96     | 96     | 93     | 93     |
| Wheat Commission                     | 8      | 8      | 8      | 8      | 8      | 8      | 8      | 8      | 8      | 6      |
| Workforce Safety and Insurance       | 241    | 251    | 251    | 254    | 256    | 266    | 265    | 265    | 265    | 267    |
| LEGISLATIVE BRANCH                   |        |        |        |        |        |        |        |        |        |        |
| Legislative Council                  | 34     | 34     | 34     | 34     | 36     | 36     | 37     | 36     | 36     | 36     |
| JUDICIAL BRANCH                      |        |        |        |        |        |        |        |        |        |        |
| Judiciary Branch                     | 372    | 342    | 344    | 362    | 363    | 364    | 392    | 392    | 355    | 363    |
| Total State Employees                | 15,685 | 16,052 | 16,062 | 16,177 | 16,368 | 16,639 | 16,598 | 16,118 | 15,675 | 15,706 |

NOTE: Fulltime employees are reported as of fiscal year end. ND University System employees based on annual budgets. Certain agencies have been reorganized, eliminated or created over the fiscal years resulting in fluctuations. Agencies are being displayed based on the organizational structure of the State.

Sources: Office of Management and Budget, ND University System, Bank of North Dakota, Mill and Elevator, Housing Finance Agency

Schedule 15 Operating Indicators by Function Last Ten Fiscal Years

|  | 2010                | 2011                | 2012                | 2013                | 2014                | 2015         | 2016                | 2017         | 2018         | 2019        |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|--------------|---------------------|--------------|--------------|-------------|
| General Government   |                     |                     |                     |                     |                     |              |                     |              |              |             |
| Office of the Tax Commissioner  Number of returns filed electronically <sup>1</sup>                  | 242,792             | 289,387             | 319,759             | 352,150             | 383,906             | 412,559      | 428,347             | 391,234      | 460,464      | 447,690     |
| Number of returns filed electromounty  | 242,752             | 200,001             | 010,700             | 002,100             | 000,000             | 412,000      | 420,047             | 001,201      | 100, 101     | 111,000     |
| Education  |                     |                     |                     |                     |                     |              |                     |              |              |             |
| Department of Public Instruction Public School Enrollment <sup>2</sup>                               | 94,729              | 95,778              | 99,192              | 101,656             | 104,278             | 106,070      | 106,863             | 108,945      | 110,842      | 112,858     |
| North Dakota University System   | 04,720              | 50,110              | 00,102              | 101,000             | 104,210             | 100,010      | 100,000             | 100,010      | 110,012      | 112,000     |
| Full Tme Equivalent Student Enrollment 3   | 38,899              | 39,089              | 38,702              | 38,326              | 38,174              | 38,151       | 37,870              | 37,398       | 36,603       | 35,352      |
| Hardely and Harray Complete  |                     |                     |                     |                     |                     |              |                     |              |              |             |
| Health and Human Services  North Dakota Department of Health   |                     |                     |                     |                     |                     |              |                     |              |              |             |
| Number of Autopsies Performed in ND <sup>4</sup>   | 300                 | 323                 | 367                 | 365                 | 261                 | 258          | 244                 | 234          | 239          | NA          |
| Air Quality - Percent of Facilities in Compliance 4  | 99                  | 100                 | 99                  | 99                  | 99                  | 100          | 100                 | 100          | 99           | NA          |
| Public Water Systems - Percent of Facilities in Compliance <sup>4</sup> Department of Human Services | 96                  | 95                  | 96                  | 96                  | 95                  | 96           | 98                  | 99           | 98           | NA          |
| Number of TANF Caseloads   | 4,238               | 3,668               | 3,329               | 3,032               | 2,773               | 2,515        | 2,367               | 2,313        | 2,206        | 1,968       |
| Number of Medicaid Recipients  | 84,529              | 88,618              | 90,453              | 91,382              | 105,539             | 114,364      | 122,374             | 123,766      | 124,371      | 122,304     |
| Paradatan.   |                     |                     |                     |                     |                     |              |                     |              |              |             |
| Regulatory Office of the Insurance Commissioner  |                     |                     |                     |                     |                     |              |                     |              |              |             |
| Licensed Insurance Agents <sup>4</sup>   | 49,157              | 50,392              | 52,417              | 55,241              | 61,142              | 65,671       | 74,118              | 75,769       | 79,899       | 70,650      |
| Public Service Commission  |                     |                     |                     |                     |                     |              |                     |              |              |             |
| Weighing and Measuring Devices Inspected   | 10,465<br>0         | 10,673<br>0         | 7,437<br>0          | 9,559<br>0          | 5,892               | 5,446<br>249 | 6,136               | 5,172<br>207 | 5,183<br>160 | 4,653<br>79 |
| Weights and Measures Quality Assurance Inspections Gas Pipeline Safety Inspections                   | 67                  | 61                  | 53                  | 83                  | 166<br>127          | 72           | 216<br>81           | 82           | 78           | 42          |
| Gas Pipeline Safety Inspection-Person Days   | 88                  | 97                  | 97                  | 138                 | 162                 | 124          | 134                 | 150          | 191          | 122         |
|  |                     |                     |                     |                     |                     |              |                     |              |              |             |
| Public Safety and Corrections  |                     |                     |                     |                     |                     |              |                     |              |              |             |
| Department of Corrections and Rehabilitation Average Daily Adult Prison Population 4                 | 1,497               | 1,460               | 1,477               | 1,553               | 1,617               | 1,767        | 1,794               | 1,813        | 1,709        | NA          |
| Office of the Attorney General-Bureau of Investigations  | .,                  | .,                  | .,                  | .,                  | .,                  | .,           | .,                  | ,-           | ,            |             |
| Criminal Cases Opened <sup>4</sup>   | 410                 | 366                 | 422                 | 355                 | 478                 | 449          | 558                 | 514          | 339          | NA          |
| Drug Cases Opened <sup>3</sup> Office of the Attorney General-Crime Laboratory                       | 447                 | 421                 | 375                 | 403                 | 380                 | 387          | 544                 | 446          | 278          | NA          |
| Toxicology Alcohol Blood and Breath Analyses 4   | 7,576               | 7,583               | 7,918               | 7,421               | 6,523               | 6,472        | 5,472               | 5,201        | 4,298        | NA          |
| Methamphetamine/Amphetamine Samples Processed <sup>4</sup>   | 964                 | 745                 | 1,381               | 2,387               | 2,942               | 4,527        | 4,669               | 3,932        | 4,077        | NA          |
| Office of the Adjutant General   | 4.040               | 4.075               | 4.000               | 4.040               | 4.407               | 4.000        | 0.000               | 4.000        | 4.000        | 4.004       |
| Assigned National Guard <sup>5</sup>   | 4,349               | 4,375               | 4,363               | 4,210               | 4,167               | 4,006        | 3,980               | 4,032        | 4,002        | 4,094       |
| Agriculture and Commerce   |                     |                     |                     |                     |                     |              |                     |              |              |             |
| Department of Agriculture  |                     |                     |                     |                     |                     |              |                     |              |              |             |
| Pounds of Pesticide Waste Collected  Department of Commerce  | 215,594             | 189,996             | 290,932             | 248,354             | 310,754             | 384,857      | 137,297             | 180,692      | 340,074      | 521,584     |
| Net Job Growth from Nonfarm Employment <sup>4</sup>  | 9,300               | 20,600              | 32,400              | 15,400              | 16,800              | -7,700       | -19,300             | -3,700       | 2,600        | NA          |
| New Private Sector Businesses 4  | 667                 | 1,627               | 2,301               | 1,414               | 984                 | 397          | -51                 | -255         | -110         | NA          |
| Network Beauty   |                     |                     |                     |                     |                     |              |                     |              |              |             |
| Natural Resources Game and Fish Department   |                     |                     |                     |                     |                     |              |                     |              |              |             |
| Registered Boats <sup>4</sup>  | 56,128              | 47,527              | 62,799              | 69,381              | 53,558              | 61,328       | 67,026              | 57,220       | 60,660       | NA          |
| Hunting and Fishing Licenses Issued  | 326,333             | 330,833             | 321,086             | 359,734             | 357,488             | 354,728      | 356,548             | 351,704      | 343,709      | NA          |
| Department of Parks and Recreation  Park Visitations 4   | 1.057.000           | 1 000 714           | 1 101 102           | 1 067 054           | 1 107 000           | 1,211,150    | 1 100 600           | 1,196,868    | 1.211.744    | NA          |
| Camping Nights <sup>4</sup>  | 1,057,922<br>50,749 | 1,099,714<br>55,018 | 1,191,483<br>67,425 | 1,067,054<br>66,533 | 1,187,022<br>68,480 | 71,075       | 1,182,628<br>73,316 | 71,555       | 72,831       | NA          |
| Snowmobile Registrations <sup>4</sup>  | 5,278               | 11,872              | 3,354               | 11,763              | 3,743               | 8,958        | 2,779               | 8,767        | 2,762        | NA          |
| OHV Registrations <sup>4</sup>   | 16,335              | 10,841              | 21,862              | 12,198              | 26,200              | 12,753       | 25,316              | 13,673       | 27,148       | NA          |
| <u>Transportation</u>  |                     |                     |                     |                     |                     |              |                     |              |              |             |
| Department of Transportation   |                     |                     |                     |                     |                     |              |                     |              |              |             |
| Registered Vehicles <sup>4</sup>   | 945,282             | 1,048,240           | 1,063,203           | 1,110,241           | 1,159,317           | 1,168,252    | 1,160,042           | 1,159,040    |              | NA          |
| Licensed Drivers   | 483,097             | 490,146             | 502,807             | 513,838             | 527,541             | 545,027      | 555,935             | 561,667      | 561,333      | 566,015     |
| Unemployment Compensation  |                     |                     |                     |                     |                     |              |                     |              |              |             |
| Job Service North Dakota   |                     |                     |                     |                     |                     |              |                     |              |              |             |
| Number of Covered Workers <sup>4</sup>   | 358,674             | 379,433             | 411,710             | 427,109             | 444,658             | 437,078      | 417,150             | 414,039      | 417,578      | NA          |
| Workforce Safety and Insurance   |                     |                     |                     |                     |                     |              |                     |              |              |             |
| Number of Claims Filed   | 19,384              | 21,693              | 24,643              | 25,835              | 26,395              | 24,798       | 21,227              | 20,045       | 19,830       | 19,913      |
| Number of Covered Workers  | 340,117             | 348,743             | 369,996             | 402,771             | 418,234             | 435,993      | 427,899             | 408,107      | 405,367      | 409,559     |
|  |                     |                     |                     |                     |                     |              |                     |              |              |             |

Sources: The State agencies listed above provided the statistics for their agency

NA-Not Available

<sup>1</sup> Calendar Year Received

<sup>2</sup> Academic Year End Enrollment

<sup>3</sup> Academic Year Enrollment

<sup>4</sup> Statistics on a Calendar Year Basis
5 National Guard member count is at September 30 of each year

Schedule 16 Capital Assets by Function Last Ten Fiscal Years

| _  | 2010         | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General Government Office of Management and Budget           |              |              |              |              |              |              |              |              |              |              |
| Capitol Complex Buildings                                    | 7            | 7            | 7            | 7            | 7            | 7            | 7            | 7            | 7            | 7            |
| <u>Education</u>   |              |              |              |              |              |              |              |              |              |              |
| Department of Land Common Schools Trust                      |              |              |              |              |              |              |              |              |              |              |
| Land Acreage   | 632,393      | 631,940      | 631,921      | 631,939      | 631,997      | 632,039      | 631,794      | 631,806      | 631,806      | 631,806      |
| ND University System Buildings                               | 522          | 522          | 512          | 512          | 528          | 528          | 534          | 534          | 516          | 516          |
| Buildings Square Footage                                     | 14,700,708   | 14,700,708   | 15,019,252   | 15,019,252   | 15,852,457   | 15,852,457   | 16,299,100   | 16,299,100   | 16,571,905   | 16,571,905   |
| Health and Human Services                                    |              |              |              |              |              |              |              |              |              |              |
| Dept. of Human Services  Buildings                           | 74           | 74           | 74           | 64           | 63           | 63           | 63           | 63           | 63           | 63           |
|  | 74           | 74           | 74           | 04           | 03           | 03           | 03           | 03           | 03           | 03           |
| Public Safety and Corrections  Department of Corrections     |              |              |              |              |              |              |              |              |              |              |
| and Rehabilitation   |              |              |              |              |              |              |              |              |              |              |
| Buildings  | 72           | 72           | 72           | 69           | 71           | 71           | 71           | 70           | 70           | 70           |
| Office of the Adjutant General                               |              | 200          |              | 200          | 200          | 200          |              |              |              | 007          |
| Headquarters, Camp and Armory Buildings                      | 282          | 282          | 283          | 268          | 280          | 298          | 298          | 302          | 330          | 327          |
| Natural Resources Game and Fish Department                   |              |              |              |              |              |              |              |              |              |              |
| Wildlife Management Areas                                    | 192          | 199          | 201          | 201          | 204          | 201          | 200          | 201          | 201          | 201          |
| Boats, ATV's, Snowmobiles, Tractors, Othe                    | 429          | 443          | 446          | 463          | 462          | 460          | 472          | 491          | 493          | 498          |
| Dept. of Parks and Recreation                                |              |              |              |              |              |              |              |              |              |              |
| Park/Recreational Sites Park Maintanenace Vehicles/Equipment | 15<br>255    | 15<br>262    | 15<br>291    | 15<br>304    | 15<br>305    | 15<br>305    | 15<br>363    | 15<br>392    | 15<br>364    | 15<br>409    |
|  | 200          | 202          | 20.          |              | 000          | 000          | 000          | 002          |              | .00          |
| <u>Transportation</u> Department of Transportation           |              |              |              |              |              |              |              |              |              |              |
| Lane Miles Maintained  | 8,517        | 8,518        | 8,504        | 8,509        | 8,509        | 8,563        | 8,614        | 8,614        | 8,614        | 8,622        |
| Fleet Vehicles<br>Heavy Equipment                            | 3,493<br>463 | 3,564<br>471 | 3,567<br>500 | 3,600<br>434 | 3,652<br>441 | 3,664<br>448 | 3,726<br>441 | 3,740<br>445 | 3,541<br>479 | 3,406<br>480 |
| Buildings  | 85           | 94           | 123          | 126          | 142          | 158          | 159          | 162          | 164          | 165          |

Sources: The State agencies listed above provided the data for their agency

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).

(Expressed In Thousands)

#### **Bonding Fund**

|  | <u>2010</u>  | <u>2011</u>  | <u>2012</u>   | <u>2013</u>   | <u>2014</u>                                  | <u>2015</u>                  | <u>2016</u>          | <u>2017</u>          | <u>2018</u>  | <u>2019</u> |
|--|--|--|---|---|--|------------------------------|----------------------|----------------------|--------------|-------------|
| Net Earned Required     Contribution and     Investment Revenues   | \$ 214   | \$ 202   | \$ 195  | \$ 140  | \$ 133                                       | \$ 70                        | \$ 173               | \$ 101               | \$ 42        | \$ 204      |
| 2 Unallocated Expenses   | 34   | 25   | 28  | 22  | 33   | 36                           | 67                   | 26                   | 21           | 25          |
| 3 Estimated Incurred<br>Claims and Expense,<br>End of Policy Year  | 49   | 22   | 4   | (115)   | 39   | 94                           | 26                   | 21                   | 87           | 39          |
| 4 Paid (Cumulative) as of: End of Policy Year One Year Later Two Years Later Three Years Later Four Years Later Five Years Later Six Years Later Seven Years Later Eight Years Later Nine Years Later                  | (148)<br>(148)<br>(148)<br>(148)<br>(148)<br>(148)<br>(148)<br>(148)<br>(148)<br>(148) | (179)<br>(179)<br>(179)<br>(179)<br>(179)<br>(179)<br>(179)<br>(179) | (202)<br>(202)<br>(202)<br>(202)<br>(202)<br>(202)<br>(202) | (157)<br>(157)<br>(157)<br>(157)<br>(157)<br>(157)<br>(157) | (32)<br>(32)<br>(32)<br>(32)<br>(32)<br>(32) | (35)<br>(35)<br>(35)<br>(35) | (77)<br>(77)<br>(77) |                      | (19)<br>(19) | (59)        |
| 5 Reestimated Incurred Claims and Expenses: End of Policy Year One Year Later Two Years Later Three Years Later Four Years Later Five Years Later Six Years Later Seven Years Later Eight Years Later Nine Years Later | 49<br>49<br>49<br>49<br>49<br>49<br>48<br>48   | 22<br>22<br>22<br>22<br>22<br>22<br>22<br>22<br>22<br>22<br>22       | 4<br>4<br>4<br>4<br>4<br>4                                  | (115)<br>(115)<br>(115)<br>(115)<br>(115)<br>(115)<br>(115) | 39<br>39<br>39<br>39<br>39                   | 94<br>94<br>94<br>94         | 26<br>26<br>26<br>26 | (21)<br>(21)<br>(21) | 87<br>87     | 39          |
| 6 Increase in Estimated<br>Incurred Claims and<br>Expense From End of<br>Policy Year   | 0  | 0  | 0   | 0   | 0  | 0                            | 0                    | 0                    | 0            | 0           |

(Expressed In Thousands)

Fire and Tornado Fund

|   | <u>2010</u>    | <u>2011</u> | 2012           | 2013     | <u>2014</u>    | <u>2015</u> | <u>2016</u>    | <u>2017</u>     | <u>2018</u>         | <u>2019</u>      |
|---|----------------|-------------|----------------|----------|----------------|-------------|----------------|-----------------|---------------------|------------------|
| 1 Net Earned Required<br>Contribution and                             | ¢ 0.000        | ¢ 4.700     | <b>#</b> 2.024 | ¢ 4.400  | ф <b>г</b> 200 | Φ (O 4 O 4) | <b>*</b> 0.000 | ф 4.70 <b>г</b> | ф о.го <del>л</del> | ф. 2.04 <b>г</b> |
| Investment Revenues   | \$ 8,099       | \$ 4,709    | \$ 3,031       | \$ 4,103 | \$ 5,388       | \$ (2,124)  | \$ 2,908       | \$ 4,765        | \$ 3,567            | \$ 3,845         |
| 2 Unallocated Expenses  | 1,344          | 1,340       | 849            | 768      | 915            | 800         | 912            | 1,348           | 1,118               | 874              |
| 3 Estimated Incurred  |                |             |                |          |                |             |                |                 |                     |                  |
| Claims and Expense,<br>End of Policy Year                             | 3,386          | 4,663       | 1,162          | 1,501    | 998            | 1,141       | 3,039          | 4,750           | 2,352               | 2,953            |
| 4 Paid (Cumulative) as of:  |                |             |                |          |                |             |                |                 |                     |                  |
| End of Policy Year  | 1,670          | 2,571       | 958            | 1,106    | 562            | 9,378       | 8,890          | 3,805           | 8,318               | 3,218            |
| One Year Later  | 3,381          | 4,191       | 1,225          | 1,871    | 1,067          | 1,553       | 3,117          | 4,466           | 1,158               |                  |
| Two Years Later   | 3,569          | 4,360       | 1,318          | 1,905    | 1,080          | 1,564       | 3,119          | 4,466           |                     |                  |
| Three Years Later   | 3,569          | 4,492       | 1,691          | 1,905    | 1,080          | 1,564       | 3,119          |                 |                     |                  |
| Four Years Later  | 3,569          | 4,492       | 1,691          | 1,905    | 1,080          | 1,564       |                |                 |                     |                  |
| Five Years Later  | 4,944          | 4,492       | 1,691          | 1,905    | 1,080          |             |                |                 |                     |                  |
| Six Years Later   | 4,946          | 4,492       | 1,691          | 1,905    |                |             |                |                 |                     |                  |
| Seven Years Later   | 4,946          | 4,492       | 1,691          |          |                |             |                |                 |                     |                  |
| Eight Years Later   | 4,946          | 4,492       |                |          |                |             |                |                 |                     |                  |
| Nine Years Later  | 4,946          |             |                |          |                |             |                |                 |                     |                  |
| 5 Reestimated Incurred  |                |             |                |          |                |             |                |                 |                     |                  |
| Claims and Expenses:  |                |             |                |          |                |             |                |                 |                     |                  |
| End of Policy Year  | 3,386          | 4,663       | 1,162          | 1,501    | 998            | 1,516       | 3,039          | 4,750           | 2,352               | 2,953            |
| One Year Later  | 4,323          | 4,502       | 1,550          | 2,009    | 1,146          | 1,725       | 3,292          | 4,692           | 3,153               |                  |
| Two Years Later   | 4,873          | 4,528       | 1,549          | 2,012    | 1,122          | 1,723       | 3,229          | 4,634           |                     |                  |
| Three Years Later   | 4,865          | 4,520       | 1,711          | 2,012    | 1,122          | 1,723       | 3,226          |                 |                     |                  |
| Four Years Later  | 4,864          | 4,520       | 1,711          | 2,012    | 1,122          | 1,723       |                |                 |                     |                  |
| Five Years Later  | 4,944          | 4,516       | 1,711          | 2,012    | 1,122          |             |                |                 |                     |                  |
| Six Years Later   | 4,946          | 4,516       | 1,711          | 2,012    |                |             |                |                 |                     |                  |
| Seven Years Later   | 4,946          | 4,516       | 1,711          |          |                |             |                |                 |                     |                  |
| Eight Years Later<br>Nine Years Later                                 | 4,946<br>4,946 | 4,516       |                |          |                |             |                |                 |                     |                  |
| 6 Increase in Estimated<br>Incurred Claims and<br>Expense From End of |                |             |                |          |                |             |                |                 |                     |                  |
| Policy Year   | 1,559          | (147)       | 549            | 511      | 125            | 582         | 191            | (58)            | 0                   | 0                |

(Expressed In Thousands)

Workforce Safety & Insurance

|   | 2010                                   |  | <u>2011</u>  | 2  | 2012   | 2  | <u>2013</u>                                   | į  | <u> 2014</u>                           | į  | <u> 2015</u>                    | 2  | <u>2016</u>              | 2  | 2017              | 2  | <u>2018</u> | 2  | <u>019</u> |
|---|--|--|--|----|--|----|---|----|--|----|---------------------------------|----|--------------------------|----|-------------------|----|-------------|----|------------|
| Net Earned Required     Contribution and     Investment Revenues  | \$ 28                                  | 89   | \$ 357   | \$ | 341  | \$ | 443   | \$ | 502                                    | \$ | 408                             | \$ | 377                      | \$ | 396               | \$ | 343         | \$ | 386        |
| 2 Unallocated Expenses  | ;                                      | 33   | 30   |    | 33   |    | 52  |    | 41                                     |    | 41                              |    | 43                       |    | 47                |    | 44          |    | 45         |
| 3 Estimated Incurred<br>Claims and Expense,<br>End Of Policy Year   | 16                                     | 60   | 192  |    | 230  |    | 300   |    | 338                                    |    | 315                             |    | 229                      |    | 198               |    | 193         |    | 187        |
| 4 Paid (Cumulative) as of:  |  |  |  |    |  |    |   |    |  |    |                                 |    |                          |    |                   |    |             |    |            |
| End of Policy Year One Year Later Two Years Later Three Years Later Four Years Later Five Years Later Six Years Later Seven Years Later Eight Years Later Nine Years Later                      | 6                                      | 31<br>52<br>60<br>65<br>69<br>73<br>76<br>77<br>78       | 39<br>65<br>76<br>85<br>90<br>94<br>96<br>98<br>100  |    | 44<br>87<br>102<br>111<br>116<br>120<br>123<br>125   |    | 53<br>99<br>117<br>128<br>136<br>142<br>146   |    | 65<br>111<br>128<br>140<br>148<br>154  |    | 61<br>102<br>120<br>132<br>140  |    | 41<br>74<br>84<br>84     |    | 40<br>65<br>73    |    | 42<br>68    |    | 42         |
| 5 Reestimated Incurred  |  |  |  |    |  |    |   |    |  |    |                                 |    |                          |    |                   |    |             |    |            |
| Claims and Expenses: End of Policy Year One Year Later Two Years Later Three Years Later Four Years Later Five Years Later Six Years Later Seven Years Later Eight Years Later Nine Years Later | 19<br>19<br>19<br>14<br>13<br>13<br>13 | 60<br>51<br>95<br>93<br>42<br>39<br>37<br>34<br>32<br>26 | 192<br>192<br>193<br>187<br>174<br>181<br>174<br>171 |    | 230<br>258<br>344<br>241<br>228<br>221<br>214<br>206 |    | 300<br>293<br>288<br>272<br>266<br>261<br>253 |    | 338<br>321<br>299<br>291<br>285<br>277 |    | 315<br>283<br>271<br>267<br>265 |    | 229<br>204<br>191<br>174 |    | 198<br>177<br>164 |    | 192<br>179  |    | 187        |
| 6 Increase in Estimated<br>Incurred Claims and<br>Expense From End of<br>Policy Year  | (;                                     | 34)  | (28)   |    | (24)   |    | (47)  |    | (61)                                   |    | (50)                            |    | (54)                     |    | (34)              |    | (14)        |    | -          |

# Schedule 18 Agricultural Production

#### Value of Export Shares of Agricultural Commodities - 2017 - 2018

|                                | 2017           | 2017      | 2018           | 2018      |
|--------------------------------|----------------|-----------|----------------|-----------|
|                                | <b>Dollars</b> | % of U.S. | <b>Dollars</b> | % of U.S. |
|                                | (Mil.)         |           | (Mil.)         |           |
|                                |                | 4= 00     |                | 4= 00     |
| Wheat                          | 1,060.9        | 17.02     | 950.2          | 17.63     |
| Soybeans and Products          | 1,244.7        | 4.91      | 1,153.5        | 5.20      |
| Other Oil Seeds and Products   | 600.4          | 28.77     | 550.2          | 26.01     |
| Vegetables Fresh and Processed | 244.3          | 18.70     | 238.5          | 3.44      |
| Grain Products                 | 190.3          | 4.65      | 191.7          | 4.54      |
| Vegtable Oils                  | 189.8          | 6.40      | 177.4          | 6.41      |
| Feeds and Other Feed Grains    | 239.5          | 2.77      | 241.0          | 2.65      |
| Corn                           | 251.3          | 2.76      | 337.7          | 2.71      |
| Other Plant Products           | 174.9          | 1.01      | 185.8          | 1.07      |
| Beef, Veal and Pork            | 128.0          | 0.93      | 145.5          | 0.67      |
| Other Livestock Products       | 41.2           | 1.35      | 44.3           | 1.47      |
| Hides and Skins                | 23.1           | 1.22      | 18.0           | 1.23      |
| Dairy Products                 | 8.5            | 0.16      | 8.3            | 0.15      |
| Poultry Products               | 2.8            | 0.13      | 3.8            | 0.18      |
| Total                          | \$4,399.7      | 3.19%     | \$4,245.9      | 3.06%     |

<sup>1/</sup> Includes other nonpoultry meats, animal fat, live farm animals, and other animal parts.

Data sources: USDA Economic Research Service; USDA Foreign Agricultural Service (Global Agricultural Trade System).

Totals may not add due to rounding.

#### 2019 Crop Rank Among States

| North Dakota<br>Ranks | Crop Description     | North Dakota<br>Produces |
|-----------------------|----------------------|--------------------------|
|                       |                      |                          |
| 1st                   | Canola               | 86%                      |
|                       | Flaxseed             | 85%                      |
|                       | Pinto Beans          | 61%                      |
|                       | Durum Wheat          | 55%                      |
|                       | Spring Wheat         | 51%                      |
|                       | Dry Edible Peas      | 50%                      |
|                       | Navy Beans           | 40%                      |
|                       | All Dry Edible Beans | 29%                      |
|                       | Honey Production     | 25%                      |
|                       | All Wheat            | 19%                      |
|                       | Oats                 | 15%                      |

Source: North Dakota Agricultural Statistics August 2018

<sup>2/</sup> Includes turkey meat, eggs, and other fowl products.

<sup>3/</sup> Includes processed feeds, fodder, barley, oats, rye, and sorghum.

<sup>4/</sup> Includes peanuts (oilstock), other oil crops, corn meal, other oilcake and meal, protein substances, bran and residues.

<sup>5/</sup> Includes sweeteners and products, other horticulture products, planting seeds, cocoa, coffee, and other processed foods.



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020



# STATE OF NORTH DAKOTA

# Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED

June 30, 2020



Prepared by the Office of Management and Budget

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

This CAFR is also available at our Fiscal Management website: https://www.nd.gov/omb/agency/financial/comprehensive-annual-financial-report-cafr/cafr-reports

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| State of North Dakota |  |
|-----------------------|--|
|-----------------------|--|

# **Introductory Section**



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December 10, 2020

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

In accordance with North Dakota Century Code (NDCC) section 54-44-04(14), we are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the State of North Dakota for the fiscal year ended June 30, 2020. This report has been prepared by the Office of Management and Budget. The financial statements contained in the CAFR have been prepared in accordance with generally accepted accounting principles (GAAP) applicable to state and local governments, as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the state's management. To the best of our knowledge and belief, the information contained in the CAFR is accurate in all material respects and reported in a manner that presents fairly the financial position and results of operations of the State's primary government and the component units for which it is financially accountable. All disclosures necessary to enable the reader to gain an understanding of the State of North Dakota's financial affairs have been included.

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

In compliance with state statute, the Office of the State Auditor (SAO) audited the State's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the State for the fiscal year ended June 30, 2020 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and evaluating the overall financial statement presentation. Their examination was conducted in accordance with GAAP and the standards applicable to financial audits contained in *Government Auditing Standards* as published by the Comptroller General of the United States. The SAO concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the State's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report

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

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

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#### PROFILE OF THE GOVERNMENT

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

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

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

#### LOCAL ECONOMY

Although North Dakota's economy is increasingly diversified, the agricultural industry continues to play a key role in the state's economy. The USDA's National Agricultural Statistics Service reports that for 2019 crop production, North Dakota led the nation in production of all dry edible beans, pinto beans, canola, flaxseed, honey, oats, non-oil sunflower, Durum wheat, and spring wheat. North Dakota also ranked second in the production of black beans, navy beans, lentils, dry edible peas, all sunflowers, oil sunflowers, and all wheat.

The energy industry plays an important role in the state's economy. The development of wind and coal resources, the production of ethanol and bio-diesel, and oil and natural gas extraction all contribute to the state's economy. North Dakota reached an all-time high for oil production which averaged over 1.52 million barrels of oil produced per day in November 2019. North Dakota's current crude oil production ranks second in the nation, behind first-ranked Texas. Oil prices have rebounded since the crash of oil prices at the end of fiscal year 2020 when North Dakota producers were receiving prices below \$15 per barrel. Prices averaged around \$50 per barrel at the start of the 2019-21 biennium before the crash. In September 2020, the actual average price per barrel for North Dakota oil was \$32.83, below the estimated price of \$48.00 used for budgeting purposes.

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

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

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

#### LONG-TERM FINANCIAL PLANNING

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

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

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

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

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

The legislature did not approve the transfer of \$300 million to the Budget Stabilization Fund. However, the revenue forecast adopted by the legislature proved so conservative that actual revenues ended the biennium \$250 million higher than predicted. North Dakota law requires any end of biennium balance in the general fund in excess of \$65 million to be transferred to the Budget Stabilization Fund. As a result, \$548 million was transferred to the Budget Stabilization Fund, pushing the balance above \$660 million. It reached its \$726 million cap in March 2020 with a statutorily required transfer of oil tax revenues. Although state tax revenues have been negatively impacted by the COVID-19 pandemic, other state revenues such as Legacy fund earnings have been unaffected. It is anticipated the state will finish the 2019-21 biennium with total revenues that exceed the original forecast and without accessing the budget stabilization fund to offset a revenue shortfall.

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

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

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

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

#### RELEVANT FINANCIAL POLICIES

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

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

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

#### **MAJOR INITIATIVES**

Major initiatives proposed by Governor Doug Burgum and approved by the legislature for the 2019-21 biennium include:

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

#### INFRASTRUCTURE INVESTMENTS

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

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

#### **TAX RELIEF**

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

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

#### **EDUCATION**

K-12 education initiatives include:

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

Higher Education initiatives include:

- \$10.7 million for the UND Healthcare Workforce Initiative.
- \$9.4 million in state funding to continue the North Dakota Higher Education Challenge Grant Program, to encourage philanthropy by providing a state match for private contributions to the state's colleges and universities.
- \$458.4 million is slated to be invested for capital projects across the system, with funding from revenue bonds, private donations, capital building funds and carryover authority.

#### **RESERVES**

It is anticipated that by June 30, 2021, there will be a total ending balance of approximately \$2.36 billion in the budget stabilization fund, foundation aid stabilization fund, strategic investment and improvements fund, and tax relief fund. The general fund budget for the 2019-21 biennium totals \$4.84 billion

#### AWARDS AND ACKNOWLEDGEMENTS

Sources

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of North Dakota for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the 28th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the State of North Dakota received the GFOA's Award for Distinguished Budget Presentation for its 2019-2021 budget. In order to qualify for the Distinguished Budget Presentation Award, the State's budget document was judged to be proficient in several categories, including policy documentation, financial planning, and organization.

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

Sincerely,

Joe Morrissette

Director



## Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

# **State of North Dakota**

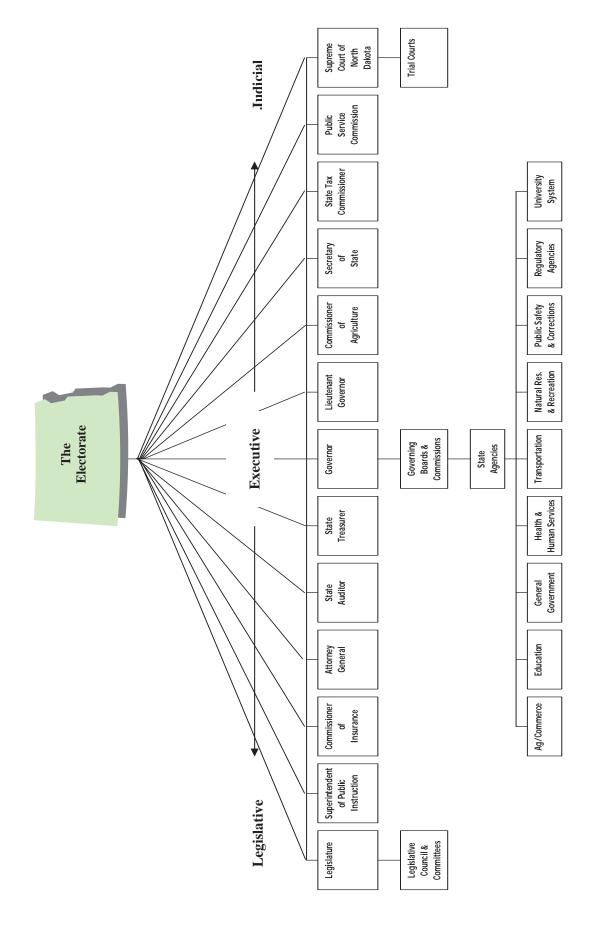
For its Comprehensive Annual Financial Report For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

# STATE OF NORTH DAKOTA ORGANIZATIONAL CHART



# NORTH DAKOTA PRINCIPAL STATE OFFICIALS

June 30, 2020

#### **ELECTED OFFICIALS**

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

#### **LEGISLATIVE**

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

#### **JUDICIAL**

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



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# **Financial Section**

STATE AUDITOR
Joshua C. Gallion



PHONE 701-328-2241

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ndsao@nd.gov

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#### Independent Auditor's Report

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

Members of the Legislative Assembly of the State of North Dakota

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of North Dakota as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

Addiction Counselor Internship Loan Program
Bank of North Dakota
Beginning Farmer Revolving Loan Fund
Building Authority
College SAVE
Community Water Facility Loan Fund
Comprehensive Health Association of North
Dakota
Covid Pace Recovery Program
Department of Trust Lands
North Dakota Development Fund
Guaranteed Student Loan Program
Housing Finance Agency
Housing Incentive Fund
Infrastructure Revolving Loan Fund

Innovation Technology Fund

Mandan Remediation Trust
Medical Facility Infrastructure Loan Program
PACE and AG PACE Funds
Public Employees Retirement System
Public Finance Authority
Rebuilders Loan Program
Retirement and Investment Office
School Construction Assistance Revolving Loan
Fund
Small Employer Loan Fund
State Fair Association
State Historical Society of North Dakota
Foundation
Student Loan Trust
Workforce Safety and Insurance

Job Service North Dakota

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

| Government-Wide Financial                                  | Percent of<br>Assets | Percent of Net Position or Fund Balance | Percent of Revenues |
|--|----------------------|---|---------------------|
| Statements   |                      |   |                     |
| Governmental Activities                                    | 25%                  | 27%                                     | 4%                  |
| Business-Type Activities<br>Aggregate Discretely Presented | 81%                  | 64%                                     | 62%                 |
| Component Units  | 100%                 | 100%                                    | 100%                |
| Fund Financial Statements                                  |                      |   |                     |
| Major Governmental Funds                                   |                      |   |                     |
| General Fund   | 0%                   | 0%                                      | 0%                  |
| Federal Fund   | 1%                   | 51%                                     | 1%                  |
| State Special Revenue Fund                                 | 73%                  | 75%                                     | 16%                 |
| 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                                   | 2.5-5.18             |   |                     |
| Statements   | 93%                  | 97%                                     | 83%                 |
|  |                      |   |                     |

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

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

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

#### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of North Dakota, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Emphasis of Matter

The actuary for the North Dakota Public Employees Retirement System has determined that the Fund's unfunded actuarial accrued liability is approximately \$1.456 billion as of July 1, 2020. The funding for the actuarial accrued liability is predicated on employer and employee funding rates mandated by North Dakota statutes. The actuary has determined that the current statutory rates are insufficient compared to the actuarially determined contribution rate needed to fund the actuarial accrued liability. Note 6 identifies the net pension liability as calculated using GASB 67 and 68 requirements. Our opinion is not modified with respect to this matter.

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

As described in Note 22 to the financial statements, the State of North Dakota adopted the provisions of GASB 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*. Our opinion is not modified with respect to this matter.

#### Other Matters

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules and related reconciliations and notes, information about the state of North Dakota's pension plans and other post-retirement benefits, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Information

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

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

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

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2020 on our consideration of the State of North Dakota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of North Dakota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of North Dakota's internal control over financial reporting and compliance.

Joshua C. Gallion State Auditor

Bismarck, North Dakota December 10, 2020

#### MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the State of North Dakota's (the State's) Comprehensive Annual Financial Report presents a discussion and analysis of the State's financial performance, providing an overview of the activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and with the State's financial statements, which follow this section.

#### FINANCIAL HIGHLIGHTS

#### Government-wide:

Total assets and deferred outflows of resources of the State exceeded its liabilities and deferred inflows of resources at fiscal year-end by \$26.1 billion (reported as net position), an increase of \$1.4 billion from the previous year. The net position of governmental activities increased by 4.6% while the net position of the business-type activities showed an increase of 10.8%.

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

#### **Fund Level:**

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

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

#### Long-term Debt:

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

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

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### **Government-wide Statements**

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

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

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

Both statements report three activities:

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

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

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

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

#### **Fund Financial Statements**

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

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

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

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

and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

Governmental funds include the General Fund, special revenue, debt service, and permanent funds. The State has several governmental funds, of which three (3) are considered major individual funds. These three are the General Fund, the Federal Fund, and the State Special Revenue Fund. Each of these major funds is presented in a separate column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance. The remaining governmental funds are combined in a single aggregated column on the basic fund statements. Individual fund data for each of these non-major governmental funds can be found in the other supplementary information section of this report.

Proprietary funds – Services for which the State charges customers a fee are generally reported in proprietary funds. The state maintains two different types of proprietary funds, enterprise funds and internal service funds. Enterprise funds report activities that provide supplies and services to the general public. Internal service funds report activities that provide supplies and services for the State's other programs and activities. Like the government-wide statements, proprietary funds use the accrual basis of accounting. Although the basis of accounting is the same for the government-wide and proprietary fund statements, reconciliation between these statements is presented because of the allocation of internal service funds' net income.

The State has four (4) major enterprise funds: The Bank of North Dakota, Housing Finance, University System, and Workforce Safety and Insurance. These four funds are each presented in separate columns on the basic proprietary fund financial statements. The remaining enterprise funds are combined in a single total column on these statements. Individual fund data for each of the non-major enterprise funds can be found in the other supplementary information section of this report.

The State's internal service funds are reported as governmental activities on the government-wide statements, because the services they provide predominantly benefit governmental activities. The State's four (4) internal service funds are reported on the basic proprietary fund financial statements in a single combined column. Individual fund data for the internal service funds is provided in the form of combining statements found in the other supplementary information section of this report.

Fiduciary funds - The State acts as a trustee, or fiduciary, for its employee pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The State's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These funds, which include pension (and other employee benefit) trust, investment trust, private-purpose trust, and agency funds, are reported using accrual accounting. The government-wide statements exclude fiduciary fund activities and balances because the State cannot use these assets to finance its operations.

#### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found immediately following component units' financial statements.

#### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule, which includes reconciliation between the statutory fund balances for budgetary purposes and the fund balances for the General Fund, the Federal Fund and the State Special Revenue Fund as presented in the governmental fund financial statements. In addition, the required supplementary information includes up to ten years of information on the State's pension and Other Post Employment Benefit (OPEB) plans, including schedules on the employer proportionate share of the net pension liability and net OPEB liability, changes in the net pension liability and OPEB liability, and employer contributions.

#### **Other Supplementary Information**

Other supplementary information includes combining financial statements for non-major governmental, non-major enterprise, internal service, and fiduciary funds. These funds are added together, by fund type, and presented in single columns in the basic financial statements.

#### FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

As noted previously, net position may serve over time as a useful indicator of a government's financial position. The State's combined net position (governmental and business-type activities) totaled \$26.1 billion at the end of fiscal year 2020. Net position increased \$1.4 billion from the prior fiscal year.

### State of North Dakota's Net Position

(Expressed in Thousands)

|                          | Governmental Activities |              | Business-Type<br>Activities |              | Total Primary |              |
|--------------------------|-------------------------|--------------|-----------------------------|--------------|---------------|--------------|
|                          |                         |              |                             |              | Government    |              |
|                          | 2020                    | 2019         | 2020                        | 2019         | 2020          | 2019         |
| Current and Other Assets | \$18,654,826            | \$16,972,671 | \$11,623,390                | \$11,346,654 | \$27,051,115  | \$25,434,033 |
| Capital Assets           | 5,462,056               | 5,237,060    | 1,683,761                   | 1,631,300    | 7,145,817     | 6,868,360    |
| Total Assets             | 24,116,882              | 22,209,731   | 13,307,151                  | 12,977,954   | 34,196,932    | 32,302,393   |
| Deferred Outflows of     |                         |              |                             |              |               |              |
| Resources                | 227,184                 | 293,718      | 122,739                     | 114,216      | 349,923       | 407,934      |
| Long-Term Liabilities    |                         |              |                             |              |               |              |
| Outstanding              | 576,130                 | 798,562      | 3,783,572                   | 4,245,686    | 4,359,702     | 5,044,248    |
| Other Liabilities        | 1,966,512               | 1,029,509    | 4,979,632                   | 4,687,353    | 3,719,043     | 2,831,570    |
| Total Liabilities        | 2,542,642               | 1,828,071    | 8,763,204                   | 8,933,039    | 8,078,745     | 7,875,818    |
| Deferred Inflows of      |                         |              |                             |              |               |              |
| Resources                | 252,367                 | 63,215       | 96,983                      | 35,002       | 349,350       | 98,217       |
| Net Position             |                         |              |                             |              |               |              |
| Net Investment in        |                         |              |                             |              |               |              |
| Capital Assets           | 5,427,965               | 5,185,682    | 1,243,098                   | 1,246,741    | 6,671,063     | 6,432,423    |
| Restricted               | 6,543,042               | 6,639,786    | 1,374,339                   | 972,887      | 7,917,381     | 7,612,673    |
| Unrestricted             | 9,578,050               | 8,786,695    | 1,952,266                   | 1,904,501    | 11,530,316    | 10,691,196   |
| Total Net Position       | \$21,549,057            | \$20,612,163 | \$4,569,703                 | \$4,124,129  | \$26,118,760  | \$24,736,292 |

The largest component (44%) of the State's net position is unrestricted net position. Unrestricted net position may be used at the State's discretion, but often have limitations on use based on State statutes. Restricted net position makes up thirty percent (30%) of the state's net position. Restricted net position represents resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used.

Twenty-six percent (26%) of the State's net position reflects its investment in capital assets such as land, buildings, equipment, intangibles (software), and infrastructure (roads, bridges and other immovable assets) less any related debt outstanding that was needed to acquire or construct the assets. The State uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The condensed financial information below was derived from the government-wide Statement of Activities and reflects how the State's net position changed during the fiscal year:

# State of North Dakota's Changes in Net Position

(Expressed in Thousands)

|   | (Expressed in Thousands) |              |               |             |               |              |  |  |
|---|--------------------------|--------------|---------------|-------------|---------------|--------------|--|--|
|   | Governmental             |              | Business-Type |             | Total Primary |              |  |  |
|   | Activities               |              | Activities    |             | Government    |              |  |  |
|   | 2020                     | 2019         | 2020          | 2019        | 2020          | 2019         |  |  |
| Revenues:   |                          |              |               |             |               |              |  |  |
| Program Revenues:   |                          |              |               |             |               |              |  |  |
| Charges for Services  | \$347,155                | \$378,032    | \$2,214,200   | \$1,854,857 | \$2,561,355   | \$2,232,889  |  |  |
| Operating Grants & Contributions  | 2,028,277                | 2,121,703    | 596,060       | 410,791     | 2,624,337     | 2,532,494    |  |  |
| Capital Grants & Contributions  | 2                        | 107          | 17,502        | 19,926      | 17,504        | 20,033       |  |  |
| General Revenues:   |                          |              |               |             |               |              |  |  |
| Income Taxes  | 513,419                  | 604,088      | -             | -           | 513,419       | 604,088      |  |  |
| Sales Taxes   | 1,364,665                | 1,435,130    | -             | -           | 1,364,665     | 1,435,130    |  |  |
| Oil, Gas and Coal Taxes   | 1,949,036                | 2,586,570    | -             | -           | 1,949,036     | 2,586,570    |  |  |
| Other Taxes   | 107,173                  | 110,715      | -             | -           | 107,173       | 110,715      |  |  |
| Investment Earnings   | 333,528                  | 360,264      | -             | -           | 333,528       | 360,264      |  |  |
| Tobacco Settlement  | 21,159                   | 20,752       | -             | -           | 21,159        | 20,752       |  |  |
| Other   | 190,047                  | 231,745      | 3,577         | 5,162       | 193,624       | 236,907      |  |  |
| Total Revenues  | 6,854,461                | 7,849,106    | 2,831,339     | 2,290,736   | 9,685,800     | 10,139,842   |  |  |
| Expenses  |                          |              |               |             |               |              |  |  |
| General Government  | 1,034,053                | 1,183,234    | _             | _           | 1,034,053     | 1,183,234    |  |  |
| Education   | 1,288,935                | 1,238,989    | _             | _           | 1,288,935     | 1,238,989    |  |  |
| Health and Human Services   | 2,077,950                | 1,947,263    | _             | _           | 2,077,950     | 1,947,263    |  |  |
| Regulatory  | 78,442                   | 61,213       | _             | _           | 78,442        | 61,213       |  |  |
| Public Safety and Corrections   | 249,751                  | 230,667      | _             | _           | 249,751       | 230,667      |  |  |
| Agriculture and Commerce  | 107,574                  | 99,247       | _             | _           | 107,574       | 99,247       |  |  |
| Natural Resources   | 217,546                  | 261,308      | _             | _           | 217,546       | 261,308      |  |  |
| Transportation  | 429,801                  | 443,629      | _             | _           | 429,801       | 443,629      |  |  |
| Interest on Long Term Debt  | 1,691                    | 1,952        | _             | _           | 1,691         | 1,952        |  |  |
| Bank of North Dakota  | -                        | -            | 103,391       | 98,931      | 103,391       | 98,931       |  |  |
| Housing Finance   | _                        | _            | 56,537        | 52,715      | 56,537        | 52,715       |  |  |
| Loan Programs   | _                        | _            | 16,396        | 12,666      | 16,396        | 12,666       |  |  |
| State Lottery   | _                        | _            | 18,929        | 26,175      | 18,929        | 26,175       |  |  |
| Unemployment Compensation   | _                        | _            | 611,219       | 84,206      | 611,219       | 84,206       |  |  |
| University System   | _                        | _            | 1,227,858     | 1,198,989   | 1,227,858     | 1,198,989    |  |  |
| Workforce Safety and Insurance  | _                        | _            | 220,279       | 297,497     | 220,279       | 297,497      |  |  |
| Other   | _                        | _            | 616,265       | 594,491     | 616,265       | 594,491      |  |  |
| Total Expenses  | \$5,485,743              | \$5,467,502  | \$2,870,874   | \$2,365,670 | \$8,356,617   | \$7,833,172  |  |  |
| Increase (decrease) in Net  |                          |              |               |             |               |              |  |  |
| Position Before Contributions,  |                          |              |               |             |               |              |  |  |
| Loss & Transfers  | 1,368,718                | 2,381,604    | (39,535)      | (74,934)    | 1,329,183     | 2,306,670    |  |  |
| Contributions to Permanent Fund   | 1,000,7 10               | 2,001,001    | (00,000)      | (11,001)    | 1,020,100     | 2,000,010    |  |  |
| Principal   | 9,516                    | 11,014       | _             | _           | 9,516         | 11,014       |  |  |
| Transfers   | (440,249)                | (290,718)    | 485,109       | 277,019     | 44,860        | (13,699)     |  |  |
|   |                          |              |               |             |               |              |  |  |
| Change in Net Position  | 937,985                  | 2,101,900    | 445,574       | 202,085     | 1,383,559     | 2,203,985    |  |  |
| Net Position - Beginning  | 20,612,163               | 18,516,218   | 4,124,129     | 3,917,941   | 24,736,292    | 22,434,159   |  |  |
| Prior Period Adjustment *   | (1,091)                  | (5,955)      |               | 4,103       | (1,091)       | (1,852)      |  |  |
| Net Position- Ending  | \$21,549,057             | \$20,612,163 | \$4,569,703   | \$4,124,129 | \$26,118,760  | \$24,736,292 |  |  |
| * More detailed information regarding the prior period adjustments can be found in Note 2 |                          |              |               |             |               |              |  |  |

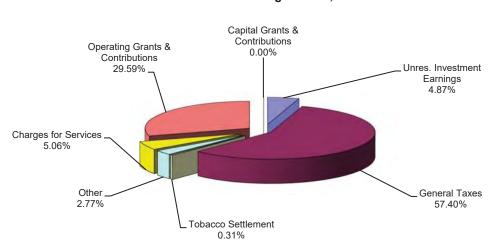
<sup>\*</sup> More detailed information regarding the prior period adjustments can be found in Note 2.

#### **Governmental Activities**

Governmental Activities increased the State's net position by \$938 million. Revenues decreased 12.7%, with the largest dollar decrease in the State's revenues for fiscal year 2020 coming from oil, gas, and coal, taxes, a decrease of \$637.5 million. The decrease in individual and corporate income taxes is due to the change in the due date for the 2019 tax returns from April 15 to July 15, 2020 as a federal and state response to the global pandemic. Oil and Gas production tax and Oil Extraction tax decreases due to very weak oil prices and production declines associated with the nationwide recession caused by the global pandemic.

Expenses for governmental activities remained relatively consistent.

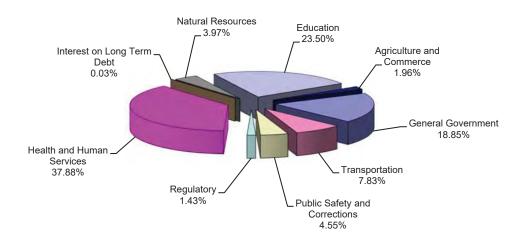
The following chart depicts revenues of the governmental activities for the fiscal year:



Revenues - Governmental Activities Fiscal Year Ending June 30, 2020

The chart on the following page depicts expenses of the governmental activities for the fiscal year:

## Expenditures - Governmental Activities Fiscal Year Ending June 30, 2020



### **Business-type Activities**

Net position of the business-type activities increased by \$446.7 million during the fiscal year.

Workforce Safety and Insurance's (WSI) net position increased \$135.6 million. Fiscal year 2020 shows decreases in earned premiums, incurred losses, and the number of filed claims. There was a slight increase in the number of policy holders. Policyholder count increased by 107 policies in fiscal year 2020. WSI's financial position remains stable. Earned premium net of discounts and reinsurance totaled \$221 million, \$238 million, and \$232 million for fiscal years 2020, 2019, and 2018, respectively. Total claims filed for fiscal year 2020 totaled 18,813. This is a decrease of 1,100 from the previous fiscal year 2019 total of 19,913. A dividend credit of 50% was declared in fiscal year 2020, 2019 and 2018. Net earned premium from fiscal year 2020 of \$221 million is slightly down from the fiscal year 2019 total of \$238 million. The strong investment return in the past three years has contributed to the positive change in net position.

The Bank of North Dakota net position increased \$96.2 million. The loan portfolio decreased by \$55,000 to \$4.4 billion at December 31, 2019. Interest-bearing deposits totaled \$4.5 billion at December 31, 2019 compared to \$4.2 billion at December 31, 2018. This fluctuation is due to state deposits and the economic status of the state. The Bank has a tier one capital leverage ratio of 13.60% as of December 31, 2019. The leverage ratio is a measure of strength. Well capitalized per federal regulations requires this percentage to be a minimum of 5%.

The University System's net position decreased \$11.6 million. The University system saw a decrease in revenues and an increase in expenditures which attributed to their decrease in net position. Grants and contracts (operating revenues) decreased mainly due to reduced National Science Foundation grants at NDSU and federal awards at UND. The decrease in sales and services of educational department and auxiliary enterprises revenues are attributed to Covid-19 related closures of the institutions in the third and fourth quarters of FY20. The largest increases of operating expenses for the University system was Scholarships and fellowships, CARES act aid to students, and cost of sales and services. Scholarships and fellowships increased primarily due to the implementation of a new waiver for a freshman academic award. CARES act aid was new for FY20 and was used to provide monetary aid to students impacted by the Covid-19 pandemic. Cost of sales and services increased primarily as a result of timing of internal billings to other operating departments at UND.

Housing Finance net position increase of \$15.5 million as a result of the year's program operations and financing activities. Operating revenues in FY20 were up as a result of higher mortgage interest income due to a larger mortgage loan receivable balance. Also, investment interest rates were slightly higher due to debt service reserve funds being invested in mortgage backed securities which have typically earned higher rates of interest than currently available GICs and Money Market accounts. Operating expenses were up from prior year operating expenses due to higher interest expenses with regards to a larger bonds payable balance. Also, administrative and operating expenses were lower than the prior year.

### FINANCIAL ANALYSIS OF THE STATE'S FUNDS

#### **Governmental Funds**

As the State completed the year, its governmental funds reported combined fund balances of \$16.5 billion, an increase of \$760 million from the prior fiscal year. Of the \$16.5 billion in net position, \$109 million is non-spendable, \$6.4 billion is restricted, \$1.9 billion is committed, \$420 million is assigned, and \$7.7 billion is unassigned. These fund balance categories are a result of GASB Statement 54. Note 1U provides definitions for these categories. The following analysis of funds provides the explanation for the overall change in net position for governmental funds.

The General Fund is the chief operating fund of the State. At the end of current fiscal year, unassigned fund balance of the General Fund was \$7.7 billion, non-spendable was \$6.2 million, and \$1.1 billion was committed for expenditure by various governmental functions.

Total General Fund balance increased during the fiscal year by \$1.1 billion. Revenues increased approximately 4.7%, due to an increase in oil, gas, and coal taxes of \$313 million. This increase was due to the way Oil, Gas, and Coal taxes are distributed within the state. Revenue for oil, gas, and coal taxes are distributed first to the general fund and then once the max amount is reached the revenues will then be distributed to the next fund. The reason we saw an increase from FY19 was because in FY19 these general fund distributions would have already been met in FY18 so there would not have been as many revenues in the general fund for FY19. As there was an increase in the general fund revenues, revenues for the overall state had decreased and was previously explained with the increase in net position for governmental activities.

General fund expenditures increased by \$161.1 million or 8.6% with the largest increases in Education and Health and Human Services. However, total expenditures for the Governmental funds remained relatively consistent. The increase in Education primarily came from an increase in state student aid from the general fund in FY20. In the previous biennium these expenses would have been paid for with special funds. The increase in Health and Human Services was also due to reallocating more expenses to the general fund in the first year of the biennium.

The State Special Revenue ending fund balance decreased by \$380 million resulting in \$7.7 billion fund balance. Revenues decreased by 41.6% in the state special revenue fund primarily due to a decrease in oil, gas, and coal taxes of \$949.8 million due to weak oil prices and production decline as previously discussed. This decrease was also due to the increase in the general fund oil, gas, and coal revenues in FY20 as oil gas and coal taxes are first allocated to the general fund as previously explained. Special fund expenditures decreased by 13.7% primarily due to a decrease in Education and Health and Human Services spending. Decreases to the special funds was previously discussed under the general fund expenditures.

The June 30 Federal Fund balance of \$11.9 million consists primarily of non-spendable items such as prepaids and inventory. Revenues increased by \$204.8 million and expenditures increased by \$186.1 million primarily due to the increase in federal funding for the global pandemic. The federal fund balance increased by \$1.2 million due to additional funding for the state to combat the global pandemic.

### **Proprietary Funds**

The State's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The increases in the net position of the proprietary funds are discussed under "Business-type Activities" above.

### **General Fund Budgetary Highlights:**

The general fund budgetary revenues and other financing sources were \$8.2 million or 5.1% higher than the final budget, primarily because of actual sales tax and department collections were more than the final budgeted amount. The State has a biennial appropriated budget. The fiscal year ending June 30, 2020, was the first year of the 2019-21 budget cycle. The original budget increased \$128.6 million. The increases to the beginning appropriated budget are from authorized carryover of general fund appropriation authority and legislative changes of which the larger ones are noted below.

Several state agencies were authorized by appropriation laws to carryover a portion or all of their general fund appropriation for various purposes, including the University System, \$55.1 million, the Department of Human Services, \$5.8 million, Secretary of State, \$1.3 million, the Department of Commerce, \$33.1 million, the Parks and Recreation department, \$2.1 million, the Department of Transportation, \$13 million, Legislative Council and Assembly, \$4.7 million, and Office of Management & Budget, \$3.6 million.

Of the \$6.4 million in capital construction carryover dollars, \$5.5 million was for the Department of Human Services and \$804 thousand for the Department of Transportation.

There were no expenditures in excess of general fund authority.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: At the end of the fiscal year 2020, the State had invested \$6.7 billion, net of accumulated depreciation, in a broad range of capital assets. Depreciation charges for this fiscal year totaled \$252 million.

(Net of Depreciation, Expressed in Thousands)

|                                  | Govern<br>Activ | mental<br>vities | Busines<br>Activ |             | Total Primary<br>Government |             |  |
|----------------------------------|-----------------|------------------|------------------|-------------|-----------------------------|-------------|--|
|                                  | 2020            | 2019*            | 2020             | 2019        | 2020                        | 2019*       |  |
| Land and Land Improvements       | \$163,127       | \$161,050        | \$25,552         | \$24,099    | \$188,679                   | \$185,149   |  |
| Building & Building Improvements | 421,917         | 411,708          | 1,143,267        | 1,139,160   | 1,565,184                   | 1,550,868   |  |
| Equipment                        | 174,539         | 168,030          | 165,976          | 172,127     | 340,515                     | 340,157     |  |
| Intangibles                      |                 |                  |                  |             |                             |             |  |
| Software                         | 229,560         | 244,549          | 754              | 1,982       | 230,314                     | 246,531     |  |
| Other                            | 9,676           | 9,684            | 10,031           | 8,441       | 19,707                      | 18,125      |  |
| Infrastructure                   | 2,971,697       | 2,588,639        | 118,047          | 118,542     | 3,089,744                   | 2,707,181   |  |
| Construction in Progress         | 1,491,541       | 1,652,309        | 220,134          | 166,949     | 1,711,675                   | 1,819,258   |  |
| Total                            | \$5,462,057     | \$5,235,969      | \$1,683,761      | \$1,631,300 | \$7,145,818                 | \$6,867,269 |  |

<sup>\*</sup> Beginning capital asset balances were adjusted for certain reclassifications.

The total increase in the State's investments in capital assets for the current fiscal year was 4.1% in terms of net book value. However, actual expenditures to purchase or construct capital assets were approximately \$1.1 billion for the year. A major portion of this amount was used to construct or reconstruct assets for highway construction. More detailed information on the State's capital assets can be found in Note 3H to the financial statements.

Long-term Debt: Article X, Section 13 of the Constitution of North Dakota provides that the state may issue or guarantee the payment of bonds provided that all bonds in excess of \$2 million are: secured by first mortgage upon property and no further indebtedness may be incurred by the state unless evidenced by a bond issue; authorized by law, for a certain purpose; provisioned to pay the interest semiannually, and pay the principal within 30 years. The law authorized the bond issue must specifically appropriate the provisions to the payment of the principal and interest of the bond. The State has no general obligation bonds outstanding at June 30, 2020.

The State does have a number of revenue bonds outstanding at June 30, 2020. Current state statutes empower certain state agencies and the Building Authority, a component unit of the State, to issue bonds as part of their activities. This debt is not backed by the full faith and credit of the State of North Dakota. The principal and interest on revenue bonds issued by state agencies is payable from designated revenue sources. The Building Authority's bonds generate revenue to finance the construction and improvements of State buildings. Revenues derived from leases on the buildings fund the debt service requirements.

The Bank of North Dakota has advances from the Federal Home Loan Bank in the amounts of \$631 million. The advances have a fixed rate of interest, ranging from 1.61 percent to 5.56 percent.

More detailed information regarding the State's long-term obligations is presented in Note 3L to the financial statements.

### State of North Dakota's Outstanding Debt

(Expressed in Thousands)

|                                 | Govern<br>Activ |          | Busines<br>Activ | • •         | • •         |             |
|---------------------------------|-----------------|----------|------------------|-------------|-------------|-------------|
|                                 | 2020            | 2019     | 2020             | 2019        | 2020        | 2019        |
| Revenue Bonds<br>Certificate of | \$19,730        | \$29,950 | \$1,666,599      | \$1,525,285 | \$1,686,329 | \$1,555,235 |
| Participation                   | -               | -        | 104,120          | 96,843      | 104,120     | 96,843      |
| Notes Payable                   | 14,817          | 21,897   | 648,266          | 1,120,787   | 663,083     | 1,142,684   |
| Total                           | \$34,547        | \$51,847 | \$2,418,985      | \$2,742,915 | \$2,453,532 | \$2,794,762 |

The State's total debt decreased approximately 12.2% during the current fiscal year.

### **ECONOMIC CONDITION AND OUTLOOK**

Moody's Analytics recently completed an analysis of the North Dakota economy for its *Précis U.S. State* October 2020 publication. The report depicts an economy in recovery, coming out of the COVID-19 recession, but at a slow pace mostly due to the effects the massive drop in oil prices had on employment.

North Dakota's outlook is linked tightly to two major industries, energy and agriculture. The oil industry will prove one of the worst economic casualties from the pandemic, which led to the plummet in price and the decrease for demand. Oil production per rig has risen slightly by 3 percent per rig in the last year. The most recent North Dakota average price per barrel of oil was at \$33.00, which is below the estimated price of \$48.00 used for budgeting purposes. On the agriculture side, the demand for crops remained intact throughout the pandemic, but the closure of the U.S./Canada border continues to expound the decline seen in exports and commodity prices are expected to remain low.

North Dakota's job growth has taken a hit because of the pandemic. At the end of September the job count was 7.3% lower than it was in January. Unemployment in North Dakota is at 5.2%, which is more than double what it was for the same time frame in 2019. The positive is that the tight labor market could be an attractive draw to job seekers from other states.

Median household income and per capita income for North Dakota are both ahead of the national average. For 2020, median household income in North Dakota was \$70,031 compared to \$68,703 for the U.S. Per capita income for 2019 was \$57,232 for North Dakota, while \$56,490 for the U.S.

### CONTACTING THE STATE'S OFFICE OF FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. Questions about this report or additional financial information should be addressed to the State of North Dakota, Office of Management and Budget, 600 E. Boulevard, Dept. 110, Bismarck, ND 58505.

# **Basic Financial Statements**

# Statement of Net Position June 30, 2020

|   |                         | Component                   |                |                       |  |
|---|-------------------------|-----------------------------|----------------|-----------------------|--|
|   | Governmental Activities | Business-Type<br>Activities | Total          | Units<br>(GASB Based) |  |
| ASSETS  |                         |                             |                |                       |  |
| Cash and Cash Equivalents                     | \$ 95,005,764           | \$ 672,801,057              | \$ 767,806,821 | \$ 21,198,438         |  |
| Investments                                   | 13,444,761,427          | 4,200,024,737               | 17,644,786,164 | -                     |  |
| Accounts Receivable - Net                     | 128,572,020             | 147,843,778                 | 276,415,798    | 166,142               |  |
| Taxes Receivable - Net                        | 475,616,473             | -                           | 475,616,473    | -                     |  |
| Interest Receivable - Net                     | 47,537,684              | 70,688,451                  | 118,226,135    | 140,860               |  |
| Intergovernmental Receivable - Net            | 297,613,719             | 33,720,267                  | 331,333,986    | -                     |  |
| Internal Receivable                           | 3,908,767,620           | -                           | 681,667,023    | -                     |  |
| Due from Component Units                      | -                       | 31,077,783                  | 31,077,783     | -                     |  |
| Due from Primary Government                   | -                       | -                           | -              | 60,000                |  |
| Prepaid Items                                 | 10,927,427              | 4,663,895                   | 15,591,322     | -                     |  |
| Inventory                                     | 25,451,386              | 36,517,254                  | 61,968,640     | -                     |  |
| Loans and Notes Receivable - Net              | 185,615,938             | 4,827,952,831               | 5,013,568,769  | 11,569,573            |  |
| Pension Assets                                | 31,006,306              | -                           | 31,006,306     | -                     |  |
| Other Assets                                  | -                       | 40,675,586                  | 40,675,586     | -                     |  |
| Restricted Assets:                            |                         |                             |                |                       |  |
| Cash and Cash Equivalents                     | 3,949,863               | 217,316,000                 | 221,265,863    | 83,592,057            |  |
| Investments                                   | -                       | 48,739,124                  | 48,739,124     | 978,234,000           |  |
| Interest Receivable - Net                     | -                       | 5,143,000                   | 5,143,000      | 5,570,000             |  |
| Loans and Notes Receivable - Net              | -                       | 1,286,226,000               | 1,286,226,000  | -                     |  |
| Capital Assets:                               |                         |                             |                |                       |  |
| Nondepreciable                                | 1,654,668,491           | 245,686,004                 | 1,900,354,495  | 1,115,389             |  |
| Depreciable, Net                              | 3,807,388,097           | 1,438,075,293               | 5,245,463,390  | 1,360                 |  |
| Total Assets                                  | 24,116,882,215          | 13,307,151,060              | 34,196,932,678 | 1,101,647,819         |  |
| DEFERRED OUTFLOWS OF RESOURCES                |                         |                             |                |                       |  |
| Deferred Loss on Bond Refunding               | 1,764,000               | 3,865,270                   | 5,629,270      | 3,116,000             |  |
| Decrease in Fair Value of Hedging Derivatives | · · ·                   | 735,025                     | 735,025        | · <u>-</u>            |  |
| Financial Derivative Instrument               | -                       | 16,132,000                  | 16,132,000     | -                     |  |
| Unrealized Loss on Interest Rate Swap         | -                       | 24,839,000                  | 24,839,000     | -                     |  |
| Derived from Pensions                         | 216,147,924             | 73,962,614                  | 290,110,538    | 83,000                |  |
| Derived from OPEB                             | 9,271,857               | 3,205,523                   | 12,477,380     | -                     |  |
| Total Deferred Outflows of Resources          | 227,183,781             | 122,739,432                 | 349,923,213    | 3,199,000             |  |
|   |                         |                             |                | , ,                   |  |

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.

# **Statement of Net Position** June 30, 2020

|  |                          | Component                           |                          |                |
|--|--------------------------|-------------------------------------|--------------------------|----------------|
|  | Governmental             | Primary Government<br>Business-Type |                          | Units          |
|  | Activities               | Activities                          | Total                    | (GASB Based)   |
| LIABILITIES  |                          |                                     |                          |                |
| Accounts Payable                                     | 337,234,576              | 67,536,949                          | 404,771,525              | 655,780        |
| Accrued Payroll                                      | 60,831,029               | 42,415,521                          | 103,246,550              | -              |
| Securities Lending Collateral                        | 244,750,650              | 6,572,871                           | 251,323,521              | -              |
| Interest Payable                                     | 1,311,019                | 23,939,072                          | 25,250,091               | 4,537,000      |
| Intergovernmental Payable                            | 132,405,765              | 11,201,802                          | 143,607,567              | -              |
| Tax Refunds Payable                                  | 145,372,981              | -                                   | 145,372,981              | -              |
| Internal Payable                                     | -                        | 3,227,100,597                       | -                        | -              |
| Due to Component Units                               | -                        | 33,723,482                          | 33,723,482               | -              |
| Due to Primary Government                            | -                        | _                                   | -                        | 102,855        |
| Contract Retainage Payable                           | 17,223,179               | 3,048,764                           | 20,271,943               | -              |
| Federal Funds Purchased                              | -                        | 365,335,000                         | 365,335,000              | -              |
| Other Deposits                                       | -                        | 976,110,478                         | 976,110,478              | -              |
| Amounts Held In Custody for Others                   | -                        | 24,981,398                          | 24,981,398               | _              |
| Unearned Revenue                                     | 1,027,382,988            | 128,825,883                         | 1,156,208,871            | 42,066         |
| Financial Derivative Instrument                      | -                        | 16,867,025                          | 16,867,025               | -              |
| Other Liabilities                                    | _                        | 51,973,184                          | 51,973,184               | _              |
| Long-Term Liabilities                                |                          | 0.,0.0,.0.                          | 0.,0.0,.0.               |                |
| Due within one year                                  | 12,646,480               | 737,727,178                         | 750,373,658              | 25,669,591     |
| Due in more than one year                            | 84,118,600               | 2,880,878,099                       | 2,964,996,699            | 494,831,749    |
| Net Pension Liability                                | 448,957,000              | 154,931,269                         | 603,888,269              | 191,000        |
| Net OPEB Liability                                   | 30,408,110               | 10,035,644                          | 40,443,754               | 131,000        |
| Total Liabilities                                    | 2,542,642,377            | 8,763,204,216                       | 8,078,745,996            | 526,030,041    |
| Total Elabilities                                    | 2,042,042,011            | 0,703,204,210                       | 0,070,740,990            | 320,030,041    |
| DEFERRED INFLOWS OF RESOURCES                        |                          |                                     |                          |                |
| Grant Received Prior to Time Requirements            | _                        | 174,808                             | 174,808                  | _              |
| Unrealized Gain on Interest Rate Swap                | _                        | 8,381,000                           | 8,381,000                | <del>-</del>   |
| Derived from Pensions                                | 249,838,840              | 87,646,067                          | 337,484,907              | 103,000        |
| Derived from OPEB                                    | , ,                      | , ,                                 |                          | 103,000        |
| Total Deferred Inflows of Resources                  | 2,528,058<br>252,366,898 | 781,316<br>96,983,191               | 3,309,374<br>349,350,089 | 103,000        |
| Total Deferred filliows of Resources                 | 252,300,898              | 90,903,191                          | 349,330,069              | 103,000        |
| NET POSITION   |                          |                                     |                          |                |
| Net Investment in Capital Assets                     | 5,427,964,743            | 1,243,098,375                       | 6,671,063,118            | 1,360          |
| Restricted for:                                      | 5,427,904,745            | 1,243,090,373                       | 0,071,003,110            | 1,300          |
| General Government                                   | 5,851,361                |                                     | 5,851,361                |                |
| Education  | 5,276,169,697            | -                                   | 5,276,169,697            | -              |
| Health and Human Services                            | 20,141,144               | -                                   | 20,141,144               | -              |
|  | , ,                      | -                                   | , ,                      | -              |
| Regulatory Purposes                                  | 85,030,225               | -                                   | 85,030,225               | -              |
| Public Safety & Corrections                          | 9,450,751                | -                                   | 9,450,751                | -              |
| Agriculture and Commerce                             | 63,178,488               | -                                   | 63,178,488               | -              |
| Cultural and Natural Resources                       | 477,274,736              | -                                   | 477,274,736              | -              |
| Transportation                                       | 484,944,367              |                                     | 484,944,367              | -              |
| Capital Projects                                     |                          | 1,340,114                           | 1,340,114                |                |
| Debt Service   | 787,977                  | 206,832,514                         | 207,620,491              | 114,641,000    |
| Loan Purposes  | -                        | 36,732,214                          | 36,732,214               | 428,761,000    |
| Pledged Assets                                       | -                        | 829,880,000                         | 829,880,000              | -              |
| Unemployment Compensation                            | -                        | 262,917,778                         | 262,917,778              | -              |
| Pension Benefits                                     | 31,006,306               | -                                   | 31,006,306               | -              |
| Permanent Fund and University System - Nonexpendable | 77,298,335               | 17,387,728                          | 94,686,063               | 2,155,492      |
| University System - Expendable                       | -                        | 17,310,462                          | 17,310,462               | -              |
| Other  | 11,908,521               | 1,937,845                           | 13,846,366               | -              |
| Unrestricted   | 9,578,050,070            | 1,952,266,055                       | 11,530,316,125           | 33,154,926     |
| Total Net Position                                   | \$ 21,549,056,721        | \$ 4,569,703,085                    | \$ 26,118,759,806        | \$ 578,713,778 |
|  |                          |                                     |                          |                |

### **Statement of Activities** For the Fiscal Year Ended June 30, 2020

|                                |                  | Program Revenues  |               |  |               |    |            |
|--------------------------------|------------------|---|---------------|--|---------------|----|------------|
| Functions/Programs             | Expenses         | Operating Charges for Grants and Services Contributions |               | Capital<br>Grants and<br>Contributions |               |    |            |
| Primary Government:            |                  |   |               |  |               |    |            |
| Governmental Activities:       |                  |   |               |  |               |    |            |
| General Government             | \$ 1,034,052,808 | \$  | 31,944,485    | \$                                     | 10,297,523    | \$ | -          |
| Education                      | 1,288,935,269    |   | 10,566,897    |  | 279,997,311   |    | -          |
| Health and Human Services      | 2,077,950,367    |   | 47,748,086    |  | 1,247,736,146 |    | -          |
| Regulatory                     | 78,441,824       |   | 37,130,755    |  | 14,506,117    |    | 1,939      |
| Public Safety and Corrections  | 249,751,212      |   | 20,811,638    |  | 73,411,717    |    | -          |
| Agriculture and Commerce       | 107,574,065      |   | 38,228,838    |  | 25,113,442    |    | -          |
| Natural Resources              | 217,545,757      |   | 44,662,134    |  | 39,733,823    |    | -          |
| Transportation                 | 429,801,053      |   | 116,062,224   |  | 337,481,474   |    | -          |
| Interest on Long Term Debt     | 1,691,314        |   | -             |  | -             |    | -          |
| Total Governmental Activities  | 5,485,743,669    |   | 347,155,057   |  | 2,028,277,553 |    | 1,939      |
| Business-Type Activities:      |                  |   |               |  |               |    |            |
| Bank of North Dakota           | 103,391,326      |   | 279,302,000   |  | -             |    | -          |
| Housing Finance                | 56,536,682       |   | 58,096,789    |  | 13,945,000    |    | -          |
| Loan Programs                  | 16,395,752       |   | 17,114,318    |  | 363,934       |    | -          |
| State Lottery                  | 18,929,003       |   | 24,505,932    |  | 10,770        |    | -          |
| Unemployment Compensation      | 611,219,223      |   | 452,421,028   |  | 197,406,210   |    | -          |
| University System              | 1,227,857,663    |   | 528,517,702   |  | 256,301,231   |    | 17,501,749 |
| Workforce Safety & Insurance   | 220,279,394      |   | 230,442,756   |  | 125,237,317   |    | -          |
| Other                          | 616,265,019      |   | 623,799,925   |  | 2,795,633     |    | -          |
| Total Business-Type Activities | 2,870,874,062    | _   | 2,214,200,450 | _                                      | 596,060,095   |    | 17,501,749 |
| Total Primary Government       | \$ 8,356,617,731 | \$  | 2,561,355,507 | \$                                     | 2,624,337,648 | \$ | 17,503,688 |
| Component Units (GASB Based):  | \$ 37,614,001    | \$  | 6,792,716     | \$                                     | 46,030,733    | \$ | -          |

### 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

| Net (Expense) Revenue and Change in Net Position Primary Government Component |                                       |                        |                |  |  |  |
|---|---------------------------------------|------------------------|----------------|--|--|--|
|   | Component                             |                        |                |  |  |  |
| Governmental  | Business-Type                         |                        | Units          |  |  |  |
| Activities  | Activities                            | Total                  | (GASB Based)   |  |  |  |
|   |                                       |                        |                |  |  |  |
| <b>*</b> (004.040.000)  |                                       | <b>*</b> (004.040.000) |                |  |  |  |
| \$ (991,810,800)  |                                       | \$ (991,810,800)       |                |  |  |  |
| (998,371,061)   |                                       | (998,371,061)          |                |  |  |  |
| (782,466,135)   |                                       | (782,466,135)          |                |  |  |  |
| (26,803,013)  |                                       | (26,803,013)           |                |  |  |  |
| (155,527,857)   |                                       | (155,527,857)          |                |  |  |  |
| (44,231,785)  |                                       | (44,231,785)           |                |  |  |  |
| (133,149,800)   |                                       | (133,149,800)          |                |  |  |  |
| 23,742,645  |                                       | 23,742,645             |                |  |  |  |
| (1,691,314)   |                                       | (1,691,314)            |                |  |  |  |
| (3,110,309,120)   |                                       | (3,110,309,120)        |                |  |  |  |
|   |                                       |                        |                |  |  |  |
|   | 175,910,674                           | 175,910,674            |                |  |  |  |
|   | 15,505,107                            | 15,505,107             |                |  |  |  |
|   | 1,082,500                             | 1,082,500              |                |  |  |  |
|   | 5,587,699                             | 5,587,699              |                |  |  |  |
|   | 38,608,015                            | 38,608,015             |                |  |  |  |
|   | (425,536,981)                         | (425,536,981)          |                |  |  |  |
|   | 135,400,679                           | 135,400,679            |                |  |  |  |
|   | 10,330,539                            | 10,330,539             |                |  |  |  |
|   | (43,111,768)                          | (43,111,768)           |                |  |  |  |
| (3,110,309,120)   | (43,111,768)                          | (3,153,420,888)        |                |  |  |  |
|   | · · · · · · · · · · · · · · · · · · · |                        |                |  |  |  |
|   |                                       |                        | \$ 15,209,448  |  |  |  |
|   |                                       |                        |                |  |  |  |
| 513,419,336   | _                                     | 513,419,336            | -              |  |  |  |
| 1,364,664,641   | _                                     | 1,364,664,641          | _              |  |  |  |
| 1,949,036,077   | _                                     | 1,949,036,077          | _              |  |  |  |
| 107,173,491   | _                                     | 107,173,491            | _              |  |  |  |
| 333,528,092   | _                                     | 333,528,092            | _              |  |  |  |
| 21,159,397  | _                                     | 21,159,397             | _              |  |  |  |
| 190,047,481   | 3,576,763                             | 193,624,244            | _              |  |  |  |
| 130,047,401   | 3,370,703                             | 193,024,244            | 15,000,000     |  |  |  |
| 9,515,851   | -<br>-                                | 9,515,851              | -              |  |  |  |
| (440,249,767)   | 485,109,074                           | 44,859,307             | _              |  |  |  |
| 4,048,294,599   | 488,685,837                           | 4,536,980,436          | 15,000,000     |  |  |  |
| 937,985,479   | 445,574,069                           | 1,383,559,548          | 30,209,448     |  |  |  |
| 20,611,071,242  | 4,124,129,016                         | 24,735,200,258         | 548,504,330    |  |  |  |
| \$ 21,549,056,721   | \$ 4,569,703,085                      | \$ 26,118,759,806      | \$ 578,713,778 |  |  |  |
| ,,,   | ,,,                                   | ,,,,                   |                |  |  |  |

### **Statement of Net Assets Component Units FASB Basis** June 30, 2020

|   | Major<br>University System<br>Foundation | Nonmajor<br>University System<br>Foundation | State Historical<br>Society<br>Foundation |
|---|--|---|---|
| ASSETS  |  |   |   |
| Current Assets:   |  |   |   |
| Cash and Cash Equivalents   | \$ 98,895,593                            | \$ 8,661,416                                | \$ 735,833                                |
| Receivable from Primary Institution   | 3,632,031                                | 70,823                                      | -   |
| Investments   | 27,093,981                               | 23,570,626                                  | -   |
| Accounts Receivable - Net   | 5,693,026                                | 649,129                                     | -   |
| Notes receivable  | 2,800,000                                | 50,153                                      | -   |
| Unconditional Promises to Give - Net  | 22,323,206                               | 841,947                                     | 86,601                                    |
| Net investment in Direct Financing Leases   | 1,216,210                                | -   | -   |
| Inventory   | 1,509,420                                | -   | -   |
| Other Assets  | 1,583,369                                | 75,692                                      |   |
| Total Current Assets  | 164,746,836                              | 33,919,786                                  | 822,434                                   |
| Noncurrent Assets:  |  | 0=0.400                                     |   |
| Restricted Cash and Cash Equivalents  | 8,202,625                                | 676,488                                     | -   |
| Investments:  | 507.040.050                              | 40.040.040                                  | 474.070                                   |
| Investments, Net of Current Portion   | 537,319,052                              | 40,613,348                                  | 474,870                                   |
| Investments, Restricted   | 3,338,119                                | -   | -   |
| Investments Held In Trust   | 24,342,250                               | 3,397,723                                   | -   |
| Beneficial Interest In Trust  | 16,632,251                               | -   | -   |
| Charitable Gift Annuity Investments   | 5,770,428                                | -   | -   |
| Charitable Remainder Trust Account Investments  | 17,679,102                               | -   | -   |
| Real Estate and Equipment Held for Investment - Net                                       | 18,318,303                               | -   | -   |
| Other Long-Term Investments   | 22,549,851                               | 225,641                                     | -   |
| Contracts for Deed & Notes Receivable, Net of Current Portion                             | 711,940                                  | -   | -   |
| Unconditional Promises to Give - Net  | -  | 4.045.450                                   | 93,719                                    |
| Long-Term Pledges Receivable  | 67,959,703                               | 4,015,159                                   | -   |
| Other Receivables   | 36,198<br>29.433.834                     | 47.450                                      | -   |
| Receivable from Primary Institution   | -,,                                      | 47,458                                      | -   |
| Net investment in Direct Financing Leases, Net of Current Portion Other noncurrent assets | 11,332,752<br>2,190,540                  | 2 570 010                                   | 159,169                                   |
| Notes Receivable - Net  | 8,684,000                                | 2,570,019                                   | 159,169                                   |
| Capital Assets - Net  | 143,591,569                              | 22,518,676                                  | 1,764                                     |
| Total Noncurrent Assets   | 918,092,517                              | 74,064,512                                  | 729,522                                   |
| Total Noticulterit Assets   | 910,092,317                              | 74,004,312                                  | 129,322                                   |
| Total Assets  | 1,082,839,353                            | 107,984,298                                 | 1,551,956                                 |
| LIABILITIES   |  |   |   |
| Current Liabilities:  |  |   |   |
| Accounts Payable and Accrued Liabilities  | 3,240,306                                | 220,666                                     | 7,295                                     |
| Compensated Absences Payable  | -  |   | 14,371                                    |
| Payable to Primary Institution  | 4,063,398                                | 364,019                                     | -   |
| Accrued Payroll   | 1,350,817                                | 3,235                                       | 6,105                                     |
| Gift Annuities & Life Income Agreements   | 2,630,123                                | 58,088                                      | <u>-</u>                                  |
| Unearned Revenue  | 13,031,609                               | 152,500                                     | 40,016                                    |
| Other Liabilities   | 2,100,269                                | 2,334                                       | <u>-</u>                                  |
| Current Potion of Long-Term Liabilities   | 7,151,067                                | 1,807,530                                   | -   |
| Total Current Liabilities   | 33,567,589                               | 2,608,372                                   | 67,787                                    |
| Noncurrent Liabilities:   |  |   |   |
| Deposits  | 18,634,032                               | 682,852                                     | -   |
| Investments Held on Behalf of Institutions  | -  | 3,397,723                                   | -   |
| Gift Annuities & Life Income Agreements, Net of Current Portion                           | 15,838,279                               | -   | -   |
| Obligations Under Split-Interest Agreement  | 6,314,921                                | -   | -   |
| Loan Payable  |  | -   | 55,825                                    |
| Other Liabilities   | 497,531                                  |   | 136,668                                   |
| Long-Term Liabilities   | 56,481,306                               | 13,943,252                                  |   |
| Total Noncurrent Liabilities  | 97,766,069                               | 18,023,827                                  | 192,493                                   |
| Total Liabilities   | 131,333,658                              | 20,632,199                                  | 260,280                                   |
| Not Accate  |  |   |   |
| Net Assets  | 000 004 404                              | 0.000.070                                   | E00 E44                                   |
| With Donor Restriction  | 228,331,461                              | 6,088,873                                   | 598,544                                   |
| Without Donor Restriction   | 723,174,234                              | 81,263,226                                  | 693,132                                   |
| Total Net Asset   | 951,505,695                              | 87,352,099                                  | 1,291,676                                 |
| Total Liabilities and Net Assets  | \$ 1,082,839,353                         | \$ 107,984,298                              | \$ 1,551,956                              |

# Statement of Revenues, Expenses and Changes in Fund Net Assets Component Units

FASB Basis

For the Fiscal Year Ended June 30, 2020

|   | Major<br>University System<br>Foundation |   | Nonmajor<br>University System<br>Foundation |  | <br>te Historical<br>Society<br>oundation                         |
|---|--|---|---|--|---|
| Support and Revenue   |  |   |   |  |   |
| Gifts and Contributions Investment Income Grant Revenue Net Realized and Unrealized Gains (Losses) on Investment Securities Program and Event Income Other Income | \$                                       | 131,964,588<br>14,874,731<br>-<br>21,407,185<br>50,502,816<br>5,874,718 | \$  | 4,789,250<br>4,094,810<br>565,281<br>229,568<br>9,764,053<br>2,454,562 | \$<br>569,745<br>17,647<br>3,000<br>(11,828)<br>216,961<br>21,804 |
| Total Support and Revenue   |  | 224,624,038   |   | 21,897,524   | <br>817,329   |
| EXPENSES  |  |   |   |  |   |
| Program Services Supporting Services Fund Raising Expense Total Expenses  | \$                                       | 55,147,203<br>54,872,901<br>7,200,113<br>117,220,217                    | \$  | 6,530,559<br>11,543,738<br>308,762<br>18,383,059                       | \$<br>242,525<br>349,404<br>12,511<br>604,440                     |
| Changes in Net Assets   | \$                                       | 107,403,821   | \$  | 3,514,465  | \$<br>212,889   |
| Total Net Assets - Beginning of Year , as Restated  | \$                                       | 844,101,874   | \$  | 83,837,634   | \$<br>1,078,787   |
| Total Net Assets - End of Year  | \$                                       | 951,505,695   | \$  | 87,352,099   | \$<br>1,291,676   |

### Balance Sheet Governmental Funds June 30, 2020

|  |                           |    | Special Revenue |    | . ,                      | Nonmajor<br>Sovernmental |                 |    |                            |
|--|---------------------------|----|-----------------|----|--------------------------|--------------------------|-----------------|----|----------------------------|
|  | General                   |    | Federal         |    | State                    |                          | Funds           |    | Total                      |
| ACCETC   |                           |    |                 |    |                          |                          |                 |    |                            |
| ASSETS Cash Deposits at the Bank of ND                             | \$ 846,820,271            | \$ | 1,061,629,395   | \$ | 1,703,392,900            | \$                       | 519,276         | \$ | 3,612,361,842              |
| Cash and Cash Equivalents  | 82,771,999                | Ψ. | 143,661         | Ψ  | 11,585,231               | ٠                        | 124,728         | *  | 94,625,619                 |
| Restricted Cash and Cash Equivalents                               | 396                       |    | 3,949,467       |    | -                        |                          | -               |    | 3,949,863                  |
| Investments at the Bank of ND                                      | <u>-</u>                  |    | -               |    | 370,542,861              |                          | 813,000         |    | 371,355,861                |
| Investments  | 7,664,627,711             |    | -               |    | 5,743,243,624            |                          | 27,880,534<br>9 |    | 13,435,751,869             |
| Accounts Receivable - Net Taxes Receivable - Net                   | 16,785,809<br>395,233,860 |    | 30,615,898      |    | 80,897,446<br>80,251,668 |                          | 108,435         |    | 128,299,162<br>475,593,963 |
| Interest Receivable - Net  | 29,511,672                |    | _               |    | 17,886,690               |                          | 83,141          |    | 47,481,503                 |
| Intergovernmental Receivable - Net                                 | 754,834                   |    | 285,351,295     |    | 11,084,607               |                          | -               |    | 297,190,736                |
| Due from Other Funds   | 106,624,956               |    | 29,655,189      |    | 21,663,381               |                          | 22,596          |    | 157,966,122                |
| Prepaid Items  | 3,074,488                 |    | 1,704,705       |    | 2,026,441                |                          | -               |    | 6,805,634                  |
| Inventory  | 3,072,480                 |    | 11,746,896      |    | 10,484,014               |                          | -               |    | 25,303,390                 |
| Loans and Notes Receivable - Net                                   | 47,884                    |    | 233,524         |    | 135,700,874              |                          | 49,633,656      |    | 185,615,938                |
| Total Assets   | 9,149,326,360             |    | 1,425,030,030   |    | 8,188,759,737            |                          | 79,185,375      |    | 18,842,301,502             |
| DEFERRED OUTFLOWS OF RESOURCES                                     | 3                         |    |                 |    |                          |                          |                 |    |                            |
| Total Deferred Outflows of Resources                               | -                         |    | -               |    | -                        |                          | -               |    | -                          |
| Total Assets and Deferred Outflows of                              |                           |    |                 |    |                          |                          |                 |    |                            |
| Resources  | \$ 9,149,326,360          | \$ | 1,425,030,030   | \$ | 8,188,759,737            | \$                       | 79,185,375      | \$ | 18,842,301,502             |
| LIABILITIES AND FUND BALANCES Liabilities:                         |                           |    |                 |    |                          |                          |                 |    |                            |
| Accounts Payable   | 77,913,242                |    | 171,009,681     |    | 85,329,950               |                          | 35,772          |    | 334,288,645                |
| Accrued Payroll  | 36,106,021                |    | 8,010,779       |    | 13,355,856               |                          | 89              |    | 57,472,745                 |
| Securities Lending Collateral                                      | 35,033,119                |    | -               |    | 209,001,449              |                          | 698,744         |    | 244,733,312                |
| Interest Payable   | 152,036                   |    | -<br>29,301,817 |    | 926,970                  |                          | -               |    | 1,079,006                  |
| Intergovernmental Payable Tax Refunds Payable                      | 980,186<br>140,767,800    |    | 29,301,617      |    | 102,123,762<br>4,605,181 |                          | -               |    | 132,405,765<br>145,372,981 |
| Due to Other Funds   | 32,084,797                |    | 166,253,373     |    | 67,309,667               |                          | 3,435,081       |    | 269,082,918                |
| Contract Retainage Payable   | 412,430                   |    | 7,278,479       |    | 9,532,270                |                          | -               |    | 17,223,179                 |
| Unearned Revenues  |                           |    | 1,027,213,442   |    | 124,356                  |                          | -               |    | 1,027,337,798              |
| Total Liabilities  | 323,449,631               |    | 1,409,067,571   |    | 492,309,461              |                          | 4,169,686       |    | 2,228,996,349              |
| DEFERRED INFLOWS OF RESOURCES                                      |                           |    |                 |    |                          |                          |                 |    |                            |
| Unavailable Revenue  | 97,098,515                |    | 4,053,938       |    | 13,372,766               |                          | -               |    | 114,525,219                |
| Unpaid Penalty and Interest  | -                         |    | -               |    | 624,074                  |                          | -               |    | 624,074                    |
| Total Deferred Inflows of Resources                                | 97,098,515                |    | 4,053,938       |    | 13,996,840               |                          | -               |    | 115,149,293                |
| Fund Balances:   |                           |    |                 |    |                          |                          |                 |    |                            |
| Nonspendable   | 0.070.455                 |    | 44 740 00-      |    | 40.404.0::               |                          |                 |    | 05.000.005                 |
| Inventory  | 3,072,480                 |    | 11,746,896      |    | 10,484,014               |                          | -               |    | 25,303,390                 |
| Long - Term Receivables Prepaid Expenditures                       | 47,882<br>3,074,488       |    | -<br>1,704,705  |    | 2,026,441                |                          | -               |    | 47,882<br>6,805,634        |
| Permanent Trust Fund   | 5,074,400                 |    | 1,704,703       |    | 2,020,441                |                          | 77,298,335      |    | 77,298,335                 |
| Restricted   | 396                       |    | -               |    | 6,410,260,955            |                          | 703,000         |    | 6,410,964,351              |
| Committed  | 1,066,688,590             |    | -               |    | 839,955,053              |                          | 292,354         |    | 1,906,935,997              |
| Assigned   | -                         |    | -               |    | 419,726,973              |                          | -               |    | 419,726,973                |
| Unassigned   | 7,655,894,378             |    | (1,543,080)     |    | -                        |                          | (3,278,000)     |    | 7,651,073,298              |
| Total Fund Balances  | 8,728,778,214             |    | 11,908,521      |    | 7,682,453,436            |                          | 75,015,689      |    | 16,498,155,860             |
| Tablication Dec. 11.0  |                           |    |                 |    |                          |                          |                 |    |                            |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | \$ 9,149,326,360          | \$ | 1,425,030,030   | \$ | 8,188,759,737            | \$                       | 79,185,375      | \$ | 18,842,301,502             |

# Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2020

| Total Fund Balances-Governmental Funds  |   | \$ 16,498,155,860 |
|---|---|-------------------|
| Amounts reported for governmental activities in the statement of net position are   | different because:  |                   |
| Capital assets used in governmental activities are not financial resources and t are not reported as assets in governmental funds. The cost of assets is \$9,106 and the accumulated depreciation is \$5,369,262,003.   |   | 5,369,262,003     |
| Other assets not available in the current period and therefore are not reported igovernmental funds:  | in the  |                   |
| Net Pension Asset   |   | 31,006,306        |
| Deferred outflows of resources are not reported in the governmental funds:  Loss on bond refunding  Related to OPEB  Related to pensions  Total Deferred Outflows   | 1,764,000<br>8,724,462<br>204,202,961                     | 214,691,423       |
| Total Beleffed Guillows   |   | 214,001,420       |
| Some of the state's revenues will be collected after year-end, but are not availa enough to pay for the current period's expenditures, and therefore are unavaila   |   | 114,480,029       |
| Prepaid items are paid from current available financial resources in the funds, to in the statement of net position.  | out are capitalized                                       | -                 |
| Internal service funds are used to charge the costs of certain activities to individe the assets, deferred outflows of resources, liabilities, and deferred inflows of rethe internal service funds are included in governmental activities in the statement of new Voluntary termination benefits for employees are accrued in the statement of new Voluntary termination. | esources of ent of net position.                          | 96,308,421<br>-   |
|   |   |                   |
| Deferred inflows of resources are not reported in the governmental funds:   | 004.074   |                   |
| Unpaid penalty and interest Related to OPEB   | 624,074<br>(2,386,736)                                    |                   |
| Related to OFEB Related to pensions   | (2,380,730)   | (237,545,346)     |
| Long-term liabilities and related accrued interest are not due and payable in the and therefore are not reported as liabilities in the funds. Those liabilities consists  |   |                   |
| Bonds Payable Notes Payable Accrued Interest on Long-Term Liabilities Compensated Absences  | (19,730,000)<br>(14,817,054)<br>(226,283)<br>(48,355,608) |                   |
| Intergovernmental Payable Capital Leases Other Postemployment Benefit Obligation Net Pension Liability  | (754,014)<br>(28,773,636)<br>(423,656,679)                |                   |
| Claims and Judgments<br>Total Long-Term Liabilities   | (988,701)   | (537,301,975)     |
| Total Long Total Elabilities  |   | (001,001,010)     |

**Net Position of Governmental Activities** 

\$ 21,549,056,721

# Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

For the Fiscal Year Ended June 30, 2020

|   |                    | Special Revenue     |                      | Nonmajor<br>Governmental |                         |
|---|--------------------|---------------------|----------------------|--------------------------|-------------------------|
|   | General            | Federal             | State                | Funds                    | Total                   |
| REVENUES                                |                    |                     |                      |                          |                         |
| Individual and Corporate Income Taxes   | \$ 512,136,793     | \$ -                | \$ 2,315,773         | \$ 21,564                | \$ 514,474,130          |
| Sales and Use Taxes                     | 1,086,925,545      | 509                 | 296,024,221          | -                        | 1,382,950,275           |
| Oil, Gas, and Coal Taxes                | 1,088,938,940      | -                   | 858,927,685          | 1,547,095                | 1,949,413,720           |
| Business and Other Taxes                | 63,503,629         | -                   | 44,401,252           | -                        | 107,904,881             |
| Licenses, Permits and Fees              | 9,211,701          | 11,166              | 196,646,107          | 12,225                   | 205,881,199             |
| Intergovernmental                       | 1,045,932          | 1,906,682,078       | 23,390,758           | 4,299,811                | 1,935,418,579           |
| Sales and Services                      | 2,368,530          | 2,330,463           | 58,942,056           | 6,780                    | 63,647,829              |
| Royalties and Rents                     | 25,015,395         | 8,958               | 325,278,959          | -                        | 350,303,312             |
| Fines and Forfeits                      | 3,876,152          | -                   | 24,864,432           | -                        | 28,740,584              |
| Interest and Investment Income (Loss)   | 314,687,504        | 356,201             | (48,554,201)         | 1,333,097                | 267,822,601             |
| Tobacco Settlement                      | -                  | -                   | 21,159,397           | -                        | 21,159,397              |
| Commodity Assessments                   | -                  | -                   | 23,180,351           | -                        | 23,180,351              |
| Miscellaneous                           | 2,560,862          | 2,399,615           | 26,987,546           | 62,350                   | 32,010,373              |
| Total Revenues                          | 3,110,270,983      | 1,911,788,990       | 1,853,564,336        | 7,282,922                | 6,882,907,231           |
| EXPENDITURES                            |                    |                     |                      |                          |                         |
| Current:                                |                    |                     |                      |                          |                         |
| General Government                      | 163,257,932        | 6,909,223           | 51,341,711           | 92,939                   | 221,601,805             |
| Education                               | 827,123,764        | 183,650,225         | 275,791,586          | -                        | 1,286,565,575           |
| Health and Human Services               | 793,264,051        | 1,177,119,396       | 66,416,412           | 180,009                  | 2,036,979,868           |
| Regulatory                              | 22,561,097         | 13,906,726          | 30,157,124           | 12,000                   | 66,636,947              |
| Public Safety and Corrections           | 162,223,308        | 55,534,933          | 10,724,588           | -                        | 228,482,829             |
| Agriculture and Commerce                | 24,578,826         | 22,563,146          | 59,119,543           | -                        | 106,261,515             |
| Natural Resources                       | 16,052,286         | 20,351,739          | 160,536,050          | -                        | 196,940,075             |
| Transportation                          | 13,262,292         | 160,060,907         | 157,003,138          | -                        | 330,326,337             |
| Intergovernmental - Revenue Sharing     | 3,892,217          | -                   | 802,042,365          |                          | 805,934,582             |
| Capital Outlay                          | 14,695,700         | 216,757,904         | 148,993,746          | 3,266,000                | 383,713,350             |
| Debt Service:                           | 007 000            | 4 500 404           | E 650 057            | 0.460.000                | 20 566 272              |
| Principal<br>Interest and Other Charges | 887,832<br>376,097 | 4,566,484<br>44,804 | 5,652,057<br>264,565 | 9,460,000<br>1,114,650   | 20,566,373<br>1,800,116 |
| Total Expenditures                      | 2,042,175,402      | 1,861,465,487       | 1,768,042,885        | 14,125,598               | 5,685,809,372           |
| Revenues over (under) Expenditures      | 1,068,095,581      | 50,323,503          | 85,521,451           | (6,842,676)              | 1,197,097,859           |
| OTHER FINANCING SOURCES (USES)          | , , ,              | ,,                  | , .                  | (2,3 ,2 2,               | , - , ,                 |
| , ,                                     | 0.005.450          |                     | - 10 000             |                          |                         |
| Bonds and Notes Issued                  | 2,825,172          | -                   | 518,928              | -                        | 3,344,100               |
| Capital Lease Acquisitions              | 65,787             | 80,040              | 70.700               | -                        | 145,827                 |
| Sale of Capital Assets<br>Transfers In  | 404 000 500        | 197,000             | 72,769               | 6 200 504                | 269,769                 |
| Transfers in Transfers Out              | 484,023,503        | 149,969             | 72,760,005           | 6,209,594                | 563,143,071             |
| Transfers Out                           | (412,727,251)      | (49,531,616)        | (539,140,017)        | (2,166,756)              | (1,003,565,640)         |
| Total Other Financing Sources (Uses)    | 74,187,211         | (49,104,607)        | (465,788,315)        | 4,042,838                | (436,662,873)           |
| Net Change in Fund Balances             | 1,142,282,792      | 1,218,896           | (380,266,864)        | (2,799,838)              | 760,434,986             |
| Fund Balances - Beginning of Year       | 7,586,495,422      | 10,689,625          | 8,062,720,300        | 77,815,527               | 15,737,720,874          |
| Fund Balances - End of Year             | \$ 8,728,778,214   | \$ 11,908,521       | \$ 7,682,453,436     | \$ 75,015,689            | \$ 16,498,155,860       |

# Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2020

| Net Change in Fund Balances-Total Governmental Funds  |                                      | \$ | 760,434,986   |
|---|--------------------------------------|----|---------------|
| Amounts reported for governmental activities in the statement of activities are different because:  |                                      |    |               |
| Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:   |                                      |    |               |
| Capital outlay Depreciation expense Excess of capital outlay over depreciation expense  | 385,288,320<br>(157,280,216)         |    | 228,008,104   |
| In the statement of activities, only the gain(loss) on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets sold. |                                      |    | (498,854)     |
| Donations of capital assets increase net position in the statement of activities but do not appear in the governmental funds because they are not financial resources.  |                                      |    | 20,000        |
| Some of the assets acquired this year were financed through capital leases. The amount financed is reported in the governmental funds as a source of financing. However, capital leases are reported as long-term liabilities in the statement of net position.                                   |                                      |    | (145,827)     |
| Based on receipt dates, some revenues are not considered "available" revenues and are unavailable in the governmental funds. Unavailable revenues increased/decreased by this amount this year.   |                                      |    | (21,072,260)  |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of internal service funds is reported with governmental activities   |                                      |    | (3,114,702)   |
| Bonds proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.  |                                      |    | -             |
| Note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.   |                                      |    | (3,344,100)   |
| Voluntary termination benefits do not require current financial resources and therefore are not reported as expenditures in the governmental funds.   |                                      |    | 252,229       |
| The pension assets resulting from contributions in excess of annual required contribution are not financial resources and, therefore, are not reported in the funds.  |                                      |    | 3,547,406     |
| Deferred outflows of resources do not provide current financial resources Amortization of deferred loss on bond refunding Related to OPEB Related to pension Total deferred outflows  | (366,000)<br>941,139<br>(63,963,918) |    | (63,388,779)  |
| Deferred pension inflows are not considered current cash expenses and are not reported as an expenditure in the funds Unpaid penalty and interest Related to OPEB   | (197,051)<br>(438,298)               |    |               |
| Related to pension Total deferred outflows  | (177,672,246)                        |    | (178,307,595) |
| The net OPEB liability relating to retirement plans   |                                      |    | 839,048       |
| The net pension liability relating to retirement plans  |                                      |    | 198,066,001   |
| Repayment of long-term debt is reported as an expenditure in governmental funds but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:  |                                      |    |               |
| Bond principal retirement Note payments Capital lease payments Total long-term debt repayment   | 10,220,302<br>10,424,420<br>491,953  |    | 21,136,675    |
| Some items reported in the statement of activities do not require the use of<br>current financial resources and therefore are not reported as expenditures in the<br>governmental funds. This adjustment combines the net changes of the following:   |                                      |    |               |
| Accrued Interest Compensated Absences   | 100,934<br>(4,535,101)               |    |               |
| Claims and Judgments  Total additional expenditures   | (12,686)                             |    | (4,446,853)   |
| Change in Net Position of Governmental Activities   |                                      | \$ | 937,985,479   |
|   |                                      | Ψ  | 30.,000,410   |

### Statement of Net Position Proprietary Funds June 30, 2020

| June 30, 2020   |  |                                      | Business-Type Activities                      |   |  |  | Governmental<br>Activities          |
|---|--|--------------------------------------|---|---|--|--|-------------------------------------|
|   | Bank of<br>North<br>Dakota                                 | Housing<br>Finance                   | University<br>System                          | Workforce<br>Safety and<br>Insurance      | Other<br>Enterprise<br>Funds               | Total  | Internal<br>Service Funds           |
| ASSETS  |  |                                      |   |   |  |  |                                     |
| Current Assets: Cash Deposits at the Bank of ND Cash and Cash Equivalents Investments at the Bank of ND                   |  | \$ 11,155,000<br>-<br>-              | \$ 203,038,145 \$ 16,756,221 141,933,281      | 3,227,247 \$                              | 229,424,060 \$<br>157,670,836<br>1,000,000 | 446,844,452<br>174,427,057<br>142,933,281                  | \$ 33,511,676<br>380,145<br>252,100 |
| Investments Accounts Receivable - Net Interest Receivable - Net   |  | -<br>666,000<br>33,000               | 116,082<br>28,588,360                         | 2,121,884,601<br>25,196,893<br>10,554,243 | 51,213,683<br>93,392,525<br>3,429,208      | 2,173,214,366<br>147,843,778<br>14,016,451                 | 9,009,559<br>272,859<br>53,345      |
| Intergovernmental Receivable - Net<br>Due from Other Funds<br>Due from Component Units                                    |  | 232,000<br>3,000                     | 22,258,613<br>31,252,494<br>11,240,570        | 44,778                                    | 11,229,654<br>83,327,289                   | 33,720,267<br>114,627,561<br>11,240,570                    | 422,982<br>11,940,796               |
| Prepaid Items<br>Inventory<br>Loans and Notes Receivable - Net  |  | 63,000<br>-<br>-                     | 6,983,840<br>5,401,296                        | 429,747<br>-<br>-                         | 4,171,148<br>29,533,414<br>27,788,533      | 4,663,895<br>36,517,254<br>33,189,829                      | 4,121,793<br>147,996                |
| Other Assets Restricted Cash at the Bank of ND Restricted Cash and Cash Equivalents                                       |  | 820,000<br>17,399,000<br>216,924,000 | 2,702,564                                     | -<br>-                                    | 6,097,884<br>392,000                       | 3,522,564<br>23,496,884<br>217,316,000                     | -                                   |
| Restricted Investments at the Bank of ND<br>Restricted Interest Receivable - Net<br>Restricted Loans Receivable - Net     |  | 5,143,000<br>30,160,000              | -<br>-  | -   | 1,000,000<br>-<br>142,000                  | 1,000,000<br>5,143,000<br>30,302,000                       | -                                   |
| Total Current Assets  |  | 282,598,000                          | 470,271,466                                   | 2,161,337,509                             | 699,812,234                                | 3,614,019,209  | 60,113,251                          |
| Noncurrent Assets:<br>Restricted Cash at the Bank of ND   |  | -                                    | 65,158,930                                    | -   | -  | 65,158,930   | -                                   |
| Restricted Investments at the Bank of ND<br>Restricted Investments<br>Investments at the Bank of ND                       |  | 44,619,000<br>-                      | 3,598,418<br>4,120,124<br>105,346,000         | -   | -  | 3,598,418<br>48,739,124<br>105,346,000                     | :                                   |
| Investments Due from Component Units Loans and Notes Receivable - Net   |  | :                                    | 10,684,371<br>19,837,213<br>16,830,112        | -   | -<br>-<br>417,976,890                      | 10,684,371<br>19,837,213<br>434,807,002                    | :                                   |
| Restricted Loans Receivable - Net<br>Other Noncurrent Assets<br>Capital Assets:   |  | 1,255,924,000<br>5,607,000           | 197,040                                       | -   | 6,279,982                                  | 1,255,924,000<br>12,084,022                                | :                                   |
| Nondepreciable<br>Depreciable, Net<br>Total Noncurrent Assets   |  | 17,000<br>1,306,167,000              | 211,970,886<br>1,303,342,892<br>1,741,085,986 | 3,733,538<br>14,804,769<br>18,538,307     | 27,532,580<br>112,586,632<br>564,376,084   | 243,237,004<br>1,430,751,293<br>3,630,167,377              | 180,060<br>92,614,525<br>92,794,585 |
| Bank Related Assets:<br>Cash and Cash Equivalents   | \$ 498,374,000   | )                                    |   |   | \$   | 498,374,000  |                                     |
| Investments Interest Receivable - Net Due from Other Funds Loans and Notes Receivable - Net                               | 2,016,126,000<br>56,672,000<br>72,211,000<br>4,359,956,000 | )                                    |   |   |  | 2,016,126,000<br>56,672,000<br>72,211,000<br>4,359,956,000 | -<br>-<br>-                         |
| Other Assets Capital Assets: Nondepreciable   | 25,069,000<br>2,449,000                                    | )                                    |   |   |  | 25,069,000<br>2,449,000                                    | -                                   |
| Depreciable, Net Total Bank Related Assets  | 7,324,000<br>7,038,181,000                                 | )                                    |   |   |  | 7,324,000<br>7,038,181,000                                 |                                     |
| Total Assets  | 7,038,181,000  | 1,588,765,000                        | 2,211,357,452                                 | 2,179,875,816                             | 1,264,188,318                              | 14,282,367,586   | 152,907,836                         |
| DEFERRED OUTFLOWS OF RESOURCES Deferred Loss on Bond Refunding  | -  | -                                    | 3,865,270                                     | -   |  | 3,865,270  | -                                   |
| Decrease in Fair Value of Hedging Derivatives<br>Financial Derivative Instrument<br>Unrealized Loss on Interest Rate Swap | 24,839,000   |                                      | -<br>-<br>-                                   | -<br>-                                    | 735,025<br>-<br>-                          | 735,025<br>16,132,000<br>24,839,000                        | -                                   |
| Derived from Pensions<br>Derived from OPEB  | 5,438,000<br>185,000                                       |                                      | 51,059,905<br>2,245,434                       | 9,020,136<br>349,616                      | 7,155,573<br>368,473                       | 73,962,614<br>3,205,523                                    | 11,944,963<br>547,395               |
| Total Deferred Outflows of Resources  | 30,462,000   | 17,478,000                           | 57,170,609                                    | 9,369,752                                 | 8,259,071                                  | 122,739,432  | 12,492,358                          |

### **Statement of Net Position** Proprietary Funds June 30, 2020

|   |   | В                                   | usiness-Type Activities            |                                      |                     |   | Governmental<br>Activities |
|---|---|-------------------------------------|------------------------------------|--------------------------------------|---------------------|---|----------------------------|
|   | Bank of<br>North                              | Housing                             | University                         | Workforce<br>Safety and              | Other<br>Enterprise |   | Internal                   |
|   | Dakota  | Finance                             | System                             | Insurance                            | Funds               | Total                                   | Service Funds              |
| ITIES   |   |                                     |                                    |                                      |                     |   |                            |
| urrent Liabilities:   |   |                                     |                                    |                                      |                     |   |                            |
| Accounts Payable  |   | 843,000                             | 28,764,937                         | 5,588,924                            | 32,340,088          | 67,536,949                              | 3,111                      |
| Accrued Payroll Securities Lending Collateral   |   | 318,569                             | 41,070,422                         | 6,492,798                            | 1,026,530<br>80,073 | 42,415,521<br>6,572,871                 | 3,358<br>17                |
| Interest Payable  |   | 19,287,000                          | 4,181,642                          | 0,432,730                            | 15,286              | 23,483,928                              | 5                          |
| Intergovernmental Payable   |   | 19,000                              | 288,722                            |                                      | 11,235,215          | 11,542,937                              |                            |
| Due to Other Funds  |   | 13,431                              | 3,382,182                          | 189,977                              | 83,895,415          | 87,481,005                              | 34                         |
| Due to Component Units  |   | -                                   | 4,202,575                          | -                                    | -                   | 4,202,575                               |                            |
| Contract Retainage Payable  |   |                                     | 3,048,764                          |                                      |                     | 3,048,764                               |                            |
| Other Deposits Amounts Held in Custody for Others   |   | 17,399,000                          | 8,781,258                          | -                                    | 7.582.398           | 8,781,258<br>24.981,398                 |                            |
| Claims/Judgments Payable  |   | -                                   |                                    | 123,575,040                          | 1,165,234           | 124,740,274                             | 1,52                       |
| Dividends Payable   |   | -                                   | -                                  | 107,034,501                          | -                   | 107,034,501                             | .,                         |
| Compensated Absences Payable  |   | 9,000                               | 2,796,635                          | 1,512,146                            | 182,589             | 4,500,370                               | 28                         |
| Notes Payable   |   | -                                   | 4,459,734                          | -                                    | -                   | 4,459,734                               |                            |
| Capital Leases Payable  |   | -                                   | 3,409,857                          | -                                    | -                   | 3,409,857                               | 2                          |
| Bonds Payable<br>Unearned Revenue   |   | 32,672,000<br>77,000                | 14,424,307<br>24,081,959           | -<br>104,215,341                     | 125,000<br>451,583  | 47,221,307<br>128,825,883               |                            |
| Other Current Liabilities   |   | 77,000                              | 24,001,505                         | 104,213,341                          | 113,068             | 113,068                                 |                            |
| Total Current Liabilities   |   | 70,638,000                          | 142,892,994                        | 348,608,727                          | 138,212,479         | 700,352,200                             | 8,66                       |
|   |   |                                     |                                    |                                      |                     | <u> </u>                                |                            |
| oncurrent Liabilities:<br>Intergovernmental Payable   |   | -                                   | 4,100,041                          |                                      | _                   | 4,100,041                               |                            |
| Due to Component Units  |   | -                                   | 29,490,907                         | -                                    | -                   | 29,490,907                              |                            |
| Claims/Judgments Payable  |   | -                                   | -                                  | 906,216,960                          | -                   | 906,216,960                             | 7,16                       |
| Compensated Absences Payable  |   | 311,000                             | 30,618,493                         | 246,163                              | 1,320,507           | 32,496,163                              | 3,07                       |
| Notes Payable   |   | -                                   | 12,701,669                         | -                                    | -                   | 12,701,669                              |                            |
| Capital Leases Payable<br>Bonds Payable   |   | 1,299,308,000                       | 32,390,732<br>405,020,000          | -                                    | 2,439,534           | 32,390,732<br>1,706,767,534             | 5                          |
| Financial Derivative Instrument   |   | 16,132,000                          | 403,020,000                        |                                      | 735,025             | 16,867,025                              |                            |
| Net Pension Liability   |   | 2,760,000                           | 109,414,120                        | 17,419,152                           | 13,306,997          | 142,900,269                             | 25,30                      |
| Net OPEB Liability  |   | 189,000                             | 7,036,908                          | 1,145,698                            | 850,038             | 9,221,644                               | 1,63                       |
| Other Noncurrent Liabilities  |   | 4,693,000                           | 98,684                             |                                      | 17,258,432          | 22,050,116                              |                            |
| Total Noncurrent Liabilities  |   | 1,323,393,000                       | 630,871,554                        | 925,027,973                          | 35,910,533          | 2,915,203,060                           | 37,22                      |
| ank Related Liabilities:  |   |                                     |                                    |                                      |                     |   |                            |
| Interest Payable  | 348,897                                       |                                     |                                    |                                      |                     | 348,897                                 |                            |
| Due to Other Funds Due to Component Units   | 2,351,103<br>30,000                           |                                     |                                    |                                      |                     | 2,351,103<br>30,000                     |                            |
| Federal Funds Purchased   | 365,335,000                                   |                                     |                                    |                                      |                     | 365,335,000                             |                            |
| Deposits Held for Other Funds   | 4,215,117,092                                 |                                     |                                    |                                      |                     | 4,215,117,092                           |                            |
| Other Deposits  | 873,972,908                                   |                                     |                                    |                                      |                     | 873,972,908                             |                            |
| Other Liabilities   | 29,810,000                                    |                                     |                                    |                                      |                     | 29,810,000                              |                            |
| ong Term Liabilities:   |   |                                     |                                    |                                      |                     |   |                            |
| Due within one year   | 446,020,000<br>186,205,000                    |                                     |                                    |                                      |                     | 446,020,000<br>186,205,000              |                            |
| Due in more than one year<br>Net Pension Liability  | 12,031,000                                    |                                     |                                    |                                      |                     | 12,031,000                              |                            |
| Net OPEB Liability  | 814.000                                       |                                     |                                    |                                      |                     | 814.000                                 |                            |
| Total Bank Related Liabilities  | 6,132,035,000                                 |                                     |                                    |                                      |                     | 6,132,035,000                           |                            |
| iabilities  | 6,132,035,000                                 | 1,394,031,000                       | 773,764,548                        | 1,273,636,700                        | 174,123,012         | 9,747,590,260                           | 45,89                      |
|   | 0,102,000,000                                 | 1,007,001,000                       | 770,704,040                        | 1,210,000,100                        | 117,123,012         | 3,171,030,200                           | +3,08                      |
| RRED INFLOWS OF RESOURCES   |   |                                     | 474 000                            |                                      |                     | 474 000                                 |                            |
| rants Received Prior to Time Requirements<br>nrealized Gain on Interest Rate Swap   | 8,381,000                                     | -                                   | 174,808                            |                                      | -                   | 174,808<br>8,381,000                    |                            |
| erived from Pensions  | 6,200,000                                     | 1,479,000                           | 63,409,087                         | 9,352,752                            | 7,205,228           | 87,646,067                              | 14,05                      |
| erived from OPEB  | 47,000  | 13,000                              | 597,281                            | 90,647                               | 33,388              | 781,316                                 | 14                         |
| of and Inflored of December   | 44.000.000                                    | 4 400 000                           | 04 404 470                         | 0.440.000                            | 7,000,040           | 00.000.404                              | 44.40                      |
| eferred Inflows of Resources  | 14,628,000                                    | 1,492,000                           | 64,181,176                         | 9,443,399                            | 7,238,616           | 96,983,191                              | 14,19                      |
| OSITION   |   |                                     |                                    |                                      |                     |   |                            |
| et Investment in Capital Assets   | 9,773,000                                     | 17.000                              | 1,076,215,390                      | 18,538,308                           | 138,554,677         | 1,243,098,375                           | 92,71                      |
| estricted for:  | 5,7.5,550                                     | ,000                                | 1,010,210,000                      | 10,000,000                           | 100,001,017         | 1,210,000,010                           | 32,1                       |
|   | -   | -                                   | 1,340,114                          | -                                    | -                   | 1,340,114                               |                            |
| Capital Projects  |   | 196,441,000                         | 9,904,514                          | -                                    | 487,000             | 206,832,514                             |                            |
| Capital Projects<br>Debt Service  | -   |                                     |                                    | _                                    | -                   | 36,732,214                              |                            |
| Capital Projects Debt Service Loan Purposes   |   | -                                   | 36,732,214                         | _                                    |                     |   |                            |
| Capital Projects<br>Debt Service<br>Loan Purposes<br>Pledged Assets   | 829,880,000                                   | -                                   | -                                  | -                                    | -                   | 829,880,000                             |                            |
| Capital Projects Debt Service Loan Purposes Pledged Assets Unemployment Compensation  | 829,880,000<br>-                              | -<br>-<br>-                         | -                                  | -                                    | 262,917,778         | 262,917,778                             |                            |
| Capital Projects Debt Service Loan Purposes Pledged Assets Unemployment Compensation University System-Nonexpendable                              | 829,880,000<br>-<br>-                         | -<br>-<br>-                         | -<br>-<br>17,387,728               |                                      | 262,917,778<br>-    | 262,917,778<br>17,387,728               |                            |
| Capital Projects Debt Service Loan Purposes Pledged Assets Unemployment Compensation  | 829,880,000<br>-<br>-<br>-<br>-               |                                     | -<br>-<br>17,387,728<br>17,310,462 | -<br>-<br>-<br>-                     |                     | 262,917,778                             |                            |
| Capital Projects Debt Service Loan Purposes Piedged Assets Unemployment Compensation University System-Nonexpendable University System-Expendable | 829,880,000<br>-<br>-<br>-<br>-<br>82,327,000 | -<br>-<br>-<br>-<br>-<br>14,262,000 | -<br>-<br>17,387,728               | -<br>-<br>-<br>-<br>-<br>887,627,161 |                     | 262,917,778<br>17,387,728<br>17,310,462 | 12,59                      |

Reconciliation of the Proprietary Funds Statement of Net Position to the Statement of Net Position
June 30, 2020

Total Net Position - Enterprise Funds । The Transmort - 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

4,560,533,567 9,169,518 4,569,703,085

## Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds

For the Fiscal Year Ended June 30, 2020

|  |   | Bus   | iness-Type Activitie   | es - Enterprise Fun  | ds  |   | Governmental<br>Activities                         |  |
|--|---|---|--|--|---|---|--|--|
|  | Bank<br>of<br>North Dakota                      | Housing<br>Finance  | University<br>System   | Workforce<br>Safety and<br>Insurance                           | Other<br>Enterprise<br>Funds  | Total   | Internal<br>Service Funds                          |  |
| OPERATING REVENUES   |   |   |  |  |   |   |  |  |
| Sales and Services Auxiliary Sales Pledges for Bonds Tuition and Fees Federal Funds Grants and Contributions   | \$ 23,352,000 \$<br>-<br>-<br>-                 | 5,577,789 \$<br>-<br>-<br>-                               | 91,122,711<br>90,781,941<br>338,541,806<br>-<br>140,501,308  | \$ 225,934,953 \$<br>-<br>-<br>-                               | 1,110,277,887<br>-<br>-<br>192,440,864                                      | \$ 1,456,265,340<br>90,781,941<br>338,541,806<br>192,440,864<br>140,501,308   | \$ 107,361,149<br>-<br>-<br>-                      |  |
| Royalties and Rents Fines and Forfeits   | -   | -   |  | 814,651<br>1,470,895   | 140,474   | 955,125<br>1,470,895  | -  |  |
| Interest and Investment Income<br>Miscellaneous  | 255,950,000                                     | 52,519,000<br>-   | -<br>1,891,367   | 2,222,257  | 7,274,455<br>7,097,244  | 315,743,455<br>11,210,868   | -<br>88,341  |  |
| Total Operating Revenues   | 279,302,000                                     | 58,096,789  | 662,839,133  | 230,442,756  | 1,317,230,924   | 2,547,911,602   | 107,449,490  |  |
| OPERATING EXPENSES   |   |   |  |  |   |   |  |  |
| Cost of Sales and Services Salaries and Benefits Operating Claims  | 18,802,000<br>25,042,000<br>-                   | 4,210,000<br>5,769,000                                    | 24,927,372<br>780,356,789<br>260,150,718   | -<br>27,437,163<br>1,709,918<br>88,374,676                     | 189,626,228<br>26,771,606<br>422,096,607<br>613,319,463                     | 214,553,600<br>857,577,558<br>714,768,243<br>701,694,139<br>54,303,073  | 1,037,366<br>42,879,039<br>53,030,789<br>4,649,014 |  |
| Scholarships and Fellowships<br>Interest<br>Depreciation<br>Miscellaneous  | 58,871,000<br>624,000                           | 33,055,000<br>7,000<br>-                                  | 54,303,073<br>-<br>72,345,493<br>-   | 2,096,953<br>-   | 23,000<br>8,552,359<br>194,988  | 91,949,000<br>83,625,805<br>194,988   | 11,346,238<br>46,664                               |  |
| Total Operating Expenses   | 103,339,000                                     | 43,041,000  | 1,192,083,445  | 119,618,710  | 1,260,584,251   | 2,718,666,406   | 112,989,110  |  |
| Operating Income (Loss)  | 175,963,000                                     | 15,055,789  | (529,244,312)  | 110,824,046  | 56,646,673  | (170,754,804)   | (5,539,620)  |  |
| NONOPERATING REVENUES (EXPENSES)   |   |   |  |  |   |   |  |  |
| Grants and Contracts Gifts Interest and Investment Income Interest Expense Dividends Expense Gain (Loss) on Sale of Capital Assets Tax Revenue Grant Expense Other | -<br>-<br>-<br>-<br>-<br>-<br>-<br>(15,000,000) | 13,490,000<br>-<br>455,000<br>-<br>-<br>-<br>(13,490,000) | 60,856,768<br>43,357,846<br>11,585,309<br>(15,347,271)<br>-<br>(4,547,141)<br>6,179,877<br>(12,179,705)<br>(6,603,358) | -<br>125,237,317<br>(4,163,241)<br>(96,424,944)<br>-<br>-<br>- | 751,973<br>-<br>7,371,839<br>(1,948,816)<br>-<br>2,057<br>-<br>-<br>246,541 | 75,098,741<br>43,357,846<br>144,649,465<br>(21,459,328)<br>(96,424,944)<br>(4,545,084)<br>6,179,877<br>(25,669,705)<br>(21,356,817) | 545,515<br>(22,241)<br>532,268                     |  |
| Total Nonoperating Revenues (Expenses)   | (15,000,000)                                    | 455,000   | 83,302,325   | 24,649,132   | 6,423,594   | 99,830,051  | 1,055,542  |  |
| Income (Loss) Before Contributions and Transfers   | 160,963,000                                     | 15,510,789  | (445,941,987)  | 135,473,178  | 63,070,267  | (70,924,753)  | (4,484,078)  |  |
| Capital Grants and Contributions<br>Transfers In<br>Transfer Out   | -<br>(64,753,000)                               | 9,211<br>(44,000)   | 17,501,749<br>419,893,943<br>(3,025,000)   | -<br>161,354<br>-  | -<br>163,494,417<br>(15,627,851)  | 17,501,749<br>583,558,925<br>(83,449,851)   | 145,250<br>-<br>-                                  |  |
| Changes in Net Position  | 96,210,000                                      | 15,476,000  | (11,571,295)   | 135,634,532  | 210,936,833   | 446,686,070   | (4,338,828)  |  |
| Total Net Position - Beginning of Year, as restated  | 825,770,000                                     | 195,244,000   | 1,442,153,632  | 770,530,937  | 880,148,928   | 4,113,847,497   | 109,650,524  |  |
| Total Net Position - End of Year   | \$ 921,980,000 \$                               | 210,720,000 \$  | 1,430,582,337  | \$ 906,165,469 \$  | 1,091,085,761   | \$ 4,560,533,567  | \$ 105,311,696                                     |  |

Reconciliation of Statement of Revenues, Expenses and Changes in Fund Net Position of Proprietary Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2020

Net Change in Net Position-Total Enterprise Funds \$ 446,686,070

 $\label{prop:eq:activities} Amounts \ reported \ for \ business-type \ activities \ in \ the \ statement \ of \ net \ position \ are \ different \ because:$ 

Expenses were reduced based on the allocation of internal service fund's net income (1,112,001)

Change in Net Position of Business-Type Activities \$ 445,574,069



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# Statement of Cash Flows Proprietary Funds

For the Fiscal Year Ended June 30, 2020

|   | <br>Business-Type Ac             | tivities - E | interprise Funds             |  |
|---|----------------------------------|--------------|------------------------------|--|
|   | of<br>North<br>Dakota            |              | Housing<br>Finance           | University<br>System                       |
| Cash Flows from Operating Activities:   |                                  |              |                              | -  |
| Receipts from Customers and Users<br>Receipts from Tuition and Fees<br>Interest Income on Loans                                   | \$<br>4,541,000<br>-             | \$           | 270,510,789                  | \$<br>180,606,365<br>342,257,626           |
| Receipts from Loan Principal Repayments<br>Receipts from Federal and Local Agencies   | -                                |              | -<br>56,000                  | 5,879,419<br>-                             |
| Receipts from Other Funds<br>Receipts from Grants and Contracts<br>Receipts from Others   | -<br>-<br>-                      |              | -<br>-<br>-                  | -<br>132,869,515<br>1,914,428              |
| Payments to Other Funds Payments for Loan Funds Payments for Scholarships and Fellowships   | -                                |              | (111,923,000)                | (9,400,960)<br>(45,103,168)                |
| Payments to Suppliers Payments to Employees   | (12,510,000)<br>(17,418,000)     |              | (199,256,000)<br>(3,706,000) | (285,375,966)<br>(767,546,430)             |
| Claim Payments<br>Payments to Others<br>Other   | -<br>-<br>-                      |              | (36,000)                     | (649,014)<br>-                             |
| Net Cash Provided by (Used for) Operating Activities  | <br>(25,387,000)                 |              | (44,354,211)                 | (444,548,185)                              |
| Cash Flows from Noncapital Financing Activities:  |                                  |              |                              |  |
| Proceeds from Bonds   | -                                |              | 185,204,000                  | -  |
| Proceeds from Sale of Notes and Other Borrowings Principal Payments - Bonds   | 6,330,775,000                    |              | (109,720,000)                | -<br>-                                     |
| Principal Payments - Notes and Other Borrowings<br>Interest Payments - Bonds  | (6,803,181,000)                  |              | (30,104,000)                 | -  |
| Interest Payments - Notes and Other Borrowings  | (30,041,000)                     |              | -                            | -  |
| Tax Collections<br>Transfers In   | -                                |              | -<br>9,211                   | 6,179,879<br>26,492,498                    |
| Transfers Out Net Decrease in Non-Interest Bearing Deposits   | (79,753,000)<br>60,904,000       |              | (44,000)                     | (2,353,577)                                |
| Net Increase in Interest Bearing Deposits Payments of Interest on Deposits  | 258,369,000                      |              | -                            | -  |
| Principal Payments on Advances  | (27,189,000)                     |              | -                            | -  |
| Interest Paid on Federal Funds and Reverse Repurchase Agreements  Net Increase in Federal Funds and Reverse Repurchase Agreements | (6,461,000)<br>93,830,000        |              | -                            | -  |
| Collection of Advances Made Loan Proceeds from Due To Other Funds   | 963,000                          |              | -<br>13,566,000              | -<br>190,497,872                           |
| Principal Payments on Due To Other Funds<br>Grants and Gifts Received for Other than Capital Purposes<br>State Appropriations     | -                                |              | (13,566,000)<br>13,490,000   | (192,057,709)<br>97,124,527<br>380,204,441 |
| Agency Fund Cash Decrease Grants Given for Other than Capital Purposes  | -                                |              | -<br>(13,490,000)            | 816,356<br>(12,179,705)                    |
| Net Cash Provided by (Used for) Noncapital Financing Activities   | <br>(201,784,000)                |              | 45,345,211                   | 494,724,582                                |
| Cash Flows from Capital and Related Financing Activities:   |                                  |              |                              |  |
| Acquisition and Construction of Capital Assets<br>Proceeds from Sale of Capital Assets  | (147,000)<br>-                   |              | (11,000)                     | (129,972,054)<br>3,855,857                 |
| Proceeds from Sale of Notes and Other Borrowings Principal Payments - Bonds   | -                                |              | -                            | 94,784,190                                 |
| Principal Payments - Notes and Other Borrowings<br>Interest Payments - Bonds  | -                                |              | -                            | (19,508,893)                               |
| Interest Payments - Notes and Other Borrowings  | -                                |              | -                            | (13,753,146)                               |
| Capital Appropriations Capital Contributions  | -                                |              | -                            | 14,701,908                                 |
| Payment of Bond Issue Costs Payment on Capital Leases   | -                                |              | -                            | <del>-</del><br>-                          |
| Interest Payments - Capital Leases<br>Capital Grants and Gifts Received   | -                                |              |                              | -<br>14,959,786                            |
| Insurance Proceeds  | -                                |              | -                            | 694,010                                    |
| Net Cash Provided by (Used for) Capital and Related Financing Activities  | <br>(147,000)                    |              | (11,000)                     | (34,238,342)                               |
| Cash Flows from Investing Activities:   |                                  |              |                              |  |
| Proceeds from Sale and Maturities of Investment Securities Purchase of Investment Securities Net Increase In Investments          | 1,210,073,000<br>(1,297,020,000) |              | 26,665,000<br>(21,027,000)   | 116,281,669<br>(112,108,952)               |
| Interest and Dividends on Investments   | 53,763,000                       |              | 325,000                      | 12,120,081                                 |
| Proceeds from Sale of Other Real Estate Net Decrease in Loans   | 5,565,000<br>35,178,000          |              | -                            | -  |
| Disbursements for Loans and Loan Purchases<br>Receipt of Loan Principal Repayments  |                                  |              | -                            | -  |
| Proceeds from Collection of Loans and Notes Receivable  | -                                |              | -                            | -  |
| Loan Income Received  | <br>208,441,000                  |              | -                            | 40,000,700                                 |
| Net Cash Provided by (Used for) Investing Activities  | <br>216,000,000                  |              | 5,963,000                    | 16,292,798                                 |

| Business-Type Activit         | ties - Enter | prise Funds         |    |                                |    | Governmental<br>Activities |
|-------------------------------|--------------|---------------------|----|--------------------------------|----|----------------------------|
| Workforce                     |              | Other               |    |                                |    |                            |
| Safety and<br>Insurance       |              | Enterprise<br>Funds |    | Total                          |    | Internal<br>Service Funds  |
| 129,978,186                   | \$           | _                   | \$ | 585,636,340                    | \$ | 3,691,929                  |
| -                             | Ψ            | -                   | Ψ  | 342,257,626                    | Ψ  | -                          |
| -                             |              | -                   |    | -<br>5,879,419                 |    | -                          |
| -                             |              | -                   |    | 56,000                         |    |                            |
| -                             |              | -                   |    | -<br>132,869,515               |    | 100,838,160                |
| 278,004                       |              | -                   |    | 2,192,432                      |    | -                          |
| (3,432,588)                   |              | -                   |    | (115,355,588)                  |    | (3,045,47                  |
| -                             |              | -                   |    | (9,400,960)<br>(45,103,168)    |    | -                          |
| -                             |              | (1,093,000)         |    | (498,234,966)                  |    | (52,571,78                 |
| (24,016,478)<br>(153,040,051) |              | -                   |    | (812,686,908)<br>(153,040,051) |    | (38,954,529<br>(999,810    |
| (7,596,833)                   |              | -                   |    | (8,281,847)                    |    | (000,011                   |
| -                             |              | -                   |    | -                              |    | -                          |
| (57,829,760)                  |              | (1,093,000)         |    | (573,212,156)                  |    | 8,958,49                   |
|                               |              |                     |    |                                |    |                            |
| -                             |              | -                   |    | 185,204,000                    |    | -                          |
| -                             |              | -                   |    | 6,330,775,000<br>(109,720,000) |    | -                          |
| -                             |              | -                   |    | (6,803,181,000)                |    | -                          |
| -                             |              | -                   |    | (30,104,000)                   |    | -                          |
| -                             |              | -                   |    | (30,041,000)<br>6,179,879      |    | -                          |
| 44,778                        |              | 75,000,000          |    | 101,546,487                    |    | -                          |
| -                             |              | -                   |    | (82,150,577)                   |    | -                          |
| -                             |              | -                   |    | 60,904,000<br>258,369,000      |    | -                          |
| -                             |              | -                   |    | (27,189,000)                   |    | -                          |
| -                             |              | (2,700,000)         |    | (2,700,000)<br>(6,461,000)     |    | -                          |
| -                             |              | -                   |    | 93,830,000                     |    | -                          |
| -                             |              | -                   |    | 963,000                        |    | -                          |
| -                             |              | -                   |    | 204,063,872<br>(205,623,709)   |    | -                          |
| -                             |              | -                   |    | 110,614,527                    |    | -                          |
| -                             |              | -                   |    | 380,204,441<br>816,356         |    | -                          |
| -                             |              | -                   |    | (25,669,705)                   |    | -                          |
| 44,778                        |              | 72,300,000          |    | 410,630,571                    |    | -                          |
|                               |              |                     |    |                                |    |                            |
| (2,848,533)                   |              | -                   |    | (132,978,587)                  |    | (12,588,70                 |
| -                             |              | -                   |    | 3,855,857<br>94,784,190        |    | 3,294,53                   |
| -                             |              | -                   |    | -                              |    | -                          |
| -                             |              | -                   |    | (19,508,893)                   |    | -                          |
| -                             |              | -                   |    | (13,753,146)                   |    | -                          |
| -                             |              | -                   |    | 14,701,908                     |    | 145.05                     |
| -                             |              | -                   |    | -                              |    | 145,25                     |
| -                             |              | -                   |    | -                              |    | (17,14                     |
| -                             |              | -                   |    | 14,959,786                     |    | (6,25                      |
| -                             |              | -                   |    | 694,010                        |    | -                          |
| (2,848,533)                   |              | -                   |    | (37,244,875)                   |    | (9,172,31                  |
|                               |              |                     |    |                                |    |                            |
| 63,000,000                    |              | -                   |    | 1,416,019,669                  |    | 664,26                     |
| (2,010,427)                   |              | -                   |    | (1,432,166,379)                |    | -                          |
| -                             |              | 115,000             |    | 66,323,081                     |    | 268,03                     |
| -                             |              | -                   |    | 5,565,000                      |    | -                          |
| -                             |              | (56,649,000)        |    | 35,178,000<br>(56,649,000)     |    | -                          |
| -                             |              | 12,903,000          |    | 12,903,000                     |    | -                          |
| -                             |              | 2 500 000           |    | -                              |    | -                          |
| <br><u> </u>                  |              | 3,562,000           |    | 212,003,000                    |    | -                          |
| 60,989,573                    |              | (40,069,000)        |    | 259,176,371                    |    | 932,29                     |

# Statement of Cash Flows Proprietary Funds (Continued)

For the Fiscal Year Ended June 30, 2020

|  |    | Business-Type Ac                        | tivities - E | nterprise Funds      |          |                           |
|--|----|---|--------------|----------------------|----------|---------------------------|
|  |    | Bank<br>of                              |              |                      |          |                           |
|  |    | North<br>Dakota                         |              | Housing<br>Finance   |          | University<br>System      |
| Net Change In Cash:  |    |   |              |                      |          |                           |
| Net Increase (Decrease) in Cash and Cash Equivalents   |    | (11,318,000)                            |              | 6,943,000            |          | 32,230,853                |
| Cash and Cash Equivalents at June 30, 2019   |    | 509,692,000                             |              | 238,535,000          |          | 252,722,443               |
| Cash and Cash Equivalents at June 30, 2020   | \$ | 498,374,000                             | \$           | 245,478,000          | \$       | 284,953,296               |
| Reconciliation:  |    |   |              |                      |          |                           |
| Current: Cash Deposits at the Bank of North Dakota   |    | -                                       |              | 11,155,000           |          | 203,038,145               |
| Cash and Cash Equivalents<br>Restricted Cash Deposits at the Bank of North Dakota                  |    | 498,374,000                             |              | -<br>17,399,000      |          | 16,756,221                |
| Restricted Cash and Cash Equivalents   |    | -                                       |              | 216,924,000          |          | -                         |
| Noncurrent: Restricted Cash Deposits At The Bank of North Dakota                                   |    | -                                       |              | -                    |          | 65,158,930                |
| Cash and Cash Equivalents  | \$ | 498,374,000                             | \$           | 245,478,000          | \$       | 284,953,296               |
|  | -  | , | -            | -, -,                | <u>'</u> | . , ,                     |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: |    |   |              |                      |          |                           |
| Operating Income (Loss) Adjustments to Reconcile Operating   |    | 175,963,000                             |              | 15,055,789           |          | (529,244,312)             |
| Income to Net Cash Provided by Operating Activities:   |    | 624.000                                 |              | 7,000                |          | 70 245 402                |
| Depreciation Amortization/Accretion  |    | 624,000                                 |              | 7,000<br>(4,407,000) |          | 72,345,493<br>-           |
| Reclassification of Interest Revenue\Expense (Gain) Loss on Sale of Real Estate                    |    | (197,435,000)<br>(2,264,000)            |              | 32,869,000           |          | -                         |
| Net Increase in Fair Value of Investments  |    | (16,505,000)                            |              | (583,000)            |          | -                         |
| Interest Received on Program Loans Dividend Credit Applied to Receivable                           |    | -                                       |              | -                    |          | -                         |
| Receipt of Loan Principal Repayments Provision for Losses  |    | 6,000,000                               |              | -                    |          | -                         |
| Other  |    | -                                       |              | -                    |          | (5,580,950)               |
| Deferred Outflows<br>Deferred Inflows  |    | -                                       |              | 382,000<br>1,156,000 |          | 15,602,220<br>46,999,153  |
| Change in Assets and Liabilities:<br>(Increase) Decrease in Accounts Receivable                    |    | _                                       |              | (87,586,000)         |          | 3,314,156                 |
| (Increase) Decrease in Interest Receivable   |    | -                                       |              | (469,000)            |          | -                         |
| (Increase) Decrease in Due From<br>(Increase) Decrease in Intergovernmental Receivable             |    | 982,000<br>-                            |              | 2,000<br>298,000     |          | -                         |
| (Increase) Decrease in Notes Receivable  |    | -                                       |              | -                    |          | (3,322,882)               |
| (Increase) Decrease in Prepaid Items<br>(Increase) Decrease in Inventories                         |    | -                                       |              | 2,000                |          | 2,679                     |
| (Increase) Decrease in Other Assets Increase (Decrease) in Accounts Payable                        |    | (15,633,000)                            |              | (1,838,000)          |          | 3,040,563<br>(2,880,188)  |
| Increase (Decrease) in Interest Payable  |    | -                                       |              | -                    |          | -                         |
| Increase (Decrease) in Claims\Judgments Payable Increase (Decrease) in Intergovernmental Payable   |    | -                                       |              | 7,000                |          | -                         |
| Increase (Decrease) in Accrued Payroll Increase (Decrease) in Compensated Absences Payable         |    | -                                       |              | (24,000)             |          | 580,105<br>2,528,657      |
| Increase (Decrease) in Amounts Held for Others   |    | -                                       |              | 2,459,000            |          | -                         |
| Increase (Decrease) in Other Deposits Increase (Decrease) in Due To                                |    | (6,000)                                 |              | -<br>315,000         |          | 1,914,438<br>-            |
| Increase (Decrease) in Unavailable Revenue Increase (Decrease) in Net Pension Liability            |    | -                                       |              | -<br>(1,241,000)     |          | 2,962,176<br>(52,699,509) |
| Increase (Decrease) in Net OPEB Liability  |    |   |              | , ,                  |          | (109,984)                 |
| Increase (Decrease) in Other Liabilities<br>Increase (Decrease) in Dividends Payable               |    | 22,887,000                              |              | (759,000)<br>-       |          | <u> </u>                  |
| Total Adjustments  |    | (201,350,000)                           |              | (59,410,000)         |          | 84,696,127                |
| Net Cash Provided by (Used for) Operating Activities   | \$ | (25,387,000)                            | \$           | (44,354,211)         | \$       | (444,548,185)             |
| Noncash Transactions:  |    | 40 505 000                              |              | 700 000              |          | (000.074)                 |
| Net Change in Fair Value of Investments Transfers from Net Position to Transfers Payable           |    | 16,505,000<br>80,109,000                |              | 790,000<br>-         |          | (266,871)                 |
| Reduction in pension and OPEB liability Reinstatement of Debt Expense                              |    | -                                       |              | -                    |          | -                         |
| Change in Securities Lending Collateral  |    | -                                       |              | -                    |          | -                         |
| Investment Income Dividends Credited to Premium Billing  |    | -                                       |              | -                    |          | -                         |
| Accounts Receivable Premium Reduction Assets Acquired Through Capital Lease                        |    | -                                       |              | -                    |          | -<br>660,816              |
| Assets Acquired Through Special Assessments  |    | -                                       |              | -                    |          | 9,808                     |
| Expenses Paid by Capital Lease Value Received on Trade of Capital Asset                            |    | -                                       |              | -                    |          | 2,060,399<br>-            |
| Gifts of Capital Assets  |    | -                                       |              | -                    |          | 4,072,500                 |
| Total Noncash Transactions   | \$ | 96,614,000                              | \$           | 790,000              | \$       | 6,536,652                 |

| Business-Type Activities  | s - Enterprise Funds |                              | Governmental<br>Activities |
|---------------------------|----------------------|------------------------------|----------------------------|
| Workforce<br>Safety and   | Other<br>Enterprise  |                              | Internal                   |
| Insurance                 | Funds                | Total                        | Service Funds              |
| 356,058                   | 31,138,000           | 59,349,911                   | 718,473                    |
|                           |                      |                              |                            |
| 2,871,189                 | 34,467,000           | 1,038,287,632                | 33,173,348                 |
| \$ 3,227,247              | \$ 65,605,000        | \$<br>1,097,637,543          | \$ 33,891,821              |
|                           |                      |                              |                            |
| 3,227,247                 | 65,605,000           | 283,025,392<br>515,130,221   | 33,511,676<br>380,145      |
| -                         | -                    | 17,399,000<br>216,924,000    | ÷                          |
| -                         | _                    |                              | -                          |
| <u> </u>                  | <u>-</u>             | 65,158,930                   | <u>-</u>                   |
| \$ 3,227,247              | \$ 65,605,000        | \$<br>1,097,637,543          | \$ 33,891,821              |
|                           |                      |                              |                            |
| 110,824,046               | (1,287,000)          | (228,688,477)                | (5,539,620)                |
| 2,096,953                 | _                    | 75,073,446                   | 11,346,238                 |
| -                         |                      | (4,407,000)                  | -                          |
| -                         | (13,000)             | (164,579,000)<br>(2,264,000) | -                          |
| -                         | -                    | (17,088,000)                 | -                          |
| -<br>(96,424,944)         | -                    | (06.424.044)                 | -                          |
| (90,424,944)              | -                    | (96,424,944)                 | -                          |
| -<br>(12,170)             | 1,141,000            | 7,141,000                    | -                          |
| 3,219,960                 | -                    | (5,593,120)<br>19,204,180    | 3,144,862                  |
| 7,797,985                 | -                    | 55,953,138                   | 11,041,144                 |
| 1,493,184                 | -                    | (82,778,660)                 | 68,958                     |
| (133,203)                 | -                    | (469,000)<br>850,797         | (3,045,400)                |
| -                         | -                    | 298,000                      | (43,727)                   |
| (34,139)                  | -                    | (3,322,882)<br>(32,139)      | (29,352)                   |
| -                         | -                    | 2,679                        | (25,345)                   |
| -<br>(48,579)             | -                    | (14,430,437)<br>(2,928,767)  | 232,180                    |
| (40,070)                  | -                    | -                            | 1,475,956                  |
| (61,152,000)              | -                    | (61,152,000)                 | 559,453                    |
| -<br>-                    | -<br>-               | 7,000<br>580,105             | 784,784                    |
| 130,837                   | -                    | 2,635,494                    | 919,605                    |
| -                         | -                    | 2,459,000                    | <u>.</u>                   |
| (18,870)                  | 7,000                | 1,914,438<br>297,130         | 36,852                     |
| (11,063,551)              | <u>-</u>             | (8,101,375)                  | -                          |
| (8,291,437)               | -                    | (62,231,946)                 | (11,955,230)<br>(12,863)   |
| (13,261)                  | -                    | (123,245)<br>22,128,000      | - (12,003)                 |
| (6,200,571)               | -                    | (6,200,571)                  |                            |
| (168,653,806)             | 1,135,000            | (343,582,679)                | 14,498,115                 |
| \$ (57,829,760)           | \$ (152,000)         | \$<br>(572,271,156)          | \$ 8,958,495               |
| 27,195,370                | _                    | 44,223,499                   | 266,729                    |
| -                         | -                    | 80,109,000                   | -                          |
| -                         | -                    | -                            | -                          |
| 392,634                   | -                    | 392,634                      | (16,541)                   |
| 99,164,295<br>102,625,515 | -                    | 99,164,295<br>102,625,515    | -                          |
| (102,625,515)             | -                    | (102,625,515)                | -                          |
| -                         | -                    | 660,816                      | -                          |
| -                         | -                    | 9,808<br>2,060,399           | -                          |
| -                         | -                    | -                            | -                          |
| -                         | -                    | 4,072,500                    | -                          |
| \$ 126,752,299            | \$ -                 | \$<br>230,692,951            | \$ 250,188                 |

# Statement of Fiduciary Net Position Fiduciary Funds June 30, 2020

|   | Pension and<br>Other Employee<br>Benefit Trust<br>Funds | Investment<br>Trust<br>Funds | Private-Purpose<br>Trust<br>Funds |    | Agency<br>Funds         |
|---|---|------------------------------|-----------------------------------|----|-------------------------|
| ASSETS  |   |                              |                                   |    |                         |
| Cash Deposits at the Bank of ND Cash and Cash Equivalents             | \$ 37,840,044<br>74,910                                 | \$ -<br>-                    | \$ 5,877,831<br>1,269,314         | \$ | 43,975,323<br>4,729,138 |
| Receivables:  |   |                              |                                   |    |                         |
| Contributions Receivable  | 36,282,981  | -                            | -                                 |    | -                       |
| Accounts Receivable - Net   | -   | -                            | 493,019                           |    | 11,884,341              |
| Taxes Receivable - Net  | <del>-</del>  |                              |                                   |    | 33,091,555              |
| Interest Receivable - Net   | 22,924,460  | 676,798                      | 86,444                            |    | 150                     |
| Due from Other Funds  | 291   | -                            | 16                                |    | -                       |
| Due from Fiduciary Funds  | 9,250   | -                            | -                                 |    | -                       |
| Total Receivables   | 59,216,982  | 676,798                      | 579,479                           | _  | 44,976,046              |
| Investments, at Fair Value:   |   |                              | 04.000                            |    | 00 050 507              |
| Investments at the Bank of ND Equities                                | 1 500 206 940   | 120 172 064                  | 21,862                            |    | 29,958,537              |
|   | 1,500,306,819   | 139,173,961                  | -                                 |    | -                       |
| Equity Pool Fixed Income Pool   | 1,952,520,744<br>1,478,873,466                          | -<br>88,994,710              | 1,249,929                         |    | 137,635,344             |
| Cash and Cash Pool  | 46,919,407  | 2,340,076                    | 1,249,929                         |    | 137,033,344             |
| Real Estate Pool  | 1,068,688,739   | 44,192,973                   | -                                 |    | -                       |
| Mutual Funds  | 148,945,821   | -                            | 535,837,198                       |    | -                       |
| Total Investments   | 6,196,254,996   | 274,701,720                  | 537,108,989                       |    | 167,593,881             |
| Invested Securities Lending Collateral                                | 16,782,942  | 797,457                      | 46,379                            |    |                         |
| Capital Assets (Net of Depreciation)                                  | 377,659   | -                            |                                   |    |                         |
| Total Assets  | 6,310,547,533   | 276,175,975                  | 544,881,992                       | \$ | 261,274,388             |
| DEFENDED OUTEL OWO OF DECOUDOES                                       |   |                              |                                   |    |                         |
| DEFERRED OUTFLOWS OF RESOURCES  | E40.000   |                              |                                   |    |                         |
| Derived from Pensions Total deferred outflows of resources            | 549,008<br>549,008                                      |                              | <del>-</del>                      |    |                         |
| Total deletred outliows of resources                                  | 549,006   | <u>-</u>                     | <u>-</u>                          |    |                         |
| LIABILITIES   |   |                              |                                   |    |                         |
| Accounts Payable  | 8,200,492   | 240,861                      | 1,758,518                         |    | _                       |
| Accrued Payroll   | 170,382   | 240,001                      | 1,700,010                         |    |                         |
| Securities Lending Collateral   | 16,782,942  | 797,457                      | 46,379                            |    | _                       |
| Intergovernmental Payable   | -   | _                            | -                                 |    | 72,304,762              |
| Tax Refunds Payable   | -   | -                            | -                                 |    | 43,847                  |
| Due to Other Funds  | 29,000  | -                            | -                                 |    | -                       |
| Due to Fiduciary Funds  | 9,336   | -                            | -                                 |    | -                       |
| Amounts Held in Custody for Others                                    | 38,644  | -                            | -                                 |    | 188,925,779             |
| Compensated Absences Payable  | 152,262   | -                            | -                                 |    | -                       |
| Total Liabilities   | 25,383,058  | 1,038,318                    | 1,804,897                         | \$ | 261,274,388             |
| DEFERRED INFLOWS OF RESOURCES   |   |                              |                                   |    |                         |
| Derived from Pensions   | 536,950   |                              |                                   |    |                         |
| Total deferred inflows of resources                                   | 536,950   |                              |                                   |    |                         |
|   |   |                              |                                   |    |                         |
| NET Position  |   |                              |                                   |    |                         |
| Net Position Restricted for:  |   |                              |                                   |    |                         |
| Pension Benefits  | 6,284,154,064   | -                            | -                                 |    |                         |
| Other Employee Benefits   | 1,022,469   | -                            | -                                 |    |                         |
| External Investment Pool Participants Other Purposes                  | -   | 275,137,657<br>-             | 543,077,095                       |    |                         |
| Total Net Position Restricted for Pension Benefits and Other Purposes | 6,285,176,533   | 275,137,657                  | 543,077,095                       |    |                         |
| and and and and an                | =,==0,0,000   | 0, 101,001                   | 2.0,011,000                       |    |                         |

### **Statement of Changes in Fiduciary Net Position** Fiduciary Funds For the Fiscal Year Ended June 30, 2020

|   | Pension and<br>Other Employee<br>Benefit Trust<br>Funds                  | Investment<br>Trust<br>Funds       | Private-Purpose<br>Trust Funds                 |
|---|--|------------------------------------|--|
| ADDITIONS   |  |                                    |  |
| Contributions: Employer Employee From Participants Transfers from Other Funds Transfers from Other Plans Donations Total Contributions                      | \$ 194,585,515<br>187,458,388<br>- 643,721<br>1,459,268<br>- 384,146,892 | \$ -<br>-<br>-<br>-<br>-<br>-<br>- | \$ -<br>50,856,817<br>-<br>7,774<br>50,864,591 |
| Investment Income: Net Change in Fair Value of Investments Interest and Dividends   | 91,169,691<br>129,200,156  | 4,535,778<br>5,834,133             | 63,786,582<br>13,688,585                       |
| Less Investment Expense   | 15,912,587   | 699,718                            | 3,040  |
| Net Investment Income   | 204,457,260  | 9,670,193                          | 77,472,127                                     |
| Securities Lending Activity: Securities Lending Income Less Securities Lending Expense Net Securities Lending Income  | 302,303<br>33,911<br>268,392   | 19,905<br>3,979<br>15,926          | 691<br>-<br>691                                |
| Repurchase Service Credit<br>Miscellaneous Income   | 13,758,858<br>1,093,974  |                                    | 3,068  |
| Total Additions   | 603,725,376  | 9,686,119                          | 128,340,477                                    |
| DEDUCTIONS  |  |                                    |  |
| Benefits Paid to Participants Refunds Prefunded Credit Applied Transfer to Other Plans Payments in Accordance with Trust Agreements Administrative Expenses | 450,959,410<br>20,741,287<br>12,312,461<br>643,721<br>-<br>6,760,640     | -<br>-<br>-<br>-<br>-              | -<br>-<br>-<br>-<br>44,621,389<br>3,557,630    |
| Total Deductions  | 491,417,519  |                                    | 48,179,019                                     |
| Redemption of Units at \$1.00 Per Unit  |  | (8,367,604)                        |  |
| Change in Net Position Held in Trust for: Pension Benefits Other Employee Benefits External Investment Pool Participants Other Purposes                     | 112,308,265<br>(408)<br>-<br>  | -<br>-<br>1,318,515<br>            | -<br>-<br>-<br>80,161,458                      |
| Total Change in Net Position  | 112,307,857  | 1,318,515                          | 80,161,458                                     |
| Net Position - Beginning of Year  | 6,172,868,676  | 273,819,142                        | 462,915,637                                    |
| Net Position - End of Year  | \$ 6,285,176,533   | \$ 275,137,657                     | \$ 543,077,095                                 |

### Combining Statement of Net Position Component Units - Proprietary Funds (Excludes FASB Based Component Units) June 30, 2020

|  |    | CHAND     |    | Public<br>Finance<br>Authority | De | ND<br>evelopment<br>Fund |    | State Fair<br>Foundation |    | Total                   |
|--|----|-----------|----|--------------------------------|----|--------------------------|----|--------------------------|----|-------------------------|
| ASSETS   |    | CHAND     |    | Authority                      |    | i uiiu                   |    | oundation                |    | Total                   |
| Current Assets:  |    |           | _  |                                | _  |                          | _  |                          | _  |                         |
| Cash and Cash Equivalents                              | \$ | .,        | \$ | -                              | \$ | 19,652,156               | \$ | 278,756                  | \$ | 21,198,438              |
| Accounts Receivable - Net<br>Interest Receivable - Net |    | 166,142   |    | -                              |    | 140,860                  |    | -                        |    | 166,142<br>140,860      |
| Due from Primary Government                            |    | -         |    | 30,000                         |    | 140,600                  |    | -                        |    | 30,000                  |
| Loans and Notes Receivable - Net                       |    | _         |    | -                              |    | 4,606,141                |    | _                        |    | 4,606,141               |
| Restricted Cash and Cash Equivalents                   |    | _         |    | 83,581,000                     |    | -                        |    | 11,057                   |    | 83,592,057              |
| Restricted Investments                                 |    | _         |    | 94,120,000                     |    | _                        |    | -                        |    | 94,120,000              |
| Restricted Interest Receivable - Net                   |    | _         |    | 5,570,000                      |    | _                        |    | _                        |    | 5,570,000               |
| Total Current Assets                                   |    | 1,433,668 |    | 183,301,000                    |    | 24,399,157               |    | 289,813                  |    | 209,423,638             |
| Na   |    |           |    |                                |    |                          |    |                          |    |                         |
| Noncurrent Assets: Restricted Investments              |    |           |    | 004 114 000                    |    |                          |    |                          |    | 884,114,000             |
| Due from Primary Government                            |    | -         |    | 884,114,000<br>30,000          |    | -                        |    | -                        |    | 30,000                  |
| Loans and Notes Receivable - Net                       |    | -         |    | 30,000                         |    | 6,928,432                |    | 35,000                   |    | 6,963,432               |
| Capital Assets:  |    | -         |    | -                              |    | 0,920,432                |    | 33,000                   |    | 0,903,432               |
| Nondepreciable   |    | _         |    | _                              |    | _                        |    | 1,115,389                |    | 1,115,389               |
| Depreciable, Net                                       |    | _         |    | _                              |    | 1,360                    |    | -                        |    | 1,360                   |
| Total Noncurrent Assets                                | _  | -         |    | 884,144,000                    |    | 6,929,792                |    | 1,150,389                |    | 892,224,181             |
|  |    |           |    |                                |    |                          |    |                          |    |                         |
| Total Assets   |    | 1,433,668 |    | 1,067,445,000                  |    | 31,328,949               |    | 1,440,202                |    | 1,101,647,819           |
| DEFERRED OUTFLOWS OF RESOURCES                         |    |           |    |                                |    |                          |    |                          |    |                         |
| Deferred loss on bond refunding                        |    | _         |    | 3,116,000                      |    | _                        |    | _                        |    | 3,116,000               |
| Derived from Pensions                                  |    | -         |    | 83,000                         |    | -                        |    | -                        |    | 83,000                  |
| Total Deferred Outflows of Resources                   |    | -         |    | 3,199,000                      |    | -                        |    | -                        |    | 3,199,000               |
|  |    |           |    |                                |    |                          |    |                          |    |                         |
| LIABILITIES  |    |           |    |                                |    |                          |    |                          |    |                         |
| Current Liabilities:                                   |    | E04.00E   |    | 07.000                         |    | 0.405                    |    | 04 500                   |    | 055 700                 |
| Accounts Payable                                       |    | 591,095   |    | 37,000                         |    | 6,185                    |    | 21,500                   |    | 655,780                 |
| Interest Payable                                       |    | -         |    | 4,537,000                      |    | -                        |    | -                        |    | 4,537,000               |
| Notes Payable  |    | -         |    | -                              |    | -                        |    | 4,591                    |    | 4,591                   |
| Bonds Payable<br>Unearned Revenue                      |    | 42.066    |    | 25,665,000                     |    | -                        |    | -                        |    | 25,665,000<br>42.066    |
| Total Current Liabilities                              |    | 633,161   |    | 30.239.000                     |    | 6.185                    |    | 26.091                   |    | 30.904.437              |
| Total Current Liabilities                              | _  | 033,101   |    | 30,239,000                     |    | 0,100                    |    | 26,091                   |    | 30,904,437              |
| Noncurrent Liabilities:                                |    |           |    |                                |    |                          |    |                          |    |                         |
| Due to Primary Government                              |    | -         |    | -                              |    | 102,855                  |    | -                        |    | 102,855                 |
| Notes Payable  |    | -         |    | -                              |    | -                        |    | 69,749                   |    | 69,749                  |
| Bonds Payable  |    | -         |    | 494,762,000                    |    | -                        |    | -                        |    | 494,762,000             |
| Net Pension Liability                                  |    | -         |    | 191,000                        |    | -                        |    | -                        |    | 191,000                 |
| Total Noncurrent Liabilities                           |    | -         |    | 494,953,000                    |    | 102,855                  |    | 69,749                   |    | 495,125,604             |
| Total Liabilities                                      |    | 633,161   |    | 525,192,000                    |    | 109,040                  |    | 95,840                   |    | 526,030,041             |
| DEFERRED INFLOWS OF RESOURCES                          |    |           |    |                                |    |                          |    |                          |    |                         |
| Derived from Pensions                                  |    | _         |    | 103,000                        |    | _                        |    | _                        |    | 103,000                 |
| 2011/04 1101111 0110110                                |    |           |    | 100,000                        |    |                          |    |                          |    | 100,000                 |
| Total Deferred Inflows of Resources                    |    | -         |    | 103,000                        |    | -                        |    | -                        |    | 103,000                 |
| Net Position   |    |           |    |                                |    |                          |    |                          |    |                         |
| Net Investment in Capital Assets                       |    | -         |    | -                              |    | 1,360                    |    | -                        |    | 1,360                   |
| Restricted for:  |    |           |    | 114 044 000                    |    |                          |    |                          |    | 114 644 000             |
| Debt Service   |    | -         |    | 114,641,000                    |    | -                        |    | -                        |    | 114,641,000             |
| Loan Purposes  |    | -         |    | 428,761,000                    |    | -                        |    | 2 1FF 400                |    | 428,761,000             |
| Endowment Funds-Nonexpendable Unrestricted             |    | 800,507   |    | -<br>1,947,000                 |    | 31,218,549               |    | 2,155,492<br>(811,130)   |    | 2,155,492<br>33,154,926 |
|  | _  | ,         | _  |                                |    |                          |    | ,                        |    |                         |
| Total Net Position                                     | \$ | 800,507   | \$ | 545,349,000                    | \$ | 31,219,909               | \$ | 1,344,362                | \$ | 578,713,778             |

Combining Statement of Activities Component Units - Proprietary Funds (Excludes FASB Based Component Units) For the Fiscal Year Ended June 30, 2020

|  |    | Program Revenues        |    |                         |    |  |    | G                           | eneral Revenues |   |    |                              |    |   |                                |
|--|----|-------------------------|----|-------------------------|----|--|----|-----------------------------|-----------------|---|----|------------------------------|----|---|--------------------------------|
| Functions/Programs                           |    | Expenses                |    | Charges for<br>Services |    | Operating<br>Grants and<br>Contributions |    | Net<br>(Expense)<br>Revenue |                 | Payments from<br>State of<br>North Dakota |    | Change<br>in<br>Net Position |    | Net Position<br>Jinning of Year,<br>as Restated | Net Position<br>End<br>of Year |
| CHAND<br>Public Finance Authority            | \$ | 3,357,828<br>25,659,000 | \$ | 2,193,640<br>3,606,000  | \$ | 36,137<br>45,816,000                     | \$ | (1,128,051)<br>23,763,000   | \$              | -   | \$ | (1,128,051)<br>23,763,000    | \$ | 1,928,558<br>521,586,000                        | \$ 800,507<br>545,349,000      |
| ND Development Fund<br>State Fair Foundation | _  | 7,495,022<br>1,102,151  |    | 985,940<br>7,136        |    | 88,177<br>90,419                         |    | (6,420,905)<br>(1,004,596)  |                 | 15,000,000                                |    | 8,579,095<br>(1,004,596)     |    | 22,640,814<br>2,348,958                         | 31,219,909<br>1,344,362        |
| Total Component Units                        | \$ | 37,614,001              | \$ | 6,792,716               | \$ | 46,030,733                               | \$ | 15,209,448                  | \$              | 15,000,000                                | \$ | 30,209,448                   | \$ | 548,504,330                                     | \$ 578,713,778                 |

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## NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2020

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The primary authority for the State's accounting and reporting requirements is the Office of Management and Budget. The Office of Management and Budget has adopted the pronouncements of the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the State's accounting policies are as follows:

#### A. REPORTING ENTITY

For financial reporting purposes, the State of North Dakota has included all funds, organizations, agencies, boards and commissions that make up its legal entity. The State has also included all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the State to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State.

As required by accounting principles generally accepted in the United States of America, these financial statements present the State of North Dakota (the primary government) and its component units. The component units are included in the State's reporting entity because of the significance of their operational or financial relationships with the State.

### **BLENDED COMPONENT UNITS**

These component units are entities that are legally separate from the State, but are so intertwined with the State that they are, in substance, the same as the State. They are reported as part of the State and blended into the appropriate fund types.

**Building Authority (Debt Service Fund and Capital Projects Fund)** - The Building Authority was created by the Legislature as a separate instrumentality of the State. Its purpose is to promote the general welfare of the citizens of the State by providing financing for use by the State in altering, repairing, maintaining or constructing buildings and making any improvements connected to State buildings. The Industrial Commission, which consists of the governor, the attorney general, and the commissioner of agriculture, is the governing board of the Building Authority. The funds of the Building Authority were audited by other independent auditors for the fiscal year ended June 30, 2020, and their report has been previously issued under a separate cover.

#### DISCRETELY PRESENTED COMPONENT UNITS

These component units are entities that are legally separate from the State, but are financially accountable to the State. The component units' columns of government-wide financial statements include the financial data of these entities.

### MAJOR COMPONENT UNITS

Comprehensive Health Association (Proprietary Fund Type) – The Association was established by the Legislature with participating membership consisting of those insurance companies, licensed or authorized to do business in the State. It provides low cost access to health insurance coverage for residents of the State who are denied adequate health insurance and are considered uninsurable. Under North Dakota Century Code, the Majority Leader of the Senate appoints one member of the Senate and the House of Representatives appoints one member of the House to the eight-member board. The Association was audited by other independent auditors for the calendar year ended December 31, 2019, and their report has been previously issued under a separate cover.

**Public Finance Authority (Proprietary Fund Type)** – The Finance Authority was created by the Legislature as a separate agency of the State. The purpose of the Finance Authority is to make funds available for borrowing by North Dakota political subdivisions through the issuance of its bonds and the purchase of municipal securities of the political subdivisions. The Finance Authority has been granted all powers required in order to accomplish this purpose and is under the control and management of the Industrial Commission. The Fund was audited by other independent auditors for the calendar year ended December 31, 2019, and their report has been previously issued under a separate cover.

**North Dakota Development Fund, Inc. (Proprietary Fund Type)** – The Development Fund was established as a statewide nonprofit development corporation with the authority to take equity positions in; to provide loans to; or to use other innovative financing mechanisms to provide capital for new or expanding businesses in North Dakota or relocating businesses to North Dakota. A board of directors consisting of eight members, all of whom are appointed by the governor, manages the corporation. The deputy director of the Department of Commerce (a State agency) is the corporation's chief executive officer. The director of the Department of Commerce (governor-appointed cabinet position) is responsible for developing rules, subject to the approval of the board of directors, necessary to implement the administration of the corporation. The Fund was audited by other independent auditors for the fiscal year ended June 30, 2020, and their report has been previously issued under a separate cover.

**North Dakota State Fair Foundation** – The mission of the North Dakota State Fair Foundation is to develop lifelong relationships with donors to secure philanthropic gifts that will enhance and support the work of the North Dakota State Fair. The Fund of the North Dakota State Fair Foundation were audited by other independent auditors for the fiscal year ended September 30, 2019, and their report has been previously issued under a separate cover.

Major and Non-major University System Foundations (Proprietary Fund Type) – The foundations are legally separate, tax-exempt organizations providing support and recognition to their respective colleges and universities through a variety of programs and activities. The foundations are normally managed by a board of directors made up primarily of alumni, friends or leading members of the communities. The component unit financial statements are presented under Financial Accounting Standards Board (FASB) standards. As such, certain disclosures are not reflected for the Major University System Foundation in the major component unit disclosures and no disclosures are included for the Non-major University System Foundation. A complete set of financial statements can be obtained at the North Dakota University System office at 600 E. Boulevard Avenue, #10, Bismarck, ND 58505.

Non-major State Historical Society of North Dakota Foundation – The mission of the State Historical Society of North Dakota Foundation is to provide fundraising and membership development activities to support the State Historical Society of North Dakota which preserves and promotes the heritage of North Dakota and its people. The Fund of the State Historical Society of North Dakota Foundation were audited by other independent auditors for the fiscal year ended June 30, 2020, and their report has been previously issued under a separate cover. The component unit financial statements are presented under Financial Accounting Standards Board (FASB) standards. As such, certain disclosures are not reflected for the Foundation and no disclosures are included for the Foundation.

Complete financial statements for each of the other individual component units may be obtained at the entity's administrative offices as follows:

Building Authority 600 E. Boulevard Ave., 14<sup>th</sup> Floor Bismarck. ND 58505-0840

Comprehensive Health Associations 4510 13<sup>th</sup> Ave. South Fargo, ND 58121

State Historical Society of North Dakota Foundation P.O. Box 1976 Bismarck, ND 58502-1976 Public Finance Authority 1200 Memorial Highway Bismarck ND 58504

North Dakota Development Fund, Inc. 1600 E. Century Ave., #2 Bismarck, ND 58503

North Dakota State Fair Foundation P.O. Box 1796 Minot, ND 58702-1796

#### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Statement of Net Position and Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position presents the reporting entity's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

**Net investment in capital assets** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

**Restricted net position** result when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. Net position restricted by enabling legislation are subject to change by a majority vote of the Legislative Assembly.

**Unrestricted net position** consist of net position that do not meet the definition of the two preceding categories. Unrestricted net position often are designated, to indicate that management does not consider them to be available for general operations. Unrestricted net position often have constraints on resources which are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

#### **FUND FINANCIAL STATEMENTS**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being combined into a single column.

## C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund (agency funds are excluded as they have no measurement focus) financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

The State follows the pronouncements of the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard-setting body for establishing accounting principles generally accepted in the United States of America for governmental entities.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual; generally when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period.

The State considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal year end. Other revenues are considered to be available if received within one year after the fiscal year end. Major revenues that are determined to be susceptible to accrual include interest, federal grants-in-aid, and taxpayer-assessed taxes such as income, sales, corporate, excise, motor fuel taxes and unemployment compensation contributions. Revenues earned under the terms of reimbursement agreements with other governments or private sources are recorded at the time the related expenditures are made if other eligibility requirements have been met. Sales and use taxes are accrued based upon filings received and an estimate of filings due by June 30. Net income taxes from individuals and corporations are accrued based on current income earned by the taxpayer before June 30. Quarterly filings, withholding statements, and other historical data are used to estimate income. The revenue is accrued net of an allowance for uncollectible taxes. Unearned revenue is recorded for receivables that are measurable but not available at year-end.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences, and claims and judgments, are recorded only when payment is due and payable.

### 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**

<u>General Fund</u> accounts for all governmental financial resources, except for those required to be accounted for in other funds.

<u>Special Revenue Funds</u> 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.

<u>Debt Service Funds</u> are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

<u>Capital Projects Funds</u> 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.

<u>Permanent Funds</u> 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

<u>Enterprise Funds</u> 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.

<u>Internal Service Funds</u> account for the financing of goods and/or services provided by one department or agency to another department or agency of a government, or to other governments, on a cost-reimbursement basis. These goods and services include motor pool services; printing, reproduction and mailing services; information technology; and risk management services. In the government-wide statements, internal service funds are included with governmental activities.

#### FIDUCIARY FUND TYPES

<u>Pension and Other Employee Benefits Trust Funds</u> account for resources that are required to be held in trust for the members and beneficiaries of the State's defined benefit pension plans, defined contribution plan, deferred compensation plan, pretax benefits program, and other post-employment benefit plans.

Investment Trust Funds account for the transactions, assets, liabilities, and fund equity of the external pool participants (City of Bismarck, City of Grand Forks, City of Grand Forks Park District, ND Association of Counties, City of Fargo Fargodome, North Dakota State Board of Medicine, Petroleum Tank Release Compensation Fund, Lewis and Clark Interpretive Center Endowment Fund, Veteran's Cemetery Trust Fund and Retirement and Investment Office Investments). The State Investment Board (SIB) provides administrative services for the external pool participants. SIB issues a publicly available financial report that may be obtained by writing to the Retirement and Investment Office, 3442 East Century Avenue, Bismarck, North Dakota 58503. Investment Trust Funds are accounted for in essentially the same manner as Proprietary Funds.

<u>Private Purpose Trust Funds</u> 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.

<u>Agency Funds</u> account for assets held by the State as an agent for other governmental units, or other organizations, and do not involve measurement of results of operations. Examples of funds in this category include state agency funds for bonding, tax collection, child support disbursement, and funds held for others.

#### D. GENERAL BUDGETARY POLICIES AND PROCEDURES

The State operates through a biennial appropriation that represents departmental appropriations recommended by the governor and presented to the Legislative Assembly at the beginning of each legislative session. The Legislative Assembly enacts the budgets of the various state departments through passage of specific appropriation bills. The governor has line item veto powers over all appropriations subject to legislative override.

Once passed and signed, the appropriation bill becomes the departments' financial plan for the next two years. Changes to the appropriation are limited to Emergency Commission authorization, initiative, allotment, or referendum action. The Emergency Commission can authorize receipt of federal or other moneys not appropriated by the Assembly if the Assembly did not indicate intent to reject the money. The Emergency Commission may authorize pass-through federal funds from one state agency to another. The Emergency Commission may authorize the transfer of expenditure authority between appropriated line items. The Legislature has also passed appropriation laws that authorize directors of certain state agencies to transfer appropriation authority among the various divisions of their specific agency, subject to the Budget Section of the North Dakota Legislative Council's approval. Unexpended appropriations lapse at the end of each biennium, except certain capital expenditures covered under the North Dakota Century Code (NDCC) section 54-44.1-11 and the University System's unexpended general fund appropriation authority.

The State's biennial budget is prepared primarily on a cash basis. The State does not use encumbrance accounting. The legal level of budgetary control is at the agency, appropriation, funding source and expenditure line item level, with administrative controls established at lower levels of detail in certain instances. The State does not formally budget revenues, and it does not budget by fund. The State appropriation is defined through the use of specific expenditure line items. Capital appropriations are generally made at the agency and project level.

North Dakota's Appropriation Act does not present budgets by GAAP fund. Instead, it authorizes General Fund appropriation authority by agency and Other Budgeted Income appropriation authority by agency. Other budgeted income includes all budgeted resources, other than the General Fund, and includes some governmental, proprietary, and fiduciary fund activities.

During the 2019-2021 biennium, there were general, federal and other funds supplemental appropriations totaling \$1,157,610,655.

### E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for reporting purposes includes cash and short-term, highly liquid investments that are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. This includes investments with original maturity of three months or less. Also cash, as reported, may be under the control of the State Treasurer or by other administrative bodies as determined by law. Cash and cash equivalents are presented on the fund balance sheets as "Cash Deposits at the Bank of North Dakota" and "Cash

and Cash Equivalents" to present the unique nature of the relationship between the Bank of North Dakota, an enterprise fund, and other state agencies.

Cash Deposits at the Bank of North Dakota – State agency cash balances, as required by law, are pooled by the State Treasurer and deposited in the Bank of North Dakota, an enterprise fund. These cash balances, in addition to other agency cash deposited at the Bank of North Dakota, are included on the fund balance sheets as "Cash Deposits at the Bank of North Dakota". For purposes of the Government-wide Statement of Net Position, these amounts have been reclassified to internal balances.

**Cash and Cash Equivalents** – All cash and cash equivalents, (other than cash deposits at the Bank of North Dakota), as permitted by the North Dakota Century Code, are included on the Government-wide Statement of Net Position as "Cash and Cash Equivalents".

The State had no cash overdrafts from pooled cash and investments at June 30, 2020.

All interest revenue is allocated to the General Fund unless state law (as outlined in the North Dakota Century Code) requires allocations of interest to other funds.

#### F. INVESTMENTS

Investments are reported at fair value. Quoted market prices, when available, have been used to value investments. The fair value for securities that have no quoted market price represent estimated fair value. International securities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at June 30. In general, corporate debt securities have been valued at quoted market prices or, if not available, values are based on yields currently available on comparable securities of issuers with similar credit ratings. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments. The fair value of real estate investment securities, including timberland, is based on appraisals plus fiscal year-to-date capital transactions. Publicly traded alternative investments are valued based on quoted market prices. When not readily available, alternative investment securities are valued using current estimates of fair value from the investment manager. Such valuations consider variables such as financial performance of the issuer, comparison of comparable companies' earnings multiples, cash flow analysis, recent sales prices of investments, withdrawal restrictions, and other pertinent information. Because of the inherent uncertainty of the valuation for these other alternative investments, the estimated fair value may differ from the values that would have been used had a ready market existed.

The net change in fair value of investments consists of the realized gains or losses and the unrealized increase or decrease in fair value of investments during the year. Realized gains and losses on sales of investments are computed based on the difference between the sales price and the original cost of the investment sold.

Unrealized gains and losses are computed based on changes in the fair value of investments between years. Security transactions are currently accounted for on a trade date basis. Interest income is recorded when earned. Dividend income is recorded on the ex-dividend date.

Purchases of other state funds' debt issues by the Bank of North Dakota have been recorded as normal business transactions if they are the result of arms-length transactions.

Investments are presented on the fund balance sheets as "Investments at the Bank of North Dakota" and "Investments" to present the unique nature of the relationship between the Bank of North Dakota, an enterprise fund, and other state agencies.

**Investments at the Bank of North Dakota** – State agency investments, primarily certificates of deposits of the Bank of North Dakota, are included on the fund balance sheets as "Investments at the Bank of North Dakota." For purposes of the Government-wide Statement of Net Position, these amounts have been reclassified to internal balances.

**Investments** – State agency investments invested at financial institutions other than the Bank of North Dakota are included on the Government-wide Statement of Net Position as "Investments." Differences on the Fund Balance Sheets between the assets, "Cash at the Bank of North Dakota" and "Investments at the Bank of North Dakota," and the liability, "Deposits Held for Other Funds," is attributable to timing differences resulting from the Bank of North Dakota having a different fiscal year end than many of the other state agencies.

#### G. SECURITIES LENDING

GASB Statement No. 28 "Accounting and Financial Reporting for Securities Lending Transactions," establishes accounting and financial reporting standards for securities lending transactions. The standard requires governmental entities to report securities lent as assets in their statements of net position. Cash received as collateral and investments made with that cash must also be reported as both an asset and a liability. The statement also requires the costs of the securities lending transactions to be reported as expenses separately from income received. In addition, the statement requires disclosures about the transactions and collateral related to them.

The Agent lends securities of the type on loan at June 30, 2020, for collateral in the form of cash, U.S. government securities and irrevocable letters of credit. U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus accrued interest. Non-U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus accrued interest.

Non-cash collateral cannot be pledged or sold unless the borrower defaults. All securities can be terminated on demand by either the lender or the borrower, although the average term of the loans State's loans was approximately 232 days as of June 30, 2020. Cash open collateral is invested in a short term investment pool, which had an interest sensitivity of 1 day as of this statement date. This pool is valued based on amortized cost. There were no violations of legal or contractual provisions, no borrower or lending agent default losses known to the securities lending agent. There are no dividends or coupon payments owing on the securities lent. Securities lending earnings are credited to participating clients on approximately the fifteenth day of the following month.

Indemnification deals with the situation in which a client's securities are not returned due to the insolvency of a borrower and the Agent has failed to live up to its contractual responsibilities relating to the lending of those securities. The Agent's responsibilities include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending.

For securities loaned at fiscal year end, the State has no credit risk exposure to borrowers because the amounts the State owes the borrowers exceeds the amounts the borrowers owe the State.

### H. INTERFUND ACTIVITY AND BALANCES

## INTERFUND ACTIVITY

As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this rule are: 1) activities between funds reported as governmental activities and funds reported as business-type activities and 2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

In the fund financial statements, transfers represent flows of assets (such as goods or cash) without equivalent flows of assets in return or a requirement for repayment. Residual transfer amounts exist in the Government-wide Statement of Activities due to different fiscal year ends of various agencies included in business-type activities.

## **INTERFUND BALANCES**

Interfund receivables and payables have been eliminated from the Statement of Net Position, except for the residual amounts due between governmental and business-type activities.

## I. INVENTORIES AND PREPAID ITEMS

Inventories of Governmental Funds are valued at cost and are recognized principally using the average cost method. Generally, the cost of Governmental Funds' inventories is recorded as an expenditure when consumed rather than when purchased.

Inventories of Proprietary Funds consist primarily of grain inventories from the North Dakota Mill and Elevator Association. Grain inventories are valued at the June 30 Minneapolis grain market values less freight costs to Minneapolis. Flour, feed and resale inventories are valued at ingredient cost plus manufacturing costs incurred in their production. Proprietary Funds expense the cost of consumable supplies when used.

Generally, inventories of University System Funds are valued at the lower of cost or fair market value. Cost is generally determined on the first in/first out, or moving weighted average method. Inventories consist of food, books, and other merchandise held for resale in auxiliaries and unrestricted physical plant supplies.

Prepaid items reflect payments for costs applicable to future accounting periods. The cost of governmental prepaid items are recorded as expenditures when purchased.

Other government fund inventories and prepaid items are reflected as a reservation of fund balance on the balance sheet.

## J. BOND PREMIUMS / DISCOUNTS

In the governmental funds, bond discounts and premiums are treated as period costs in the year of issue. Bond discounts and premiums are shown as an "other financing source (use)" in the statement of revenues, expenses and changes in fund balance.

In the proprietary funds, bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest method. The unamortized discount is shown on the statement of net position as a reduction of the bonds payable, and the amortization is included in the statement of revenues, expenses and changes in fund balance as interest expense.

#### K. CAPITAL ASSETS

Capital assets, which include land, buildings, equipment, intangibles (software, easements and other), construction in progress and infrastructure assets, are valued at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value on the date of donation. Where necessary, estimates of original cost are derived by factoring price levels from the current period to the time of acquisition. Library books are not capitalized as capital assets except for the University System.

All other capital assets with an original cost of \$5,000 or more per unit and an estimated useful life in excess of one year are capitalized and reported in the applicable government or business-type activities columns in the government-wide financial statements. Exceptions include: infrastructure reported by the Department of Transportation, the threshold is \$100,000 and intangible assets such as easements, water rights, patents and trademarks, the threshold is \$25,000. Capital asset costs include the purchase price or construction cost, plus the costs necessary to place the asset in its intended location and condition for use. In governmental activities, interest costs on self-constructed assets are not capitalized. In business-type activities, interest costs (if material) on self-constructed assets are also included in the cost. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. Normal maintenance and repair costs that do not materially add to the value or extend the life of the asset are not capitalized.

Collections of works of art and historical treasures are not capitalized if the following three criteria are met: (1) Held for public exhibition, education, or research in furtherance of public service, rather than financial gain; (2) Protected, kept unencumbered, cared for, and preserved; (3) Subject to organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections. The State's non-capitalized collections include the historical artifacts at the various state museums and historical sites, and monuments and other art throughout the capital grounds. Assets that do not meet all three criteria, or that were capitalized as of June 30, 1999, are capitalized and included in the government-wide financial statements.

Infrastructure consists of major statewide public systems and items attached thereto such as freeways, freeway lighting systems, freeway drainage systems, freeway signs, bridges, bridge lighting systems, and sewer systems, including those infrastructure assets acquired prior to June 30, 1980. Infrastructure is reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Department of Transportation uses the first-in first-out method to remove the capitalized cost of a replaced road along with corresponding accumulated depreciation.

Capital assets in Governmental Funds are recorded as expenditures in the funds used to acquire or construct them in the governmental fund financial statements. Capital assets, along with accumulated depreciation and depreciation expense, which includes amortization of intangible assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

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:

| Assets                                | Years |
|---------------------------------------|-------|
| Buildings                             | 10-50 |
| Infrastructure                        | 10-50 |
| Furniture, Automobiles, and Equipment | 3-20  |
| Intangibles                           | 3-99  |

## L. DEFERRED OUTFLOWS OF RESOURCES

Deferred outflow of resources represents a consumption of net position by the government that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources are reported in the applicable governmental or business-type activities columns, or in the component units column on the government-wide Statement of Net Position.

## M. LEASE COMMITMENTS

The State leases land, office facilities, office and computer equipment, and other assets. Leases are classified according to GASB 62. Many of these leases have fiscal funding clauses; however, these clauses have no effect on classifying these leases for accounting purposes. Leases which represent acquisitions are classified as capital leases, and the related assets and liabilities are recorded in the financial statements at the inception of the lease. Other leases are classified as operating leases with the lease payments recorded as expenditures or expenses during the life of the lease.

#### N. FEDERAL FUNDS PURCHASED

Federal Funds Purchased represent federal funds borrowed by the Bank of North Dakota from member banks generally on an overnight basis at the federal funds rate.

## O. CLAIMS/JUDGMENTS PAYABLE

Claims/Judgments Payable is primarily Workers Compensation Claims Incurred But Not Yet Reported (IBNR) by the claimants as well as claims related to various litigation matters.

#### P. COMPENSATED ABSENCES

## **ANNUAL LEAVE**

State employees accrue vested annual leave at a variable rate based on years of service. Teachers employed by the State do not receive annual leave. In general, accrued annual leave cannot exceed 30 days at each year end, as set by the agency. The amount of annual leave earned ranges between one and two days per month, and is fixed by the employing unit per section 54-06-14 of the NDCC.

The governmental fund financial statements recognize annual leave when the liability is incurred and payable from available expendable resources. This normally occurs only if an employee has unused reimbursable leave still outstanding at the time of their termination. The government-wide financial statements present the cost of accumulated annual leave as a liability. Proprietary and Fiduciary Funds recognize the expense and accrued liability when the annual leave is earned.

## SICK LEAVE

The North Dakota Century Code, section 54-06-14, states employees accrue sick leave at the rate of one to a maximum of one and one-half working days per month of employment without limitation on the amount that can be accumulated. Employees vest at ten years of creditable service, at which time the State is liable for ten percent of the employee's accumulated unused sick leave. The governmental fund financial statements recognize sick leave as it is incurred. The government-wide financial statements present the estimated cost of sick leave as a liability after an employee has been employed by the State for five consecutive years.

#### Q. DEPOSITS

The following two liability line items are presented in the Government-wide Statement of Net Position and/or fund financial statements:

**Deposits Held For Other Funds.** "Deposits Held for Other Funds" are those deposits held by the Bank of North Dakota for other funds included in the reporting entity and shown on the fund financial statements. For purposes of the Government-wide Statement of Net Position, these amounts have been reclassified to internal balances.

**Other Deposits.** "Other Deposits" are those deposits held by the Bank of North Dakota for non-reporting entity third parties. It also includes deposits held for students of the University System.

Differences on the fund balance sheets between the liability "Deposits Held for Other Funds" and the assets "Cash Deposits and Investments at the Bank of North Dakota" are attributable to timing differences resulting from the Bank of North Dakota having a different accounting year end than many other state agencies.

#### R. NET PENSION LIABILITY

For purposes of measuring the net pension liability and deferred outflows/inflows related to pension, and pension expense, information about the fiduciary net position of the North Dakota Public Employee Retirement System (PERS), North Dakota Highway Patrolmen's Retirement System (NDHPRS), Retirement Plan for the Employees of Job Service North Dakota (JSND) and North Dakota Teachers' Fund for Retirement (TFFR) and additions to / deductions from PERS, NDHPRS, JSND and TFFR's fiduciary net position have been determined on the same basis as they are reported for PERS, NDHPRS, JSND and TFFR. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The primary government's proportionate share of pension amounts were further reallocated to the propriety funds (business-type activities) based on the amount of employer contributions paid by each proprietary fund. Pension investments are reported at fair value.

#### S. NET OTHER POST EMPLOYMENT BENEFITS LIABILITY

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Job Service North Dakota engaged an actuary to determine the net OPEB liability, deferred outflows of resources and deferred inflow of resources related to OPEB and OPEB expense for its Met Life Insurance Benefit plan.

## T. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported in the applicable governmental or business-type activities columns or in the component units column on the government-wide Statement of Net Position. Deferred inflows of resources of governmental funds, proprietary fund, and discrete component units are reported in detail in their respective fund statements.

## U. NET POSITION/FUND BALANCE

The difference between fund assets and liabilities is "Net Position" on the government-wide, proprietary, and fiduciary fund statements, and "Fund Balance" on governmental fund statements.

## **CLASSIFICATIONS**

Fund balance classifications for governmental funds are reported in two general classifications, nonspendable and spendable. Nonspendable represents the portion of fund balance that is not in spendable form such as inventories and prepaids. Spendable fund balance is further categorized as restricted, committed, assigned, and unassigned.

The <u>restricted fund balance</u> 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 <u>committed fund balance</u> 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.

<u>Unassigned fund balance</u> is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification would only be used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The State generally segregates restricted, committed, and assigned resources by individual funds within the governmental funds. When resources meeting more than one of these classifications are comingled within an individual fund, the assumed order of spending is restricted first, committed second, assigned third, and finally, unassigned.

#### **BUDGET STABILIZATION FUND**

North Dakota Century Code (NDCC) section 54-27.2-02 requires any amount in the state general fund in excess of sixty-five million dollars at the end of any biennium to be deposited in the Budget Stabilization Fund. Any interest or earnings of the fund must be deposited in the fund per NDCC section 54-27.2-01. However, any amounts provided by law for deposit in the fund and any interest or earning of the fund which would bring the balance in the fund to an amount greater than fifteen percent of the current biennial state general fund budget, as finally approved by the most recently adjourned special or regular session of the legislative assembly, may not be deposited or retained in the fund but must be deposited instead in the state general fund.

NDCC section 54-27.2-03 states that if general fund revenue projections for the biennium will be at least two and one-half percent less than estimated by the most recently adjourned special or regular session of the legislative assembly, and if the governor orders a transfer, which must be reported to the budget section of the legislative management, the state treasurer shall transfer the appropriate funds from the budget stabilization fund to the state general fund to offset the decrease in general fund revenues. The amount transferred upon order of the governor may not exceed the difference between an amount two and on-half percent below the general fund revenue projections for the biennium. The Budget Stabilization Fund, fund balance at June 30, 2020 was \$726,903,611.

#### V. REVENUES AND EXPENDITURES/EXPENSES

In the Government-wide Statement of Activities, revenues and expenses are segregated by activity (governmental or business-type), then further by function for governmental activities (e.g., general government, education, health and human services, etc.). Additionally, revenues are classified between program and general revenues. Program revenues include 1) charges to customers or applicants for goods or services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as program revenue. General revenues include all taxes and money from tobacco settlements. Certain indirect costs are included in the program expenses reported for individual functions.

In the government-wide financial statements, revenues are reported by source and are further classified as either "general purpose" or "restricted". General purpose revenues are available to fund any activity accounted for in the fund. Restricted revenues are, either by State law or by outside restriction (e.g., federal grants), available only for specified purposes. When both general purpose and restricted funds are available for use, it is the State's policy to use restricted resources first. In the governmental fund financial statements, expenditures are reported by character: "Current," "Intergovernmental-revenue Sharing," "Capital Outlay," or "Debt Service." Current expenditures are sub-classified by function and are for items such as salaries, grants, supplies, and services.

Capital outlay includes expenditures for real property or infrastructure (e.g., highways). Intergovernmental-revenue sharing accounts for the distribution of certain tax revenues that are shared with local units based upon constitutional and statutory requirements. Debt service includes both interest and principal outlays related to bonds and payments on capitalized leases.

Revenues and expenses of proprietary funds are classified as operating or nonoperating and are sub classified by object (e.g., salaries, depreciation, and purchases for resale). Operating revenues consist of sales of goods and services, quasi-external operating transactions with other funds, grant revenues for specific activities that are considered to be operating activities of the grantor, receipts from other agencies for reimbursement of operating transactions, and other miscellaneous revenue that should be classified as operating. Grants that would qualify as an operating activity are those that do not subsidize an existing program, rather they finance a program the agency would otherwise not undertake. For certain loan and investment programs, revenue that would normally be classified as non-operating should be classified as operating. Examples of this would include interest and investment income. All other revenues that do not meet the above criteria should be classified as non-operating.

#### W. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## **NOTE 2 - RESTATEMENTS**

The changes to beginning net position are summarized in the following table (expressed in thousands):

|   |    | vernment-wide<br>ov't Activities | onent Units<br>SB Based) | Component Units (FASB Based) State Historical Society Foundation |       |  |
|---|----|----------------------------------|--------------------------|--|-------|--|
| June 30, 2019, net position, as previously reported | \$ | 20,612,163                       | \$<br>549,583            | \$   | -     |  |
| Prior period adjustments:                           |    |                                  |                          |  |       |  |
| Correction of Errors                                |    | (1,092)                          | <br>(1,079)              |  | 1,079 |  |
| June 30, 2019, net position, as restated            | \$ | 20,611,071                       | \$<br>548,504            | \$   | 1,079 |  |

## A. CORRECTION OF ERRORS

The beginning net position of the Government-wide governmental activities were restated due to an overstatement of construction in progress of \$1.092 million. The Component Units (GASB Based) net position was reduced \$1.079 million to reclassify the State Historical Society of North Dakota Foundation from the GASB component units to the FASB component units statements, as the Foundation is accounted for under the FASB basis.

## NOTE 3 - DETAILED NOTES ON ACCOUNT BALANCES

## A. DEPOSITS

## **CUSTODIAL CREDIT RISK**

The State minimizes custodial credit risk by restrictions set forth in state statute. Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, the State would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties.

State law generally requires that all State funds be deposited in the Bank of North Dakota. NDCC 21-04-01 provides that public funds belonging to or in the custody of the State shall be deposited in the Bank of North Dakota. Also, NDCC 6-09-07 states, "all state funds . . . must be deposited in the Bank of North Dakota" or must be deposited in accordance with constitutional and statutory provisions. The State does not have a formal policy that addresses custodial credit risk for deposits.

At June 30, 2020, the bank balance of the primary government's deposits was \$444,521,116. Of the bank amount, \$196,738,000 was uncollateralized and uninsured.

There were significant concentrations of uninsured and uncollateralized deposits in the Bank of North Dakota and University System at June 30, 2020. Their uninsured and uncollateralized deposits totaled \$196.7 million and \$789 thousand, and their bank deposits totaled \$198.3 million and \$18.3 million, respectively.

At June 30, 2020, the bank balance of the major component units' deposits was \$104,790,495. Of the bank amount, \$103,233,156 was uncollateralized and uninsured.

The internal receivable amount in the governmental activities column in the Statement of Net Position includes Cash and Investments at the Bank of North Dakota for governmental activities. The internal payable amount in the business-type activities column includes deposits the Bank has for governmental activities. Because the Bank has a different fiscal year end, these internal balances do not equal.

## 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:

State Investment Board (SIB) – NDCC 21-10 designates the SIB with investment responsibilities for the Public Employees' Retirement System, Bonding Fund, Teachers' Fund for Retirement, Fire and Tornado Fund, Workforce Safety & Insurance Fund, and other specific funds. The Century Code states the SIB shall apply the prudent investor rule in investing funds under its supervision. The retirement funds belonging to the teachers' fund for retirement and the public employees' retirement system must be invested exclusively for the benefit of their members and in accordance with the respective funds' investment goals and objectives.

The State Investment Board's investment policy allows investment managers to use derivative securities to hedge or replicate underlying exposures but not for speculation. All derivatives are considered investment derivative investments. The SIB had four types of derivative securities at June 30, 2020: futures, options, swaps and currency forwards.

- North Dakota Department of Trust Lands The Century Code states that the Department of Trust Lands shall apply
  the prudent investor rule in investing its funds. The investment policies of the Board allow the use of derivative
  securities to hedge or replicate underlying exposures but not for speculation. All derivatives are considered
  investment derivative investments.
- 3. The Bank of North Dakota NDCC 6-09 authorizes the Bank of North Dakota. The Bank is owned and operated by the State of North Dakota under the supervision of the North Dakota Industrial Commission. The Bank may have investments in anything that any bank lawfully may do, except what is restricted by NDCC 6-09.
- 4. The North Dakota State Treasurer's Office The North Dakota Constitution and various sections of the Century Code authorize the State Treasurer to invest all State funds deposited with the State Treasury. However, the State Treasurer must invest the public funds with the Bank of North Dakota unless there is statutory authority to do otherwise. Generally, the State Treasurer pools deposits and invests in money market accounts and Bank of North Dakota certificates of deposit.
- 5. University System NDCC 15-55-05 and 15-55-06 govern the investment of proceeds of revenue bonds and revenues pledged to bondholders. Such proceeds must be invested in the Bank of North Dakota, in a separate fund in the State Treasury or in a duly authorized depository for the state funds that is a member of the federal deposit insurance corporation. The University System may invest such funds in direct obligation of, or in obligations where the United States of America guarantees the principal and interest, or obligations of the State of North Dakota or any municipality as defined in NDCC Section 21-03-01.

Agency investments, of the primary government, under management of the State Investment Board are included below with the Pension and Investment Trust funds.

#### **INTEREST RATE RISK**

Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rates. The State does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates. However, North Dakota Housing Finance's respective bond resolutions permit only investments that will not adversely affect the rating quality of the outstanding bonds. Also, the maturity date or the date on which such investment obligations may be redeemed shall coincide as nearly as practicable with the date or dates on which moneys in the funds or accounts for which the investments were made will be required. The Bank of North Dakota's investment policy provides for a duration range of one to four years, which will serve to decrease interest rate risk.

At June 30, 2020, the following tables show the debt securities of the primary government and major component units by investment type and maturity (expressed in thousands).

## **Primary Government (includes Pension and Investment Trust Funds)**

| Investment Type               | Total Fair<br>Value |            |    |         | 1 - 6 Years |           | 6 - 10 Years |           | More Than<br>10 Years |           |
|-------------------------------|---------------------|------------|----|---------|-------------|-----------|--------------|-----------|-----------------------|-----------|
| Asset Backed Securities       | \$                  | 589,018    | \$ | 104     | \$          | 122,916   | \$           | 224,913   | \$                    | 241,085   |
| Collateralized Bonds          |                     | 4,629      |    | -       |             | -         |              | 217       |                       | 4,412     |
| Commercial Mortgage-Backed    |                     | 1,469,713  |    | 2,588   |             | 1,147,870 |              | 9,476     |                       | 309,779   |
| Commercial Paper              |                     | 33,978     |    | 33,978  |             | -         |              | -         |                       | -         |
| Corporate Bonds               |                     | 2,594,421  |    | 77,669  |             | 1,506,387 |              | 519,710   |                       | 490,655   |
| Corporate Convertible Bonds   |                     | 10,372     |    | -       |             | 4,709     |              | 1,825     |                       | 3,838     |
| Government Agencies           |                     | 1,325,176  |    | 2,104   |             | 1,123,729 |              | 14,240    |                       | 185,103   |
| Government Bonds              |                     | 744,158    |    | 8,206   |             | 225,629   |              | 260,951   |                       | 249,372   |
| Government Issued CMB         |                     | 62,317     |    | -       |             | 7,526     |              | 36,243    |                       | 18,548    |
| Government Mortgage-Backed    |                     | 1,038,933  |    | 6       |             | 6,682     |              | 40,851    |                       | 991,394   |
| Index-Linked Government Bonds |                     | 741,322    |    | -       |             | 273,179   |              | 235,025   |                       | 233,118   |
| Municipal/Provincial Bonds    |                     | 74,929     |    | 3,299   |             | 39,190    |              | 6,448     |                       | 25,992    |
| Non-Government-Backed CMOs    |                     | 154,304    |    | -       |             | 2,745     |              | 7,555     |                       | 144,004   |
| Short Term Bills and Notes    |                     | 83,048     |    | 83,048  |             | -         |              | -         |                       | -         |
| Pooled Investments            |                     | 1,562,242  |    | 27,553  |             | 1,029,329 |              | 253,684   |                       | 251,676   |
| Total Debt Securities         | \$                  | 10,488,560 | \$ | 238,555 | \$          | 5,489,891 | \$           | 1,611,138 | \$                    | 3,148,976 |

## **Major Component Units**

| Investment Type            | Total Fair<br>Investment Type Value |        | Le | Less Than<br>1 Year |    | 1 - 6 Years |    | 6 - 10 Years |    | More Than<br>10 Years |  |
|----------------------------|-------------------------------------|--------|----|---------------------|----|-------------|----|--------------|----|-----------------------|--|
| Commercial Paper           | \$                                  | 4.799  | \$ | 4.799               | \$ | _           | \$ | _            | \$ | _                     |  |
| Corporate Notes            | ,                                   | 17,868 | ,  | 13,321              | ·  | 4,547       | •  | _            | ·  | _                     |  |
| Government Agencies        |                                     | 8,445  |    | 4,871               |    | 3,574       |    | -            |    | -                     |  |
| Government Bonds           |                                     | 30,239 |    | 15,614              |    | 14,625      |    | -            |    | -                     |  |
| Short Term Bills and Notes |                                     | 11,916 |    | 11,916              |    | _           |    |              |    | -                     |  |
| Total Debt Securities      | \$                                  | 73,267 | \$ | 50,521              | \$ | 22,746      | \$ | _            | \$ | -                     |  |

The fair values of inflation indexed bonds are reflected in the tables above, based on their stated maturity dates. The principal balances of these bonds are adjusted every six months based on the inflation index for that period.

Some investments are more sensitive to interest rate changes than others. Variable and floating rate collateralized mortgage obligations (CMO's), asset-backed securities (ABS), interest-only and principal-only securities are examples of investments whose fair values may be highly sensitive to interest rate changes.

Interest-only (IO) and principal-only (PO) strips are transactions which involve the separation of the interest and principal components of a security. They are highly sensitive to prepayments by mortgagors, which may result from a decline in interest rates. The State held no PO's and held IOs valued at \$24.4 million. The State has no policy regarding IO or PO strips.

## **CONCENTRATION OF CREDIT RISK**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The State does not have an investment policy that specifically addresses concentrations of credit risk in a single issuer, however the Bank of North Dakota has established asset allocation ranges for investments as a percentage of their total portfolio.

The Bank of North Dakota had the following concentrations at June 30, 2020 (expressed in thousands):

|                               | <br>Amount      | Percent |
|-------------------------------|-----------------|---------|
| Federal Agency                |                 |         |
| Federal Home Loan Bank        | \$<br>244,471   | 12.3%   |
| Small Business Administration | 221,472         | 11.2%   |
| Farm Credit                   | 346,450         | 17.5%   |
| Freddie Mac                   | 30,079          | 1.5%    |
| Fannie Mae                    | 65,192          | 3.3%    |
| Mortgage-backed               |                 |         |
| Fannie Mae                    | 626,574         | 31.6%   |
| Freddie Mac                   | 391,742         | 19.8%   |
| Others less than 5%           | <br>56,487      | 2.8%    |
|                               |                 |         |
|                               | \$<br>1,982,467 | 100.0%  |

## **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.

As of June 30, 2020, the following tables present the debt securities of the primary government and major component units and their respective ratings (expressed in thousands).

## Primary Government (includes Pension and Investment Trust Funds) S&P Credit Rating\*

|                                      | Total<br>Fair Value | AAA                   | AA          | Α           | BBB         | BB                  | В         | CCC              | CC      | С       | D       | Not<br>Rated |
|--------------------------------------|---------------------|-----------------------|-------------|-------------|-------------|---------------------|-----------|------------------|---------|---------|---------|--------------|
| Asset Backed<br>Securities           | \$589,018           | \$304,991             | \$63,388    | \$44,998    | \$53,475    | \$7,508             | \$1,424   | \$6,123          | \$1,707 | \$ - \$ | \$1,102 | \$104,302    |
| Collateralized<br>Bonds              | 4,629               | 2,633                 | -           | -           | -           | -                   | -         | -                | -       | -       | -       | 1,996        |
| Commercial<br>Mortgage-Backed        | 1,342,022           | 1,249,542             | 7,606       | 9,032       | 7,509       | 3,243               | 4,082     | 1,685            | -       | -       | -       | 59,323       |
| Commercial<br>Paper                  | 33,978              | -                     | -           | -           | -           | -                   | -         | -                | -       | -       | -       | 33,978       |
| Corporate Bonds                      | 2,594,484           | 17,276                | 142,871     | 827,216     | 1,271,177   | 217,674             | 74,559    | 27,311           | 286     | 1,105   | 485     | 14,524       |
| Corporate<br>Convertible Bonds       | 10,372              | -                     | -           | 175         | 915         | 2,635               | 923       | 2,639            | -       | -       | 20      | 3,065        |
| Government<br>Agencies               | 1,126,216           | 964,702               | 134,804     | 9,712       | 15,581      | -                   | -         | 1,417            | -       | -       | -       | -            |
| Government<br>Bonds                  | 138,680             | 2,479                 | 10,350      | 1,725       | 61,137      | 34,417              | 10,249    | -                | 3,286   | -       | 921     | 14,116       |
| Government<br>Mortgage Backed        | 728,275             | -                     | 711,156     | 1,023       | 5,240       | -                   | 8,463     | -                | -       | -       | -       | 2,393        |
| Government<br>Issued CMB             | 46,648              | 2,044                 | 44,604      | -           | -           | -                   | -         | -                | -       | -       | -       | -            |
| Municipal/<br>Provincial Bonds       | 73,940              | 8,156                 | 34,144      | 18,328      | 4,206       | 1,866               | -         | -                | 481     | -       | 634     | 6,125        |
| Non-Government<br>Backed CMOs        | 154,305             | 39,374                | 10,663      | 15,644      | 16,227      | 2,154               | 2,049     | 1,991            | 1,168   | -       | 152     | 64,883       |
| Short-Term<br>Investment Funds       | 186,988             | -                     | 6,098       | -           | -           | -                   | -         | -                | -       | -       | -       | 180,890      |
| Pooled<br>Investments                | 1,781,834           | 380,144               | 247,731     | 656,131     | 116,280     | 18,038              | 26,709    |                  |         |         |         | 336,801      |
| Total Credit Risk<br>Debt Securities | 8,811,389           | \$2,971,341 <u>\$</u> | \$1,413,415 | \$1,583,984 | \$1,551,747 | \$287,535 <u>\$</u> | \$128,458 | \$41,16 <u>6</u> | \$6,928 | \$1,105 | \$3,314 | \$822,396    |
| US Gov't &<br>Agencies**             | 1,627,559           |                       |             |             |             |                     |           |                  |         |         |         |              |
| Mutual Funds                         | 230,607             |                       |             |             |             |                     |           |                  |         |         |         |              |
| Total Debt<br>Securities             | \$10,669,555        |                       |             |             |             |                     |           |                  |         |         |         |              |

**Major Component Units** 

|   | Fa | Total<br>iir Value                 | AA                        | А                                 | BBB                     |
|---|----|------------------------------------|---------------------------|-----------------------------------|-------------------------|
| Commercial Paper Short Term Bills & Notes Government Agencies Corporate Notes | \$ | 4,799<br>11,916<br>8,445<br>17,868 | \$ -<br>-<br>8,445<br>631 | \$ 4,799<br>11,916<br>-<br>14,148 | \$ -<br>-<br>-<br>3,089 |
| Total Credit Risk Debt Securities   |    | 43,028                             | \$ 9,076                  | \$ 30,863                         | \$ 3,089                |
| US Gov't & Agencies   |    | 30,239                             |                           |                                   |                         |
| Total Debt Securities   | \$ | 73,267                             |                           |                                   |                         |

<sup>\*</sup>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.

#### 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.

<sup>\*\*</sup>US government agency securities explicitly guaranteed by the US government are categorized here. Credit ratings of US government agency securities that are only implicitly guaranteed by the US government are categorized accordingly in the main body of this table. Implicitly guaranteed agency securities included in the Asset Backed, Commercial Mortgage Backed, Gov't Issued Commercial & Gov't Mortgage Backed, Gov't Agencies, Gov't Bonds, Index Linked Gov't Bonds and Short Term Bills and Notes categories are issued by FNMA, FHLB, FHLMC, FAMC and TVA.

At June 30, 2020, foreign currency risk exposure on investments managed by the Department of Trust Lands and State Investment Board were as follows (expressed in thousands).

## **Primary Government (includes Pension and Investment Trust Funds)**

| Currency                                  | Short-Term | <u> </u>   | De   | ebt     |    | Equity    | Rea | al Estate |      | Total     |
|---|------------|------------|------|---------|----|-----------|-----|-----------|------|-----------|
| Argentine peso                            | \$ 20      | 5          | \$   | 416     | \$ | -         | \$  | -         | \$   | 621       |
| Australian dollar                         | (45        | 3)         |      | 1,223   |    | 111,338   |     | -         |      | 112,108   |
| Brazilian real                            | 45         | 8          |      | 6,357   |    | 12,581    |     | -         |      | 19,396    |
| British pound sterling                    | (25,31     | 2)         |      | 45,405  |    | 336,997   |     | -         |      | 357,090   |
| Canadian dollar                           | (69)       | ))         |      | 2,269   |    | 91,259    |     | -         |      | 92,838    |
| Chilean peso                              |            | -          |      | 8,666   |    | 791       |     | -         |      | 9,457     |
| Chinese yuan renminbi                     | 27         | 8          |      | -       |    | 5,612     |     | -         |      | 5,890     |
| Columbian peso                            | 45         | 2          |      | 8,022   |    | 219       |     | -         |      | 8,693     |
| Czech koruna                              |            | -          |      | 7,109   |    | 716       |     | -         |      | 7,825     |
| Danish krone                              | 6          | 4          |      | -       |    | 87,564    |     | -         |      | 87,628    |
| Egyptian pound                            |            | -          |      | -       |    | 67        |     | -         |      | 67        |
| Euro                                      | (30,13     | 3)         |      | 53,910  |    | 665,166   |     | 613       |      | 689,551   |
| Hong Kong dollar                          | 13         | 8          |      | -       |    | 211,749   |     | -         |      | 212,787   |
| Hungarian forint                          | 24         | 3          |      | 7,127   |    | 2,436     |     | -         |      | 9,806     |
| Indian rupee                              |            | -          |      | -       |    | 13,013    |     | -         |      | 13,013    |
| Indonesian rupiah                         | 5          | 5          |      | 394     |    | 7,867     |     | -         |      | 8,316     |
| Israeli shekel                            |            | -          |      | -       |    | 4,453     |     | -         |      | 4,453     |
| Japanese yen                              | 2,61       | 6          |      | -       |    | 473,961   |     | -         |      | 476,577   |
| Kenyan shiling                            |            | -          |      | -       |    | 1,213     |     | -         |      | 1,213     |
| Malaysian ringgit                         | 20         | 3          |      | 8,667   |    | 2,276     |     | -         |      | 11,146    |
| Mexican peso                              | (24        | 1)         |      | 20,270  |    | 5,326     |     | -         |      | 25,572    |
| New Israeli shekel                        |            | -          |      | -       |    | 3,463     |     | -         |      | 3,463     |
| New Taiwan dollar                         | 2          | 3          |      | -       |    | 8,138     |     | -         |      | 8,161     |
| New Zealand dollar                        | 10         | 1          |      | 1,665   |    | 2,126     |     | -         |      | 3,892     |
| Norwegian krone                           | 13         | 3          |      | 128     |    | 15,223    |     | -         |      | 15,484    |
| Peruvian neuvo sol                        |            | -          |      | -       |    | 10        |     | -         |      | 10        |
| Philippine peso                           |            | -          |      | -       |    | 971       |     | -         |      | 971       |
| Polish zloty                              | (4         | 7)         |      | 9,741   |    | 943       |     | -         |      | 10,637    |
| Qatari riyal                              |            | -          |      | -       |    | 86        |     |           |      | 86        |
| Russian ruble                             | (52        | 2)         |      | 2,256   |    | 1,171     |     | -         |      | 3,375     |
| Saudi Arabian riyal                       |            | -          |      | -       |    | 886       |     |           |      | 886       |
| Singapore dollar                          | 27         | 6          |      | -       |    | 17,330    |     | -         |      | 17,606    |
| South African rand                        | 1,09       | 8          |      | 412     |    | 6,235     |     | _         |      | 7,745     |
| South Korean won                          |            | -          |      | 9,078   |    | 28,524    |     | -         |      | 37,602    |
| Swedish krona                             | 3          | 7          |      | -       |    | 100,280   |     | -         |      | 100,317   |
| Swiss franc                               | 1,61       | 8          |      | -       |    | 208,642   |     | -         |      | 210,260   |
| Taiwan dollar                             |            | -          |      | -       |    | 24,638    |     | -         |      | 24,638    |
| Thai baht                                 |            | -          |      | -       |    | 6,401     |     | -         |      | 6,401     |
| Turkish lira                              |            | -          |      | -       |    | 791       |     | -         |      | 791       |
| UAE dirham                                |            | -          |      | _       |    | 57        |     |           |      | 57        |
| International commingled                  |            |            |      |         |    |           |     |           |      |           |
| funds (various currencies)                |            | <u>-</u> . |      |         | _  | 980,048   |     | 35,004    | 1    | ,015,052  |
| Total international investment securities | \$ (47,818 | 3)         | \$ 1 | 193,115 | \$ | 3,440,567 | \$  | 35,617    | \$ 3 | 3,621,481 |

**Derivative Securities** – Derivatives are financial arrangements between two parties whose payments are based on, or "derived" from, the performance of some agreed upon benchmark. The investment policies of the States' clients allow the use of derivative securities to hedge or replicate underlying exposures but not for speculation. All derivatives are considered investment derivative instruments. The fair value of all derivative securities is reported in the Statement of Net Position. At June 30, 2020, the State had four types of derivative securities: futures, options, swaps and currency forwards.

**Futures** – Futures represent commitments to purchase (asset) or sell (liability) securities at a future date and at a specific price. Futures contracts are traded on organized exchanges (exchange traded) thereby minimizing the States' counterparty risk. The net change in the futures contracts' value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included in net change in fair value of investments in the Statement of Changes in Fiduciary Net Position and totaled \$65.4 million for the year ended June 30, 2020. At June 30, 2020, the State investment portfolio had the notional futures shown below (expressed in thousands).

| Futures                                     | Noti | onal Value              |
|---|------|-------------------------|
| Cash and cash equivalent derivative futures | Φ.   |                         |
| Long<br>Short                               | \$   | (258,482)               |
| Equity derivative futures  Long             |      | 1,064,665               |
| Short Fixed income derivative futures       |      | -                       |
| Long  | ,    | 262,374                 |
| Short<br>Total futures                      | \$   | 1,703,654)<br>(635,097) |
|   |      | ( / /                   |

**Options** – Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. Options are traded on organized exchanges (exchange traded) thereby minimizing the States' counterparty credit risk. The option's price is usually a small percentage of the underlying asset's value. As a seller of a financial option, the State, through its investment manager, receives a premium at the beginning of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a buyer of a financial option, the State, through its investment manager, pays a premium at the beginning of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. Gains and losses on options are determined based on fair values and recorded with the net change in fair value of investments in the Statement of Changes in Fiduciary Net Position and totaled \$5.3 million. At June 30, 2020, the State had the following option balances (expressed in thousands):

| Options              | Fair Valu |       |  |  |  |
|----------------------|-----------|-------|--|--|--|
| Cash & Other Options |           |       |  |  |  |
| Call                 | \$        | 201   |  |  |  |
| Put                  |           | 537   |  |  |  |
| Fixed Income Options |           |       |  |  |  |
| Call                 |           | (146) |  |  |  |
| Put                  |           | (70)  |  |  |  |
| Total options        | \$        | 522   |  |  |  |

**Swaps** – A swap is a derivative in which counterparties exchange certain benefits of one party's financial instrument for those of the other party's financial instrument. Specifically, the two counterparties agree to exchange one stream of cash flows for another stream. The State, through its investment managers, has entered into various swap agreements in an attempt to manage its exposure to interest rate, inflation, credit, currency risk and total return.

Gains and losses on swaps are determined based on fair values and are recorded with the net change in fair value of investments in the Statement of Changes in Fiduciary Net Position and totaled \$(22.5) million for the year ended June 30, 2020. The maximum loss that would be recognized at June 30, 2020, if all counterparties failed to perform as contracted is \$3.0 million. Swap fair values are determined by a third party pricing source.

At June 30, 2020, 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  | Fai        | ir Value   |
|---|-----------------|---|--|------------|--|
| Bank of America / Aa2 (5 contracts) Citibank / Aa3 (34 contracts) Citigroup Global Markets / A1 (2 contracts) Credit Suisse First Boston / A1 (9 contracts) Deutsche Bank / A3 (2 contracts) Goldman Sachs / A3 (4 contracts) JP Morgan Chase / Aa2 (4 contracts) Morgan Stanley / A3 (5 contracts) | \$              | (3,730)<br>3,715<br>(400)<br>(3,675)<br>2,000<br>(1,700)<br>(25,515)<br>2,555 | 2021 - 2025<br>2020 - 2024<br>2024<br>2020 - 2024<br>2059<br>2023 - 2024<br>2025 - 2029<br>2024 - 2025 | \$<br>     | (71)<br>(262)<br>(9)<br>(114)<br>(15)<br>(55)<br>852<br>(35) |
| Total credit default swaps  | \$              | (26,750)  |  | <u> </u>   | 291  |
| Interest Rate Swaps   |                 |   |  |            |  |
| Counterparty/Moody's Rating   | Notional Amount |   | Expiration Date<br>Range   | Fair Value |  |
| Citigroup Global Markets / A1 (16 contracts) Credit Suisse First Boston / A1 (22 contracts) JP Morgan Chase / Aa2 (100 contracts)   | \$              | 112,251<br>185,220<br>367,049   | 2020 - 2050<br>2020 - 2050<br>2020 - 2045  | \$         | 443<br>714<br>4,871  |
| Total Interest Rate Swaps   | \$              | 664,520   |  | \$         | 6,028  |
| Total Return Swaps  Counterparty/Moody's Rating   | Notic           | onal Amount   | Expiration Date  | Fa         | ir Value   |
|   |                 |   | -  |            |  |
| Credit Suisse International / A1 (2 contracts)  | \$              | 2,764   | 2041   | \$         | 2  |
| Total Return Swaps  | \$              | 2,764   |  | \$         | 2  |

Currency Forwards – Currency forwards represent forward exchange contracts that are entered into in order to manage the exposure to changes in currency exchange rates on the currency denominated portfolio holdings. A forward exchange contract is a commitment to purchase (positive) or sell (negative) a currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in the net change in fair value of investments in the Statement of Changes in Fiduciary Net Position and totaled \$2.0 million. At June 30, 2020, the States' investment portfolio included the currency forwards balances shown below (expressed in thousands).

| Currency                                | <br>Cost    | _Pι | ırchases | Sales |           | F  | air Value |
|---|-------------|-----|----------|-------|-----------|----|-----------|
| Australian dollar                       | \$<br>(722) | \$  | -        | \$    | (722)     | \$ | (737)     |
| Brazilian real                          | 2           |     | 20       |       | (18)      |    | (2)       |
| British pound sterling                  | (39,156)    |     | 4,970    |       | (44,126)  |    | (39,408)  |
| Canadian dollar                         | (569)       |     | -        |       | (569)     |    | (579)     |
| Columbian peso                          | 174         |     | 174      |       | -         |    | 167       |
| Euro                                    | (59,294)    |     | 41,056   |       | (100,350) |    | (60,502)  |
| Russian ruble                           | (136)       |     | 1,216    |       | (1,352)   |    | (52)      |
| United States dollar                    | 99,701      |     | 147,137  |       | (47,436)  |    | 99,701    |
| Total forwards subject to currency risk |             |     |          |       |           | \$ | (1,412)   |

**Derivative Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the value of an interest rate-based derivative investment. The State does not have a formal investment policy regarding such derivative investments. At June 30, 2020, the tables below show the States' derivative investments subject to interest rate risk (expressed in thousands).

|   |       | Total<br>lotional<br>Value | 3  | Months or<br>Less |     | 3 to 6      | Months      |     | 6 to 12<br>Months |              | 1-5 Yea | ars         | TI | eater<br>han<br>⁄ears      |
|---|-------|----------------------------|----|-------------------|-----|-------------|-------------|-----|-------------------|--------------|---------|-------------|----|----------------------------|
| Futures- interest rate contracts Margined Options - interest rate | \$ (1 | 1,699,762)                 | \$ | (265,954          | ) : | \$ (1,      | 175,326)    | \$  | (86,077)          | \$           | (172,   | 405)        | \$ | -                          |
| contracts   |       | (3)                        |    | (3                | )   |             | -           |     | -                 |              |         |             |    |                            |
| Total   | \$ (1 | 1,699,765)                 | \$ | (265,957          | ) ; | \$ (1,      | 175,326)    | \$  | (86,077)          | \$           | (172,   | 405)        | \$ | -                          |
| Options -   |       | otal Fair<br>Value         |    | lonths<br>Less    |     | o 6<br>nths | 6 to<br>Mor |     | 1-<br><u>Ye</u>   |              |         | -10<br>ears | Т  | eater<br>han<br>10<br>ears |
| Interest rate contracts Options on futures Swaps - interest       | \$    | 731<br>(209)               | \$ | (7)<br>(209)      | \$  | -           | \$          | -   | \$                | -            | \$      | -           | \$ | 738                        |
| rate contracts Swaps - credit contracts                           |       | 6,028<br>291               |    | 7                 |     | (2)         |             | 472 | 5                 | 5,826<br>396 |         | 250<br>(87) |    | (525)<br>(15)              |
| Total   | \$    | 6,841                      | \$ | (209)             | \$  | (5)         | \$          | 472 | \$ 6              | ,222         | \$      | 163         | \$ | 198                        |

Mill and Elevator Derivative Financial Instruments – The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2020, and the changes in fair value of such derivative instruments for the year then ended as reported in the State's financial statements are \$735,025, classified as derivative instrument (one contract equals 5,000 bushels) and \$735,025, classified as deferred inflow of resources – accumulated increase in fair value of hedging derivatives. The fair value of the grain futures contracts was determined on the Minneapolis Grain Exchange. The margin requirement is \$0.60 per bushel, unless the market price changes the limit for two consecutive days, then the margin requirement is \$0.90 per bushel. The Mill has entered into futures contracts for spring wheat to lock in a price for a future delivery or settlement period. These contracts are entered into to protect the Mill against price fluctuation of the commodity. The price protection is needed to cover any long or short positions compared to flour sales. The table below shows the cost and market values of these spring wheat futures as of June 30, 2020.

| Month     | Number of<br>Contracts | Average<br>Cost | Fair Value | Average Cost  | Market Value  |
|-----------|------------------------|-----------------|------------|---------------|---------------|
| Sept 2020 | 275                    | \$ 5.4175       | \$ 5.2025  | \$ 7,450,163  | \$ 7,153,438  |
| Dec 2020  | 319                    | 5.5250          | 5.3350     | 8,816,463     | 8,509,325     |
| Mar 2021  | 130                    | 5.6424          | 5.4700     | 3,686,663     | 3,555,500     |
|           |                        |                 |            | \$ 19,953,289 | \$ 19,218,263 |

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, 2020, the table below shows the hedge ratio by futures month going forward:

| Period       | Hedge Ratio |
|--------------|-------------|
| Sept 2020    | 1.0         |
| Dec 2020     | 1.1         |
| March 2021   | 1.0         |
| Net Position | 1.1         |

#### C. SECURITIES LENDING

The following represents the balances relating to the securities lending transactions at June 30, 2020 (expressed in thousands).

## **Primary Government (includes Pension and Investment Trust Funds)**

| Securities Lent  |    | nderlying<br>ecurities | <br>on-Cash<br>iteral Value | Cash Collateral Investment Value |         |  |
|--|----|------------------------|-----------------------------|----------------------------------|---------|--|
| Lent for cash collateral:  |    |                        |                             |                                  |         |  |
| US agency securities   | \$ | 11,977                 | \$<br>5,954                 | \$                               | 12,222  |  |
| US government securities   |    | 150,111                | 18,498                      |                                  | 153,276 |  |
| US corporate fixed income securities   |    | 38,791                 | -                           |                                  | 39,470  |  |
| US equities  |    | 31,478                 | 2,242                       |                                  | 32,001  |  |
| Global government fixed income securities  |    | 205                    | -                           |                                  | 214     |  |
| Global government securities   |    | 827                    | -                           |                                  | 875     |  |
| Global equities  |    | 29,051                 | 116                         |                                  | 31,010  |  |
| Lent for non-cash collateral: Market value of securities on loan against non-cash collateral |    | 145,780                | 121,679                     |                                  | -       |  |
| Total  | \$ | 408,220                | \$<br>148,489               | \$                               | 269,068 |  |

## D. ENDOWMENT FUNDS

## **UNIVERSITY SYSTEMS**

The endowment funds reported herein are institutional funds under the terms of the gift instrument and are not wholly expendable by the institution, NDCC Section 59-21, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) applies to the investment of endowments governed by a gift instrument. NDUS SBHE policy 810 stipulates endowment funds shall be invested according to the intent of the donor provided such intent is consistent with applicable laws. Absent terms expressing donor intent in a gift instrument, NDUS institution officers initially shall deposit the funds in institution accounts at the Bank of North Dakota. Thereafter, the funds may be invested according to NDCC 59-21. Subject to the intent of the donor, NDUS institution officers are delegated authority to manage and invest these institutional funds as provided by UPMIFA. NDCC Section 59-21-02.5a(7) applies to standard of conduct in the administration of powers to make and retain investments. It states that in managing and investing an institutional fund, the needs of the institution and the fund to make distributions and to preserve capital must be considered. Given the flexibility in NDCC 59-21-02, institutions have differing policies with respect to spending investment income and net appreciation on endowment funds. For UND, distributions for spending endowments each year will be calculated once annually with the quarter ended December 31 unitized market value and is based on the set spending rate, currently four percent, applied to the average market value for the preceding twelve quarter average. All endowment in existence at December 31 for one year will receive a distribution spending allocation. The available amount will be forecast to UND for planning purposes by February 1, and these distributions will be available for spending in the upcoming fiscal year. NDSU determines the spending of endowment earnings based on an annual evaluation. WSC give departments authority to spend all investment income earned on the endowment funds.

Net appreciation on investments are available for expenditure and consist of the following at June 30, 2020:

#### Reflected in net position as:

| North Dakota State University | \$<br>294,201   | Expendable scholarships & fellowships     |
|-------------------------------|-----------------|---|
| University of North Dakota    | 911,679         | Non-expendable scholarships & fellowships |
| Williston State College       | <br>4,217       | Non-expendable scholarships & fellowships |
| Total NDUS                    | \$<br>1,210,097 |   |

Endowment funds reported herein do not include the Federal Land Grant Fund held by the State Department of Trust Lands. The annual proceeds from assets held by the Commissioner of the State Department of Trust Lands and are deposited into each college/university's operating fund at the State Treasury and are used for current operating purposes. Bismarck State College, Lake Region State College and Williston State College do not participate in the proceeds allocated by the State Land Department. Total assets held by the State Land Department and proceeds for the fiscal year ended June 30, 2020 are approximately \$184.6 million and \$7.3 million respectively.

## NORTH DAKOTA STATE FAIR FOUNDATION

The North Dakota State Fair Association Foundation had the following activity in their endowment as of September 30, 2019.

| Beginning endowment     | \$<br>2,155,492 |
|-------------------------|-----------------|
| Endowment contributions | <br>-           |
| Ending endowment        | \$<br>2,155,492 |

## E. RECEIVABLES

Receivables at June 30, 2020, consist of the following (expressed in thousands):

|                            |    |           |    |            |          |    | Other       |    |              |       |         |
|----------------------------|----|-----------|----|------------|----------|----|-------------|----|--------------|-------|---------|
|                            |    |           |    |            |          | G  | overnmental | Ва | ank of North | H     | ousing  |
|                            | _  | General   | _  | Federal    | State    |    | Funds       |    | Dakota       | Fi    | nance   |
| Receivables:               |    |           |    |            |          |    |             |    |              |       |         |
| Accounts                   | \$ | 26,906    | \$ | 48,860 \$  | 117,371  | \$ | 9           | \$ | -            | \$    | 666     |
| Less Allowance             |    | (10,120)  |    | (18,244)   | (36,474) |    | -           |    | -            |       | -       |
| Taxes                      |    | 533,784   |    | -          | 83,515   |    | 108         |    | -            |       | -       |
| Less Allowance             |    | (138,550) |    | -          | (3,263)  |    | -           |    | -            |       | -       |
| Interest                   |    | 29,512    |    | -          | 27,014   |    | 83          |    | 56,672       |       | 5,176   |
| Less Allowance             |    | -         |    | -          | (9,127)  |    | -           |    | -            |       | -       |
| Intergovernmental          |    | 755       |    | 285,351    | 11,085   |    | -           |    | -            |       | 232     |
| Less Allowance             |    | -         |    | -          | -        |    | -           |    | -            |       | -       |
| Current Loans and Notes    |    | -         |    | -          | 12,060   |    | 49,634      |    | 852,400      |       | 30,160  |
| Less Allowance             |    | -         |    | -          | (646)    |    | -           |    | -            |       | -       |
| Noncurrent Loans and Notes |    | 48        |    | 234        | 124,287  |    | -           |    | 3,603,246    | 1,    | 255,924 |
| Less Allowance             |    | -         |    |            |          |    |             |    | (95,690)     |       |         |
| Net Receivables            | \$ | 442,335   | \$ | 316,201 \$ | 325,822  | \$ | 49,834      | \$ | 4,416,628    | \$ 1, | 292,158 |

|                            | niversity<br>System | Workforce<br>Safety &<br>Insurance | E  | Other<br>Enterprise<br>Funds | Se | Internal<br>ervice Funds | Co | Major<br>omponent<br>Units | Total           |
|----------------------------|---------------------|------------------------------------|----|------------------------------|----|--------------------------|----|----------------------------|-----------------|
| Receivables:               |                     |                                    |    |                              |    |                          |    |                            | _               |
| Accounts                   | \$<br>35,819        | \$ 32,197                          | \$ | 119,177                      | \$ | 273                      | \$ | 166                        | \$<br>381,444   |
| Less Allowance             | (7,231)             | (7,000)                            |    | (25,784)                     |    | -                        |    | -                          | (104,853)       |
| Taxes                      | -                   | -                                  |    | -                            |    | -                        |    | -                          | 617,407         |
| Less Allowance             | -                   | -                                  |    | -                            |    | -                        |    | -                          | (141,813)       |
| Interest                   | -                   | 10,554                             |    | 3,429                        |    | 53                       |    | 5,711                      | 138,204         |
| Less Allowance             | -                   | -                                  |    | -                            |    | -                        |    | -                          | (9,127)         |
| Intergovernmental          | 22,259              | -                                  |    | 11,230                       |    | 423                      |    | -                          | 331,335         |
| Less Allowance             | -                   | -                                  |    | -                            |    | -                        |    | -                          | -               |
| Current Loans and Notes    | 6,208               | -                                  |    | 27,789                       |    | -                        |    | 4,606                      | 982,857         |
| Less Allowance             | (807)               | -                                  |    | -                            |    | -                        |    | -                          | (1,453)         |
| Noncurrent Loans and Notes | 20,021              | -                                  |    | 427,173                      |    | -                        |    | 25,677                     | 5,456,610       |
| Less Allowance             | <br>(3,191)         |                                    |    | (9,196)                      |    | -                        |    | (18,713)                   | <br>(126,790)   |
| Net Receivables            | \$<br>73,078        | \$ 35,751                          | \$ | 553,818                      | \$ | 749                      | \$ | 17,447                     | \$<br>7,523,821 |

#### F. REVERSE REPURCHASE AGREEMENTS

State statutes permit the State to enter into reverse repurchase agreements, that is, the sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The fair value of the securities underlying reverse repurchase agreements normally exceeds the cash received, providing the dealers a margin against a decline in fair value of the securities. All sales of investments under these agreements are for fixed terms. In investing the proceeds of these agreements, State policy is for the term to maturity of the investment to be the same as the term of the agreement. Such matching existed at year end. These agreements are secured by Fed book-entry securities held in the State's name. At June 30, 2020, the State had and average daily balance of \$3,000 of repurchase agreements with a 0.00% interest rate and a 3.04% weighted average interest rate paid during the year.

## G. INTERFUND ACCOUNTS AND TRANSFERS

## DUE FROM OTHER FUNDS/DUE TO OTHER FUNDS

Interfund balances at June 30, 2020, consist of the following (expressed in thousands):

| Due To General Fund From: |               |
|---------------------------|---------------|
| Federal Fund              | \$<br>61,866  |
| State Fund                | 18,778        |
| Bank of North Dakota      | 870           |
| Nonmajor Enterprise Funds | 24,888        |
| All Others                | 223           |
| Total Due To General Fund | \$<br>106,625 |

Included in the Nonmajor Enterprise Funds amount is a loan to the Rebuilder's Loan Program for \$15,302,692. This is not expected to be repaid within one year.

| Due To Federal Fund From: |              | Due To State Fund From:   |              |
|---------------------------|--------------|---------------------------|--------------|
| General Fund              | \$<br>5,074  | General Fund              | \$<br>4,170  |
| State Fund                | 24,390       | Federal Fund              | 16,456       |
| All Others                | <br>191      | Internal Service Funds    | 172          |
| Total Due To Federal Fund | \$<br>29,655 | Nonmajor Enterprise Funds | 634          |
|                           |              | All Others                | <br>231      |
|                           |              | Total Due To State Fund   | \$<br>21,663 |

| Due To Internal Service Funds From: |              | Due To Bank of North Dakota From: |              |
|-------------------------------------|--------------|-----------------------------------|--------------|
| General Fund                        | \$<br>4,389  | State Fund                        | \$<br>13,752 |
| State Fund                          | 5,080        | Nonmajor Enterprise Funds         | 56,223       |
| University System                   | 987          | University System                 | 2,231        |
| Federal Fund                        | 1,098        | All Others                        | <br>5        |
| All Others                          | <br>387      | Total Due To Bank of North Dakota | \$<br>72,211 |
|                                     | \$<br>11,941 |                                   |              |

Included in the Nonmajor Enterprise Funds amount is a loan to the Rebuilder's Loan Program for \$9,324,000, of which \$7,555,000 is not expected to be repaid within one year.

| Due To University System From: |              |
|--------------------------------|--------------|
| General Fund                   | \$<br>17,324 |
| Federal Fund                   | 4,206        |
| State Fund                     | 5,354        |
| Bank of North Dakota           | 1,021        |
| Building Authority             | 3,278        |
| All Others                     | 69           |
| Total Due To University System | \$<br>31,252 |
| Due To All Other Funds From:   |              |
| All Other                      | \$<br>83,408 |

Included in this category are all other enterprise funds and fiduciary funds.

These balances are a result of a time lag between the dates that (1) services are provided and goods received or reimbursable expenditures occur, (2) the payments are made, (3) the transactions are entered into the accounting system, and (4) because of transactions occurring between funds with a fiscal year other than June 30, 2020.

A reconciliation of Due From's and Due To's is presented below (expressed in thousands):

| Due From's                         |         | \$<br>356,755 |
|------------------------------------|---------|---------------|
| General Fund/Bank of ND            | 159     |               |
| Bank of ND/ Mill and Elevator      | 1,135   |               |
| Bank of ND/Rebuilder's Loan        | (2,972) |               |
| Bank of ND/University System       | (1,077) |               |
| Bank of ND/Guaranteed Student Loan | 1,092   |               |
| Governmental Agencies/Bank of ND   | 2,126   |               |
| Bank of ND/Enterprise Funds        | 2,079   |               |
| Total Differences                  | _       | 2,542         |
| Due To's                           |         | \$<br>359,297 |

The previous table represents timing differences between agencies as a result of different fiscal year ends. Those agencies with a different fiscal year end include: Bank of North Dakota and the following Nonmajor Enterprise Funds: Guaranteed Student Loan, Beginning Farmer Revolving Loan and Community Water Facility Loan, all of which have a December year end and State Fair, which has a September year end.

#### **INTERFUND TRANSFERS**

A summary of interfund transfers for the fiscal year ended June 30, 2020, follows (expressed in thousands):

|                    | General   |           | Special<br>Revenue<br>State | Non-major<br>Governmental | Bank of<br>North<br>Dakota | Housing<br>Finance | University<br>System | Workforce<br>Safety &<br>Insurance | Non-major<br>Enterprise | Total       |
|--------------------|-----------|-----------|-----------------------------|---------------------------|----------------------------|--------------------|----------------------|------------------------------------|-------------------------|-------------|
| Transfers Out      |           |           |                             |                           |                            |                    |                      |                                    |                         |             |
| General            | \$ -      | \$ 263 \$ | 10,883                      | \$ 1,800                  | \$ -                       | \$ -               | \$ 399,511           | \$ -                               | \$ 271                  | \$ 412,728  |
| Special            |           |           |                             |                           |                            |                    |                      |                                    |                         |             |
| Revenue -          | E 400     |           | 40.005                      | 200                       |                            |                    | 074                  | 404                                |                         | 40.524      |
| Federal<br>Special | 5,128     | -         | 43,285                      | 286                       | -                          | -                  | 671                  | 161                                | -                       | 49,531      |
| Revenue –          |           |           |                             |                           |                            |                    |                      |                                    |                         |             |
| State              | 398,290   | 7         | -                           | 1,184                     | -                          | 9                  | 19,512               | -                                  | 120,138                 | 539,140     |
| Non-major          |           |           |                             | •                         |                            |                    |                      |                                    | •                       | ,           |
| Governmental       | 1,082     | -         | 1,084                       | -                         | -                          | -                  | -                    | -                                  | -                       | 2,166       |
| Bank of North      | 05.000    |           | 40.750                      |                           |                            |                    | 000                  |                                    | 40.000                  | 0.4.750     |
| Dakota             | 35,000    | -         | 16,753                      | -                         | -                          | -                  | 200                  | -                                  | 12,800                  | 64,753      |
| Housing<br>Finance | _         | _         | 44                          | _                         | _                          | _                  | _                    | _                                  | _                       | 44          |
| University         |           |           |                             |                           |                            |                    |                      |                                    |                         |             |
| System             | -         | -         | -                           | 2,940                     | -                          | -                  | -                    | -                                  | 85                      | 3,025       |
| Non-major          |           |           |                             |                           |                            |                    |                      |                                    |                         |             |
| Enterprise         | 9,524     | <u> </u>  | 3,404                       |                           | 2,700                      |                    |                      |                                    |                         | 15,628      |
| Total              | \$449,024 | \$ 270 \$ | 75,453                      | \$ 6,210                  | \$ 2,700                   | \$ 9               | \$ 419,894           | \$ 161                             | \$ 133,294              | \$1,087,015 |

(Transfers In do not agree to the statements due to the timing differences noted below.)

Transfers are used for the following purposes:

- Move general fund appropriation amounts to certain agencies.
- Move revenues from the fund that statute requires to collect them to the fund authorized to spend them.
- Move certain excess revenues collected in other funds to the general fund.
- Move receipts restricted for debt service from the funds collected to the debt service funds as payments become
  due, and move capital project funds paying the construction costs.

For the year ended June 30, 2020, legislatively-mandated transfers were made to the general fund of \$4,100,000 from the State Lottery, \$5,423,841 from Mill and Elevator, \$5,247,806 from the Insurance Regulatory Trust Fund, \$8,600,000 from the Tax Relief fund, \$382,200,000 from Strategic Investment and Improvement Fund, \$70,000,000 from the Bank of North Dakota and \$7,754,324 from the Securities Department Special Fund.

A reconciliation of Transfers In and Transfers Out is presented below (expressed in thousands):

|   |         | \$<br>(1,146,702) |
|---|---------|-------------------|
| Differences:  |         |                   |
| General Fund / Bank of North Dakota                             | 35,000  |                   |
| Special Rev - Ag PACE / Bank of North Dakota                    | 250     |                   |
| Special Rev - PACE / Bank of North Dakota                       | (1,450) |                   |
| PACE / Beginning Farmer Revolving Loan                          | (1,200) |                   |
| Special Revenue / Bank of North Dakota                          | 7       |                   |
| Small Employer Loan Fund / Bank of North Dakota                 | 20,000  |                   |
| Innovation Loan Fund / Bank of North Dakota                     | 9,900   |                   |
| School Construction Assistance Loan Fund / Bank of North Dakota | (2,700) |                   |
| Federal fund  | (120)   |                   |
| Total Differences   |         | 59,687            |
| Transfers Out   |         | \$<br>(1,087,015) |

The above timing differences of \$59,687,000 result from transactions between agencies that have different fiscal year ends. Those agencies with a different fiscal year end include: Bank of North Dakota, and Nonmajor Enterprise Fund Beginning Farmer Revolving Loan fund, both of which have a December year end. This difference is also the total net transfers on the Government-wide Statement of Activities.

## H. CAPITAL ASSETS

The following is a summary of capital assets during the fiscal year (expressed in thousands):

**Primary Government** 

| Primary Government                          |    |                         |            |           |              |    |                         |
|---|----|-------------------------|------------|-----------|--------------|----|-------------------------|
| Description                                 | 1. | Balance<br>uly 1, 2019* |            | ncreases  | Decreases    |    | Balance<br>une 30, 2020 |
|   |    | uly 1, 2019             | IIICICases |           | Decreases    |    | une 30, 2020            |
| Governmental Activities:                    |    |                         |            |           |              |    |                         |
| Capital Assets Not Being Depreciated        |    |                         |            |           |              |    |                         |
| Land  | \$ | 161,050                 | \$         | 2,133     | \$ (56)      | \$ | 163,127                 |
| Construction in Progress                    |    | 1,652,309               |            | 309,868   | (470,636)    |    | 1,491,541               |
| Total Capital Assets Not Being Depreciated  |    | 1,813,359               |            | 312,001   | (470,692)    |    | 1,654,668               |
| Capital Assets Being Depreciated:           |    |                         |            |           |              |    |                         |
| Buildings and Improvements                  |    | 730,433                 |            | 29,557    | (417)        |    | 759,573                 |
|   |    | 337,843                 |            | 31,398    | (15,742)     |    | 353,499                 |
| Intangibles                                 |    |                         |            |           |              |    |                         |
| Software                                    |    | 368,611                 |            | 11,868    | (698)        |    | 379,781                 |
| Other                                       |    | 39,210                  |            | 639       | (527)        |    | 39,322                  |
| Infrastructure                              |    | 5,625,745               |            | 483,237   | (6)          |    | 6,108,976               |
| Total Capital Assets Being Depreciated      |    | 7,101,842               |            | 556,699   | (17,390)     |    | 7,641,151               |
| Less Accumulated Depreciation for:          |    |                         |            |           |              |    |                         |
| Buildings and Improvements                  |    | (318,725)               |            | (19,198)  | 267          |    | (337,656)               |
| Equipment                                   |    | (169,790)               |            | (21,751)  | 12,604       |    | (178,937)               |
| Intangibles                                 |    |                         |            |           |              |    |                         |
| Software                                    |    | (124,062)               |            | (26,853)  | 694          |    | (150,221)               |
| Other                                       |    | (29,549)                |            | (647)     | 527          |    | (29,669)                |
| Infrastructure                              |    | (3,037,106)             |            | (100,178) | 5            |    | (3,137,279)             |
| Total Accumulated Deprecation               |    | (3,679,232)             |            | (168,627) | 14,097       |    | (3,833,762)             |
| Total Capital Assets Being Depreciated, Net |    | 3,422,610               |            | 388,072   | (3,293)      |    | 3,807,389               |
| Governmental Activities Capital Assets, Net | \$ | 5,235,969               | \$         | 700,073   | \$ (473,985) | \$ | 5,462,057               |

<sup>\*</sup> Beginning capital asset balances were adjusted for certain reclassifications and prior period adjustment.

|  | Balance      |          |            |           |          |    | Balance      |  |
|--|--------------|----------|------------|-----------|----------|----|--------------|--|
| <u>Description</u>                           | July 1, 2019 | <u> </u> | Increases  | Decreases |          | J  | une 30, 2020 |  |
| Business-Type Activities:                    |              |          |            |           |          |    |              |  |
| Capital Assets Not Being Depreciated         |              |          |            |           |          |    |              |  |
| Land   | \$ 24,099    | 9 9      | \$ 1,453   | \$        | -        | \$ | 25,552       |  |
| Construction in Progress                     | 166,949      | 9        | 109,541    |           | (56,356) |    | 220,134      |  |
| Total Capital Assets Not Being Depreciated   | 191,048      | 3        | 110,994    |           | (56,356) |    | 245,686      |  |
| Capital Assets Being Depreciated:            |              |          |            |           |          |    |              |  |
| Buildings and Improvements                   | 1,817,538    | 3        | 54,951     |           | (15,850) |    | 1,856,639    |  |
| Equipment                                    | 542,231      | 1        | 25,304     |           | (12,563) |    | 554,972      |  |
| Intangibles                                  |              |          |            |           |          |    |              |  |
| Software                                     | 28,923       | 3        | 71         |           | (9)      |    | 28,985       |  |
| Other  | 24,038       | 3        | 4,353      |           | (678)    |    | 27,713       |  |
| Infrastructure                               | 237,637      | 7        | 5,726      |           | -        |    | 243,363      |  |
| Total Capital Assets Being Depreciated       | 2,650,367    | 7        | 90,405     |           | (29,100) |    | 2,711,672    |  |
| Less Accumulated Depreciation for:           |              |          |            |           |          |    |              |  |
| Buildings and Improvements                   | (678,378)    | )        | (43,564)   |           | 8,570    |    | (713,372)    |  |
| Equipment                                    | (370,104)    | )        | (29,792)   |           | 10,900   |    | (388,996)    |  |
| Intangibles                                  |              |          |            |           |          |    |              |  |
| Software                                     | (26,941)     | )        | (1,299)    |           | 9        |    | (28,231)     |  |
| Other  | (15,597)     | )        | (2,749)    |           | 664      |    | (17,682)     |  |
| Infrastructure                               | (119,095)    | )        | (6,221)    |           | -        |    | (125,316)    |  |
| Total Accumulated Deprecation                | (1,210,115)  | )        | (83,625)   |           | 20,143   |    | (1,273,597)  |  |
| Total Capital Assets Being Depreciated, Net  | 1,440,252    | 2        | 6,780      |           | (8,957)  |    | 1,438,075    |  |
| Business-Type Activities Capital Assets, Net | \$ 1,631,300 | ) (      | \$ 117,774 | \$        | (65,313) | \$ | 1,683,761    |  |

**Major Component Units** 

|   | Balance |            |    |           |    |           |    | Balance       |  |
|---|---------|------------|----|-----------|----|-----------|----|---------------|--|
| <u>Description</u>                          | July    | y 1, 2019* |    | Increases |    | Decreases |    | June 30, 2020 |  |
| Capital Assets Not Being Depreciated        |         |            |    |           |    |           |    |               |  |
| Land  | \$      | 7,074      | \$ | -         | \$ | -         | \$ | 7,074         |  |
| Construction in Progress                    |         | 4,928      |    | 146       |    | (4,928)   |    | 146           |  |
| Total Capital Assets Not Being Depreciated  |         | 12,002     |    | 146       |    | (4,928)   |    | 7,220         |  |
| Capital Assets Being Depreciated:           |         |            |    |           |    |           |    |               |  |
| Buildings and Improvements                  |         | 177,181    |    | 9,023     |    | (14,536)  |    | 171,668       |  |
| Equipment                                   |         | 49,389     |    | 10,740    |    | (4,631)   |    | 55,498        |  |
| Intangibles                                 |         | 78         |    | -         |    | -         |    | 78            |  |
| Infrastructure                              |         | 12,642     |    | -         |    | -         |    | 12,642        |  |
| Total Capital Assets Being Depreciated      |         | 239,290    |    | 19,763    |    | (19,167)  |    | 239,886       |  |
| Less Accumulated Depreciation for:          |         |            |    |           |    |           |    |               |  |
| Buildings and Improvements                  |         | (71,929)   |    | (5,417)   |    | -         |    | (77,346)      |  |
| Equipment                                   |         | (23,413)   |    | (4,291)   |    | 3,402     |    | (24,302)      |  |
| Intangibles                                 |         | (78)       |    | -         |    | -         |    | (78)          |  |
| Infrastructure                              |         | (622)      |    | (50)      |    | -         |    | (672)         |  |
| Total Accumulated Deprecation               |         | (96,042)   |    | (9,758)   |    | 3,402     |    | (102,398)     |  |
| Total Capital Assets Being Depreciated, Net |         | 143,248    |    | 10,005    |    | (15,765)  |    | 137,488       |  |
| Major Component Unit Capital Assets, Net    | \$      | 155,250    | \$ | 10,151    | \$ | (20,693)  | \$ | 144,708       |  |

Depreciation expense was charged to functions/programs of the primary government as follows (expressed in thousands):

| Governmental Activities:                           |               |
|--|---------------|
| General Government                                 | \$<br>8,252   |
| Education  | 1,022         |
| Health and Human Services                          | 24,667        |
| Regulatory   | 1,087         |
| Public Safety and Corrections                      | 14,147        |
| Agriculture and Commerce                           | 143           |
| Natural Resources                                  | 17,756        |
| Transportation                                     | <br>101,553   |
| Total Governmental Activities Depreciation Expense | \$<br>168,627 |

Construction In Progress is composed of the following (expressed in thousands):

## **Project Description:**

| Governmental Activities         | Amou | nt Authorized | Through | n June 30, 2020 | Balan | ce Authorized |
|---------------------------------|------|---------------|---------|-----------------|-------|---------------|
| Attorney General                | \$   | 1,789         | \$      | 729             | \$    | 1,060         |
| Office of Management and Budget |      | 2,041         |         | 410             |       | 1,631         |
| Secretary of State              |      | 3,127         |         | 1,433           |       | 1,694         |
| Legislative Assembly            |      | 841           |         | 107             |       | 734           |
| Department of Health            |      | 2,256         |         | 1,663           |       | 593           |
| Department of Human Services    |      | 36,038        |         | 15,052          |       | 20,986        |
| Industrial Commission           |      | 5,650         |         | 3,058           |       | 2,592         |
| Environmental Quality           |      | 578           |         | 227             |       | 351           |
| Highway Patrol                  |      | 1,729         |         | 132             |       | 1,597         |
| Corrections and Rehab           |      | 102           |         | 51              |       | 51            |
| Adjutant General                |      | 41,434        |         | 19,437          |       | 21,997        |
| Game and Fish                   |      | 363           |         | 18              |       | 345           |
| Department of Transportation    |      | 1,639,206     |         | 1,446,726       |       | 192,480       |
| Parks & Recreation              |      | 6,181         |         | 2,132           |       | 4,049         |
| ND School for the Deaf          |      | 57            |         |                 |       | 57            |
| Total Governmental Activities   | \$   | 1,741,392     | \$      | 1,491,175       | \$    | 250,217       |

|                                |    |                   |    | ount Expended                 |    |                  |      |                |
|--------------------------------|----|-------------------|----|-------------------------------|----|------------------|------|----------------|
| Business-Type Activities       | Am | Amount Authorized |    | Amount Authorized Through Jur |    | gh June 30, 2020 | Bala | nce Authorized |
| Mill and Elevator              | \$ | 35,500            | \$ | 25,007                        | \$ | 10,493           |      |                |
| University System*             |    | 448,910           |    | 195,227                       |    | 253,683          |      |                |
| Workforce Safety and Insurance |    | 35,640            |    | 11,876                        |    | 23,764           |      |                |
| Total Business-Type Activities | \$ | 520,050           | \$ | 232,110                       | \$ | 287,940          |      |                |

<sup>\*</sup>Interest expense related to capital asset debt was approximately \$20.5 million in fiscal year 2020, of which approximately \$5.2 million was capitalized and included in construction in progress.

## I. OPERATING LEASES

## PAYMENTS ON OPERATING LEASES

The State is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore, the resulting expenditures are recognized as incurred. Lease expenditures for the year ended June 30, 2020, amounted to \$17.9 million for governmental activities and \$15.6 million for business-type activities.

Future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2020, for all fund types are as follows (expressed in thousands):

| Year Ending June 30          | <br>vernmental<br>Activities | iness-type<br>ctivities |
|------------------------------|------------------------------|-------------------------|
| 2021                         | \$<br>14,535                 | \$<br>11,523            |
| 2022                         | 6,280                        | 7,639                   |
| 2023                         | 5,186                        | 5,550                   |
| 2024                         | 3,363                        | 2,987                   |
| 2025                         | 3,187                        | 1,270                   |
| 2026-2030                    | 2,861                        | 1,382                   |
| 2031-2035                    | 385                          | 473                     |
| 2036-2040                    | <br>                         | <br>47                  |
| Total Minimum Lease Payments | \$<br>35,797                 | \$<br>30,871            |

#### J. CAPITAL LEASES

The State is obligated under certain leases accounted for as capital leases. In the government-wide and proprietary fund statements, capital assets and a corresponding liability are recorded at the inception of the lease. The liability is reduced by payments of principal, with a portion of the payment allocated to interest expense. For capital leases in governmental funds, other financing sources and expenditures are recorded at lease inception. Lease payments are recorded as debt service expenditures.

The schedule below lists the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2020 (expressed in thousands):

|                                    |     |                   | Business- |           | Major |              |
|------------------------------------|-----|-------------------|-----------|-----------|-------|--------------|
|                                    |     | Governmental type |           | type      |       | nponent      |
| Year Ending June 30                | Act | Activities        |           | ctivities |       | <u>Jnits</u> |
| 2021                               | \$  | 511               | \$        | 6,847     | \$    | 128          |
| 2022                               |     | 190               |           | 6,607     |       | 128          |
| 2023                               |     | 125               |           | 6,231     |       | 128          |
| 2024                               |     | 69                |           | 5,889     |       | 128          |
| 2025                               |     | 16                |           | 6,114     |       | 127          |
| 2026-2030                          |     | -                 |           | 19,211    |       | 638          |
| 2031-2035                          |     | -                 |           | 9,583     |       | 446          |
| 2036-2040                          |     | -                 |           | 2,648     |       | -            |
| 2041-2045                          |     | -                 |           | 1,609     |       | -            |
| 2046-2050                          |     | -                 |           | 1,866     |       | -            |
| 2051-2055                          |     |                   |           | 838       |       |              |
| Total Minimum Lease Payments       |     | 911               |           | 67,443    |       | 1723         |
| Less: Amount Representing Interest |     | (77)              |           | (15,781)  |       | (470)        |
| Present Value of Future Minimum    |     | ·                 |           |           |       |              |
| Lease Payments                     | \$  | 834               | \$        | 51,662    | \$    | 1,253        |

The historical costs of assets acquired under capital leases, and included as capital assets on the government-wide Statement of Net Position at June 30, 2020, is as follows (expressed in thousands):

|                                | <br>Governmental<br>Activities |    | Business-<br>Type<br>Activities |    | Major<br>component<br>Units |
|--------------------------------|--------------------------------|----|---------------------------------|----|-----------------------------|
| Infrastructure                 | \$<br>-                        | \$ | 60                              | \$ | -                           |
| Buildings                      | -                              |    | 52,425                          |    | 1,979                       |
| Intangibles                    | -                              |    | 156                             |    | -                           |
| Equipment                      | 2,415                          |    | 16,050                          |    | -                           |
| Less: Accumulated Depreciation | <br>(1,805)                    |    | (19,451)                        |    | (1,093)                     |
| Total                          | \$<br>610                      | \$ | 49,240                          | \$ | 886                         |

## K. DEFERRED OUTFLOWS OF RESOURCES

## FINANCIAL DERIVATIVE INSTRUMENT

The State enters into interest rate swap agreements to modify interest rates on certain liabilities. The fair values of both hedging derivatives and investment derivatives (if any) are presented on the Statement of Net Position, either as a derivative liability (negative fair value) or as a derivative asset (positive fair value). The change in the total fair value of derivatives that are determined to be effective hedges is recorded as a deferred inflow or outflow of resources on the Statement of Net Position. If a derivative were determined to be an ineffective hedge, it would be classified as an investment derivative, and the change in the total fair value would be presented as part of investment earnings.

## **DEFERRED LOSS ON BOND REFUNDING**

A deferred charge on refunded debts results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

## L. LONG-TERM DEBT

Debt authorized is generally limited by the state constitution. The Constitution of North Dakota provides that the State may issue or guarantee the payment of bonds, provided that all bonds in excess of \$2 million are: (1) secured by first mortgage upon property and no further indebtedness may be incurred by the State unless evidenced by a bond issue; (2) authorized by law; (3) for a certain purpose; (4) provisioned to pay the interest semiannually; and (5) the principal is paid within 30 years. Additionally, the law authorizing the bond issue must specifically appropriate the provisions to the payment of the principal and interest of the bond.

## 1. REVENUE BONDS

Bonds payable at June 30, 2020, consisted of bonds issued by the State and are accounted for by the respective state agencies in the government-wide financial statements that issued the bonds.

Current state statutes empower certain state agencies to issue bonds as part of their activities. This debt is not backed by the full faith and credit of the State of North Dakota. The principal and interest on such bonds shall be payable only from the applicable agency's program income.

## **Primary Government**

### **Building Authority**

The 2010 Series A and B, the 2012 Series A and the 2017 Series A bonds have interest payable semiannually on June 1 and December 1 of each year. The 2010 Series A bonds are subject to optional redemption in whole or in part. The 2010 Series B, the 2012 Series A and the 2017 Series A bonds are not subject to optional and/or extraordinary optional redemption prior to maturity upon the occurrence of certain events. The Building Authority issued 2020 Series A Facilities Improvement bonds which principal and interest are payable in semiannual payments. The Authority shall issue bonds to refund the note on or before maturity. All bonds are independently secured by the funds, certain mortgaged property, and all rights, titles, and interests of the Building Authority as lessor, including all basic rent payments, investment earnings on the funds and any other income derived by the Building Authority with respect to the lease. Total net revenue pledges for fiscal year 2020 were \$2.0 million. For fiscal year 2020, principal and interest paid by the Authority on the bonds was \$5.3 million. The total principal and interest remaining to be paid as of June 30, 2020, is \$23.1 million payable through December 2030.

The 2010 bond agreements require the establishment and maintenance of reserve funds to be used for debt service payments if amounts in the bond funds are insufficient to make payments. Fund are also required for any positive arbitration due to the Federal government.

#### Student Loan Trust

Interest is payable semiannually on June 1 and December 1 of each year. The 2004 Series A Bonds are variable rate bonds. The rate of interest is determined based on one-month LIBOR plus 0.7%. The maximum rate of interest is 12% per annum. Details of the terms and provisions of the variable rate bonds are outlined in Section 2.1 of the Fourth Supplemental Resolution to the State of North Dakota Student Loan Revenue Bonds First General Bond Resolution. Section 2.2 of the Fourth Supplemental Resolution to the State of North Dakota Student Loan Revenue Bonds First General Bond Resolution has deemed these to be Federally Taxable Bonds. The Series 2004 Bonds are subject to redemption prior to maturity at the option of the Commission from any source of funds, in whole or in part, on any date at a redemption price equal to 100% of the principal amount plus accrued interest to date of redemption.

The total principal and interest remaining to be paid on the outstanding bond is \$1 million payable through June 2029. For fiscal year 2020, revenue pledged and total principal and interest paid by Student Loan Trust were \$44,000 and \$25,000, respectively

### Housing Finance

Housing Finance Bonds were issued to provide financing to purchase mortgage loans to finance multifamily housing projects. The bonds are the direct obligation of the Housing Finance Agency and are secured by the mortgage loans purchased under the applicable resolutions; the revenues, prepayments, insurance and foreclosure proceeds received related to the mortgage loans; and certain funds and accounts established pursuant to the applicable bond resolution.

Revenues Pledged – The agency has homeownership bonds outstanding in the amount of \$1.33 billion maturing at various times from July 1, 2020 through January 1, 2051. The bonds have been issued to provide financing to purchase mortgage loans. Annual principal and interest payments on the bonds are expected to require 98 percent of net revenues. Principal and interest paid for the current year and total customer net revenues were \$100.5 million and \$30.0 million, respectively. Bond principal was reduced through customer revenues and the refunding of older bonds with proceeds from new bond issues.

Pursuant to the Series Resolutions adopted to date and under the 1994 and 2009 General Resolutions, the revenues generated by the Program Loans (but not the Program Loans themselves) are pledged to secure the Bonds. The Agency is permitted by terms of the General Resolutions to issue Bonds and pledge Revenues pursuant to the Series Resolution which exceed the amount required to meet the obligations of that Series of Bonds. In such event, it is likely that any such Series of bonds would produce excess Revenues which could be available to redeem the related Series of bonds or any other Series of Bonds prior to the state maturities thereof.

#### University System

Revenue bonds are limited obligations of the University System. The principal and interest on the bonds are payable generally from the net income of specific auxiliary activities, designated student fees, interest subsidies and debt service reserve funds. These revenues are generally pledged to the payment of bonds in accordance with the specific terms of the specific indenture. Net pledged revenues for fiscal year 2020 were \$21.7 million. Principal and interest paid for the current fiscal year were \$21.7 million, with total remaining principal and interest of \$452.63 million payable through fiscal year 2047.

#### State Fair Association

Capital Financing Program Bonds Series 2015 – Interest is payable semi-annually on June 1 and December 1 of each year. The bonds maturing on June 1, 2029 are not subject to optional redemption prior to maturity except under extraordinary circumstances. The bonds are secured by the Association's net revenues and by the lodging tax proceeds from the City of Minot, North Dakota.

## **Major Component Units**

## Public Finance Authority

The bonds of the Public Finance Authority were issued to provide financing to purchase municipal securities in order to provide local political subdivisions with funds to finance local projects. The bonds are direct obligations of the Public Finance Authority and are secured by municipal securities purchased under the applicable resolutions, interest earnings and certain accounts established pursuant to the applicable bond resolutions. Net pledged revenues for fiscal year 2020

were \$27.0 million. Principal and interest paid for the current fiscal year were \$52.2 million, with total remaining principal and interest of \$684.2 million payable through June 2045.

Revenue Bonds outstanding (expressed in thousands):

**Primary Government** 

| Primary Government  |  |   |                    | D 1   |    |
|---|--|---|--------------------|---|----|
|   | Maturities   | Interest<br>Rates   | Balance<br>6/30/20 |   |    |
| Governmental-Type Activities: Building Authority  | 2021-2031  | 1.50-6.25   | \$                 | 19,730  |    |
| Business-Type Activities:<br>Student Loan Trust   | 6/1/2029   | 0.86  |                    | 1,000   | 1) |
| Housing Finance:<br>Homeownership   | 2021-2051  | 0.20-4.50   |                    | 1,331,980   | 1) |
| University System:  BSC—Bismarck  MaSU—Mayville  MiSU-Minot  NDSCS—Wahpeton  NDSU—Fargo  UND—Grand Forks  VCSU—Valley City  Williston State College | 2021-2033<br>2021-2030<br>2021-2041<br>2021-2037<br>2021-2047<br>2021-2050<br>2021-2046<br>2021-2041 | 2.00-4.00<br>1.25-6.63<br>2.00-6.60<br>3.76<br>1.50-5.00<br>0.75-5.00<br>2.80-7.05<br>5.40-7.25 |                    | 7,274<br>3,046<br>11,187<br>7,035<br>126,277<br>161,497<br>8,313<br>7,425 | 2) |
| State Fair Association Total Revenue Bonds Payable— Primary Government  | 2021-2029  | 3.00  | \$                 | 1,565<br>1,686,329  | -  |

<sup>1)</sup> Entire amount of bonds payable are not associated with capital assets of the State.

The MiSU and VCSU bonds as well as the BSC 2012 bond issue contain a provision that in the event of default, outstanding amounts become immediately due if the institutions are unable to make payment.

The MaSU, NDSCS, NDSU, UND and WSC bonds contain a provision that the bond owners or a court appointed trustee may purse any available legal remedy.

The NDSU bonds payable to component units are payable through the monies received from the operating lease between the component unit and NDSU. In the event of NDSU's failure to pay the rent under the lease, the component unit may declare all rent due and payable for the remaining term of the lease, subject to available appropriations. The component unit may take possession of the facilities.

MiSU 2010 bond issue contains a provision that terminates the bond issue at a redemption price equal to 104 percent of the outstanding principal amount plus accrued interest upon the occurrence of one or more of the following events:

- Enactment of legislation or the adoption of final regulations that would deem or render the bonds not qualified for Build America Bonds.
- The federal government discontinues the Build America Bond program retroactively applied to bonds issued prior to determination
- A written opinion by bond counsel that the bonds aren't qualified Build America Bonds

<sup>2)</sup> At June 30, 2020, NDSU had pledged \$13.4 million of assets as collateral for bonds payable issued at the Research I and Research II buildings.

Major Component Units

|                              |            | interest  | Balance       |
|------------------------------|------------|-----------|---------------|
|                              | Maturities | Rates     | <br>6/30/20   |
| Public Finance Authority     | 2021-2045  | 0.24-8.25 | \$<br>520,427 |
| University System Foundation | 2021-2040  | 0.75-5.25 | <br>47,501    |
| Total Revenue Bonds Payable— |            |           |               |
| Major Component Units        |            |           | \$<br>567,928 |

Debt service requirements to maturity on revenue bond issues for the fiscal years ending June 30 are summarized below (expressed in thousands):

## **Primary Government**

| Gove         | ernmental Activities |          | Bu           | siness-type Activities |            |
|--------------|----------------------|----------|--------------|------------------------|------------|
|              | Principal            | Interest |              | Principal              | Interest   |
| 2021         | \$ 4,620             | \$ 697   | 2021         | \$ 43,279              | \$ 52,232  |
| 2022         | 6,314                | 474      | 2022         | 59,631                 | 52,292     |
| 2023         | 3,180                | 298      | 2023         | 60,614                 | 50,808     |
| 2024         | 2,870                | 148      | 2024         | 57,851                 | 49,187     |
| 2025         | 160                  | 71       | 2025         | 57,323                 | 47,606     |
| 2026-2030    | 875                  | 202      | 2026-2030    | 290,684                | 212,934    |
| 2031-2035    | 200                  | 6        | 2031-2035    | 290,503                | 167,650    |
| 2036-2040    | -                    | -        | 2036-2040    | 287,031                | 119,414    |
| 2041-2045    | -                    | -        | 2041-2045    | 273,981                | 70,731     |
| 2046-2050    | -                    | -        | 2046-2050    | 219,862                | 21,105     |
| 2051-2046    | -                    | -        | 2051-2046    | 4,270                  | 99         |
| Bond Premium | 1,511                | (1,511)  | Bond Premium | 21,570                 | (21,570)   |
| Total        | \$ 19,730            | \$ 385   |              | \$1,666,599            | \$ 822,488 |

**Major Component Units** 

|              | Principal | Interest |
|--------------|-----------|----------|
| 2021         | \$ 29,555 | \$22,764 |
| 2022         | 29,916    | 22,355   |
| 2023         | 29,211    | 21,031   |
| 2024         | 29,850    | 19,698   |
| 2025         | 29,274    | 18,330   |
| 2026-2030    | 142,055   | 68,444   |
| 2031-2035    | 151,767   | 36,741   |
| 2036-2040    | 63,455    | 10,252   |
| 2041-2045    | 11,783    | 1,916    |
| 2046-2050    | 2,216     | 55       |
| Bond Premium | 48,846    | (48,846) |
| Total        | \$567,928 | 172,740  |

#### 2. NOTES PAYABLE

The following is a schedule of notes payable outstanding at June 30, 2020 (expressed in thousands):

**Primary Government** 

|                   | Interest   |  |
|-------------------|--|--|
| Maturities        | Rates  | Balance<br>6/30/20   |
|                   |  |  |
| 2021-2034         | 2.43   | \$ 11,534  |
| 2021-2035         | 3.00   | 2,202  |
| 2021-2035         | 3.65   | 595  |
| 2021-2035         | 3.65   | 486  |
|                   |  |  |
| 2021-2024         | 1.61-5.56  | 631,000 <sup>1)</sup>  |
| 2021-2035         | 1.75-5.15  | 17,266   |
|                   |  |  |
|                   |  | \$ 663,083   |
|                   |  |  |
|                   | Interest   | Balance  |
| <u>Maturities</u> | Rates  | 6/30/20  |
|                   | 2021-2034<br>2021-2035<br>2021-2035<br>2021-2035 | 2021-2034 2.43<br>2021-2035 3.00<br>2021-2035 3.65<br>2021-2035 3.65<br>2021-2024 1.61-5.56<br>2021-2035 1.75-5.15 |

|  | Maturities | Interest<br>Rates | 6/30/20  |              |  |
|--|------------|-------------------|----------|--------------|--|
| University System Foundation   | 2021-2036  | 1.00-4.35         | \$       | 14,333       |  |
| State Fair Foundation Total Revenue Bonds Payable— Major Component Units | 2021-2022  | 4.22              | <u> </u> | 74<br>14.407 |  |
| Major Component Onits  |            |                   | Ψ        | 17,707       |  |

These notes payable represent FHLB long-term advances. The advances must be secured by minimum qualifying collateral maintenance levels. Residential, student, agriculture and commercial loans with carrying values of \$1.36 billion are currently being used as security to meet these minimum levels.

#### Short Term Borrowings:

The Bank of North Dakota issued short-term debt to fund loans on a short-term basis.

The ND Housing Finance Agency maintains a collateral pledge agreement with the FHLB covering secured advances whereby the Agency has agreed to retain residential real estate loans and marketable securities, free of all other pledges, liens and encumbrances. The pledged loans and securities are discounted by FHLB when determining their borrowing capacity. The aggregate borrowing capacity of eligible collateral was approximately \$85.1 million as of June 30, 2020. In addition, borrowings are collateralized by \$46.8 million of loans receivable and \$147,000 of cash and investments. The Agency borrowed and paid back \$13.6 million during the year ended June 30, 2020.

Debt service requirements to maturity for notes payable for the fiscal years ending June 30 are summarized below (expressed in thousands):

## **Primary Government**

| Go        | vernmental Activities |          | Business-type Activities |            |           |
|-----------|-----------------------|----------|--------------------------|------------|-----------|
|           | Principal             | Interest |                          | Principal  | Interest  |
| 2021      | \$ 875                | \$ 383   | 2021                     | \$ 449,511 | \$ 6,101  |
| 2022      | 900                   | 361      | 2022                     | 79,317     | 5,178     |
| 2023      | 925                   | 338      | 2023                     | 54,338     | 2,460     |
| 2024      | 967                   | 314      | 2024                     | 48,517     | 949       |
| 2025      | 996                   | 288      | 2025                     | 15,763     | 153       |
| 2026-2030 | 5,434                 | 1,033    | 2026-2030                | 820        | 48        |
| 2031-2035 | 4,720                 | 290      | 2031-2035                | -          | -         |
| Total     | \$ 14,817             | \$ 3,007 |                          | \$ 648,266 | \$ 14,889 |

**Major Component Units** 

|           | Principal | Interest |
|-----------|-----------|----------|
| 2021      | \$ 820    | \$ 70    |
| 2022      | 1,365     | 42       |
| 2023      | 6,245     | 24       |
| 2024      | 1,352     | 21       |
| 2025      | 1,106     | 18       |
| 2026-2030 | 3,333     | 42       |
| 2031-2035 | 152       | -        |
| 2036-2040 | 34        | -        |
| Total     | \$ 14,407 | \$ 217   |

#### 3. CERTIFICATES OF PARTICIPATION

## **Primary Government**

#### University System

On September 1, 2018, the University of North Dakota (UND) entered into a lease-purchase agreement with Johnson Controls PI Project Site Operations, LLC (Johnson Controls) to construct and operate a new steam plant and make other energy conservation improvements. To fund the project, UND issued Series 2018A and 2018B Certificates of Participation through Trust Agreement with the Bank of North Dakota, as the Trustee. The certificates are subject to annual appropriations by the North Dakota Legislature as part of the general operating appropriations.

The Series 2018A certificates were issued at a par value of \$76.6 million, with a net premium of \$3.8 million. In fiscal year 2019, UND began making semi-annual interest-only payments through fiscal year 2040. The semi-annual interest-only payments in fiscal years 2019 and 2020 are for capitalized interest paid with bond proceeds. The first principal payment will be due in fiscal year 2041. The certificates mature in fiscal year 2057.

The Series 2018B certificates were issued at a par value of \$16.5 million, with no premium or original issue discount. In fiscal year 2019, UND began making semi-annual interest-only payments through fiscal year 2023. The semi-annual interest-only payments in fiscal years 2019 and 2020 are for capitalized interest paid with bond proceeds. The first principal payment will be due in 2024. The certificates mature in fiscal year 2041.

On August 22, 2019, Williston State College (WSC) entered into a lease-purchase agreement with Johnson Controls, Inc., to fund the costs of certain energy conservation improvements including, but not limited to, renovations to existing heating, ventilation, and air conditioning systems and controls, deferred maintenance improvements. To fund the project, WSC issued Series 2019 Certificates of Participation through the Bank of North Dakota. The certificates have interest rates ranging from 3.0 to 5.0 percent and are subject to annual appropriations by the North Dakota Legislature as part of the general operating appropriations.

The Series 2019 certificates were issued at a par value of \$7.4 million, with a net discount of \$78,000. In fiscal year 2020, WSC will make an interest only payment with semi-annual principal and interest payment beginning FY2021 through FY2048.

The following is a schedule of certificates of participation outstanding at June 30, 2020 (expressed in thousands):

**Primary Government** 

|                         | Maturities | Interest Rates | Balance 6/30/20 |  |  |
|-------------------------|------------|----------------|-----------------|--|--|
| Proprietary Activities: |            |                |                 |  |  |
| University System       | 2022-2057  | 3.55 - 5.00    | \$ 104,120      |  |  |

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**

|           | siness-type Activities Principal | Interest |           | Principal  | Interest   |
|-----------|----------------------------------|----------|-----------|------------|------------|
| 2021      | \$ -                             | \$ 4,495 | 2031-2035 | \$ 4,465   | \$ 21,512  |
| 2022      | 120                              | 4,493    | 2036-2040 | 11,781     | 19,970     |
| 2023      | 175                              | 4,489    | 2041-2045 | 14,249     | 17,043     |
| 2024      | 240                              | 4,484    | 2046-2050 | 22,347     | 13,240     |
| 2025      | 345                              | 4,476    | 2051-2055 | 32,535     | 7,286      |
| 2026-2030 | 2,875                            | 22,127   | 2056-2060 | 14,988     | 978        |
|           |                                  |          | Total     | \$ 104,120 | \$ 124,593 |

Changes in General Long-Term Liabilities

Changes in Long-Term Liabilities for the year ended June 30, 2020, are summarized as follows (expressed in thousands):

## **Primary Government**

|                                | Beginning<br>Balance | 0 0          |                | Ending<br>Balance | Amounts Due Within One Year |
|--------------------------------|----------------------|--------------|----------------|-------------------|-----------------------------|
| Governmental Activities:       |                      |              |                |                   |                             |
| Notes Payable                  | \$ 21,897            | \$ 3,344     | \$ (10,424)    | \$ 14,817         | \$ 875                      |
| Bonds Payable                  | 29,950               | -            | (10,220)       | 19,730            | 4,620                       |
| Capital Leases Payable         | 1,119                | 224          | (509)          | 834               | 471                         |
| Compensated Absences           | 46,256               | 37,681       | (32,226)       | 51,711            | 4,328                       |
| Claims/Judgments Payable       | 9,102                | 4,662        | (4,090)        | 9,674             | 2,353                       |
| Net Pension Liability (Note 6) | 658,979              | -            | (210,022)      | 448,957           | -                           |
| Net OPEB Liability (Note 7)    | 31,260               |              | (852)          | 30,408            |                             |
| Total Long-Term Liabilities    | \$ 798,563           | \$ 45,911    | \$ (268,343)   | \$ 576,131        | \$ 12,647                   |
| Business-Type Activities*:     |                      |              |                |                   |                             |
| Notes Payable                  | \$1,120,787          | \$ 6,345,486 | \$ (6,818,007) | \$ 648,266        | \$ 449,507                  |
| Bonds Payable                  | 1,525,285            | 269,445      | (128,131)      | 1,666,599         | 49,021                      |
| Certificates of Participation  | 96,843               | 7,277        | · -            | 104,120           | -                           |
| Capital Leases Payable         | 54,359               | 2,220        | (4,917)        | 51,662            | 4,758                       |
| Intergovernmental Payable      | 5,279                | 617          | (1,455)        | 4,441             | 341                         |
| Compensated Absences           | 35,519               | 6,110        | (3,407)        | 38,222            | 5,530                       |
| Dividends Payable              | 113,235              | 107,035      | (113,235)      | 107,035           | 107,035                     |
| Claims/Judgments Payable       | 1,091,766            | 90,079       | (150,888)      | 1,030,957         | 124,740                     |
| Net Pension Liability (Note 6) | 228,513              | -            | (73,582)       | 154,931           | -                           |
| Net OPEB Liability (Note 7)    | 10,147               |              | (111)          | 10,036            |                             |
| Total Long-Term Liabilities    | \$ 4,281,733         | \$ 6,828,269 | \$ (7,293,733) | \$ 3,816,269      | \$ 740,932                  |

## **Major Component Units\***

|                                | 9  |         | Beginning Balance Additions |    | Reductions |    | Ending<br>Balance |    | Amounts<br>Due Within<br>One Year |  |
|--------------------------------|----|---------|-----------------------------|----|------------|----|-------------------|----|-----------------------------------|--|
| Notes Payable                  | \$ | 10,074  | \$<br>7,586                 | \$ | (3,253)    | \$ | 14,407            | \$ | 820                               |  |
| Bonds Payable                  |    | 596,130 | 7,180                       |    | (35,382)   |    | 567,928           |    | 31,901                            |  |
| Capital Leases Payable         |    | 1,317   | -                           |    | (64)       |    | 1,253             |    | 68                                |  |
| Intergovernmental Payable      |    | 624     | -                           |    | (78)       |    | 546               |    | 32                                |  |
| Compensated Absences           |    | 14      | -                           |    | (14)       |    | -                 |    | -                                 |  |
| Net Pension Liability (Note 6) |    | 279     | <br>                        |    | (88)       |    | 191               |    |                                   |  |
| Total Long-Term Liabilities    | \$ | 608,438 | \$<br>14,766                | \$ | (38,879)   | \$ | 584,325           | \$ | 32,821                            |  |

Assets pledged as collateral totaled \$13.4 million for the year ended June 30, 2020.

<sup>\*\*</sup>Included above are amounts classified as Due to Component Units in the Statement of Net Position for the University System as follows, expressed in the thousands.

|                           |       | Business-Type Activities |         |       |       | Major Component Units |         |       |  |  |
|---------------------------|-------|--------------------------|---------|-------|-------|-----------------------|---------|-------|--|--|
|                           | Total |                          | Current |       | Total |                       | Current |       |  |  |
| Notes Payable             | \$    | 105                      | \$      | 57    | \$    | 14,333                | \$      | 816   |  |  |
| Bonds Payable             |       | 16,730                   |         | 1,800 |       | 47,501                |         | 6,236 |  |  |
| Capital Leases Payable    |       | 15,861                   |         | 1,348 |       | 1,253                 |         | 68    |  |  |
| Intergovernmental Payable |       | -                        |         | -     |       | 546                   |         | 32    |  |  |
| Total                     | \$    | 32,696                   | \$      | 3,205 | \$    | 63,633                | \$      | 7,152 |  |  |

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, internal service funds included in the above amounts consist of \$79,705 of capital leases payable, \$3,354,904 of compensated absences and \$8,685,091 of claims and judgments. In addition, payments on long term debt (notes payable, bonds payable and capital leases payable) for capital leases payable for internal service funds of \$17,148 is included above along with additions to capital leases for internal service funds of \$78,566.

Other governmental activities compensated absences generally have been liquidated by the General Fund (66.9%), the Highway Fund (13.1%), the Federal Fund (9.2%), and other various funds. Other governmental activities claims and judgments have all been liquidated by the Petroleum Release Compensation Fund.

The General Fund, federal fund, state fund, and internal service funds that account for the salaries, wages, and employer pension contributions of the related employees will liquidate the net pension and other post-employment benefit liabilities.

#### M. ARBITRAGE REBATE PAYABLE

Arbitrage as it applies to government financing refers to the ability of state governments to obtain funds at a tax-exempt rate of interest and to then invest those funds in investments which earn a higher yield, resulting in a profit to the issuer.

The arbitrage rebate rules require that any earnings from the investment of the tax-exempt bond proceeds which exceed the yield on the bonds be remitted to the federal government.

The State had no arbitrage rebate payable to the federal government as of June 30, 2020.

## N. DEFERRED INFLOWS OF RESOURCES

## GRANTS RECEIVED PRIOR TO TIME REQUIREMENTS

This amount represents unavailable revenue. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### **INCREASE IN FAIR VALUE OF HEDGING DERIVATIVES**

This amount represents the changes in fair value of futures.

## O. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements are used to record fair value adjustments to certain assets, deferred outflows of resources, liabilities and deferred inflows of resources to determine fair value disclosures.

## FAIR VALUE HIERARCHY

In accordance with GASB Statement No. 72, assets, deferred outflows of resources, liabilities and deferred inflows of resources are grouped at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

<sup>\*</sup> Bonds payable reductions include amortization of premium and discount of \$570,000.

- Level 2: Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3: Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as practical expedient are not classified in the fair value hierarchy.

#### **DETERMINATION OF FAIR VALUE**

In accordance with GASB Statement No. 72, fair values are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the State's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy.

The following is a description of the methodologies used for instruments measured at fair value.

Securities classified in Level 1 are valued using quoted prices in active markets for those securities. Securities classified in Level 2 and Level 3 are valued using methodologies such as various bid evaluations, market averages and other matrix pricing techniques as well as values derived from associated traded securities or last trade data. In instances where inputs used to measure fair value fall into different levels, the fair value is categorized based on the lowest level input that is significant to the valuation.

Investments valued at the net asset value (NAV) per share (or its equivalent) have been classified separately in the table below and include investments considered to be *alternative investments* as defined by the AICPA. The definition includes investments for which a readily determinable fair value does not exist (that is, investments not listed on national exchanges or over-the-counter markets, or for which quoted market prices are not available from sources such as financial publications, the exchanges, or NASDAQ). These types of investments can be held within any of the asset classes used by the State based on underlying portfolio holdings and analysis of risk and return relationships. These investments can be structured in different ways, including limited partnerships, limited liability companies, common trusts and mutual funds. Some are closed-ended with a specific life and capital commitment while others are open-ended with opportunity for ad hoc contributions or withdrawals and termination upon proper notice.

**Commingled/Mutual Funds** – These types of funds are generally open-ended funds and may be utilized in equities or fixed income asset classes. They are funds made up of underlying securities that have readily available fair values (publicly traded stocks or bonds). The State owns units of these funds rather than the individual securities. Contributions or withdrawals from these funds can be made as needed, generally with daily or monthly liquidity, with a notice period of one to fifteen days. Because they are liquid funds, there are no unfunded commitments for these types of investments.

**Private Credit** – These investments include loans to private companies, privately placed debt of public companies, or loans backed by real assets. Loan repayment can be derived from either cash flows from an operating company or cash flows generated by a physical or esoteric asset. Private debt is typically secured and has various protections/covenants in place. The debt is customized to the borrower's requirement, thus rendering it illiquid. The State includes these strategies within its global fixed income allocation through limited partnership-type structures. Private credit issuers may be investment grade but are typically below-investment grade and similar in some respect to the syndicated bank loan and high yield markets. The State employs two senior private debt funds, commonly referred to as direct lenders, which are structured as custom managed accounts that are not eligible for redemptions during remaining investment lives of 1 to 2 years, and the unfunded commitments totaled \$191.2 million as of June 30, 2020.

**Private Equity** - Private Equity investments are typically private interests in corporations across different areas of the capital structure and in different stages of the corporations' development via limited partnership vehicles. Private Equity investments are illiquid and long term in nature (10-12 years), typically held until maturity. Private Equity portfolios generally have a "J-Curve Effect" whereby there are low to negative returns in the initial years due to the payment of investment management fees and initial funding of investments made by the General Partner during a period when investments are typically carried at cost and returns have not been realized. To diversify the program, Private Equity investments are made across business cycles, vintage years, and different strategies. The State has a dedicated sub-asset class for private equity investments within its global equity allocation in the pension pool. The State does not the option to request redemptions from its private equity funds. The General Partner distributes earnings and proceeds from the sale of the underlying investments as transactions occur. The State has \$333.3 million in unfunded private equity commitments as of June 30, 2020.

**Venture Capital** – These include investments in companies in a range of stages of development from start-up/seed stage, early stage, and later/expansion stage. Investments are typically made in years one through six and returns typically occur in years four through ten.

**Buyouts** – These include investments in funds that seek out and purchase underperforming or undervalued companies in order to improve them and sell them or take them public many years later. These funds are also often involved in management buyouts, which are buyouts conducted by the management of the company being purchased, and they often play key roles in leveraged buyouts, which are buyouts that are funded with borrowed money.

**Distressed Debt** – These include investments in the debt instruments of companies which may be publicly traded or privately held that are financially distressed and are either in bankruptcy or likely candidates for bankruptcy. Typical holdings are senior and subordinated debt instruments, mortgages and bank loans. The State includes these types of investments in its private equity asset class. As of June 30, 2020, unfunded commitments in one of its two distressed debt funds totaled \$90.6 million. The fund is not eligible for redemptions. The other fund is eligible for redemptions with quarterly liquidity and 60 days notice, and has no unfunded commitment.

**Mezzanine Debt** – This strategy is a hybrid of debt and equity financing. It is basically debt capital that gives the lender the rights to convert to an ownership or equity interest in the company if the loan is not paid back in time and in full. It is generally subordinated to senior debt. The State utilizes this strategy, through a limited partnership structure, in its global fixed income allocation. The two funds in this category are not eligible for redemptions, have remaining lives of 1-4 years, and unfunded commitments of \$8.5 million as of June 30, 2020.

**Equity Long/Short** – This strategy is a combination of long and short positions, primarily in publicly traded equities. The State utilizes this strategy, through a limited partnership structure, with its global equity allocations. This is an open-ended fund with monthly liquidity with a notice period of 15 days. There was no unfunded commitment as of June 30, 2020.

Real Assets – These investments are intended to provide allocations to tangible assets that are expected to be inflation protected and provide performance above the inflation rate as indicated by the CPI. Investments are generally structured as limited partnerships or limited liability companies. Investments in Real Estate Assets include Real Estate, Timberland and Infrastructure, as discussed below.

Real Estate – includes investments in private vehicles through limited partnerships or commingled vehicles that have an ownership interest in direct real estate properties. The investment strategies may include "value added" strategies, which derive their return from both income and appreciation, "opportunistic", which derive their return primarily through appreciation, and "alternative" which invest in less traditional types of property. Both domestic and international real estate funds are utilized. The State has a dedicated sub-asset class for these types of investments within global real assets. There are currently 9 different real estate funds in the portfolio. Four of those funds are open-ended vehicles that accept redemption requests quarterly with a 30-90 day notification period. Two of the four open-ended funds had unfunded commitments totaling \$45 million as of June 30, 2020. The remaining five funds are closed-ended limited partnerships that are not eligible for redemptions. Those five funds have a combined unfunded commitment of \$85.1 million as of June 30, 2020.

**Timberland** – includes investments in limited liability companies that have an ownership interest in properties where the value of the property is derived mainly from income-producing timber but also from the "higher and better use" value of the underlying land. The State includes these assets within its global real asset allocations. There are three funds in the portfolio and they have no unfunded commitments. The funds are not eligible for redemption other than distributions of income and/or proceeds as determined by the investment manager. The funds have remaining lives of 1-6 years.

Infrastructure – includes investments in limited partnerships that have an ownership interest in transportation assets such as toll roads, tunnels and bridges; and regulated assets such as electricity transmission, gas and oil distribution and wastewater collection. Other possible investments would include communication assets and social infrastructure. The State includes these assets within its global real assets allocations. The infrastructure investments in the portfolio as of June 30, 2020, include both open and closed-ended funds. The open-ended funds have no unfunded commitments and are eligible for redemptions quarterly with 90 days notice. There may be a 3-12 month queue for receiving redemptions. The closed-ended funds have unfunded commitments of \$116.3 million at June 30, 2020 and are not eligible for redemptions.

**Interest Rate Swap Agreements** – Fair values for interest rate swap agreements are based upon the settlement value adjusted by estimated nonperformance risk.

**Derivative Instruments** – Fair values of the grain future contracts are determined on the Minneapolis Grain Exchange.

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** 

| Trimary Government                  |          |                |         |           |          |           |         |          |
|-------------------------------------|----------|----------------|---------|-----------|----------|-----------|---------|----------|
| INVESTMENTS MEASURED AT             |          | Fair Value     |         |           |          |           |         |          |
| FAIR VALUE                          | 6/30/20  |                | Level 1 |           | Level 2  |           | Level 3 |          |
| Short term securities:              |          |                |         |           |          |           |         |          |
| Commercial paper                    | \$       | 33,978         | \$      | -         | \$       | 33,978    | \$      | -        |
| Short term bills and notes          |          | 83,056         |         | 24,408    |          | 58,648    |         | -        |
| Total short term securities         |          | 117,034        |         | 24,408    |          | 92,626    |         | -        |
| Fixed income investments:           |          |                |         |           |          |           |         |          |
| Asset backed securities             |          | 570,810        |         | -         |          | 570,810   |         | -        |
| Bank loans                          |          | 898            |         | -         |          | 898       |         | -        |
| Collateralized bonds                |          | 2,633          |         | -         |          | 2,633     |         | -        |
| Collateralized mortgage obligations |          | 38,896         |         | -         |          | 38,896    |         | -        |
| Commercial mortgage-backed          |          | 322,768        |         | -         |          | 322,768   |         | -        |
| Corporate bonds                     |          | 2,592,301      |         | -         |          | 2,589,972 |         | 2,329    |
| Corporate convertible bonds         |          | 10,197         |         | -         |          | 10,197    |         | -        |
| Funds - Fixed Income ETF            |          | 512,474        |         | 512,474   |          | -         |         | -        |
| Government Agencies                 |          | 1,052,303      |         | 957,847   |          | 91,274    |         | 3,182    |
| Government Bonds                    |          | 768,626        |         | 149       |          | 768,477   |         | _        |
| Government MBS                      |          | 2,146,924      |         | -         |          | 2,146,924 |         | -        |
| Government - issued Commercial      |          |                |         |           |          |           |         |          |
| Mortgage-Backed                     |          | 62,317         |         | -         |          | 62,317    |         | -        |
| Index Linked Government Bonds       |          | 590,366        |         | _         |          | 590,366   |         | _        |
| Municipal / Provincial Bonds        |          | 42,223         |         | -         |          | 42,223    |         | _        |
| Non- Government Backed C.M.O.s      |          | 110,132        |         | -         |          | 110,132   |         | _        |
| Other Fixed Income                  |          | 99             |         | 90        |          | 9         |         | _        |
| Collateralized Debt                 |          | 18,985         |         | -         |          | 18,985    |         | _        |
| Total fixed income investments      |          | 8,842,952      |         | 1,470,560 |          | 7,366,881 |         | 5,511    |
| Equity Investments:                 |          |                |         | .,,       |          | .,,       |         | -,       |
| Common stock                        |          | 4,849,564      |         | 4,849,392 |          | 171       |         | 1        |
| Convertible equity                  |          | 15,812         |         | 15,812    |          | -         |         | · -      |
| Funds - Equities ETF                |          | 330,407        |         | 330,407   |          | _         |         | _        |
| Preferred stock                     |          | 2,345          |         | 2,345     |          | _         |         | _        |
| Rights / Warrants                   |          | 257            |         | 257       |          | _         |         | _        |
| Stapled securities                  |          | 2,666          |         | 2,666     |          | _         |         | _        |
| Total equity investments            |          | 5,201,051      | -       | 5,200,879 |          | 171       | -       | 1        |
| Other Investments:                  |          | 0,201,001      |         | 0,200,010 |          |           |         | <u> </u> |
| Currency                            |          | 6,109          |         | 6,109     |          | _         |         | _        |
| Global Tactical Asset Allocation MF |          | 453,360        |         | 453,360   |          | _         |         | _        |
| Master Limited Partnership          |          | 45,373         |         | 45,373    |          | _         |         | _        |
| REITs                               |          | 6,551          |         | 6,551     |          | _         |         | _        |
| Real Estate                         |          | 9,857          |         | 0,001     |          | _         |         | 9,857    |
| Swaps                               |          | 8,381          |         | _         |          | 8,381     |         | 0,001    |
| Total other investments             |          | 529,631        | -       | 511,393   |          | 8,381     | -       | 9,857    |
| Derivative Investments:             |          | 323,031        |         | 311,393   |          | 0,301     |         | 3,037    |
| Exchange cleared swaps              |          | 6,806          |         |           |          | 6,806     |         |          |
|                                     |          | 522            |         | (209)     |          | 731       |         | -        |
| Options<br>Swaps                    |          |                |         | (209)     |          |           |         | -        |
| Grain future contracts              |          | (9,192)<br>735 |         | 735       |          | (9,192)   |         | -        |
| Total derivative investments        |          |                |         |           |          | (1 GEE)   |         |          |
|                                     |          | (1,129)        |         | 526       |          | (1,655)   |         |          |
| Total investments measured at       | <b>ሰ</b> | 14 600 500     | Φ       | 7 207 766 | <b>ተ</b> | 7 466 404 | φ       | 1E 000   |
| fair value                          | \$       | 14,689,539     | \$      | 7,207,766 | \$       | 7,466,404 | \$      | 15,369   |

| INVESTMENTS MEASURED AT THE<br>NET ASSET VALUE (NAV)   | Fair Value<br>6/30/20                           | _  | nfunded<br>nmitments                       | From (If       | demption<br>equency<br>currently<br>eligible)            | N                | emption<br>otice<br>eriod                        |
|--|---|----|--|----------------|--|------------------|--|
| Commingled Funds - Debt  | \$<br>1,457,557                                 | \$ | -  | n              | Daily,<br>nonthly  | 1 - 1            | 5 days   |
| Commingled Funds - Equities<br>Commingled Funds - Fixed Income                                       | 2,518,836<br>181,067                            |    | -  | n              | Daily,<br>nonthly<br>Daily<br>arterly, not               |                  | 5 days<br>days                                   |
| Distressed Debt Long / short Mezzanine Debt Private Credit Private Equity                            | 245,445<br>263,941<br>229<br>413,775<br>290,360 |    | 90,604<br>-<br>8,499<br>191,200<br>332,373 | No<br>No<br>No | eligible  Monthly  ot eligible  ot eligible  ot eligible | 15<br>Not<br>Not | days<br>days<br>eligible<br>eligible<br>eligible |
| Real Assets Private Debt Fund Total investments measured at the NAV                                  | <br>2,610,045<br>152,350<br>8,133,605           | \$ | 246,371<br>91,500<br>960,547               | Qua            | arterly, not<br>eligible                                 |                  | 90 days  |
| Total investments  | \$<br>22,823,144                                |    |  |                |  |                  |  |
| Major Component Units  |   |    |  |                |  |                  |  |
| INVESTMENTS MEASURED AT FAIR VALUE   | Fair Value<br>6/30/20                           |    | Level 1                                    | L              | _evel 2  | Le               | vel 3  |
| Short term securities Certificates of deposit Short term bills and notes Total short term securities | \$<br>11,916<br>22,667<br>34,583                | \$ | <u>-</u>                                   | \$             | 11,916<br>22,667<br>34.583                               | \$               | -<br>-<br>-                                      |
| Fixed income investments: Gov't Agencies Other Fixed Income Total fixed income investments           | 38,684<br>107<br>38,791                         |    | 38,684<br>107<br>38,791                    |                | -  |                  |  |
| Equity Investments: Stock Other equities   | 18<br>350                                       |    | 18<br>350                                  |                | -<br>-<br>-  |                  | -<br>-   |
| Total equity investments Other Investments: Mineral acres Total other Investments                    | 368<br>42<br>42                                 |    | 20<br>20                                   |                | <u>-</u><br>-  |                  | 22<br>22   |
|  | <br>74_   |    |  |                |  |                  |  |

# **NOTE 4 - NET POSITION**

Total investments

The government-wide Governmental Activities Statement of Net Position reports \$6,543,041,908 of restricted net position, of which \$1,002,448,576 is restricted by enabling legislation.

39,179

34.583

22

73.784

# **NOTE 5 - FUND BALANCE**

The following table on the next page presents further display the fund balances by major purpose.

Included in the General Fund, unassigned fund balance is \$7,025,756,767 for the North Dakota Legacy Fund. The Legacy Fund was established with thirty percent of total revenue derived from taxes on oil and gas production or extraction. The principal and earnings of the Legacy Fund may not be spent until after June 30, 2017, and an expenditure of principal after that date requires a vote of at least two-thirds of the members elected of each house of the legislative assembly. No more than fifteen percent of the principal of the Legacy Fund can be expended during a biennium.

# Governmental Fund Balance By Purpose (Expressed in Thousands)

|  |           |             | Special Revenue |           |                          |           |
|--|-----------|-------------|-----------------|-----------|--------------------------|-----------|
|  | General   | Fe          | deral           | State     | Nonmajor<br>Governmental | Total     |
| Fund Balances:                               |           | <del></del> |                 |           |                          |           |
| Nonspendable                                 |           |             |                 |           |                          |           |
| Inventory                                    | \$ 3,073  | \$          | 11,747          | \$ 10,484 | \$ -                     | \$ 25,304 |
| Long - Term Receivables                      | 48        |             | -               | Ψ 10,101  | Ψ<br>-                   | 48        |
| Prepaid Expenditures                         | 3,074     |             | 1,705           | 2,026     | _                        | 6,805     |
| Permanent Trust fund for Veteran's Postwar   | -         | _           | -,,,,,,,        | _,0_0     | 6,548                    | 6,548     |
| Permanent Trust fund for Coal Development    | _         | _           | _               | _         | 70,750                   | 70,750    |
| Total Nonspendable                           | 6,195     | 5           | 13,452          | 12,510    | 77,298                   | 109,455   |
|  |           |             |                 |           |                          |           |
| Restricted for:                              |           |             |                 | 4 000 400 |                          | 4 000 400 |
| Distribution to Common Schools               | -         | -           | -               | 4,892,120 | -                        | 4,892,120 |
| State Education Aid                          | -         | •           | -               | 375,937   | -                        | 375,937   |
| Lignite Research                             | -         | -           | -               | 26,087    | -                        | 26,087    |
| Water Projects and Energy Conservation       | -         | -           | -               | 434,817   | -                        | 434,817   |
| Well Plugging and Site Reclamation           | -         |             | -               | 26,158    | -                        | 26,158    |
| Agriculture and Commerce                     | -         | -           | -               | 63,990    | -                        | 63,990    |
| Natural Resources                            | -         | •           | -               | 33,398    | -                        | 33,398    |
| Highway Projects                             | -         | •           | -               | 450,138   | -                        | 450,138   |
| Transportation                               | -         | -           | -               | 34,402    | -                        | 34,402    |
| Petroleum Tank Release Compensation          | -         | -           | -               | 6,336     | -                        | 6,336     |
| Debt Services                                | -         | -           | -               | -         | 703                      | 703       |
| Other  | _         |             |                 | 66,878    |                          | 66,878    |
| Total Restricted                             | -         | <u> </u>    |                 | 6,410,261 | 703                      | 6,410,964 |
| Committed to:                                |           |             |                 |           |                          |           |
| Strategic Investments & Improvements         | -         | -           | -               | 538,216   | -                        | 538,216   |
| Oil & Gas Impact Grants                      | _         | -           | _               | 8,966     | _                        | 8,966     |
| Partnership in Assisting Community Expansion | -         | -           | -               | 59,662    | -                        | 59,662    |
| Human Services & Health Operations           | -         | -           | -               | 51,009    | -                        | 51,009    |
| Outdoor Heritage Grants                      | -         |             | _               | 32,860    | _                        | 32,860    |
| Water Development & Management Projects      | -         |             | _               | 28,445    | -                        | 28,445    |
| Oil & Gas Research                           | -         |             | _               | 18,199    | _                        | 18,199    |
| Judicial & Legal                             | -         |             | _               | 13,144    | _                        | 13,144    |
| Public Safety & Corrections                  | 19,421    |             | _               | 2,884     | _                        | 22,305    |
| Agriculture & Commerce                       | 4,437     |             | _               | 10,164    | _                        | 14,601    |
| State Rail & Special Roads                   | , -       |             | _               | 18,142    | _                        | 18,142    |
| Insurance Regulatory Operations              | _         |             | _               | 5,904     | _                        | 5,904     |
| Park & Recreation Operations                 | _         |             | _               | 10,216    | _                        | 10,216    |
| Economic Assistance & Social Services        | 2,990     | )           | _               | -         | _                        | 2,990     |
| Tax Relief                                   | 290,474   |             | _               | _         | _                        | 290,474   |
| Stabilization                                | 726,926   |             | _               | _         | _                        | 726,926   |
| Theodore Roosevelt Presidential Library &    | 0,020     |             |                 |           |                          | 0,0_0     |
| Museum                                       | 14,919    | )           | _               | _         | _                        | 14,919    |
| Veteran's Postwar                            |           | -           | _               | _         | 292                      | 292       |
| Other  | 7,522     | )           | _               | 42,144    | -                        | 49,666    |
| Total Committed                              | 1,066,689 |             | _               | 839,955   | 292                      | 1,906,936 |
|  | .,500,000 | -           |                 |           |                          | .,,       |

|  |              | Specia    |              |                          |               |
|--|--------------|-----------|--------------|--------------------------|---------------|
|  | General      | Federal   | State        | Nonmajor<br>Governmental | Total         |
| Assigned to:                           |              |           |              |                          |               |
| Education                              | \$ -         | \$        | - \$ 3,730   | \$ -                     | \$ 3,730      |
| Human Services & Health Operations     | -            |           | - 154,636    | -                        | 154,636       |
| Judicial & Legal                       | -            |           | - 9,557      | -                        | 9,557         |
| Correction & Rehabilitation Operations | -            |           | - 6,946      | -                        | 6,946         |
| Strategic Investments & Improvements   | -            |           | - 229,325    | -                        | 229,325       |
| Agriculture & Commerce                 | -            |           | - 2,036      | -                        | 2,036         |
| Environmental Quality                  | -            |           | - 891        | -                        | 891           |
| Securities Regulations                 | -            |           | - 2,107      | -                        | 2,107         |
| Other                                  | <u>-</u>     |           | 10,499       |                          | 10,499        |
| Total Assigned                         |              |           | 419,727      |                          | 419,727       |
| Unassigned                             | 7,655,894    | (1,543)   |              | (3,278)                  | 7,651,073     |
| Total Fund Balances                    | \$ 8,728,778 | \$ 11,909 | \$ 7,682,453 | \$ 75,015                | \$ 16,498,155 |

## **NOTE 6 - RETIREMENT SYSTEMS**

#### A. DESCRIPTION OF PLANS

The State of North Dakota administers four major retirement systems: North Dakota Public Employees' Retirement System, North Dakota Highway Patrolmen's Retirement System, Retirement Plan for the Employees of Job Service North Dakota and the Teachers' Fund for Retirement. The State also administers the North Dakota Defined Contribution Retirement Plan, which was established January 1, 2000. Certain state employees may also participate in a privately administered retirement system: Teachers' Insurance Annuity Association. The following is a brief description of each plan. More detailed information can be found in the plan agreements and the related legislation.

## NORTH DAKOTA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

The North Dakota Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan covering substantially all employees of the State of North Dakota, its agencies, and various participating political subdivisions (Main System). It also covers Supreme and District Court judges, the National Guard Security Officers and Firefighters, peace officers and correctional officers employed by political subdivisions and as of August 1, 2017, firefighters employed by participating political subdivisions. Effective August 1, 2015, current and newly eligible members of the National Guard System were transferred to the Law Enforcement System. It is not subject to the provisions of the Employee Retirement Security Act of 1974. PERS issues a publicly available financial report that may be obtained by writing to North Dakota Public Employees Retirement System, 400 East Broadway, Suite 505, Bismarck, North Dakota 58501.

At June 30, 2020, the number of participating political subdivisions in PERS was:

| Cities   | 98  |
|--|-----|
| Counties   | 51  |
| School Districts                                 | 129 |
| Other  | 86  |
| Total Participating Local Political Subdivisions | 364 |

#### Administration

The North Dakota Retirement Board was created by the State Legislature and is the governing authority of PERS. Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code.

Responsibility for administration of the three defined benefit pension plans and the defined contribution plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; two members of the legislative assemble appointed by a chairman of the legislative management, three members elected by the active membership of the NDPERS system; and one member elected by the retired public employees.

The costs of administering the plan are financed through the contributions and investment earnings of each plan.

#### **Benefits**

Pension benefits are set by statute. The System has no provisions or policies with respect to automatic and ad hoc postretirement benefit increases. Members are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equals or exceeds 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The annual pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the annual pension benefit is equal to 1.75% of their average monthly salary, using the three highest periods of twelve consecutive months employed during the last one hundred eighty months of employment. The Plan permits early retirement at ages 55-64 with five or more years of service.

Supreme and district court judges are entitled to unreduced monthly pension benefits beginning at the normal retirement age (65) or Rule of 85. The monthly pension benefit for Supreme and district court judges is equal to a percentage of average monthly salary using the highest 36 consecutive months out of the last 180 months of service. The percentage is equal to 3.5% of final average monthly salary multiplied by the first 10 years of service, plus 2.80% of the average monthly salary times the second 10 years of service, plus 1.25% of average monthly salary times years of service in excess of 20 years. The judicial retirement formula is only applied to eligible judicial service. Non-judicial service benefits are calculated using the 2.00% multiplier. The plan permits early retirement at ages 55-64, with five or more years of service.

The monthly pension benefit for National Guard at normal retirement age (55). Effective August 1, 2015, the National Guard System will become part of the Law Enforcement System. Members of the Law Enforcement are entitled to unreduced monthly pension benefits at normal retirement age (55) or the rule of 85. The monthly pension benefit for the National Guard/Law Enforcement is equal to 2.00 percent of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 50-55 with three or more years of service for members.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the employee's accumulated contributions plus interest.

## **Death and Disability Benefits**

Death and disability benefits are set by statute. If an active employee dies with less than three years of service for the Main System and Public Safety, or less than five years of service for Supreme and district court judges, a death benefit equal to the value of the employee's accumulated contributions, plus interest, is paid to the employee's beneficiary. If the employee has earned more than three years of service for the Main System and Public Safety, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the employee's accrued normal retirement benefit, or monthly payments in an amount equal to the employees' accrued 100% joint and survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the employee's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

For judges only who have earned five years of credited service, the death benefit is changed to the greater of (i) lump sum payment of accumulated contributions, and (ii) 100% of the member's accrued benefit (not reduced on account of age), payable for the spouse's lifetime.

Eligible members who become totally disabled after a minimum of 180 days of service receive monthly disability benefits that are equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for "disabled" is set by the Board in the North Dakota Administrative Code.

For Judges only, the disability benefit formula is changed to 70% of final average salary minus social security and workers compensation benefits.

## **Refunds of Member Contributions**

Upon termination, if a member is not vested (is not 65 or does not have three years of service for the Main System and National Guard/Law Enforcement, or five years of service for the Supreme and district court judges, credited for PERS), they will receive the accumulated member contributions plus interest. If an employee has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their

accumulated employee contribution and is subsequently re-employed, they have the option of repurchasing their prior service.

#### **Contributions**

Contribution rates are set by state statute and are a percentage of salaries and wages.

Members that made a qualifying election under Senate Bill 2015 to move from the Defined Contribution Plan back to the Defined Benefit Plan have a 2% increase on employee contributions. The 2019 Legislative Assembly passed legislation that ended the RHIC plan for new hires after January 1, 2020 and redirected the 1.14% RHIC employer contribution to the retirement account for both the PERS plan as well as the defined contribution plan.

Member contributions are set by state statue 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 statue 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             |
|--|----------------------|----------------------|
|  | <u>Contributions</u> | <u>Contributions</u> |
| PERS                                     |                      |                      |
| Members first enrolled prior to 1/1/20   | 7.00%                | 7.12%                |
| Members first enrolled after to 1/1/20   | 7.00%                | 8.26%                |
| Members returning to the Defined Benefit |                      |                      |
| Plan as a result of Senate Bill 2015     | 9.00%                | 7.12%                |
| Judges Retirement System                 | 8.00%                | 17.52%               |
| Law Enforcement with previous service    |                      |                      |
| State – BCI Plan                         | 6.00%                | 9.81%                |
| State – National Guard                   | 5.50%                | 9.81%                |
| Political subdivisions                   | 5.50%                | 9.81%                |
| Law Enforcement without previous service | 5.50%                | 7.93%                |

The member's account balance includes employee contributions, interest, and the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. Members of the Supreme and District Court Judges are not eligible to vest in the employer contributions if contributing to the deferred compensation plan.

The minimum monthly member contribution is \$25, and the maximum may not exceed certain parameters based upon years of service.

## NORTH DAKOTA HIGHWAY PATROLMEN'S RETIREMENT SYSTEM (NDHPRS)

The North Dakota Highway Patrolmen's Retirement System is a single-employer defined benefit pension plan covering substantially all sworn officers of the Highway Patrol of the State of North Dakota. It is not subject to the provisions of the Employee Retirement Income Security Act of 1974. NDHPRS issues a publicly available financial report that may be obtained by writing to North Dakota Public Employees Retirement System, 400 East Broadway, Suite 505, Bismarck, North Dakota 58501.

## Administration

The North Dakota Retirement Board was created by the State Legislature and is the governing authority of NDHPRS. See PERS Administration note for composition of the Retirement Board. Benefit and contribution provisions are administered in accordance with chapter 39-03 of the North Dakota Century Code.

The costs of administering the plan are financed through the contributions and investment earnings of the plan.

## **Benefits**

Pension benefits are set by statute. The System has no provisions or policies with respect to automatic and ad hoc postretirement benefit increases. Members are entitled to unreduced pension benefits upon attainment of age 55 and 10 years of eligible employment or when the sum of age and years of credited service equals or exceeds 80. The annual pension

benefit is equal to a percentage of average monthly salary using the highest 36 months out of the last 180 months of service. The percentage is equal to the sum of the first 25 years of service multiplied by 3.60% and 1.75% multiplied by years of service in excess of 25, if any. The plan permits early retirement at ages 50-54, with ten or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

#### **Death and Disability Benefits**

Death and disability benefits are set by statute. If an active member dies with less than 10 years of credited service, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member 's beneficiary. If the member has earned more than 10 years of credited service, the surviving spouse, if any, will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50 percent of the member 's accrued normal retirement benefit. If the surviving spouse dies before the member 's accumulated pension benefits are paid, the balance will be payable to any designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days service receive monthly disability benefits that are up to 70 percent of their final average salary, reduced by workers compensation with a minimum benefit of \$100. To qualify under this section, the member must meet the criteria established by the Retirement Board for being totally disabled and apply for benefits within one year of termination.

#### **Refunds of Member Contributions**

Upon termination, if a member is not vested (is not 60 or does not have ten years of service credited for NDHPRS), they will receive the accumulated member contributions plus interest. If an employee has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated employee contribution and is subsequently re-employed, they have the option of repurchasing their prior service.

#### Contributions

Contribution rates for NDHPRS are set by state statute and are a percentage of covered compensation. The State is paying 4.0% of the member contribution. The member contribution rate is 13.3% and the employer rate is 19.7%.

#### RETIREMENT PLAN FOR THE EMPLOYEES OF JOB SERVICE NORTH DAKOTA (JSND)

The retirement plan for employees of Job Service North Dakota is a single-employer defined benefit public employee retirement plan administered by PERS. The plan is established under NDCC 52-11-01 with benefit provisions established through the plan document, as amended by the Board. This plan document, as amended, is authorized by the Plan Administrator, who is the Executive Director of the agency. JSND issues a publicly available financial report that may be obtained by writing to Job Service North Dakota, PO Box 5507, Bismarck, North Dakota 58506-5507.

Participation in the plan is limited to employees participating in the plan as of September 30, 1980.

#### Administration

On August 1, 2003, the administrative authority and the net position of the Retirement Plan for Employees of Job Service North Dakota were transferred from the agency to the Public Employees Retirement System Board. This action was based on the passage of House Bill 1064 by the Fifty-eighth Legislative Assembly of North Dakota. The Retirement Plan for Employees of Job Service has an Actuarial Valuation Report produced annually. Requests to obtain or review this report should be addressed to the Executive Director, NDPERS, 400 East Broadway, Suite 505, Bismarck, North Dakota 58501.

The costs of administering the plan are financed through the contributions and investment earnings of the plan.

#### **Benefits**

Benefits are established through the plan document, as amended by the Board. The System provides a post-retirement cost-of living adjustment each year based on the Consumer Price Index. Employees are entitled to annual pension benefits beginning at normal retirement age (65). Employees may elect optional retirement eligibility at age 62 with 5 years of credited service, at age 60 with 20 years of credited service, or at age 55 with 30 years of credited service. Pension benefits are calculated based on the final average earnings (basic monthly earnings averaged over the highest three consecutive years of basic earnings) of the employee multiplied by the sum of:

- 1.5% times years of credited service up to 5 plus;
- 1.75% times years of credited service between 6 and 10 plus;
- 2.0% times years of credited service in excess of 10.

#### **Death and Disability Benefits**

The plan provides retirement, disability and death benefits. If death of a participant occurs prior to their annuity starting date, the surviving spouse who has been married at least two years prior to the participant's death or, if married less than two years is a parent of a child of this marriage, then the spouse shall receive monthly benefits. The amount is the greater of the benefit had the participant retired on the day before they died and elected the Contingent Annuitant Option with 55% of their retirement benefit continued to their spouse or 55% of the smaller of 40% of the deceased participant's average monthly earnings or the deceased participant's normal retirement benefit obtained by increasing their credited service by the period of time between their date of death, and the date they would have attained age 60. Upon remarriage of the surviving spouse before age 60, the death benefit will cease.

If a participant becomes totally disabled, they will be eligible for a monthly disability benefit which shall be equal to the greater of 40% of the participant's average annual earnings or the accrued benefit determined as of their date of disability.

#### **Refunds of Member Contributions**

Upon termination, if a member of the JSND System terminates employment before retirement payments begin, participation in the retirement plan will cease. No further additions to retirement income will accrue on the member's behalf, and the member may be paid under one of the following options.

- The member may be paid an amount of retirement income with payments starting at Normal, Optional, or Early Retirement Date. The amount of that income will be equal to the amount provided under the formula according to the member's years of credited service and earnings.
- The member may receive a cash withdrawal benefit equal to the total of the member's contributions and employer contributions made on their behalf, plus 4 percent interest compounded annually. The member may elect this option at any time after withdrawal and before Normal, Optional, or Early Retirement Date, but such benefit shall be in place of all other benefits under the retirement benefits section.

#### **Contributions**

Member contributions are 3% and employer contributions are 4% of covered compensation. The funding policy of the plan provides for employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. Effective July 1, 1999, the "scheduled contribution" will be zero as long as the plan's actuarial value of assets exceeds the actuarial present value of projected benefits. The "scheduled contribution" and amortization will be determined when the plan is not in surplus and will be based on a funding policy adopted by the Employer.

#### TEACHERS' FUND FOR RETIREMENT (TFFR)

The North Dakota Teachers' Fund for Retirement is a cost-sharing multiple-employer defined benefit pension plan covering all North Dakota public teachers and certain other teachers who meet various membership requirements. TFFR provides for pension, death and disability benefits. The cost to administer the TFFR plan is financed by investment income and contributions.

Teachers' Fund for Retirement issues a publicly available financial report that may be obtained by writing to the Retirement and Investment Office, 3442 East Century Avenue, P.O. Box 7100, Bismarck, North Dakota 58507-7100.

At June 30, 2020, the number of participating employer units in TFFR was:

| <u>Type</u>             | Number |
|-------------------------|--------|
| Public School Districts | 174    |
| County Superintendents  | 6      |
| Special Education Units | 20     |
| Vocational Education    |        |
| Units                   | 4      |
| Other                   | 9      |
| Total                   | 213    |

#### 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 statues relating to the administration of the fund, including benefit terms, to the Legislative Assembly for consideration. The Legislative Assembly has final authority for changes to benefit terms and contributions rates.

#### **Benefits**

For purposes of determining pension benefits, members are classified within one of three categories. Tier 1 grandfathered and Tier 1 non-grandfathered members are those with service credit on file as of July 1, 2008. Tier 2 members are those newly employed and returning refunded members on or after July 1, 2008.

**Tier 1 Grandfathered** – A Tier 1 grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and has reached age 65, or the sum of age and years of service equals or exceeds 85. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 6% per year for every year the member's retirement age is less than 65 years or the date as of which age plus service equal 85. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

**Tier 1 Non-grandfathered** – A Tier 1 non-grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher, and the member has reached the age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55-64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

**Tier 2** – A Tier 2 member is entitled to receive unreduced benefits when five or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and has reached age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the five highest annual salaries earned divided by 60 months and multiplied by 2.00% times the number of service credits

earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

## **Death and Disability Benefits**

Death benefits may be paid to a member's designated beneficiary. If a member's death occurs before retirement, the benefit options available are determined by the member's vesting status prior to death. If a member's death occurs after retirement, the death benefit received by the beneficiary (if any) is based on the retirement plan the member selected at retirement.

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 statue.

#### **EMPLOYEE MEMBERSHIP DATA**

The following table summarizes employee membership information by plan at the actuarial valuation date:

|  | PERS         | NDHPRS       | JSND         | TFFR         |
|--|--------------|--------------|--------------|--------------|
| Retirees and beneficiaries currently receiving benefits: | 12,945       | 133          | 181          | 9,036        |
| Terminated Employees:                                    |              |              |              |              |
| Vested   | 7,135        | 26           | 1            | 1,715        |
| Nonvested  | 6,708        | 17           | -            | 1,132        |
| Active Employees:  |              |              |              |              |
| Vested   | 17,174       | 74           | 5            | 8,216        |
| Nonvested  | 7,315        | 80           |              | 3,131        |
| Total plan membership                                    | 51,277       | 330          | 187          | 23,230       |
| Date of annual valuation                                 | July 1, 2020 | July 1, 2020 | July 1, 2020 | July 1, 2020 |

#### B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

# **BASIS OF ACCOUNTING**

The public employee retirement systems described above are considered part of the State of North Dakota's reporting entity and are included in the State's financial statements as pension trust funds. The financial statements of these systems are prepared using the accrual basis of accounting. Employee contributions are recognized as revenues in the period in which they are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

## **INVESTMENT POLICY**

The System's Board is responsible for establishing the investment policy for the fund assets, which includes setting investment goals and specifying the percentage of assets to be invested in various types of investments for PERS, NDHPRS and JSND. The investment goals are viewed over the long term. The Board recognizes the plans' performance objectives, benefit projections, and capital market expectations when determining the asset allocation. The SIB is responsible for managing the System's investments in accordance with the investment policy.

The TFFR Board is responsible for establishing investment policy for the fund assets under NDCC 15-39.1-05.2. Benefit payments are projected to occur over a long period of time. This allows TFFR to adopt a long-term investment horizon and asset allocation policy for the management of fund assets. Asset allocation policy is critical because it defines the basic risk and return characteristics of the investment portfolio. Asset allocation targets are established using an asset-liability analysis designed to assist the Board in determining an acceptable volatility target for the fund and an optimal asset allocation policy mix. This asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk, including the resulting established impact of funded status and contribution rates.

The following was the asset allocation policy as of June 30, 2020:

|                            | Target Allocation |         |         |         |  |  |  |  |
|----------------------------|-------------------|---------|---------|---------|--|--|--|--|
|                            | PERS and NDHPRS   | JSND    | TFFR    | RHIC*   |  |  |  |  |
| Domestic equities          | 30.0%             | 6.0%    | 0.0%    | 39.0%   |  |  |  |  |
| International equities     | 21.0%             | 14.0%   | 0.0%    | 21.0%   |  |  |  |  |
| Private equity             | 7.0%              | 6.0%    | 0.0%    | 0.0%    |  |  |  |  |
| Domestic fixed income      | 23.0%             | 74.0%   | 0.0%    | 40.0%   |  |  |  |  |
| International fixed income | 0.0%              | 0.0%    | 0.0%    | 0.0%    |  |  |  |  |
| Global real assets         | 19.0%             | 0.0%    | 18.0%   | 0.0%    |  |  |  |  |
| Global equity              | 0.0%              | 0.0%    | 58.0%   | 0.0%    |  |  |  |  |
| Global fixed income        | 0.0%              | 0.0%    | 23.0%   | 0.0%    |  |  |  |  |
| Cash equivalents           | 0.0%              | 0.0%    | 1.0%    | 0.0%    |  |  |  |  |
| Total                      | 100.00%           | 100.00% | 100.00% | 100.00% |  |  |  |  |

<sup>\*</sup>See note 7 for further details of the RHIC OPEB Plan.

# INVESTMENT RATE OF RETURN

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return on pension plan and OPEB plan investments, net of pension plan and OPEB plan investment expense, was as follows for June 30, 2020:

| PERS   | 3.57% |
|--------|-------|
| NDHPRS | 3.28% |
| JSND   | 3.09% |
| TFFR   | 3.37% |
| RHIC*  | 5.37% |

<sup>\*</sup>See note 7 for further details of the RHIC OPEB Plan.

# METHOD USED TO VALUE INVESTMENTS

Investments are recorded at fair value determined by reference to published market data for publicly traded securities and through the use of independent valuation services and appraisals for other investments. The net increase in fair value of investments consists of the realized gains or losses and the unrealized increase or decrease in fair value of investments during the year. Realized gains and losses on sales of investments are computed based on the difference between the sales price and the original cost of the investment sold. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current fiscal year were included as a change in the fair value of investments reported in the prior year(s) and the current year. Unrealized gains and losses are computed based on changes in the fair value of investments between years. Security transactions are accounted for on a trade date basis. Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date.

#### **REALIZED GAINS AND LOSSES**

Realized gains and losses on sales of investments are components of net change in fair value of investments and are computed as described in note 1. For the year ended June 30, 2020, the following are the net realized gains (losses):

| PERS                                   | \$59,815,789 |
|--|--------------|
| NDHPRS                                 | 1,578,933    |
| JSND                                   | 1,125,627    |
| TFFR                                   | 50,611,877   |
| Retiree Health Insurance Credit (RHIC) | 9,822,393    |
| Defined Contribution Plan              | (5,049)      |
| Deferred Compensation Plan             | 5,491,243    |

#### C. FUNDING STATUS AND PROGRESS

#### NET PENSION LIABILITY OF THE PLANS

The components of the net pension liability of the Plans at June 30, 2020 were as follows (expressed in thousands):

|   | PERS  | NDHPRS                              | JSND                                 | TFFR  |
|---|---|-------------------------------------|--------------------------------------|---|
| Total pension liability Plan fiduciary net position Net pension liability (asset) | \$ 6,379,800<br>(3,154,351)<br>\$ 3,225,449 | \$ 178,229<br>(82,185)<br>\$ 96,044 | \$ 64,129<br>(95,251)<br>\$ (31,122) | \$ 4,181,036<br>(2,650,532)<br>\$ 1,530,504 |
| Plan fiduciary net position as a percentage of the total pension liability        | 49.44%                                      | 46.11%                              | 148.53%                              | 63.40%                                      |

# **ACTUARIAL ASSUMPTIONS**

#### **PERS**

The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions:

Actuarial Cost Method: Entry Age Normal

Asset Valuation Method: Plan Fiduciary Net Position (Market value of assets, no assets smoothing)

Inflation: 2.25%

Salary Increase: 3.50% to 17.75% including inflation

Retirement Age: Age-based tale of rates that specify to the type of eligible condition

Mortality Rates: Sex-distinct Pub-2010 tables for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees and active members.

Other Notes: The interest rates on member contributions will decrease from 7.00% to 6.50% effective January 1, 2021.

The benefit accrual rate for members first enrolled on or after January 1, 2020 in the Main and Public Safety Systems is 1.75% (compared to 2.00% for members enrolled before January 1, 2020.

The investment return assumption was updated from 7.50% to 7.00% beginning with the actuarial valuation as of July 1, 2020. Other updates to actuarial assumptions since July 1, 2019 valuation include changes to mortality tables used for the valuation as well as changes to the rates on annual salary increase, separation for active membership, disability, and retirement. The actuary assumptions were based on an experience review for the period July 1, 2014 to July 1, 2019.

The employer rates to the System are the statutory/Board approved contribution rates of 7.12% of payroll for the Main System (8.26% for members enrolled on or after January 1, 2020), 17.52% for the Judges System, 9.81% for the Public Safety with prior Main System, and 7.93% for the Public Safety without prior Main System service System.

#### **HPRS**

The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions:

Actuarial Cost Method: Entry Age Normal

Asset Valuation Method: Plan Fiduciary Net Position (Market value of assets, no assets smoothing)

Inflation: 2.25%

Salary Increase: Service-based table for members with less than five years of service and age-based table for members with more than five years of service.

Retirement Age: Age-based tale of rates that specify to the type of eligible condition.

Mortality Rates: Pub 2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using MP-2019 scale.

Other Notes: There were no benefit changes during the year.

The assumptions were updated beginning with the actuarial valuation as of July 1, 2020 based on an experience study covering the period July 1, 2014 through July 1, 2019.

The employer rate to the System is the statutory contribution rate of 19.70% payroll.

#### **JSND**

The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions:

Actuarial Cost Method: Entry Age Normal

Asset Valuation Method: Plan Fiduciary Net Position (Market value of assets, no assets smoothing)

Inflation: 2.25%

Salary Increase: 3.50%

Retirement Age: Age-based tale of rates that specify to the type of eligible condition.

Investment Rate of Return: 4.25%

Cost of Living Adjustment: 2.25%

Mortality Rates: Pub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

Other Notes: There were no benefit changes during the year.

The assumptions were updated beginning with the actuarial valuation as of July 1, 2020 based on an experience study covering the period July 1, 2014 through July 1, 2019.

The System has assets in excess of the present value of future benefits. Therefore, no employer contributions are being made.

#### **TFFR**

The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions:

Actuarial Cost Method: Entry Age Normal

Asset Valuation Method: 5 year smoothed market

Inflation: 2.30%

Salary Increase (Payroll Growth): 3.80% - 14.80%; varying by service, including inflation and productivity.

Retirement Age: In the 2020 and 2015 valuations, rates of retirement were changed to better reflect anticipated future experience.

Investment Rate of Return: 7.75%, net of investments expense.

Cost of Living Adjustment: None

Mortality Rates: For the July 1, 2020, valuation, the post-retirement healthy mortality table was updated to 104% of the PubT-2010 Retiree table for retirees and to 95% of the PubT-2010 Contingent Survivor table for beneficiaries, both projected with generational improvement using Scale MP-2019. The disabled mortality was updated to the PubNS-2010 Non-Safety Disabled Mortality table projected with generational improvement using Scale MP-2019. The pre-retirement mortality table was updated to the Pub T-2010 Employee table projected with generational improvement using Scale MP-2019. The actuarial assumptions used were based on the results of an experience study dated March 19, 2020.

## **INVESTMENT RATE OF RETURN**

The long-term expected rate of return on investments was determined using a building-block method in which bestestimates ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates to return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the pension plan's target asset allocation as of July 1, 2020 is summarized in the following tables:

| PERS and<br>NDHPRS<br>Asset Class | Long-Term<br>Expected Real<br>Rate of Return | JSND<br>Asset Class  | Long-Term<br>Expected Real<br>Rate of Return | TFFR<br>Asset Class | Long-Term<br>Expected Real<br>Rate of Return |
|-----------------------------------|--|----------------------|--|---------------------|--|
|                                   |  |                      |  | Global              |  |
| Domestic equity                   | 6.30%  | Domestic equities    | 5.50%  | equity              | 6.90%  |
|                                   |  |                      |  | Global fixed        |  |
| International equity              | 6.85%  | Core fixed income    | 7.00%  | income              | 1.30%  |
|                                   |  | Limited duration     |  | Global real         |  |
| Private equity                    | 9.75%  | fixed income         | -0.34%                                       | assets              | 5.00%  |
| Domestic fixed                    |  |                      |  | Cash                |  |
| income                            | 1.25%  | Global equity        | 5.24%  | equivalents         | 0.00%  |
| International fixed               |  | Diversified short-   | 0.2.70                                       | 0 4 4.1.4.10.110    | 0.0070                                       |
| income                            | 0.00%  | term fixed income    | -0.21%                                       |                     |  |
| meerne                            | 0.0070                                       | Short-term corporate | 0.2170                                       |                     |  |
| Global real assets                | 5.01%  | fixed income         | -0.89%                                       |                     |  |
| Global real assets                | 5.0176                                       | lixed income         | -0.69%                                       |                     |  |
| Cash equivalents                  | 0.00%  | US high yield        | 3.11%  |                     |  |
|                                   |  | Emerging market      |  |                     |  |
|                                   |  | debt                 | 5.26%  |                     |  |

#### **DISCOUNT RATE**

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and

investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.45%; and the resulting Single Discount Rate is 4.64%.

For HPRS, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.45%; and the resulting Single Discount Rate is 4.09%.

For JSND, the discount rate was 4.25% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates equal to those based on the July 1, 2020 Actuarial Valuation Reports. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions (for JSND it is assumed no future contribution will be made), the pension plans' fiduciary net position were projected to be available to make all projected future benefit payments for current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

For TFFR, the discount rate was 7.25% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates equal to those based on the July 1, 2020 Actuarial Valuation Reports. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions TFFR's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of July 1, 2020. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

#### SENSITIVITY OF NET PENSION LIABILITY

The following presents the net pension liability of the Plans as of June 30, 2020, calculated using the discount rate of 4.64% for PERS, 4.09% for NDHPRS, 4.25% for JSND and 7.25% for TFFR, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate

| Net Pension Liability (Asset) As of June 30, 2020 | 1% Decrease      | Current Discount Rate | 1% Increase      |
|---|------------------|-----------------------|------------------|
|   | (3.64%)          | (4.64%)               | (5.64%)          |
| PERS  | \$ 4,199,073,080 | \$ 3,225,449,178      | \$ 2,429,510,424 |
| Net Pension Liability (Asset)                     | 1% Decrease      | Current Discount Rate | 1% Increase      |
| As of June 30, 2020                               | (3.09%)          | (4.09%)               | (5.09%)          |
| NDHPRS  | \$ 127,280,387   | \$ 96,044,891         | \$ 71,396,917    |
| Net Pension Liability (Asset) As of June 30, 2020 | 1% Decrease      | Current Discount Rate | 1% Increase      |
|   | (3.25%)          | (4.25%)               | (5.25%)          |
| JSND  | \$ (24,661,696)  | \$ (31,122,000)       | \$ (36,644,730)  |
| Net Pension Liability (Asset)                     | 1% Decrease      | Current Discount Rate | 1% Increase      |
| As of June 30, 2020                               | (6.25%)          | (7.25%)               | (8.25%)          |
| TFFR  | \$ 2,038,548,355 | \$ 1,530,503,462      | \$ 1,108,292,065 |

# 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, 2020\*

|   | JSND           | NDHPRS         |
|---|----------------|----------------|
| Total pension liability (asset)                       |                |                |
| Service cost  | \$ 70,295      | \$ 2,818,006   |
| Interest  | 3,129,175      | 7,527,064      |
| Change of benefit terms                               | -              | -              |
| Difference between expected and actual experience     | (504,895)      | (67,748)       |
| Changes of assumptions                                | -              | 3,042,863      |
| Benefit payments, including refund of employee        |                |                |
| contributions   | (4,626,846)    | (5,391,115)    |
| Net change in total pension liability (asset)         | (1,932,271)    | 7,929,070      |
| Total pension liability (asset) - beginning           | 68,129,211     | 98,385,960     |
| Total pension liability (asset) - ending (a)          | \$ 66,196,940  | \$ 106,315,030 |
| Plan fiduciary net position                           |                |                |
| Contributions - employer                              | \$ -           | \$ 2,090,886   |
| Contributions - employee                              | 29,159         | 1,411,619      |
| Contributions - service credit repurchase             | -              | 167,824        |
| Transfers and other income                            | -              | (41)           |
| Net investment income                                 | 6,229,630      | 4,250,901      |
| Benefit payments, including refund of employee        |                |                |
| contributions   | (4,626,846)    | (5,391,115)    |
| Administrative expense                                | (16,808)       | (43,555)       |
| Net change in plan fiduciary net position             | 1,615,135      | 2,486,519      |
| Plan fiduciary net position - beginning               | 95,588,111     | 78,929,000     |
| Plan fiduciary net position - ending (b)              | \$ 97,203,246  | \$ 81,415,519  |
| Net pension liability (asset) - ending (a) - (b)      | \$(31,006,306) | \$ 24,899,511  |
| Plan fiduciary net position as a percentage of the    |                |                |
| total pension liability (asset)                       | 146.84%        | 76.58%         |
| Covered employee payroll                              | \$ 416,552     | \$ 10,354,210  |
| Plan net pension liability (asset) as a percentage of |                |                |
| covered employee payroll                              | -7443.56%      | 240.48%        |

<sup>\*</sup>The 2020 information presented has a measurement date of June 30, 2019.

#### JOB SERVICE NORTH DAKOTA (JSND)

#### **Net Pension Asset**

At June 30, 2020, the State recorded a net pension asset of \$31,006,306 for all of the Job Service North Dakota pension plan. The net pension asset was measured as of June 30, 2019 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date.

#### **Deferred Inflows and Outflows of Resources**

For the year ended June 30, 2020 the State recognized pension expense of (\$115,473). At June 30, 2020 the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   |    | Primary Gov                          | vernmen | ıt                                  | Discrete Component Units |                                      |    |                                     |  |
|---|----|--------------------------------------|---------|-------------------------------------|--------------------------|--------------------------------------|----|-------------------------------------|--|
|   |    | Deferred<br>Outflows of<br>Resources |         | Deferred<br>Inflows of<br>Resources |                          | Deferred<br>Outflows of<br>Resources |    | Deferred<br>Inflows of<br>Resources |  |
| Differences between expected and actual experience  | \$ | -                                    | \$      | -                                   | \$                       | _                                    | \$ | _                                   |  |
| Changes of assumptions  |    | -                                    |         | -                                   |                          | -                                    |    | -                                   |  |
| Net difference between projected and actual earnings on pension plan investments                                    |    | 953,488                              |         | -                                   |                          | -                                    |    | -                                   |  |
| Changes in proportion and differences<br>between employer contributions and<br>proportionate share of contributions |    | _                                    |         | _                                   |                          | _                                    |    | _                                   |  |
| Employer contributions subsequent to the measurement date   |    |                                      |         |                                     |                          |                                      |    |                                     |  |
| Total   | \$ | 953,488                              | \$      |                                     | \$                       | -                                    | \$ | -                                   |  |
|   |    |                                      |         |                                     | -                        |                                      |    |                                     |  |

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:

|       | Prim | Primary Government |    | ponent Units |
|-------|------|--------------------|----|--------------|
| 2021  | \$   | 760,767            | \$ | -            |
| 2022  |      | 412,451            |    | -            |
| 2023  |      | 139,772            |    | -            |
| 2024  |      | (359,502)          |    | -            |
| Total | \$   | 953,488            | \$ | -            |

## Sensitivity of the State's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension asset calculated using the discount rate of 4.75 percent, as well as what the State's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.75 percent) or 1-percentage-point higher (5.75 percent) than the current rate:

|                                    | 1  | % Decrease   | Cı | ırrent Discount |   | <br>l% Increase    |
|------------------------------------|----|--------------|----|-----------------|---|--------------------|
|                                    |    | (3.75%)      | F  | Rate (4.75%)    |   | (5.75%)            |
| State's proportionate share of the |    |              |    |                 | _ |                    |
| net pension asset                  | \$ | (24,292,823) | \$ | (31,006,306)    |   | \$<br>(36,982,989) |

# NORTH DAKOTA HIGHWAY PATROLMEN'S RETIREMENT SYSTEM (NDHPRS)

#### **Net Pension Liability**

At June 30, 2020, the State recorded a net pension liability of \$24,899,511 for all of the North Dakota Highway Patrolmen's Retirement System pension plan. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

#### **Deferred Inflows and Outflows of Resources**

For the year ended June 30, 2020 the State recognized pension expense of \$5,175,123. At June 30, 2020 the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   |                                      | Primary G | overn                               | ment      | Discrete Component Unit              |   |                                     | Inits |
|---|--------------------------------------|-----------|-------------------------------------|-----------|--------------------------------------|---|-------------------------------------|-------|
|   | Deferred<br>Outflows of<br>Resources |           | Deferred<br>Inflows of<br>Resources |           | Deferred<br>Outflows of<br>Resources |   | Deferred<br>Inflows of<br>Resources |       |
| Differences between expected and actual experience  | \$                                   | 338,360   | \$                                  | (497,866) | \$                                   | _ | \$                                  | _     |
| Changes of assumptions  Net difference between projected and actual earnings on pension plan                              |                                      | 4,888,671 |                                     | -         |                                      | - |                                     | -     |
| investments Changes in proportion and differences between employer contributions and proportionate share of contributions |                                      | 482,560   |                                     | -         |                                      | - |                                     | -     |
| Employer contributions subsequent to the measurement date   |                                      | 2,174,943 |                                     |           |                                      |   |                                     | _     |
| Total   | \$                                   | 7,884,534 | \$                                  | (497,866) | \$                                   |   | \$                                  |       |

\$2,174,943 reported as deferred outflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

|       | Primar | y Government | Compon | ent Units |
|-------|--------|--------------|--------|-----------|
| 2021  | \$     | 1,868,778    | \$     | _         |
| 2022  |        | 893,493      |        | -         |
| 2023  |        | 1,235,170    |        | -         |
| 2024  |        | 841,261      |        | -         |
| 2025  |        | 373,023      |        | -         |
| Total | \$     | 5,211,725    | \$     | _         |

# Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

|  | 1% Decrea<br>(6.50%) |            | (  | Current Discount<br>Rate (7.50%) | 1  | % Increase<br>(8.50%) |
|--|----------------------|------------|----|----------------------------------|----|-----------------------|
| State's proportionate share of the net pension liability | \$                   | 38,662,943 | \$ | 24,899,511                       | \$ | 13,491,914            |

## E. COST SHARING EMPLOYER PENSION PLANS

#### NORTH DAKOTA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

## **Proportionate Share of Net Pension Liability**

The North Dakota Public Employees' Retirement System (PERS) provides retirement benefits to employees of the primary government and its discrete component units as well as to other political subdivision subdivisions (Main System). It also covers Supreme and district court judges, the National Guard Security Officers and Firefighters, and as of August 1, 2003,

peace officers and correctional officers employed by political subdivisions. Effective August 1, 2017, current and newly eligible members of the National Guard System were transferred to the Law Enforcement System.

At June 30, 2020, the State recorded a net pension liability of \$570,357,613 for all of the PERS system. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on the State's share of covered payroll in the PERS pension plan relative to the covered payroll of all participating employers. At June 30, 2019 the State's proportion was 48.64006 percent, which is a decrease of 1.7386 percent from the prior year.

The State's discrete component unit, North Dakota Public Finance Authority, also participates in. At June 30, 2020, the discrete component units recorded a net pension liability of \$191,000 for all of the PERS system. The net pension liability was measured as of June 30, 2019 and the total pension liability and asset used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discrete component units' proportion of the net pension liability was based on their share of covered payroll in the PERS pension plan relative to the covered payroll of all participating employers. At June 30, 2019 the discrete component unit's proportion was 0.0163 percent, which is a decrease of 0.0002 percent from the prior year.

#### **Deferred Inflows and Outflows of Resources**

For the year ended June 30, 2020 the State recognized pension expense of \$96,673,459 and the component unit recognized pension expense of \$33,000. At June 30, 2020 the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Primary C                            | Sovernment                        | Discrete Co                             | mponent Units                       |
|---|--------------------------------------|-----------------------------------|---|-------------------------------------|
|   | Deferred<br>Outflows of<br>Resources | Deferred Inflows of Resources     | Deferred<br>Outflows<br>of<br>Resources | Deferred<br>Inflows of<br>Resources |
| Differences between expected and actual experience Changes of assumptions Net difference between projected and actual earnings on pension | \$ 517,488<br>220,089,297            | \$ (107,445,622)<br>(190,130,988) | \$ -<br>71,000                          | \$ (35,000)<br>(61,000)             |
| plan investments  Changes in proportion and differences between employer contributions and proportionate                                  | 10,456,445                           | -                                 | 3,000                                   | -                                   |
| share of contributions Employer contributions subsequent  | 8,438,589                            | (38,266,380)                      | 1,000                                   | (7,000)                             |
| to the measurement date<br>Total  | 40,229,883<br>\$ 279,731,702         | \$ (335,842,990)                  | 8,000<br>\$ 83,000                      | \$ (103,000)                        |

\$40,229,883 and \$8,000 reported as deferred outflows of resources related to pensions resulting from State and component unit contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

#### Year ended June 30:

|       | Prima | ary Government | Comp | onent Units |
|-------|-------|----------------|------|-------------|
| 2021  | \$    | 10,405,080     | \$   | 4,000       |
| 2022  |       | (2,736,072)    |      | -           |
| 2023  |       | (27,614,228)   |      | (7,000)     |
| 2024  |       | (58,297,057)   |      | (18,000)    |
| 2025  |       | (18,098,894)   |      | (7,000)     |
| Total | \$    | (96,341,171)   | \$   | (28,000)    |

#### Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

|  | 1  | % Decrease<br>(6.50%) | Curre | ent Discount Rate<br>(7.50%) | 1% Increase<br>(8.50%) |
|--|----|-----------------------|-------|------------------------------|------------------------|
| State's proportionate share of the net pension liability Component's proportionate share | \$ | 827,189,964           | \$    | 570,357,613                  | \$<br>354,495,803      |
| of the net pension liability   |    | 274,000               |       | 191,000                      | 121,000                |

#### NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

## **Proportionate Share of Net Pension Liability**

The North Dakota Teachers' Fund for Retirement (TFFR) provides retirement benefits to North Dakota public teachers and certain other teachers who meet various requirements. At June 30, 2020, the State recorded a net pension liability of \$8,631,145 for all of the TFFR. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on the State's share of covered payroll in the TFFR pension plan relative to the covered payroll of all participating employers. At June 30, 2019 the State's proportion was 0.6270 percent, which is a decrease of 0.0391 percent from the prior year.

## **Deferred Inflows and Outflows of Resources**

For the year ended June 30, 2020 the State recognized pension expense of \$946,221. At June 30, 2020 the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  |    | Primary G                         | overn | ment                                | Discrete Component Units   |          |                         |       |
|--|----|-----------------------------------|-------|-------------------------------------|----------------------------|----------|-------------------------|-------|
|  |    | eferred<br>atflows of<br>esources |       | Deferred<br>Inflows of<br>Resources | Defe<br>Outfl<br>o<br>Reso | ows<br>f | Defe<br>Inflov<br>Resou | vs of |
| Differences between expected and actual experience Changes of assumptions Net difference between projected and actual earnings on pension plan | \$ | 12,325<br>306,765                 | \$    | (311,502)                           | \$                         | -        | \$                      | -     |
| investments Changes in proportion and differences between employer contributions and   |    | 121,492                           |       | -                                   |                            | -        |                         | -     |
| proportionate share of contributions Employer contributions subsequent to the  |    | 565,271                           |       | (832,549)                           |                            | -        |                         | -     |
| measurement date   |    | 534,961                           |       |                                     |                            | -        |                         | -     |
| Total  | \$ | 1,540,814                         | \$    | (1,144,051)                         | \$                         | -        | \$                      | -     |

\$534,961 reported as deferred outflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

## Year ended June 30:

|            | Primar | Primary Government |    | nent Units |
|------------|--------|--------------------|----|------------|
| 2021       | \$     | 214,223            | \$ | -          |
| 2022       |        | 9,381              |    | -          |
| 2023       |        | (119,043)          |    | -          |
| 2024       |        | (54,068)           |    | -          |
| 2025       |        | (95,236)           |    | -          |
| Thereafter |        | (93,455)           |    | -          |
| Total      | \$     | (138,198)          | \$ | -          |

#### Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

|  |    | % Decrease | Current Discount |           | 1% Increase |           |
|--|----|------------|------------------|-----------|-------------|-----------|
|  |    | (6.75%)    | Rate (7.75%)     |           | (8.75%)     |           |
| State's proportionate share of the net pension liability | \$ | 11.656.448 | \$               | 8.631.145 | \$          | 6.117.040 |

#### F. PENSION SUMMARY

The following is a summary of the pension related items for all plans of the State as of and for the year ended June 30, 2020.

| Pension Plan  | Net Pension<br>Asset | <br>erred Outflows<br>f Resources<br>Pension | Net Pension<br>Liability | Deferred<br>Inflows of<br>Resources<br>Pension | Pension<br>Expense |
|---|----------------------|--|--------------------------|--|--------------------|
| Job Service ND  | \$ 31,006,306        | \$<br>953,488                                | \$ -                     | \$ -   | \$ (115,473)       |
| ND Highway Patrolmen's<br>Retirement System<br>ND Public Employees' | -                    | 7,884,534                                    | 24,899,511               | 497,866  | 5,175,123          |
| Retirement System   | -                    | 279,731,702                                  | 570,357,613              | 335,842,990                                    | 96,673,459         |
| ND Teachers' Fund for<br>Retirement                                 |                      | <br>1,540,814                                | 8,631,145                | 1,144,051                                      | 946,221            |
| Total   | \$ 31,006,306        | \$<br>290,110,538                            | \$ 603,888,269           | \$ 337,484,907                                 | \$102,679,330      |

## G. DEFINED CONTRIBUTION PLAN

The North Dakota Defined Contribution Retirement Plan was established on January 1, 2000, and is administered in accordance with chapter 54-52.6 of the North Dakota Century Code. The Defined Contribution Plan was available to state employees who are in positions not classified by the Human Resource Management Services division of the State of North Dakota. Employees under the judicial branch or the Board of Higher Education and State Institutional under jurisdiction of the Board of Higher Education are not eligible to participate in the plan. The 2013 Legislative Assembly passed legislation to expand eligibility to the plan to include all new state employees hired on or after October 1, 2013 through July 31, 2017. The Defined Contribution Plan had 93 participants as of June 30, 2020.

The administrative costs of the Defined Contribution Plan are funded by forfeitures of non-vested employee contributions and administrative fees charged to individual participant accounts.

#### **Benefits**

Benefits are set by statute. Members are entitled to their vested account balance. A participating member is immediately 100% vested in the employee's contributions. A participating member vests in the employer contributions made on the member's behalf as follows:

| Upon completion of two years of service   | 50%  |
|---|------|
| Upon completion of three years of service | 75%  |
| Upon completion of four years of service  | 100% |

Members may elect to receive their account balance in a lump sum, lump sum direct rollover, or periodic distribution.

## **Death and Disability Benefits**

Death and disability benefits are set by statute. Upon the death of a participating member or former participating member, the vested account balance of that deceased participant is available to the participant's designated beneficiary(ies). A member who becomes totally and permanently disabled while employed by the State is eligible to receive a distribution of the vested account balance. To qualify under this section, the member must meet the criteria established by the System for being totally disabled.

#### **Contributions**

Contributions are set by state statute and are a percentage of covered compensation. The State is paying 4% of the member contribution. The member contribution rate is 7.00% and the employer rate is 7.12% for members first enrolled prior to January 1, 2020. For members first enrolled after January 1, 2020 the member contribution rate is 7.00% and the employer rate is 8.26%. Pension expense totaled \$479,861 for the year ended June 30, 2020.

The Board, or vendors contracted by the Board, has exclusive authority to invest and manage the assets of the Defined Contribution Retirement Plan. State statute allows each participating employee to direct the investment of the individual's employer and employee contributions and earnings to one or more investment options within the available categories of investment as established by the Board.

#### H. TEACHERS' INSURANCE ANNUITY ASSOCIATION

The Teachers' Insurance and Annuity Association (TIAA-CREF), a privately-administered defined contribution retirement plan, provides individual retirement fund contracts for eligible employees as defined by the Board of Higher Education in its approved TIAA-CREF retirement resolution. Further information can be obtained by writing to TIAA-CREF, Denver Regional Office, 1700 Broadway, Suite 770, Denver, Colorado 80290 or by calling 800-842-2009.

All benefits vest immediately to the participant. The plan requires employee and employer contributions be based on a classification system and years of service based on the schedule shown below.

| <b>Employment Class</b> | Years Of Service           | By The Participant | By The Institution | Total  |
|-------------------------|----------------------------|--------------------|--------------------|--------|
| I and III               | 0 thru 10                  | 4.50%              | 12.50%             | 17.00% |
| i and iii               | over 10                    | 5.00%              | 13.00%             | 18.00% |
|                         | 0 thru 2                   | 3.50%              | 7.50%              | 11.00% |
| II                      | 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    | less than 3                | 0.00%              | 0.00%              | 0.00%  |
| (additional employer    | 3 to less than 6           | 0.00%              | 4.00%              | 4.00%  |
| contribution)           | 6 and over                 | 0.00%              | 8.00%              | 8.00%  |

Plan contributions are made on a tax-deferred basis in accordance with section 414(h)(2) of the Internal Revenue Code. All contributions are applied as premiums to retirement annuity contracts owned by the participant. The State has no further liability once annual contributions are made. The State contributed \$43.2 million to TIAA-CREF during the fiscal year ending June 30, 2020.

## NOTE 7 - POST-RETIREMENT

## A. RETIREE HEALTH INSURANCE CREDIT – PLAN INFORMATION

The Retiree Health Insurance Credit Fund, a cost-sharing multiple-employer other post-employment plan, is administered by the North Dakota Retirement Board (the Board) to provide members that were first enrolled in the plan prior to January 1, 2020 and are receiving retirement benefits from the Public Employees Retirement System, the Highway Patrolmen's Retirement System and judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit will also be available to apply towards monthly premiums under the state dental, vision and long term care plan and any other health insurance. Effective August 1, 2019, the credit is expanded to also include any dental, vision, and long term care plan. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Regular employees hired under the Retirement Plan for Employees of Job Service North Dakota prior to October 1, 1980 are eligible to participate in the Retiree Health Insurance Credit Fund, a cost-sharing multiple-employer plan, as administered by the Public Employees Retirement Board. The retired employee is provided a credit toward their monthly health insurance premium under a qualifying plan based upon their years of credited service. In accordance with NDCC 54-52.1-03.2, Job Service North Dakota reimburses the Retiree Health Insurance Credit Fund monthly for credit received by members of the retirement plan established by Job Service North Dakota.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

Employee membership is as follows:

| Retirees receiving benefit | 13,092 |
|----------------------------|--------|
| Active participants        | 23,495 |
| Total Membership           | 36,587 |

#### **OPEB Contributions**

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "prefunded credit applied" on the Statement of Changes in Plan Net Position for the OPEB trust funds.

#### **OPEB Benefits**

Retiree health insurance credit benefits and death and disability benefits are set by state statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the Public Employees Retirement System, the Highway Patrolmen's Retirement System, or the Defined Contribution Retirement Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving the surviving spouse benefit of if the member selected a joint and survivor option are eligible to receive credit toward their monthly health insurance premium under the state health plan.

The benefits are equal to \$5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health benefit is also available for early retirement with reduced benefits.

## Net OPEB Liability of the Plan

The components of the net OPEB liability of the plan at June 30, 2020 is as follows (expressed in thousands):

|   | RHIC          |
|---|---------------|
| Total OPEB liability  | \$<br>229,741 |
| Plan fiduciary net position   | <br>(145,621) |
| Net OPEB liability (asset)  | \$<br>84,120  |
| RHIC fiduciary net position as a percentage of the total OPEB liability | 63.38%        |

## **Actuarial Assumptions**

Actuarial Cost Method: Entry Age Normal

Asset Valuation Method: Plan Fiduciary Net Position (Market value of assets, no asset smoothing)

RHIC Inflation: 2.25%

Salary Increase: Not applicable

Investment Rate of Return: 6.50%, net of investments expense, including inflation.

Mortality Rates: Pub-2010 Health Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

Other Notes: RHIC is for the most part a closed plan. There were no benefit changes during the year. The employer rate to the System is the statutory contribution rate of 1.14% of payroll.

#### **Investment Rate of Return**

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of RHIC investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2020 is summarized in the following table:

|                             | Long-Term<br>Expected Real |
|-----------------------------|----------------------------|
| Asset Class                 | Rate of Return             |
| Large Cap Domestic Equities | 6.10%                      |
| Small Cap Domestic Equities | 7.00%                      |
| International equities      | 6.45%                      |
| Core-Plus Fixed Income      | 1.15%                      |

#### **Discount Rate**

The discount rate used to measure the total OPEB liability was 6.5%. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2020 PERS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

## Sensitivity of Net OPEB Liability

The following presents the net OPEB liability of the Plan as of June 30, 2020, calculated using the single discount rate of 6.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

|                            |    |             | Cu | rrent Discount |    |             |
|----------------------------|----|-------------|----|----------------|----|-------------|
| Net OPEB Liability (Asset) | 1  | I% Decrease |    | Rate           | 1  | 1% Increase |
| As of June 30, 2020        |    | (5.50%)     |    | (6.50%)        |    | (7.50%)     |
| RHIC                       | \$ | 110,324,972 | \$ | 84,119,757     | \$ | 61,959,773  |

The benefit provided by the North Dakota Retiree Health Insurance Credit Fund is a fixed dollar subsidy and is not affected by healthcare cost trend. Therefore, a healthcare trend rate was not performed.

## B. RETIREE HEALTH INSURANCE CREDIT - STATE'S SHARE

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

# **Proportionate Share of Net OPEB Liability**

At June 30, 2020, the State reported a liability of \$39,178,151 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The State's proportion of the net OPEB liability was based on the State's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2019, the State's proportion was 49.7783 percent, which is a decrease of 0.9528 percent from the prior year.

#### **Deferred Inflows and Outflows of Resources**

For the year ended June 30, 2020 the State recognized OPEB expense of \$5,016,590. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  |                         | Primary G  | overn | ment        | Discr  | Discrete Component Units |          |       |
|--|-------------------------|------------|-------|-------------|--------|--------------------------|----------|-------|
|  | Deferred<br>Outflows of |            |       | Deferred    |        | rred                     | Deferred |       |
|  |                         |            |       | Inflows of  | Outflo |                          | Inflo    |       |
| Differences between expected and   |                         | Resources  |       | Resources   | Reso   | urces                    | Reso     | urces |
| actual experience  | \$                      | 967,707    | \$    | (1,223,546) | \$     | -                        | \$       | -     |
| Changes of assumptions   |                         | 4,668,419  |       | -           |        | -                        |          | -     |
| Net difference between projected and actual earnings on OPEB plan        |                         |            |       |             |        |                          |          |       |
| investments  |                         | 43,532     |       | -           |        | -                        |          | -     |
| Changes in proportion and differences between employer contributions and |                         |            |       |             |        |                          |          |       |
| proportionate share of contributions                                     |                         | 327,912    |       | (2,085,828) |        | -                        |          | -     |
| Employer contributions subsequent to                                     |                         |            |       |             |        |                          |          |       |
| the measurement date   |                         | 6,469,810  |       | -           |        | -                        |          | -     |
| Total  | \$                      | 12,477,380 | \$    | (3,309,374) | \$     | -                        | \$       | -     |

\$6,469,810 reported as deferred outflows of resources related to OPEB resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

#### Year ended June 30:

|            | Primai | ry Government | Component Units |   |  |
|------------|--------|---------------|-----------------|---|--|
| 2021       | \$     | 230,787       | \$              | - |  |
| 2022       |        | 230,787       |                 | - |  |
| 2023       |        | 331,497       |                 | - |  |
| 2024       |        | 313,854       |                 | - |  |
| 2025       |        | 705,441       |                 | - |  |
| Thereafter |        | 885,830       |                 |   |  |
| Total      | \$     | 2,698,196     | \$              |   |  |

# Sensitivity of the State's Proportionate Share of the OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plans as of June 30, 2020, calculated using the discount rate of 7.25%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

|  | 1  | % Decrease<br>(6.25%) | Curre | ent Discount Rate<br>(7.25%) | 1  | % Increase (8.25%) |
|--|----|-----------------------|-------|------------------------------|----|--------------------|
| State's proportionate share of the net | _  | (                     |       |                              |    |                    |
| OPEB liability                         | \$ | 49,309,306            | \$    | 39,178,151                   | \$ | 30,497,557         |

## C. JOB SERVICE NORTH DAKOTA - MET LIFE INSURANCE BENEFIT

## MET LIFE INSURANCE BENEFIT

Job Service North Dakota engaged an actuary to determine the Agency's liability for post-employment benefits other than pensions as of July 1, 2020. The actuary determined the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense the Agency has to record as of June 30, 2020. Requests to obtain or review the actuary report should be addressed to the Finance Manager – P.O. Box 5507 Bismarck, North Dakota, 58506-5507.

#### **Plan Description**

Job Service North Dakota employees who had a Met Life Insurance policy in effect on December 1, 1999, when the Met Life Insurance benefit plan, a single-employer plan, was discontinued for new employees, receive the following benefits: Job Service North Dakota pays 33% of the monthly Basic Met Life Insurance premium of current employees with a Met Life Insurance policy and upon retirement the employees Basic Met Life Insurance premiums are covered 100% by Job Service North Dakota. The Basic Life Insurance Benefits are equal to the employees' annual salary rounded up to the nearest thousand plus two thousand up to a maximum of \$45,000 and are decreased at a rate of 2% per month at age 65 until the benefit is 25% of the original amount but no less than \$10,000. The actuary report of the Met Life Insurance Benefit is the only financial report produced for this benefit and is available as indicated above. Job Service North Dakota has authority to change the funding and benefit policy of this plan.

Membership of the Other Post Retirement Benefit plan consisted of the following at July 1, 2020, the date of the latest actuarial valuation:

| Retirees and beneficiaries currently receiving benefits              | 155 |
|--|-----|
| Terminated employees entitled to benefits but not yet receiving them | -   |
| Current vested employees   | 5   |
| Total  | 160 |

# OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Employer reported a liability of \$1,265,603 at June 30, 2020 for its net OPEB liability. The net OPEB liability was measured as of July 1, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2020, the Employer recognized OPEB expense of \$(108,390). The Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following:

|   | Defe<br>Outflo<br>Reso | ws of | Defe<br>Inflov<br>Resou | vs of |
|---|------------------------|-------|-------------------------|-------|
| Differences between expected and actual       |                        |       |                         |       |
| experience                                    | \$                     | -     | \$                      | -     |
| Changes of assumptions                        |                        | -     |                         | -     |
| Net difference between projected and actual   |                        |       |                         |       |
| earnings on OPEB plan investments             |                        | -     |                         | -     |
| Changes in proportion and differences between |                        |       |                         |       |
| employer contributions and proportionate      |                        |       |                         |       |
| share of contributions                        |                        | -     |                         | -     |
| Total   | \$                     | -     | \$                      | -     |

#### **Actuarial Assumptions**

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                  | July 1, 2020    |
|------------------|-----------------|
| Inflation        | none            |
| Salary increases | 5%              |
| Discount rate    | 2.66% per annum |

Mortality rates were based on the RP-2014 Total Dataset Mortality Table adjusted to based year 2006, projected with Scale MP-2019.

## Sensitivity of the State's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plans as of June 30, 2020, calculated using the discount rate of 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.66 percent) or 1-percentage-point higher (3.66 percent) than the current rate:

|                     |    |            | Cu | rrent Discount |    |             |
|---------------------|----|------------|----|----------------|----|-------------|
| Net OPEB Liability  | 1  | % Decrease |    | Rate           | •  | 1% Increase |
| As of June 30, 2020 |    | (1.66%)    |    | (2.66%)        |    | (3.66%)     |
| Met Life            | \$ | 1.410.912  | \$ | 1.265.603      | \$ | 1.143.427   |

# Schedule of Changes in Net OPEB Liability

|                           | Increase (Decrease)            |                             |                                    |  |  |  |
|---------------------------|--------------------------------|-----------------------------|------------------------------------|--|--|--|
|                           | Total OPEB<br>Liability<br>(a) | Plan Net<br>Position<br>(b) | Net OPEB<br>Liability<br>(a) - (b) |  |  |  |
| Balances at 6/30/19       | \$ 1,452,692                   | \$ -                        | \$ 1,452,692                       |  |  |  |
| Changes for the Year:     |                                |                             |                                    |  |  |  |
| Service cost              | 821                            | -                           | 821                                |  |  |  |
| Interest                  | 36,570                         | -                           | 36,570                             |  |  |  |
| Benefit changes           | -                              | -                           | -                                  |  |  |  |
| Experience losses (gains) | (192,150)                      | -                           | (192,150)                          |  |  |  |
| Changes of assumptions    | 46,369                         | -                           | 46,369                             |  |  |  |
| Contributions - Employer  |                                | 78,699                      | (78,699)                           |  |  |  |
| Benefits paid             | (78,699)                       | (78,699)                    | -                                  |  |  |  |
| Administrative expenses   |                                |                             |                                    |  |  |  |
| Net changes               | (187,089)                      |                             | (187,089)                          |  |  |  |
| Balances at 6/30/20       | \$ 1,265,603                   | \$ -                        | \$ 1,265,603                       |  |  |  |

The plan provisions used in the measurement of the net OPEB liability are the same as those used in the Actuarial Valuation as of July 1, 2020.

# D. OPEB SUMMARY

The following is a summary of the OPEB related items for all plans of the State as of and for the year ended June 30, 2020.

| OPEB Plan  | Deferred Outflows<br>of Resources -<br>OPEB |    | Net OPEB<br>Liability |    | Deferred<br>Inflows of<br>Resources -<br>OPEB |    | OPEB<br>Expense |  |
|--|---|----|-----------------------|----|---|----|-----------------|--|
| ND Public Employees' Retirement System JSND Met Life Insurance | \$<br>12,477,380                            | \$ | 39,178,151            | \$ | 3,309,374                                     | \$ | 5,016,590       |  |
| Benefit  | <br>  |    | 1,265,603             |    |   |    | (108,390)       |  |
| Total  | \$<br>12,477,380                            | \$ | 40,443,754            | \$ | 3,309,374                                     | \$ | 4,908,200       |  |

# **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 lessor of \$19,500 or 100% of gross annual compensation for calendar year 2020. Participation in the plan is optional. The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency.

All compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights, are held in trust for the exclusive use of the employee or their beneficiary.

The minimum monthly member contribution to the deferred compensation plan is \$25 and the maximum vesting in the employer contributions ranges from 1% to 4% of the monthly salary, or \$25, depending the employees months of service.

The deferred compensation plan had 14,044 active participants as of June 30, 2020.

The related assets of the plan, held in trust, are reported at fair value as follows (expressed in thousands):

| Plan Participation By: |               |      |
|------------------------|---------------|------|
| State of North Dakota  | \$<br>121,097 | 87%  |
| Other Jurisdictions    | <br>18,186    | 13%  |
| Total Value            | \$<br>139,283 | 100% |

# NOTE 9 - PERS UNIFORM GROUP INSURANCE PROGRAM

The PERS Uniform Group Insurance Program, an enterprise fund, contracts with Sanford Health Plan to provide health care insurance to the employees of the State of North Dakota, or any of its political subdivision, institutions, departments or agencies. The contract for the 2017-2019 biennium provides for an accounting of premiums paid and claims incurred during the biennium. The final gain or loss is determined two years after the end of the biennium, which for the 2017-2019 biennium will occur in 2021. In the event of a loss, the system does not have any risk. For this period premiums exceed claims, therefore, a gain of \$6.8 million will be returned to the system and is included as a receivable as of June 30, 2020.

The System again entered into a similar contract with Sanford Health Plan for the 2019-2021 biennium. The contract for the 2019-2021 biennium provides for an accounting of premiums paid and claims incurred during the biennium. The final gain or loss is determined two years after the end of the biennium, which for the 2019-2021 biennium will occur in 2023. In the event of a loss, the system does not have any risk. No other insurance contracts have a gain sharing provision.

# **NOTE 10 - SEGMENT INFORMATION**

North Dakota Housing Finance Agency maintains two separate funds which account for general agency operations and provide loans to finance construction of rental residential housing and single-family ownership. The two funds are accounted for in a single fund, but investors in home ownership bonds rely solely on the revenue generated by the mortgage loans and assets acquired for repayment. Segment information for the year ended June 30, 2020, was as follows (expressed in thousands):

|   | Home-Ownership Bond<br>Funds |           |  |
|---|------------------------------|-----------|--|
| Condensed Statement of Net Position                                       |                              |           |  |
| Current assets – other  | \$                           | 266,052   |  |
| Noncurrent assets – other   |                              | 1,295,238 |  |
| Total Assets  |                              | 1,561,290 |  |
| Deferred outflow of resources   |                              | 16,132    |  |
| Current liabilities – other   |                              | 65,541    |  |
| Noncurrent liabilities – other  |                              | 1,315,440 |  |
| Total Liabilities   |                              | 1,380,981 |  |
| Net position – restricted   |                              | 196,441   |  |
| Total Net Position  | \$                           | 196,441   |  |
| Condensed Statement of Revenues, Expenses and Change in Fund Net Position |                              |           |  |
| Operating revenues  | \$                           | 53,507    |  |
| Operating expenses  |                              | (41,208)  |  |
| Operating income  |                              | 12,299    |  |
| Change in net position  |                              | 12,299    |  |
| Total net position, beginning of year, restated                           |                              | 183,913   |  |
| Equity transfer out   |                              | 229       |  |
| Total net position, end of year   | \$                           | 196,441   |  |
| Condensed Statement of Cash Flows   |                              |           |  |
| Net cash used by operating activities                                     | \$                           | (50,486)  |  |
| Net cash from noncapital financing activities                             |                              | 56,252    |  |
| Net cash from investing activities  |                              | (2,568)   |  |
| Net change in cash and cash equivalents                                   |                              | 3,198     |  |
| Cash and cash equivalents, beginning of year                              |                              | 213,726   |  |
| Cash and cash equivalents, end of year                                    | \$                           | 216,924   |  |

## **NOTE 11 - MAJOR COMPONENT UNIT TRANSACTIONS**

#### BISMARCK STATE COLLEGE AND BISMARCK STATE COLLEGE FOUNDATION

On January 25, 2007, BSC and BSC Foundation entered into a 15-year lease agreement to facilitate the construction of a Mechanical Maintenance building. Under the agreement, BSC is responsible for payment of all rent, maintenance, and repair of the facility, maintenance of all insurance required under the lease, and restrictions of use of the facility as set forth in the lease. The amount of the rent is tied to the \$1.4 million debt service retirement. Upon payment of all the bonds, BSC will have the option to purchase the premises for \$100. On August 15, 2013, an addendum was made to the lease agreement to facilitate an addition to the facility.

On October 19, 2007, BSC and BSC Foundation entered into a 25-year lease agreement to facilitate the construction of the National Energy Center of Excellence building. Under the agreement, BSC is responsible for payment of all rent, maintenance, and repair of the facility, maintenance of all insurance required under the lease, and restrictions of use of the facility as set forth in the lease. The amount of the rent is tied to the \$5.0 million debt service retirement. Upon payment of all the bonds, BSC will have the option to purchase the premises for \$100.

BSC Foundation's financial statements include these transactions as a receivable from BSC and a long-term liability. BSC's financial statements include the capitalized asset and a long-term liability due to BSC Foundation.

|                            | BSC             | BS | C Foundation |
|----------------------------|-----------------|----|--------------|
| NECE Building              | \$<br>9,548,989 | \$ | 10,846,116   |
| Accumulated Depreciation   | <br>(2,552,561) |    | (3,198,124)  |
| Net Value of NECE Building | \$<br>6,996,428 | \$ | 7,647,992    |

On September 26, 2014, BSC and Student Housing, LLC (a wholly owned subsidiary of BSC Foundation) entered into a 30-year Ground Lease to facilitate the construction and development of a student apartment housing complex on approximately 4.67 acres of land owned by BSC. Under the agreement, BSC would enter into a separate operating and lease agreement with LLC for the constructed student housing apartment complex for use as a College student housing facility. There are no separate rent payments to be paid by LLC during the term of the Ground Lease agreement in exchange for use of the land.

On October 14, 2014, BSC and Student Housing, LLC (a wholly owned subsidiary of BSC Foundation) entered into a Memorandum of Understanding (MOU) which sets forth the essential terms of an Apartment Master Lease agreement to be entered into between LLC and BSC, under which LLC will lease to BSC space in the student housing complex to be constructed by LLC on BSC property according to the terms and conditions of the Ground Lease. The 5-year renewable Apartment Master Lease Agreement will address quarterly rent payments by BSC and responsibilities for maintenance, repairs and insurance of the facilities and improvements during the term of the lease.

On August 13, 2015, BSC and Student Housing, LLC entered into a 5-year lease agreement to operate student housing services in the two newly constructed housing units (Ritchie Hall and Gate City Bank Hall). Under the agreement, BSC is responsible for payment of all rent, maintenance, and daily repair/maintenance of the facility, and restrictions of use of the facility as set forth in the lease. Student Housing, LLC is responsible for major repairs/maintenance and property and liability insurance on the facilities. The lease is classified as an operating lease on BSC financial statements and Student Housing, LLC financial statements includes the capitalized asset.

In fiscal year 2019, BSC purchased a building located in Bismarck, North Dakota from the BSC foundation for \$8.2 million. The building will house the BSC nursing school.

As of July 1, 2018, the BSC Foundation gained control of the Bismarck State College National Alumni Association. The BSC Alumni Association financial statements are included in the consolidated financial statements of the Major University System Foundation component units. The change in reporting entity has been applied retroactively to the July 1, 2018 beginning net assets.

## DICKINSON STATE UNIVERSITY AND DICKINSON STATE UNIVERSITY FOUNDATION

**Arbitration** - The Dickinson State University Foundation (DSUF) has ownership interest and/or management responsibilities in various real estate projects by way of its membership in Dickinson Investments, LLC (Dickinson Investments) and other entities. DSUF is involved in a dispute with another member of Dickinson Investments, Granville Brinkman and other Brinkman entities (Respondent). An arbitration claim was filed on December 26, 2013. On September 30, 2014, the arbitrator awarded the Respondent a buy-out of their equity interest in the amount of \$1.260 million. The Respondent was also awarded repayment of a note, prejudgment interest and attorneys' fees and costs. DSUF and Dickinson Investments are jointly and severally liable for the buyout amount.

On October 28, 2014, the arbitrator issued a final arbitration award and ordered:

- a) prejudgment interest at 6% would commence December 26, 2013,
- b) the amount of attorney fees and costs to be repaid was \$233,420,
- c) the note prepayment amount was \$133,600
- d) the parties shared responsibility for arbitration fees and expenses totaling \$67,620.

The final award exceeds \$1.7 million. Although DSUF has an equity interest of about 6 percent in Dickinson Investments, the arbitrator has ruled that it is jointly and severally liable for the entire award, except the \$133,600 loan for which Dickinson Investments is responsible.

**Receivership** - At the request of the NDUS Chancellor, on November 21, 2014, the North Dakota Attorney General petitioned the state district court for the appointment of a receiver. On December 3, 2014, the court appointed a receiver for DSUF. The court order included the following directives:

- The receiver shall take immediate possession, custody, and control of all assets owned or held by DSUF;
- The DSUF board of directors shall be temporarily suspended and have no authority to act on behalf of DSUF;
- The receiver shall gather, protect and oversee DSUF's corporate and charitable assets;
- The receiver shall report to the court; and
- The receiver shall have all the authority necessary to continue the day-to-day activities of the DSUF.

The receiver filed interim reports on a regular basis through September 2016. In the seventh interim report, dated August 31, 2015, the receiver recommended that DSUF be dissolved. This recommendation was based on an inability to negotiate a mutually acceptable settlement of the outstanding Brinkman judgment against DSUF. The report indicates that dissolution should foremost prioritize DSUF obligations to honor restrictions placed on DSUF assets by donors, then address claims made by creditors, employees, and other interested parties. However, DSUF accounting reports indicated that the foundation had total net restricted assets in an amount less than total permanently and temporarily restricted donations.

The Office of Attorney General requested the commencement of dissolution for DSUF. On August 30, 2017, Stark County District Court Judge William Herauf issued an Order that, in part, approved a settlement reached between the Attorney General and the DSUF's major creditors. The Order also resolved all claims against the DSUF, allowing for the distribution of assets and final closure of the issues surrounding the DSUF.

On June 20, 2017, a settlement agreement was signed by the SBHE, DSU and five financial institutions whereby an amount of \$3.1 million will be paid to the financial institutions to repay the outstanding debt related to the Biesiot Activities Center. The 2017 North Dakota Legislative Assembly provided an appropriation to Dickinson State University for the settlement amount. The settlement was paid in July 2017 consistent with the terms of the settlement agreement.

DSUF's Restated Articles of Incorporation state that upon dissolution, remaining assets shall be distributed to the SBHE for the exclusive use and benefit of the Dickinson State University or its direct successors in interest. The receiver recommended that all remaining net assets of DSUF be directed to be turned over to a new 501(c)(3) tax-exempt Foundation in keeping with DSUF's Restated Articles of Incorporation.

There is a cash reserve account remaining in excess of \$300,000 pending the outcomes of resolving claims from the U.S. Internal Revenue Service relating to Charitable Remainder Trusts. All tax returns have been filed by the court appointed Receiver. The U.S. Internal Revenue Service has approved one of the returns and the remainder of the returns are pending review. Once all returns are approved, any remaining cash will be distributed to the DSU Heritage Foundation and a final Receiver's report will be filed to obtain Court approval of the final distribution and closing the receivership dissolution action.

The receivership was closed effective August 6, 2020 through the Court's approval of the Final Receiver's report. The final tax returns have been filed and final fees were paid. The final check was issued to the Dickinson State University Heritage Foundation on August 7, 2020 in the amount of \$337,402. The Receiver has been discharged and the case was closed by the Stark County District Court.

#### **Financial Audit**

In fiscal year 2013, The DSUF's independent auditors issued a qualified opinion on the DSUF financial statements because they were unable to form an opinion regarding the proper amount and classification of unrestricted and temporarily restricted net assets. In fiscal year 2014, the DSUF's independent auditors were unable to issue an audit opinion on the DSUF financial statements as a result of the aforementioned arbitration and the overall condition of the DSUF financial records. An audit has not performed since fiscal year 2014.

Additionally, it has been reported that DSUF may have used endowment funds as collateral to obtain financing and to meet monthly operating expenses of the foundation and one of its real estate projects.

## NORTH DAKOTA STATE UNIVERSITY AND NDSU RESEARCH AND TECHNOLOGY PARK, INC.

On December 30, 1999, North Dakota State University (NDSU), through the State of North Dakota and North Dakota State Board of Higher Education, entered into a ground lease, whereby the NDSU Research and Technology Park (RTP), Inc. (component unit) leases 40 acres of land for \$1 per year for the next seventy-five years.

On July 1, 2002, NDSU and the RTP entered into an agreement for cooperation and assistance between entities. The agreement is an annual agreement, which automatically extends for one-year periods unless cancelled by either party to the agreement.

During fiscal year 2017, NDSU and the RTP entered into renewed agreements, whereby NDSU leases the Research Buildings #1 and #2 through June 30, 2032. During fiscal year 2020, total annual rent of \$312,000 was paid by NDSU for

these two buildings, in addition to the \$1.8 million of principal and interest paid by NDSU directly to the bond trustee. NDSU reimbursed the RTP \$30,556 for property insurance on the two buildings and directly pays the utility costs under these agreements. The annual rent will be re-adjusted by mutual agreement every two years. These agreements are subject to funding and legislative appropriations.

During fiscal year 2020, NDSU and the RTP entered into an agreement where the RTP creates, maintains, and operates makerspace at the Park to help recruit and educate future leaders in the STEM fields. Under the agreement NDSU will pay the RTP \$90,000 per year. During fiscal 2020, the first year of the agreement, NDSU paid the RTP \$45,000 for this service.

#### NDSU FOUNDATION

#### Fargodome Lease and Improvements

In fiscal year 2006, the Foundation financed the construction and equipping of office space, locker rooms, meetings rooms, and related facilities in the Fargodome for use by NDSU through the sale of revenue bonds issued by Cass County. The Foundation has leased the space in the Fargodome from the City of Fargo and subleased the space, furniture, fixtures and equipment to NDSU. Under the agreement, NDSU will pay rent to the NDSUFAA for use of the premises. The amount of the rent is tied to the \$3.5 million debt service retirement plus the Fargodome annual space rent and all costs incurred by the Foundation incident to the lease, less any contributions received by the Foundation for the project. Under this agreement in fiscal year 2020, the Foundation paid the debt service and other fees on behalf of NDSU in the amount of \$331,587.

The facility is included in long-term investments and the debt is included in long-term liabilities on the financial reports of the Foundation. NDSU has also recorded a capital asset and a capital lease payable, reflected as "Due to Component Units" by NDSU, of \$131,000 as of June 30, 2020. Since the foundation is a discretely presented component unit of the University System and the component unit and the University System are reporting the same assets and debt for the Fargodome improvements, a reclassification entry was made to ending balances in the component unit consolidating financial statements to show the appropriate due from primary institution.

#### Renaissance Hall

The former Northern School Supply building was donated to the Foundation by NDSU alum in December of 2001. During fiscal year 2003 and 2004, the Foundation renovated the building with the intent to lease the facility to NDSU beginning fall 2004. The Foundation transferred nearly the entire ownership of the building to 650 NP Avenue, LLC and Kilbourne Design Group, LLC, for a five-year period in order to achieve tax credits that would ultimately reduce the cost of the building to NDSU. During the five-year tax credit period, NDSU leased the building from the two LLCs, with the lease payments composed of interest and fees. With the five-year tax credit period ending December 31, 2010 (as extended), and the ownership was transferred back to the Foundation, permanent financing was put in place on December 17, 2010, with the issuance of \$5.65 million of 20-year University Facilities Lease Revenue Bonds, Series 2010 (Renaissance Hall Project). The financing structure involving the five-year temporary ownership transfer resulted in achieving tax credits of \$4.9 million which directly lowered the leasing cost to NDSU.

Under this refinanced debt issuance and lease agreement, as approved by the SBHE on December 16, 2010, the property is leased to NDSU for rent equal to the semi-annual principal and interest on the bonds, plus all costs incurred by the Foundation incident to ownership of the property. Ownership of the property will transfer to NDSU when the bonds are repaid in full. NDSU paid the Foundation \$413,000 in fiscal year 2020 for debt service under this agreement. As of June 30, 2020, the outstanding balance on the bonds, reflected as "Due to Component Units" by NDSU, is \$3.6 million.

#### Barry Hall Business Building and Klai Hall Architecture Building

Effective November 28, 2007, NDSU and the Foundation entered into lease agreements for two buildings in downtown Fargo, formerly known as the "Pioneer Mutual Building" and "Lincoln Mutual building". The Foundation financed the construction of the Barry Hall business building and Klai Hall architecture building projects through the sale of \$18.52 million of 20-year University Facilities Revenue Bonds issue by the City of Fargo, North Dakota. The City has loaned the bond proceeds to the Foundation for payments equal to the sum of the semi-annual interest payments and installments of varying principal amounts on the variable rate bonds and the semi-annual principal and interest payments on the fixed-rate bonds. The principal payments on the variable rate bonds will be funded from payments on donor pledges restricted for the project. Under the terms of the loan, the Foundation is responsible for the real estate taxes, insurance, repairs and maintenance, and other costs incident to ownership of the property. The property is included with property in the financial statements and the bonds have been recorded as a direct obligation of the Foundation. Ownership of the property will transfer to NDSU when the bonds are repaid in full. The bonds are guaranteed by the Foundation. This property is leased to NDSU for rental equal to the sum of the semi-annual interest only payments on the variable term bonds plus the semi-annual principal and interest payments on the fixed-rate bonds for the term of the bonds, plus all the costs incurred by the Foundation incident to ownership of the property.

In May 2012, the Foundation refinanced the original bonds issued in November 2007. As a result, new leases were executed. Under the terms of the new leases, NDSU pays and recognizes a liability for entire amount of the previously issued bonds. During fiscal year 2020, NDSU paid \$158,000 to the bond trustee on-behalf of the Foundation under the new leases for debt service on Barry Hall & Klai Hall. NDSU has an option to acquire the property upon full payment of the bonds. As of June 30, 2020, the outstanding balance on the bonds, reflected as "Due to Component Units" by NDSU, is \$8.15 million.

## Other Transactions

The Foundation provides meeting space rental and database support service to NDSU for an annually negotiated fee. NDSU paid the foundation \$384,000 for the fiscal year ending December 31, 2019.

In addition to the debt service payments on the Fargodome, Renaissance, Barry and Klai Halls, NDSU reimburses the Foundation for other operating expenses related to those buildings, such as property insurance, flood insurance, boiler inspection fees, real estate taxes and bond administrative fees. Those costs totaled \$158,432 during the fiscal year ending December 31, 2019.

Based on an agreement that began January 1, 2015, and automatically renewed annually since then, NDSU pays \$87,592 of annual building rent to the Foundation for use the Criminal Justice and Public Policy building next to the NDSU main campus. This rent was paid again by NDSU during the fiscal year ending June 30, 2020.

The Foundation's fiscal year end is December 31, NDSU year end is June 30. Timing differences in amounts may occur between entity financial statements, due to different year end dates.

## UNIVERSITY OF NORTH DAKOTA AND UND AEROSPACE FOUNDATION

The UND Aerospace Foundation (UND AF) recorded expenses reimbursed to UND for salaries, building rent, aircraft rental, and goods and services under an operating agreement aggregating \$9.9 million in fiscal year 2020. This operating agreement has no specific term and is intended to memorialize various operating agreements, rate structures, duties, and obligations each party has to the other. Expenses reimbursed to UND represent actual costs incurred and are included in training expenses in the consolidated statements of activities.

The UND AF recorded revenue for service and hangar, CRJ, 360-degree tower, and aircraft rental to UND of \$2.9 million in fiscal year 2020, which is included in program and event revenue in the Statement of Revenue, Expenses and Changes in Fund Net Assets for Component Units (FASB Basis) – University System Foundation.

As of June 30, 2020, the UND AF had recorded accounts payable to UND of \$2.1 million for reimbursable costs and services. As of June 30, 2020, the UND AF had recorded accounts receivable from UND of approximately \$1.2 million, which are included in accounts receivable in the statement of net assets for component units (FASB Basis) – University System Foundation.

The UND AF entered into a sublease with UND to lease the aircraft storage hangar/ground support equipment facility. The lease term is for 20 years, commencing on July 7, 2003, until July 6, 2023. For the first fifteen years of the sublease, UND will pay the Foundation's monthly minimum payment of \$12,672, beginning on October 1, 2003, subject to actual cost adjustments. At the end of the 15 years of the sublease, rent will be adjusted based upon the interest rate adjustments of the debt incurred by the Foundation in the construction of the hangar. Under this noncancelable sublease with UND, UND AF will receive future minimum rentals of \$1.7 million over the next five years.

## UNIVERSITY OF NORTH DAKOTA AND RE ARENA, INC.

RE Arena Inc. and UND, enter into an annual operating agreement from July 1, 2017 to June 30, 2020. The operating agreement sets forth the facility usage, fees and services, ticket administration and revenue allocation, sponsorship sales administration and revenue allocation, and net income disposition. In accordance with this agreement: (i) RE Arena Inc. collects all ticket revenue from ticketed UND athletic events (hockey, football, men's and women's basketball, and volleyball), RE Arena, Inc. retains 52 percent of such ticket revenue and remits 48 percent to the UND, and (ii) RE Arena Inc. collects all sponsorship sales revenue from the UND athletic events at the arena, RE Arena, Inc. retains 64 percent of such sponsorship revenue, net of direct costs, and remits 36 percent to the UND net of direct costs. In addition, UND and RE Arena, Inc. jointly utilize the UND and RE Arena Inc. marketing staff to market and promote the UND athletic events.

RE Arena, Inc. may contract with UND for materials and personnel in service, utility and other areas and will reimburse UND based on separate agreements. Revenue and expense arrangements for all other UND events held at the arena will be negotiated on an event-by-event basis.

In fiscal year 2020, gross tickets sales were \$4.8 million of which RE Arena, Inc. recognized revenue of \$2.5 million with a net due to UND \$2.3 million. Gross ticket sales for the next athletic season year are recorded in deferred revenue at gross by RE Arena, Inc. for a total of \$2.8 million.

RE Arena, Inc. recognized net sponsorship (advertising) revenue of approximately \$903,000 and the net due UND in sponsorship (advertising) income of approximately \$473,000. In addition, RE Arena, Inc. did not allocate any portion of their net income to the UND Athletic Department. RE Arena, Inc. expensed approximately \$944,000 to UND for utilities, maintenance staff, phone service and other expenses At the end of the fiscal year RE Arena, Inc. did not have an accounts payable balance to UND for monthly services.

Amounts are reported on the accrual basis of accounting, which may or may not be the same as that used by UND. RE Arena Inc.'s fiscal year end is May 31st, UND's fiscal year end is June 30th. Amounts may differ between entity financial statement because of timing differences due to different year ends.

## UNIVERSITY OF NORTH DAKOTA AND UNIVERSITY OF NORTH DAKOTA FOUNDATION

UND is leasing space in the Gorecki Alumni Center in the amount of \$75,000 per year. Additional rental payments consisting of UND's share of the operating and maintenance costs for space used in the Gorecki Alumni Center are calculated annually.

During the year ended June 30, 2020, UND provided approximately \$2.0 million of institutional support for event and database support, annual giving campaign and shared positions. The UND Alumni Association and Foundation (Foundation) manages UND's endowment investments and charged them \$281,000 in investment management fees during the year ended June 30, 2020. These fees and support are reported as operations, fees and miscellaneous revenue on the Statement of Revenue, Expenses and Changes in Fund Net Assets for Component Units (FASB Basis) – University System Foundation.

The Foundation has other receivables with UND related to the renovation of an existing building for the Energy and Environmental Research Center (EERC) and the construction of the Minot Center for Family Practice for \$3.4 million and \$1.8 million, respectively. The Foundation has accounts payable due to UND related to miscellaneous services and payments of approximately \$235,000.

The Foundation is leasing 45,000 square feet of land for the Gorecki Alumni Center from UND. Starting in 2016, the rate is \$0.10 per square foot, per year. The cost in fiscal year 2020 was \$4,500.

On July 24, 2002, the Foundation issued \$8.6 million of tax exempt lease revenue bonds to finance the construction of an office building and the renovation of an existing building for the Energy and Environmental Research Center (EERC) of UND. The Foundation recorded a receivable from UND of \$8.6 million under the direct-financing lease arrangement. On October 18, 2012, the Foundation issued refunding lease revenue bonds in the amount of \$6.4 million to refund its outstanding Lease Revenue Bonds, Series 2002. The Foundation also amended the related lease agreement with UND. Interest accrues on the bonds at rates from 0.75 percent to 4.20 percent depending upon maturity. Annual and principal are due through fiscal year 2027 and as of June 30, 2020 was \$3.4 million. The bonds are secured by a lease with UND. The terms for the repayment are the same as the payment terms of the related bonds. During fiscal year ended June 30, 2020, the Foundation recorded payment of principal and interest of \$415,000 and \$146,000, respectively. The interest is included in operations, fees and miscellaneous income on the statement of activities.

On October 24, 2003, the Foundation issued \$4.4 million of tax-exempt lease revenue bonds to finance the purchase of land and the construction of a facility for the Minot Center for Family Practice in Minot, North Dakota. The center is a department of the School of Medicine & Health Sciences at UND. The Foundation recorded a receivable from UND of \$4.4 million due under the direct-financing lease agreement. In June 2008, the \$3.7 million remaining balance of the 2003 bonds were financed with Lease Revenue Refunding Bonds, series 2008. In April 2018, the \$2.2 million remaining balance of the 2008 bonds was refinanced with Lease Revenue Bonds, Series 2018. The interest rate is fixed at 3.5% until 2028. Payments of \$133,333 are required semi-annually through 2028. The bonds are secured by a lease with UND. Annual principal and semiannual interest payments as of June 30, 2020 was \$266,669.

# NOTE 12 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

## BANK OF NORTH DAKOTA

The State, through the Bank of North Dakota, is a party to credit related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, financial standby letters of credit and guarantees related to loan programs. Those instruments involve varying degrees of credit, elements of credit risk and interest rate risk in excess of the amount recognized in the statement of net position. The contract amounts of those instruments reflect the extent of involvement the State has in particular classes of off-balance-sheet financial instruments.

The State's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and financial standby letters of credit is represented by the contractual amount of those instruments. The State uses the same credit policies in making commitments and conditional obligations as it does for onbalance-sheet instruments.

|                                     | Contr | act Amount |
|-------------------------------------|-------|------------|
|                                     | (in t | housands)  |
| Commitments to extend credit        | \$    | 911,809    |
| Financial standby letters of credit |       | 415,755    |
| Guarantees provided                 |       | 7,889      |

Commitments to extend credit are agreements to lend as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained by the State upon extension of credit is based on management's credit evaluation of the customer. Collateral held may include accounts receivable, inventory, property, plant and equipment, and income-producing commercial properties.

Financial standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank has segmented this category into three components: (1) letters of credit, (2) confirming letters of credit, and (3) letters of credit pledged for public deposits to North Dakota financial institutions.

Letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party which require this type of facility. The maturities for these letters range from three months to ten years, and the likelihood of funding any of these letters of credit is considered to be remote. The Bank holds collateral supporting those commitments. The Bank also has letters of credit with the North Dakota Public Finance Authority with maturities ranging from seventeen months to twenty nine years. If the letters issued to Public Finance Authority were ever drawn upon, Public Finance Authority is legally obligated to reimburse the Bank from funds legally available, or from any appropriation made available to the Legislative Assembly after certification by the Industrial Commission. The likelihood of funding any of these letters of credit is also considered to be remote. Outstanding issued letters of credit as of December 31, 2019 were \$108.645.000.

Confirming letters of credit are issued to North Dakota financial institutions to support letters of credit they have issued but are still in need of backing from an institution with a long-term, high quality bond rating. In the event these letters were to be drawn upon, based on the terms of the agreement, the Bank would immediately withdraw funds from the institution's correspondent bank account held at the Bank to cover the amount drawn. These agreements generally have terms of 12 months or less. The likelihood of funding any of these confirming letters of credit is also considered to be remote. Outstanding issued confirming letters of credit as of December 31, 2019 were \$3,950,000.

Letters of credit pledged for public deposit to North Dakota financial institutions are issued to support public borrowing arrangements. These letters are fully collateralized by a pool of loans pledged to the Bank. These agreement generally have terms of 12 months or less. Financial standby letters for public deposits by North Dakota banks totaled \$303,160,000 at December 31, 2019. The likelihood of funding any of these letters of credit is also considered to be remote. These letters of credit are authorized form of collateral for public deposits per North Dakota Century Code 21-04-09.

The Bank has not recorded a contingent liability related to off-balance sheet activity as of December 31, 2019.

## INFRASTRUCTURE REVOLVING LOAN PROGRAM

In the normal course of business, the Loan Fund makes various commitments that are not reflected in the financial statements. These commitments include commitments to extend credit of \$44,929,000 at June 30, 2020.

#### MEDICAL FACILITY INFRASTRUCTURE LOAN FUND

The Fund's exposure to loan loss is represented by the contractual amount of these commitments. There were two pending loan commitments totaling \$4,300,000 as of June 30, 2020.

#### NORTH DAKOTA HOUSING FINANCE AGENCY

In the normal course of business, the Agency makes various commitments that are not reflected in the financial statements. These include commitments to extend credit and the debt reduction required when related loan acquisition funds are not drawn down within prescribed time frames set by the specific bond resolution.

Commitments to extend credit are agreements to fund loans as long as there is no violation of any condition established in the contracts. Commitments require the payment of a reservation fee and generally have a fixed expiration date. Commitments to extend credit total \$73,784,000 at June 30, 2020.

The bond resolutions require that the funds in the loan acquisition accounts be expended within 42 months of the related bond delivery date. Any remaining funds must be used for debt reduction. The loan acquisition funds totaled \$57,420,000 at June 30, 2020.

## PUBLIC FINANCE AUTHORITY

In the normal course of business, the Finance Authority (a component unit) makes various commitments that are not reflected in the financial statements. These commitments include commitments to extend credit of \$221,875,000 at December 31, 2019.

## **NOTE 13 - INTEREST RATE SWAP**

# **BANK OF NORTH DAKOTA**

The Bank has outstanding interest rate swap agreements with a notional amount \$545,000,000 to convert variable rate federal funds and variable LIBOR-indexed deposits into fixed-rate instruments over the term of the contract. The following table summarizes the terms of the interest rate swap contracts:

| Trade Date        | Maturity Date     | Notional Amount | Pay Fixed | Receive Variable |
|-------------------|-------------------|-----------------|-----------|------------------|
| June 5, 2014      | June 1, 2029      | \$50,000,000    | 2.86%     | Fed Funds        |
| April 14, 2015    | May 1, 2030       | \$50,000,000    | 1.92%     | Fed Funds        |
| August 11, 2016   | September 1, 2031 | \$50,000,000    | 1.48%     | 1 Month LIBOR    |
| April 5, 2017     | May 1, 2032       | \$50,000,000    | 2.39%     | 1 Month LIBOR    |
| June 15, 2017     | July 1, 2032      | \$50,000,000    | 1.99%     | Fed Funds        |
| March 27, 2018    | April 1, 2033     | \$50,000,000    | 2.47%     | Fed Funds        |
| June 28, 2018     | July 1, 2033      | \$50,000,000    | 2.52%     | Fed Funds        |
| April 25, 2019    | May 1, 2034       | \$50,000,000    | 2.36%     | Fed Funds        |
| September 3, 2019 | October 1, 2034   | \$50,000,000    | 1.15%     | Fed Funds        |
| October 3, 2019   | November 1, 2034  | \$50,000,000    | 1.38%     | Fed Funds        |
| December 5, 2019  | October 1, 2023   | \$45,000,000    | 1.33%     | Fed Funds        |

Either the Bank or its counterparties may terminate the interest rate swap if the other party fails to perform under the terms of the contract. Termination could result in the Bank being required to make a payment of the fair value of the swap to counterparty.

The following table summarizes the derivative financial instrument utilized at December 31, 2019:

|            |                        | Fair Value        |    | Changes in  | Fair \           | √alue |             |
|------------|------------------------|-------------------|----|-------------|------------------|-------|-------------|
| Swap       | <br>Notional<br>Amount | Classification    |    | Amount      | Classification   |       | Amount      |
| June 2014  | \$<br>50,000,000       | Other liabilities | \$ | (5,468,000) | Deferred outflow | \$    | (3,288,000) |
| April 2015 | 50,000,000             | Other liabilities |    | (1,278,000) | Deferred outflow |       | (3,770,000) |
| Aug 2016   | 50,000,000             | Other assets      |    | 1,722,000   | Deferred inflow  |       | (4,518,000) |
| April 2017 | 50,000,000             | Other liabilities |    | (3,173,000) | Deferred outflow |       | (4,577,000) |
| June 2017  | 50,000,000             | Other liabilities |    | (1,600,000) | Deferred outflow |       | (4,310,000) |
| March 2018 | 50,000,000             | Other liabilities |    | (4,493,000) | Deferred outflow |       | (4,448,000) |
| June 2018  | 50,000,000             | Other liabilities |    | (4,826,000) | Deferred outflow |       | (4,506,000) |
| April 2019 | 50,000,000             | Other liabilities |    | (4,001,000) | Deferred outflow |       | (4,001,000) |
| Sept 2019  | 50,000,000             | Other assets      |    | 4,003,000   | Deferred inflow  |       | 4,003,000   |
| Oct 2019   | 50,000,000             | Other assets      |    | 2,462,000   | Deferred inflow  |       | 2,462,000   |
| Dec 2019   | 45,000,000             | Other assets      |    | 194,000     | Deferred inflow  |       | 194,000     |

At December 31, 2019, the Bank was not exposed to material credit risk because each counterparty is required to fully collateralize the fair value of the swaps within \$250 of daily mark-to-market valuations by depositing funds with the other counterparty.

The Bank is exposed to interest rate risk on its swap agreements. On its pay-fixed, receive variable interest rate swaps, the Bank's net payment increases as the USD-FEDERAL FUNDS-H.15 and USD-1 MONTH LIBOR-BBA interest rates decrease

Using rates as of December 31, 2019, the interest expense of the variable rate federal funds, variable rate 1 month LIBOR and the net swap payments are as follows. As rates vary, the federal fund and 1 month LIBOR interest expense and the net swap payments will vary.

|                            | Pay Fixed            |    | Receive Variable         |    |                        |    |                            |  |
|----------------------------|----------------------|----|--------------------------|----|------------------------|----|----------------------------|--|
| Year Ended<br>December 31: | Contract<br>Interest |    | Federal Fund<br>Interest |    | 1-Month LIBOR Interest |    | Interest Rate<br>Swap, net |  |
| 2020                       | \$<br>10,856,000     | \$ | 6,898,000                | \$ | 1,800,000              | \$ | 2,158,000                  |  |
| 2021                       | 10,856,000           |    | 6,898,000                |    | 1,800,000              |    | 2,158,000                  |  |
| 2022                       | 10,856,000           |    | 6,898,000                |    | 1,800,000              |    | 2,158,000                  |  |
| 2023                       | 10,706,000           |    | 6,724,000                |    | 1,800,000              |    | 2,183,000                  |  |
| 2024                       | 10,258,000           |    | 6,200,000                |    | 1,800,000              |    | 2,258,000                  |  |
| 2025-2029                  | 51,300,000           |    | 31,000,000               |    | 9,000,000              |    | 11,300,000                 |  |
| 2030-2034                  | <br>27,024,000       |    | 18,535,000               |    | 3,600,000              |    | 4,888,000                  |  |
|                            | \$<br>131,856,000    | \$ | 83,153,000               | \$ | 21,600,000             | \$ | 27,103,000                 |  |

## NORTH DAKOTA HOUSING FINANCE AGENCY

As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance, the Agency entered into several cash flow hedges or swaps in connection with various variable-rate housing bond series. The Agency cash flow hedges are pay-fixed. All Agency cash flow hedges are pay-fixed. The intention of these swaps was to effectively change the Agency's interest rate on the bonds to a fixed rate. The Agency also has cash flow hedges that were entered into in connection with variable-rate housing bond series that no longer have bonds outstanding as those bonds have been called. The cash flow hedges that are not connected to a specific bond series hedge the risk related to the Agency's other variable-rate housing bonds that are unhedged.

The bonds and the related swap agreements have a stated issuance and maturity date. Some of the swaps have optional termination dates. Under the swaps, the Agency pays the counterparty a fixed payment and receives a variable payment computed as a percent of the London Interbank Offered Rate (LIBOR) plus a fixed percentage on the swap notional amount. On the other hand, the bond's variable-rate coupons are determined by the remarketing agent. If for any reason the remarketing agent fails to act, the rate shall be the lesser of (i) the TBMA Index plus 0.25% or (ii) the Maximum Rate as defined within the applicable series resolution.

As of June 30, 2020, the Agency no swaps with a positive fair value. Of the swaps with negative fair value, the Agency is not exposed to credit risk. However, the swap exposes the Agency to basis risk should the relationship between LIBOR and TBMA converge, changing the synthetic rate on bonds. The swap counterparty has guaranteed all payments and is rated AAa/AA+/AAA by Moody's Investor Services, Standard & Poor's, and Fitch, respectively. To mitigate potential credit risk, the counterparty has entered into Credit Support Agreements with Bank of New York Mellon, the Royal Bank of Canada and Wells Fargo as a credit enhancement.

The Agency has entered into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements netting provisions permit each party to net the transactions' fair values so that a single sum will be owed by, or owed to, the other party. At June 30, 2020, the Agency owed the swap providers a fixed rate on the notional amount of the swaps of \$2,418,000 and the swap providers owed the Agency a variable rate on the notional amounts of \$148,000 making the net payment that the Agency owed the swap providers \$2,270,000.

Due to the difference in the variable rate indices, the swaps had a net negative fair value of \$16,132,000 as of June 30, 2020. Accordingly, the financial derivative instrument is reported as a liability and the accumulated changes in fair value of the swaps are reported as a deferred outflow at June 30, 2020. The coupon on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. All valuations are as of the valuation date indicated. Mid-Market or indicative unwind valuations may be derived from broker quotations or from proprietary models that take into consideration estimates about relevant present and future market conditions as well as the size and liquidity of the position and any related actual or potential hedging transactions. Valuations based on other models or different assumptions may yield different results.

The swap exposes the Agency to basis risk should the relationship between LIBOR and the actual variable rates converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rate and the synthetic rate as of June 30, 2020. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized.

The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination event." That is, the swap may be terminated if counterparty's credit quality rating falls below "A3" as issued by Moody's Investors Service or "A-" as issued by Fitch Ratings or Standard & Poor's. The swap may be terminated at any time by the Agency or the counterparty with 30 days written notice up to limits specified in the swap agreement. If the swap or swaps were terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of terminations the swap has a negative fair value, the Agency would be liable to the counterparty for payment equal to the swap's fair value, but in the event the fair value is positive, the counterparty would be liable to the Agency.

The Agency is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the Agency will be re-exposed to the risks being hedged by the hedging derivative instrument. The Agency also is exposed to rollover risk on the swaps that mature and the Agency does not call the related variable rate debt.

The terms of the interest rate swaps at June 30, 2020 are as follows:

| 1.  | Bond Series               | 2014 B        | 2015 C        | 2015 E        | 2015 F        |
|-----|---------------------------|---------------|---------------|---------------|---------------|
| 2.  | Issuance Date             | 6/24/2014     | 6/23/2015     | 5/1/2016      | 12/8/2015     |
| 3.  | Maturity Date             | 7/1/2044      | 1/1/2046      | 7/1/2036      | 1/1/2047      |
| 4.  | Notional Amount           | \$27,055,000  | \$17,700,000  | \$25,000,000  | \$21,000      |
| 5.  | Variable-rate Bonds       | \$27,055,000  | \$17,700,000  | \$25,000,000  | \$21,000      |
| 6.  | Fixed Rate                | 2.890%        | 2.486%        | 2.257%        | 2.320%        |
| 7.  | LIBOR Percentage          | 65.80%        | 66.20%        | 66.40%        | 100.00%       |
| 8.  | Additional Percentage     | 0.17%         | 0.10%         | 0.22%         | 0.00%         |
| 9.  | Bonds Variable-rate       | 0.17000%      | 0.86000%      | N/A           | 0.17000%      |
| 10. | Fair Value                | \$(877,000)   | \$(678,000)   | \$(590,000)   | \$(1,516,000) |
| 11. | Percentage of LIBOR       | 0.27676%      | 0.20741%      |               | 0.16225%      |
| 12. | Synthetic Rate            | 2.78324%      | 3.13859%      | 2.25700%      | 2.32775%      |
| 13. | Actual Synthetic Rate     | 2.80395%      | 3.18580%      |               | 2.29989%      |
| 14. | Change in Fair Value      | (\$38,000)    | \$(213,000)   | \$ -          | \$(1,333,000) |
| 15. | Optional Termination Date | N/A           | 7/1/2020      | 7/1/2020      | 1/1/2025      |
| 1.  | Bond Series               | 2017 C        | 2017 H        | 2018 C        | 2019 B        |
| 2.  | Issuance Date             | 5/10/2017     | 12/21/2017    | 6/14/2018     | 2/13/2019     |
| 3.  | Maturity Date             | 7/1/2047      | 7/1/2039      | 1/1/2049      | 1/1/2043      |
| 4.  | Notional Amount           | \$20,545,000  | \$28,250,000  | \$9,355,000   | \$25,000      |
| 5.  | Variable-rate Bonds       | \$20,545,000  | \$28,250,000  | \$9,355,000   | \$25,000      |
| 6.  | Fixed Rate                | 2.783%        | 2.266%        | 3.515%        | 2.693%        |
| 7.  | LIBOR Percentage          | 100.00%       | 66.40%        | 100.00%       | 70.00%        |
| 8.  | Additional Percentage     | 0.00%         | 0.09%         | 0.00%         | 0.00%         |
| 9.  | Bonds Variable-rate       | 0.17296%      | 0.13000%      | 0.1700%       | 0.53000%      |
| 10. | Fair Value                | \$(3,278,000) | \$(2,500,000) | \$(2,089,000) | \$(2,129,000) |
| 11. | Percentage of LIBOR       | 0.16225%      | 0.19773%      | 0.16225%      | 0.11358%      |
| 12. | Synthetic Rate            | 2.79321%      | 2.19827%      | 3.52275%      | 3.10893%      |
| 13. | Actual Synthetic Rate     | 2.74003%      | 2.25303%      | 3.47950%      | 3.09063%      |
| 14. | Change in Fair Value      | \$(2,140,000) | \$(1,312,000) | \$(968,000)   | \$(712,000)   |
| 15. | Optional Termination Date | 7/1/2027      | 7/1/2023      | 7/1/2027      | 1/1/2024      |
| 1.  | Bond Series               | 2019 E        |               |               |               |
| 2.  | Issuance Date             | 6/25/2019     |               |               |               |
| 3.  | Maturity Date             | 1/1/2050      |               |               |               |
| 4.  | Notional Amount           | \$12,000      |               |               |               |
| 5.  | Variable-rate Bonds       | \$12,000      |               |               |               |
| 6.  | Fixed Rate                | 3.171%        |               |               |               |
| 7.  | LIBOR Percentage          | 100.00%       |               |               |               |
| 8.  | Additional Percentage     | 0.00%         |               |               |               |
| 9.  | Bonds Variable-rate       | 0.1700%       |               |               |               |
| 10. | Fair Value                | \$(2,475,000) |               |               |               |
| 11. | Percentage of LIBOR       | 0.16225%      |               |               |               |
| 12. | Synthetic Rate            | 3.17875%      |               |               |               |
| 13. | Actual Synthetic Rate     | 3.22608%      |               |               |               |
| 14. | Change in Fair Value      | \$(1,657,000) |               |               |               |
| 15. | Optional Termination Date | 7/1/2028      |               |               |               |
|     |                           |               |               |               |               |

Using rates as of June 30, 2020, debt service requirements of the variable-rate debt and net swap payments are as follows. Interest calculations were based on rates as of June 30, 2020. As rates vary, variable-rate bond interest payments and net swap payments will vary. (Expressed in thousands.)

|                               |           | Variable-F | Rate B   | ond      |                            |       |         |
|-------------------------------|-----------|------------|----------|----------|----------------------------|-------|---------|
| Fiscal Year<br>Ending June 30 | Principal |            | Interest |          | <br>erest Rate<br>wap, Net | Total |         |
| 2021                          | \$        | 1,820      | \$       | 470      | \$<br>4,510                | \$    | 6,800   |
| 2022                          |           | 1,670      |          | 467      | 4,474                      |       | 6,611   |
| 2023                          |           | 1,530      |          | 465      | 4,440                      |       | 6,435   |
| 2024                          |           | 1,405      |          | 462      | 4,409                      |       | 6,276   |
| 2025                          |           | 2,330      |          | 459      | 4,367                      |       | 7,156   |
| 2026-2030                     |           | 24,865     |          | 2,219    | 20,215                     |       | 47,299  |
| 2031-2035                     |           | 38,985     |          | 2,067    | 16,451                     |       | 57,503  |
| 2036-2040                     |           | 60,005     |          | 1,451    | 10,004                     |       | 71,460  |
| 2041-2045                     |           | 42,245     |          | 452      | 3,553                      |       | 46,250  |
| 2046-2050                     |           | 9,310      |          | 33       | 562                        |       | 9,905   |
| 2051-2055                     |           | 260        |          | <u>-</u> | <br><u>-</u>               |       | 260     |
|                               | \$        | 184,425    | \$       | 8,545    | \$<br>72,985               | \$    | 265,955 |

## **NOTE 14 - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK**

Most of the State's business is with customers within the state. Concentrations of credit are present in the construction and operation of community water facilities, loans to medical facilities for health care construction, loans to students for post-secondary education, loans to owners of homes damaged in the 2011 floods in Barnes, Benson, Burleigh, McHenry, Morton, Ramsey, Renville, Richland and Ward counties, loans to political subdivisions in the state for infrastructure, single-family and multifamily mortgage loans, loans to assist local financial institutions in providing loans to assist very small businesses in their recovery from the impacts caused by the COVID-19 pandemic, loans to provide financing for commercialization of intellectual technology within the State and the agricultural industry. Due to the pervasive nature of agriculture in the economy of the state, all loans, regardless of type, are impacted by agriculture.

## **NOTE 15 - RISK MANAGEMENT**

Several funds accumulate assets to cover risks that the State may incur. Specifically, the State assumes a portion or substantially all risks associated with the following:

## THE STATE FIRE AND TORNADO FUND

The State Fire and Tornado Fund, an Enterprise Fund, is financed by premiums charged to the participating funds of the State. All monies collected must be paid into the fund for use only for the purpose outlined in NDCC 26.1-22.02.

All losses occasioned by the hazards provided for in the North Dakota Century Code must be paid out of the fund, with the fund being reimbursed by a third-party insurance carrier for all losses in excess of \$1,000,000 per occurrence. The limit of liability of such reinsurance contract is no less than \$1,000,000 during each twelve month period.

## STATE BONDING FUND

The State Bonding Fund, an Enterprise Fund, is financed by premiums charged to each State agency for the bonding of public employees and public officials.

## **FLEET SERVICES**

Fleet Services, an Internal Service Fund, represents the State's fleet of automobiles and is administered by the Department of Transportation. The State is self-insured for substantially all automobile insurance (e.g., comprehensive, collision), with the exception of liability, which is provided by the State's Risk Management Fund (RMF). State agencies are charged premiums to cover Fleet Service's RMF assessment and to pay for those losses that are not covered by RMF. These premium charges are factored into the fees agencies are charged when renting the cars.

## **WORKFORCE SAFETY & INSURANCE**

Workforce Safety & Insurance (WSI), an Enterprise Fund, is a State insurance fund and a "no fault" insurance system, covering the State's employers and employees. WSI is financed by premiums assessed to employers. The rate of such premiums is periodically adjusted to assure the solvency of WSI. The premiums are available primarily for the payment of claims to employees injured in the course of employment. During fiscal year 2020, a total of \$88,374,676 in claims was recognized. The liability of \$1,029,792,000 is the present value of the unpaid claim liability discounted at 4.5% as determined by the actuarial.

## RISK MANAGEMENT FUND

Due to the loss of sovereign immunity, the 1995 Legislature established the Risk Management Fund (RMF) to pay money damages for tort claims for which the State is liable. The statutory liability of the State is limited to a total of \$250,000 per person and \$1,000,000 per occurrence. The State purchases commercial insurance for claims in excess of coverage provided by the Fund and continues to transfer liabilities for medical malpractice and aviation to private insurance carriers. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

Revenues to the RMF are generated from contributions required from state agencies, boards and commissions, and the University System. The need for and amount of funding is determined using a projected cost allocation approach. The premise of this plan is that the agencies with greater expected loss costs should contribute more to the funding of the RMF than those agencies with lessor 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 reevaluated periodically to take in consideration settled claims, the frequency of claims, and other economic and social factors.

The following table presents the changes in claims liabilities balance for the fiscal years ending June 30, 2019 and 2020:

| Fiscal | Beginning |           |    | urrent Year Claims and |    | Claims    | Ending  |           |  |
|--------|-----------|-----------|----|------------------------|----|-----------|---------|-----------|--|
| Year   | Balance   |           |    | Changes In Estimates   | F  | Payments  | Balance |           |  |
| 2019   | \$        | 4,256,394 | \$ | (175,718)              | \$ | (313,674) | \$      | 3,767,002 |  |
| 2020   |           | 3,767,002 |    | 979,298                |    | (999,937) |         | 3,746,363 |  |

The Risk Management Workers Compensation Program (WCP) was established to consolidate all state entities under one workers compensation account, allowing for transitional duty between entities. The statutory liability of the fund is limited to \$100,000 per claim with Workforce Safety & Insurance, providing excess insurance for claims that exceed the \$100,000 cap. WCP pays separately for this coverage. Since the inception of WCP on July 1, 2001, forty-four claims exceeded coverage by \$13,414,266.

Revenues to WCP are generated from contributions required from state agencies, boards, commissions, and the University System. The amount contributed from each agency is actuarially determined by Workforce Safety & Insurance and based upon the number of employees, the type of work done, and claims history of each entity. Each entity also pays a deductible of \$250 per claim.

The WCP liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrine, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities will be reevaluated 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, 2019 and 2020:

| Fiscal<br>Year | Beginning<br>Balance      | ear Claims and sin Estimates | Claims<br>Payments            | <br>Ending<br>Balance        |  |
|----------------|---------------------------|------------------------------|-------------------------------|------------------------------|--|
| 2019<br>2020   | \$ 4,861,686<br>4,358,636 | \$<br>2,639,167<br>3,669,716 | \$ (3,142,217)<br>(3,089,624) | \$<br>4,358,636<br>4,938,728 |  |

## **NOTE 16 - PUBLIC ENTITY RISK POOLS**

## A. GENERAL

## FIRE AND TORNADO AND BONDING FUND

The Fire and Tornado Fund provides property insurance to state agencies, political subdivisions, the International Peace Garden and the Winter Show. The Fire and Tornado Fund has issued 1,175 policies to participating entities for a total building and content coverage of \$16.5 billion. The Bonding Fund is used to provide fidelity bonding of public employees and officials. The Fund has issued 1,890 policies to participating entities. The total coverage for the Bonding Fund is \$728.7 million. If the assets of these funds were exhausted, fund participants would not be responsible for the funds' liabilities.

The Fire and Tornado and Bonding Fund are accounted for on the accrual basis. The Fire and Tornado Fund establishes claim liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims incurred but not reported. The Bonding Fund establishes claim liabilities based on actual judgments obtained against the fund but not paid prior to fiscal year end. Liabilities for incurred but not reported losses have not been established based on prior year activity. Neither fund incurred any acquisition costs, which should have been capitalized, nor were any liabilities recognized that were discounted. Investment income was not considered in determining the existence of premium deficiencies.

The Fire and Tornado Fund uses reinsurance agreements to reduce its on covered losses in excess of \$2.0 million. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Fund as direct insurer of the risks that are reinsured. The Fire and Tornado Fund does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. There were no pending losses at June 30, 2020 that would reduce the fund's liability.

## WORKFORCE SAFETY & INSURANCE

Workforce Safety & Insurance (WSI), an Enterprise Fund, is a state insurance fund and a "no fault" insurance system covering the State's employers and employees. At June 30, 2020, coverage extended to the following employers:

| Annual Premium       |        |
|----------------------|--------|
| \$250 - \$5,000      | 19,734 |
| \$5,001 - \$50,000   | 4,124  |
| \$50,001 - \$100,000 | 370    |
| Over \$100,000       | 346    |
| Total Employers      | 24,574 |
|                      |        |

WSI is financed by premiums assessed to the employers doing business in North Dakota. The premiums are available primarily for the payment of claims to employees injured in the course of employment.

The operations of WSI are accounted for on the accrual basis. Liability for incurred loss and loss adjustment expense (LAE) is estimated by WSI's actuary. The estimate is developed by WSI's actuary, taking into consideration past experience of WSI in paying claims, and general conditions of the environment in which WSI operates. The liability is based on the estimated ultimate costs to settle both reported and incurred but not report (IBNR) losses and LAE, and includes the effects of inflation and other societal and economic factors. The actuarial computations also include a 4.5% discount to report this liability at its present value.

Management believes the estimated liability for losses and loss adjustment expense is sufficient to cover the ultimate net cost of incurred losses, but such loss reserves are necessarily based on estimates and the ultimate liability may be greater or less than the amounts estimated. As adjustments to this estimated liability become necessary, such adjustments are reflected in current operations.

For the year ended June 30, 2020, the consulting actuaries presented an estimate in the form of a range to emphasize the uncertainty for a "long-tailed" liability insurer such as workers' compensation. These ranges are as follows (expressed in thousands):

|   |    | Low       |    | itral Value | High            |  |  |
|---|----|-----------|----|-------------|-----------------|--|--|
| Full value basis, undiscounted          | \$ | 1,511,964 | \$ | 1,629,797   | \$<br>1,708,841 |  |  |
| Present value basis, discounted at 4.5% |    | 956,774   |    | 1,029,792   | 1,079,890       |  |  |

WSI has adjusted the estimated liability for unpaid loss and loss adjustment expense to the actuary's 4.5 percent discounted expected value of \$1,029,792,000 at June 30, 2020.

While management has recorded amounts that fall within the ranges of estimated liabilities as computed under actuarial assumptions, the high level of uncertainty indicates that actual losses and expenses could be materially higher than the recorded estimated liability.

WSI has entered into a contract with an intermediary for reinsurance coverage for catastrophic coverage. Historically, WSI has had up to four coverage levels, with varying retention limits of \$3 million, \$5 million, \$10 million and \$20 million. Terms, limits and pricing are re-evaluated annually. WSI's current 2020 calendar year has two coverage levels, with retention limits of \$10 million and \$20 million. For the year ended June 30, 2020 WSI recorded ceded losses of \$4,703,825 and ceded premiums of (\$680,864).

For accident years December 1, 1999 to December 1, 2002, Munich Re provided treaty excess of loss reinsurance to WSI. In fiscal year 2020, Munich Re and WSI agreed to commute the remaining liabilities under these treaties. As a result of this commutation, cash increased by \$50.5 million and approximately \$40 million of ceded liabilities were assumed by WSI.

## B. RECONCILIATION OF CLAIMS LIABILITIES

The following is a reconciliation of total claims liabilities, including an analysis of changes in aggregate liabilities for claims and claim adjustment expenses for the current fiscal year and the prior year (expressed in thousands):

|   | Fire And Tornado |    |         |    | Bono | ling   | Workforce Safety & Ins |              |  |
|---|------------------|----|---------|----|------|--------|------------------------|--------------|--|
|   | 2020             |    | 2019    |    | 2020 | 2019   | 2020                   | 2019         |  |
| Unpaid claims and claims adjustment expenses at the beginning of the year Incurred claims and claims adjustment expenses: | \$ 678           | \$ | 1,879   | \$ | 98   | \$ 106 | \$ 1,090,944           | \$ 1,049,386 |  |
| Provision for current fiscal year   | 2,576            |    | 2,953   |    | (2)  | 39     | 176,999                | 186,815      |  |
| Change in provision for prior fiscal year   | 30               |    | (610)   |    | -    | -      | (88,508)               | (89,573)     |  |
| Payments and claims and adjustment expenses attributable to:  |                  |    |         |    |      |        |                        |              |  |
| Current fiscal year insured events  | (2,253)          |    | (3,217) |    | 136  | 59     | (41,898)               | (42,252)     |  |
| Prior fiscal years' insured events  | -                | _  | (327)   |    | (98) | (106)  | (143,212)              | (103,685)    |  |
| Total Payments  | (2,253)          | _  | (3,544) |    | 38   | (47)   | (185,110)              | (145,937)    |  |
| Change in provision for discount  |                  | _  |         |    |      |        | 35,467                 | 90,253       |  |
| Total unpaid claims and claims adjustment expenses at the end of the year   | \$ 1,031         | \$ | 678     | \$ | 134  | \$ 98  | \$ 1,029,792           | \$ 1,090,944 |  |

## **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, 2020, the total outstanding balance on these contracts was \$76.4 million.

## MILL AND ELEVATOR

As of June 30, 2020, the Mill had commitments to purchase 2,723,592 bushels of spring wheat and 605,896 bushels of durum.

## JOB SERVICE NORTH DAKOTA

As of June 30, 2020, the Agency has commitments to pay \$1,202,226 for purchase orders and contracts awarded for goods, services, software licenses and software support to be provided in future periods, all of which are federally funded.

## SCHOOL CONSTRUCTION ASSISTANCE REVOLVING LOAN FUND

As of June 30, 2020, the Fund had one outstanding commitment totaling \$10,000,000 to extend credit.

## HOUSING INCENTIVE FUND

The Fund makes various commitments relating to construction projects to meet unmet housing needs across North Dakota. The Fund had \$1,971,308 of signed commitments for construction projects as of June 30, 2020. The Fund had an \$5,935,047 of HIF funds awarded for construction projects as of June 30, 2020. The total paid on these commitments as of June 30, 2020 was \$3,963,739.

## **DEPARTMENT OF HUMAN SERVICES**

As of June 30, 2020, the Department of Human Services had significant commitments for the purchase of various types of services totaling \$415,639,614.

## NORTH DAKOTA LOTTERY

The Lottery contracts with a third party to provide an online gaming system and related services through June 30, 2022. Total payment for these services during the year ended June 30, 2020 were \$2.8 million based on 10.473% of ticket sales. The Lottery's future obligation through June 30, 2022 is based on 10.473% of ticket sales, there is no minimum fee or retainer fee.

## NORTH DAKOTA DEPARTMENT OF TRANSPORTATION

At June 30, 2020, the North Dakota Department of Transportation (Special Revenue Fund) had non-construction contract commitments of approximately \$65.1 million. Construction commitments at June 30, 2020 totaled approximately \$344.7 million, of which \$188.6 million represents federal programs which are cost reimbursable. These commitments will be funded with future appropriations as work is performed.

## NORTH DAKOTA DEVELOPMENT FUND

The board of directors has approved equity investments, loans, grants, and guaranty of collections at June 30, 2020, for which funds have not been disbursed or written agreements entered into in the amount of \$2,985,186.

## SMALL EMPLOYER LOAN FUND

The fund has 72 pending loan commitments totaling \$2.8 million as of June 30, 2020.

## INNOVATION TECHNOLOGY FUND

The fund has 3 pending loan commitments totaling \$2.35 million as of June 30, 2020.

## NORTH DAKOTA SOYBEAN COUNCIL

As of June 30, 2020, the North Dakota Soybean Council had significant commitments of approximately \$3.6 million. This amount mainly consists of grants for the research and development of soybeans.

## STATE WATER COMMISSION

As of June 30, 2020, the State Water Commission had long-term commitments of \$366,839,730 for various water projects.

## **UNIVERSITY SYSTEMS**

Contracts for the construction of various projects on behalf of the University System have been let as follows (expressed in thousands):

|       | Orig | Original Issue |    | Paid To Date |    | nt To Be Paid |
|-------|------|----------------|----|--------------|----|---------------|
| BSC   | \$   | 561            | \$ | 525          | \$ | 36            |
| DCB   |      | 807            |    | 58           |    | 749           |
| DSU   |      | 607            |    | 412          |    | 195           |
| LRSC  |      | 3,004          |    | 545          |    | 2,459         |
| MaSU  |      | 124            |    | -            |    | 124           |
| MiSU  |      | 405            |    | 67           |    | 338           |
| NDSCS |      | 14,451         |    | 13,763       |    | 688           |
| NDSU  |      | 76,168         |    | 26,539       |    | 49,629        |
| UND   |      | 202,190        |    | 114,928      |    | 87,262        |
| VCSU  |      | 18,310         |    | 2,257        |    | 16,053        |
| WSC   |      | 8,432          |    | 5,640        |    | 2,792         |
| Total | \$   | 325,059        |    | 164,734      | \$ | 160,325       |

## OTHER CONSTRUCTION COMMITMENTS

That State has entered into construction commitments. As of June 30, 2020, the following commitment exists on other construction contracts, in thousands:

| Office of Management and Budget | \$<br>1,615 |
|---------------------------------|-------------|
| Secretary of State              | 214         |
| Legislative Assembly            | 727         |
| School for the Deaf             | 57          |
| Health Department               | 207         |
| Environmental Quality           | 332         |
| Department of Human Services    | 20,986      |
| Industrial Commission           | 2,592       |
| Highway Patrol                  | 1,597       |
| Corrections and Rehab           | 51          |
| Adjutant General                | 21,997      |
| Game and Fish                   | 345         |
| Parks and Recreation            | 236         |
| Department of Transportation    | 186,272     |

## **B. LITIGATION**

The estimated loss in all of the litigation against the State in which a loss to the State that is reasonably possible to result in an unfavorable outcome is estimated to be \$500,000.

## C. QUESTIONED COSTS

The State receives federal financial assistance which is subject to review and audit by the Office of the State Auditor and the federal government. This assistance is generally conditioned upon compliance with certain laws and regulations. Disallowed and questioned costs relating to federal assistance could become a liability to the State. The State estimates that the ultimate disallowances pertaining to federal assistance, if any, will be immaterial to its overall financial condition. The single audit of the State of North Dakota for the two-year period ending June 30, 2018, was completed and issued in March of 2019. As a result of this audit, approximately \$1.9 million of identifiable questioned costs were noted. Also, there were several findings which had potentially significant, unknown, questioned costs. The State is cooperating with the federal government to resolve the findings and is optimistic these findings will not have a material impact on the State.

## **NOTE 19 – TOBACCO SETTLEMENT**

In November 1998, the North Dakota Attorney General joined forty-five other states and five territories in a settlement agreement against the nation's largest tobacco manufacturer. The settlement money is intended to compensate the State for costs it has incurred in providing health and other services to its citizens that were necessitated by the use of tobacco products. The Master Settlement Agreement includes base payments to states totaling \$220.6 billion for the next 25 years, and continues in perpetuity. The State has received total payments of \$517.21 million as of June 30, 2020. The State recognized revenue of \$21.16 million of tobacco settlement revenue during the year ended June 30, 2020. The amount of the annual payment is subject to a number of modifications, including adjustments for inflation and usage volumes. Some of the adjustments may result in increases in the payments (inflation, for example), or other adjustments will likely cause decreases in the payments (e.g., volume adjustments). The net effect of these adjustments on future payments is unclear.

## **NOTE 20 – TERMINATION BENEFITS**

## **UNIVERSITY SYSTEMS**

Termination benefits are benefits provided to employees who are involuntarily or voluntarily terminated, as a result of budget reductions. Termination benefits agreements may include contract buyouts, retirement incentives, severance lump-sum payouts and continuing healthcare coverage for a designated period of time or a combination of these benefits. The agreement terms vary by institution. The outstanding liability is measured at the discounted present value and projected increases in health insurance rates.

The University Systems entered into voluntary termination agreements with 79 employees for a cost of \$3.2 million in fiscal year 2020. The terms for these agreements range from one month to eighteen months. The University Systems recorded a liability at June 30, 2020 of \$2.3 million for future payments.

During the same time-period, the University Systems entered into involuntary separation agreements with 28 employees for a cost of \$559,000. The terms for these agreements range from one month to two months There is no future liability for these arrangements at June 30, 2020.

In fiscal year 2020, the University System incurred \$2.2 million in expenses related to voluntary termination agreements entered into in prior fiscal years for 64 employees. The terms for these agreements range from one month to thirty-eight months. At June 30, 2020, the liability for future payments was \$214,000.

## **NOTE 21 - SUBSEQUENT EVENTS**

## **BUILDING AUTHORITY**

Subsequent to year end, the Authority issued \$88.585 million of bonds payable. The bonds have an interest rate of 5.00% and mature between 2021 and 2040.

## BANK OF NORTH DAKOTA

In March of 2020, the COVID pandemic began to spread throughout the world causing major disruptions to world travel and commerce. This pandemic greatly impacted North Dakota businesses, particularly restaurants, bars, hotels, and airlines. It also impacted the energy industry as oil and gas prices plummeted due to the reduction in travel. BND started 2020 with a monthly Provision for Credit Loss of \$400,000. Once the pandemic hit, economic factors within the model changed and BND increased that expense to \$1 million per month in March and then increased the provision again in July to \$2 million per month. In total, BND anticipates adding \$16.8 million to Allowance for Credit Loss in 2020, compared to our original estimate of \$4.8 million.

The 2015 Legislature authorized a transfer of up to \$100 million from BND to fund an Infrastructure Loan Fund for ND Cities and Counties. They also transferred an additional \$50 million from the Strategic Investment and Improvement Fund to this same revolving loan fund. So far, BND has committed to \$198 million of infrastructure loans. The legislation mandated that the money from the Strategic Investment and Improvement Fund be used to fund the initial \$50 million of commitments and the drawdown of up to \$100 million from BND to fund activity over the initial \$50 million. As of October 31, 2020, BND has transferred \$48 million of its capital to fund its portion of the Infrastructure Loan Fund. In the 2019 Legislature, legislation passed to add up to \$40 million of additional contribution from the Strategic Investment and Improvement Fund should oil tax collections exceed \$755 million. Oil tax collections exceeded \$780 million, which resulted in an additional contribution of \$25 million to the Infrastructure Loan Fund. That \$25 million will be spent prior to drawing the remaining \$52 million from BND's retained earnings.

The 2019 Legislature allowed the Reinsurance Association to establish a credit line at the Bank in the amount of \$25 million to provide reimbursements to member insurers. As of October 31, 2020, the Reinsurance Association has not applied for this line of credit.

Fuel Production Guarantee Program – The 2019 legislature approved \$50 million from the Strategic Investment and Improvement Fund to be used to guarantee loans made under this program. BND received loan applications from 3 borrowers totaling \$29.8 million due to the impact the pandemic had on ethanol production facilities in ND

### SMALL EMPLOYER LOAN FUND

Subsequent to year end, the fund received applications for loans under this fund of approximately \$27.2 million.

## COVID-19 PACE RECOVERY PROGRAM

As of November 30, 2020, the Bank of North Dakota has received 227 applications totaling \$223.5 million with an interest rate buydown of \$28.3 million for program I and 753 applications totaling \$18.5 million in grants under program II.

### NORTH DAKOTA HOUSING FINANCE AGENCY

The Agency issued Series 2020B Housing Finance Program Bonds totaling \$125 million. The bonds have an interest rate ranging from 0.20% to 2.05% and mature between 2021 and 2033. The Agency also issued Series 2015F Housing Finance Program Bonds totaling \$25 million. The bonds have an interest rate of 2.32% and mature between 2021 and 2048.

## **UNIVERSITY SYSTEMS**

On July 2, 2020, VCSU issued \$3.2 million, Series 2020 Housing and Auxiliary Facilities Revenue Bonds. The bonds were issued in December 2019 and are included in these financial statements and notes. The proceeds are held in escrow and were used to refund the existing 2010 bonds on July 2, 2020. The bonds are collateralized by net housing and auxiliary facilities systems and mature in 2046.

## **NOTE 22 - NEW PRONOUNCEMENTS**

The State implemented the following new pronouncement for fiscal year 2020:

GASB 95, Postponement of the Effective Dates of Certain Authoritative Guidance, which provided temporary relief to governments in light of the COVID-19 pandemic to postpone the effective dates of certain pronouncements.

The State will implement the following new pronouncements for fiscal years ending after 2020:

GASB Statement No. 84, *Fiduciary Activities*, provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 87, Leases, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to

recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

GASB Statement No. 90, *Majority Equity Interests*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement provides guidance for reporting when a government has majority equity interest in legally separate organizations. An equity interest is explicit and measurable if the government has a present or future claim to the net resources of the entity and the method for measuring the government's share of the entity's net resources is determinable. If government's holding of that equity interest meets the definition of an investment, as defined by GASB No. 72, the equity interest should be reported as an investment and measured using the equity method and not as a component unit of the government. If a government's holding of a majority interest in a legally separate organization does not meet the definition of an investment, the holding of the majority equity interest results in the government being financially accountable for the organization and therefore, the government should report the legally separate organization as a component unit. This Statement is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 91, Conduit Debt Obligations, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

GASB Statement No. 92, *Omnibus 2020*, provides additional guidance to improve consistency of authoritative literature by addressing practice issues identified during the application of certain GASB statements. This statement provides accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activity of public entity risk pools, fair value measurements and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 93, Replacement of Interbank Offered Rates, provides guidance to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR), most notable, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This statement provides exceptions and clarifications regarding hedging derivative instruments for such transactions that result from the replacement of IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement provides definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement

are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information* Arrangements provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 provides additional guidance for determining whether a primary government is financially accountable for a potential component unit. This Statement requires that the financial burden criterion in paragraph 7 of Statement No. 84, Fiduciary Activities, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67. Financial Reporting for Pension Plans, or paragraph 3 of Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, respectively. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

Management has not yet determined the effect these Statements will have on the State's financial statements.

## **Required Supplementary Information**

## Required Supplemental Information Budgetary Comparison Schedule General Fund

For the Fiscal Year Ended June 30, 2020

|  |    | Approved<br>Budget<br>2019-2021<br>Biennium | Appropriation<br>Adjustments<br>2019-2021<br>Biennium | Adjusted<br>Budget<br>2019-2021<br>Biennium | Actual<br>Biennium<br>To Date<br>Thru 6-30-20 | Difference<br>Uncollected/<br>Unspent<br>Thru 6-30-20 |
|--|----|---|---|---|---|---|
| Budgetary Fund Balance, July 1   | \$ | 65,000,000 \$                               | - \$  | 65,000,000 \$                               | 801,236,291 \$                                | 736,236,291   |
| Resources (Inflows):   |    |   |   |   |   |   |
| Sales and Use Tax  |    | 1,868,262,000                               | -   | 1,868,262,000                               | 970,559,564                                   | (897,702,436)   |
| Income Tax Financial Institutions Tax                                    |    | 935,573,000                                 | -   | 935,573,000                                 | 443,660,636                                   | (491,912,364)   |
| Oil And Gas Production Tax   |    | 198,930,000                                 | -   | 198,930,000                                 | 209,211,929                                   | 10,281,929  |
| Oil Extraction Tax   |    | 201,070,000                                 | -   | 201,070,000                                 | 141,402,989                                   | (59,667,011)  |
| Insurance Premium Tax<br>Cigarette, Cigar and Tobacco Tax                |    | 72,944,050<br>47,838,000                    | -   | 72,944,050<br>47,838,000                    | 52,582,711<br>25,203,505                      | (20,361,339)<br>(22,634,495)                          |
| Wholesale Liquor Tax   |    | 18,703,000                                  | -   | 18,703,000                                  | 9,115,734                                     | (9,587,266)   |
| Coal Conversion Tax  |    | 41,438,000                                  | -   | 41,438,000                                  | 21,098,724                                    | (20,339,276)  |
| Gaming Tax<br>Lottery  |    | 7,511,200<br>12,245,000                     | -   | 7,511,200<br>12,245,000                     | 12,304,238<br>4,100,000                       | 4,793,038<br>(8,145,000)                              |
| Department Fees and Collections  |    | 91,521,566                                  | -   | 91,521,566                                  | 37,871,865                                    | (53,649,701)  |
| Mineral Leasing Fees   |    | 38,000,000                                  | -   | 38,000,000                                  | 23,718,886                                    | (14,281,114)  |
| Motor Vehicle Excise Tax   |    | 249,951,800                                 | -   | 249,951,800                                 | 119,506,814                                   | (130,444,986)   |
| Interest on Public Funds Gas Tax Administration                          |    | 10,000,000<br>1,991,024                     | -   | 10,000,000<br>1,991,024                     | 11,272,315<br>995,906                         | 1,272,315<br>(995,118)                                |
| Transfers In   |    | 1,026,981,000                               | -   | 1,026,981,000                               | 467,285,900                                   | (559,695,100)   |
| Total Revenue Inflows  | _  | 4,822,959,640                               | -   | 4,822,959,640                               | 2,549,891,716                                 | (2,273,067,924)                                       |
| Amounts Available for Appropriation                                      |    | 4,887,959,640                               | -   | 4,887,959,640                               | 3,351,128,007                                 | (1,536,831,633)                                       |
| Charges to Appropriations (Outflows):                                    |    |   |   |   |   |   |
| General Government: Governor's Office                                    |    | 4 400 400                                   | 0.450   | 4 504 505                                   | 0.000.074                                     | 0.470.004   |
| Secretary of State   |    | 4,492,106<br>5,365,785                      | 9,459<br>1,258,207                                    | 4,501,565<br>6,623,992                      | 2,022,271<br>2,977,601                        | 2,479,294<br>3,646,391                                |
| Secretary of State Public Printing                                       |    | 257,278                                     | -   | 257,278                                     | 190,892                                       | 66,386  |
| Office of Management and Budget  |    | 33,215,852                                  | 3,487,004   | 36,702,856                                  | 15,597,752                                    | 21,105,104  |
| Information Technology   |    | 28,565,311                                  | 15,000  | 28,580,311                                  | 18,148,322                                    | 10,431,989  |
| State Auditor<br>State Treasurer   |    | 10,122,860<br>1,746,370                     | (13,928)<br>20,000                                    | 10,108,932<br>1,766,370                     | 4,441,437<br>808,710                          | 5,667,495<br>957,660                                  |
| Attorney General   |    | 45,804,596                                  | 198,890   | 46,003,486                                  | 21,179,258                                    | 24,824,228  |
| Tax Department   |    | 54,071,616                                  | -   | 54,071,616                                  | 26,782,489                                    | 27,289,127  |
| Legislative Assembly   |    | 15,825,515                                  | 814,987   | 16,640,502                                  | 4,775,710                                     | 11,864,792  |
| Legislative Council Supreme Court  |    | 13,045,074<br>107,503,043                   | 3,897,587   | 16,942,661<br>107,503,043                   | 5,375,672<br>49,647,464                       | 11,566,989<br>57,855,579                              |
| Legal Counsel for Indigents  |    | 18,384,627                                  | -   | 18,384,627                                  | 9,039,756                                     | 9,344,871   |
| Ethics Commission  |    | 517,155                                     | -   | 517,155                                     | 164,864                                       | 352,291   |
| Education: Public Instruction  |    | 1 701 261 127                               | 859,729   | 1 722 220 966                               | 906 647 102                                   | 015 572 764   |
| State Library  |    | 1,721,361,137<br>5,781,419                  | 059,729   | 1,722,220,866<br>5,781,419                  | 806,647,102<br>2,711,593                      | 915,573,764<br>3,069,826                              |
| School for the Deaf  |    | 7,528,850                                   | 209,115   | 7,737,965                                   | 3,671,612                                     | 4,066,353   |
| School for the Blind   |    | 4,717,989                                   | -   | 4,717,989                                   | 2,203,838                                     | 2,514,151   |
| Vocational Education   |    | 40,064,988                                  | -   | 40,064,988                                  | 19,189,237                                    | 20,875,751  |
| Health & Human Services:  Dept. of Health                                |    | 36,360,590                                  | (10,197)  | 36,350,393                                  | 14,925,902                                    | 21,424,491  |
| Dept. of Environmental Quality   |    | 12,480,922                                  | -   | 12,480,922                                  | 4,599,734                                     | 7,881,188   |
| Veteran's Home   |    | 5,679,324                                   | -   | 5,679,324                                   | 218,690                                       | 5,460,634   |
| Indian Affairs Commission  |    | 1,098,639                                   | -<br>E0 000   | 1,098,639                                   | 523,432                                       | 575,207   |
| Veteran's Affairs Dept. of Human Services-Management                     |    | 1,416,430<br>64,690,274                     | 50,000<br>4,923,593                                   | 1,466,430<br>69,613,867                     | 604,670<br>37,124,152                         | 861,760<br>32,489,715                                 |
| Dept. of Human Services-Program and Policy                               |    | 1,182,910,545                               | 2,179,226   | 1,185,089,771                               | 555,091,520                                   | 629,998,251   |
| Dept. of Human Services-Centers  |    | 127,690,608                                 | (3,232,924)   | 124,457,684                                 | 68,355,325                                    | 56,102,359  |
| Dept. of Human Services-Institutions                                     |    | 87,372,060                                  | 7,528,264   | 94,900,324                                  | 47,510,600                                    | 47,389,724  |
| Dept. of Human Services-County Social Service<br>Protection and Advocacy |    | 3,312,565                                   | 1,000   | 1,000<br>3,312,565                          | 76<br>1,474,751                               | 924<br>1,837,814                                      |
| Job Service  |    | 430,624                                     | -   | 430,624                                     | 206,716                                       | 223,908   |
| Regulatory:  |    |   |   |   |   |   |
| Industrial Commission  |    | 27,449,198                                  | -   | 27,449,198                                  | 12,307,787                                    | 15,141,411  |
| Labor Commission Public Service Commission                               |    | 2,395,169<br>6,714,928                      | -   | 2,395,169<br>6,714,928                      | 1,055,597<br>2,830,306                        | 1,339,572<br>3,884,622                                |
| Public Safety and Corrections:   |    | 0,7 14,520                                  |   | 0,714,020                                   | 2,000,000                                     | 0,004,022   |
| Highway Patrol   |    | 44,295,405                                  | -   | 44,295,405                                  | 23,339,035                                    | 20,956,370  |
| Corrections & Rehab<br>Adjutant General                                  |    | 229,678,076                                 | 2,258,920   | 231,936,996<br>28,605,823                   | 114,935,511                                   | 117,001,485   |
| Agriculture & Commerce:  |    | 27,571,197                                  | 1,034,626   | 20,005,023                                  | 11,875,462                                    | 16,730,361  |
| Department of Commerce   |    | 40,191,721                                  | 30,834,701  | 71,026,422                                  | 19,904,333                                    | 51,122,089  |
| Department of Agriculture  |    | 10,910,429                                  | 1,400   | 10,911,829                                  | 4,505,084                                     | 6,406,745   |
| State Fair   |    | 542,833                                     | -   | 542,833                                     | 271,417                                       | 271,416   |
| Racing Commision Natural Resources:                                      |    | 399,072                                     | -   | 399,072                                     | 183,765                                       | 215,307   |
| Historical Society   |    | 18,965,691                                  | 659,035   | 19,624,726                                  | 8,733,252                                     | 10,891,474  |
| Council on the Arts  |    | 1,606,204                                   | 12,480  | 1,618,684                                   | 723,110                                       | 895,574   |
| Parks and Recreation   |    | 14,343,129                                  | 2,937,368   | 17,280,497                                  | 7,903,109                                     | 9,377,388   |
| Transportation: Aeronautics Commission                                   |    | 500,000                                     | -   | 500,000                                     | 479,616                                       | 20,384  |
| Department of Transportation   |    | 2,500,000                                   | 13,000,000  | 15,500,000                                  | 12,782,676                                    | 2,717,324   |
| Transfers Out  |    | 773,685,962                                 | 55,708,401  | 829,394,363                                 | 399,099,258                                   | 430,295,105   |
| Total Charges to Appropriations  | _  | 4,843,563,166                               | 128,641,943   | 4,972,205,109                               | 2,347,140,466                                 | 2,625,064,643   |
| Ending Budgetary Fund Balance  | \$ | 44,396,474 \$                               | (128,641,943) \$                                      | (84,245,469) \$                             | 1,003,987,541 \$                              | 1,088,233,010   |

Required Supplemental Information Budgetary Comparison Schedule Budget to GAAP Reconciliation General Fund For the Fiscal Year Ended June 30, 2020

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and for the General Fund Expenditures

## Sources/Inflows of resources

| Actual Amounts (budgetary basis) "total revenue inflows" from the budgetary comparison schedule  | 2,549,891,716    |
|--|------------------|
| Differences-Budget to GAAP:  |                  |
| The period of availability for revenue recognition for budget purposes differs from the GAAP basis.  | (41,428,409)     |
| Funds considered General funds for GAAP but not for Budget   | 1,093,615,792    |
| Certain due from other funds are recorded under GAAP, but not Budget   | (6,511,787)      |
| Reimbursement activity between state agencies is eliminated only for GAAP  | (390,558)        |
| Proceeds are recorded for new capital leases on GAAP, but not for Budget   | 65,787           |
| Repayment received on loan receivable are revenue for Budget to GAAP   | 1,942,904        |
| Total revenues, capital lease acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds | \$ 3,597,185,445 |
| Uses/Outflows of resources   |                  |
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule  | 2,347,140,466    |
| Differences-Budget to GAAP:  |                  |
| Estimated liabilities are recorded as expenditures for GAAP but not for Budget   | (1,302,811)      |
| Funds considered General funds for GAAP but not for Budget   | 105,139,800      |
| New capital leases are recorded as expenditures for GAAP, but not for Budget   | 65,787           |
| Certain due to other funds are recorded under GAAP, but not for Budget   | 3,859,411        |
| Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds | \$ 2,454,902,653 |
| or revenues, experiences, and originate in fully balance-governmental fully  | Ψ Ζ,ΤΟΤ,ΟΌΖ,ΟΟΟ  |

Required Supplemental Information Budgetary Comparison Schedule Federal Fund For the Fiscal Year Ended June 30, 2020

|   | Approved<br>Budget<br>2019-2021<br>Biennium | Appropriation<br>Adjustments<br>2019-2021<br>Biennium |    | Adjusted<br>Budget<br>2019-2021<br>Biennium | Actual<br>Biennium<br>To Date<br>Thru 6-30-20 | Difference<br>Uncollected/<br>Unspent<br>Thru 6-30-20 |
|---|---|---|----|---|---|---|
| Budgetary Fund Balance, July 1  | \$<br>-                                     | \$ -  | \$ | -   | -   | \$ -  |
| Resources (Inflows):  |   |   |    |   |   |   |
| Other Budgeted Income   | 3,860,384,849                               | 746,373,634   |    | 4,606,758,483                               | 1,888,466,071                                 | (2,718,292,412)                                       |
| Total Revenue Inflows   | 3,860,384,849                               | 746,373,634   |    | 4,606,758,483                               | 1,888,466,071                                 | (2,718,292,412)                                       |
| Amounts Available for Appropriation   | <br>3,860,384,849                           | 746,373,634   |    | 4,606,758,483                               | 1,888,466,071                                 | 2,718,292,412   |
| Charges to Appropriations (Outflows):   |   |   |    |   |   |   |
| General Government:   |   |   |    |   |   |   |
| Governor's Office   |   | 18,085  |    | 18,085                                      | 18,083  | 2   |
| Secretary of State  | 3,000,000                                   | 3,000,000   |    | 6,000,000                                   | 589,964                                       | 5,410,036   |
| Office of Management and Budget   | - 0.070.470                                 | 119,700   |    | 119,700                                     | 57,502  | 62,198  |
| Information Technology  | 2,078,179                                   | 66,868,226  |    | 68,946,405                                  | 755,568                                       | 68,190,837  |
| State Auditor State Treasurer   | 1,337,614                                   | 13,903<br>10,898,581                                  |    | 1,351,517<br>10,898,581                     | 618,680<br>3,932,546                          | 732,837<br>6,966,035                                  |
| Attorney General  | 15,052,872                                  | 2,832,872   |    | 17,885,744                                  | 4,811,772                                     | 13,073,972  |
| Tax Department  | 125,000                                     | 81,601  |    | 206,601                                     | 26,257  | 180,344   |
| Legislative Assembly  | 120,000                                     | 2,000,000   |    | 2,000,000                                   | 20,081  | 1,979,919   |
| Legislative Council   | _   | 100,000   |    | 100,000                                     | 1,221   | 98,779  |
| Supreme Court   | 1,659,596                                   | 26,383  |    | 1,685,979                                   | 782,470                                       | 903,509   |
| Education:  | 1,222,222                                   | ,   |    | 1,222,212                                   |   | ,   |
| Public Instruction  | 322,916,553                                 | 54,393,798  |    | 377,310,351                                 | 165,702,940                                   | 211,607,411   |
| Land Department   | -   | 120,000   |    | 120,000                                     | 17,061  | 102,939   |
| State Library   | 2,287,102                                   | 420,000   |    | 2,707,102                                   | 1,144,294                                     | 1,562,808   |
| School for the Deaf   | 100,512                                     | -   |    | 100,512                                     | 34,014  | 66,498  |
| Vocational Education  | 11,498,147                                  | -   |    | 11,498,147                                  | 5,108,098                                     | 6,390,049   |
| Health & Human Services:  |   |   |    |   |   |   |
| Dept. of Health   | 102,021,319                                 | 117,102,326   |    | 219,123,645                                 | 67,171,043                                    | 151,952,602   |
| Dept. of Environmental Quality  | 28,085,602                                  | (1,110,256)   | )  | 26,975,346                                  | 10,333,891                                    | 16,641,455  |
| Veteran's Home  | -   | 321,428   |    | 321,428                                     | 252,916                                       | 68,512  |
| Veteran's Affairs   | 1,377,157                                   | 2,860   |    | 1,380,017                                   | 711,568                                       | 668,449   |
| Dept. of Human Services-Management  | 95,048,395                                  | 51,306,162  |    | 146,354,557                                 | 61,386,458                                    | 84,968,099  |
| Dept. of Human Services-Program and Policy<br>Dept. of Human Services-Centers | 2,093,626,737<br>57,430,698                 | 113,238,999   |    | 2,206,865,736<br>56,212,106                 | 1,029,740,105<br>25,328,930                   | 1,177,125,631<br>30,883,176                           |
| Dept. of Human Services-Centers  Dept. of Human Services-Institutions         | 29,584,449                                  | (1,218,592)<br>(944,468)                              |    | 28,639,981                                  | 18,175,429                                    | 10,464,552  |
| Dept. of Human Services-County Social Service                                 | 29,304,449                                  | 285,000   | ,  | 285,000                                     | 17,093  | 267,907   |
| Protection and Advocacy   | 3,994,135                                   | 200,000   |    | 3,994,135                                   | 1,704,979                                     | 2,289,156   |
| Job Service   | 64,364,900                                  | _   |    | 64,364,900                                  | 23,455,409                                    | 40,909,491  |
| Regulatory:   | - 1, 1,                                     |   |    | - 1, 1,                                     | ,,  | 10,000,101  |
| Insurance Department  | 177,500                                     | 21,832,700  |    | 22,010,200                                  | 277,266                                       | 21,732,934  |
| Industrial Commission   | 238,004                                     | 66,351,512  |    | 66,589,516                                  | 166,158                                       | 66,423,358  |
| Labor Commission  | 480,681                                     | 49,000  |    | 529,681                                     | 311,441                                       | 218,240   |
| Public Service Commission   | 10,894,458                                  | -   |    | 10,894,458                                  | 3,659,651                                     | 7,234,807   |
| Public Safety and Corrections:  |   |   |    |   |   |   |
| Highway Patrol  | 6,610,415                                   | 404,094   |    | 7,014,509                                   | 2,876,767                                     | 4,137,742   |
| Corrections & Rehab   | 16,663,970                                  | 6,078,598   |    | 22,742,568                                  | 7,601,191                                     | 15,141,377  |
| Adjutant General Agriculture & Commerce:                                      | 105,408,847                                 | 101,699,897   |    | 207,108,744                                 | 59,574,334                                    | 147,534,410   |
| Department of Commerce  | 44,070,416                                  | 84,065,554  |    | 128,135,970                                 | 22,421,168                                    | 105,714,802   |
| Department of Commerce  Department of Agriculture                             | 12,213,665                                  | 9,095,000   |    | 21,308,665                                  | 4,923,889                                     | 16,384,776  |
| Racing Commision  | 12,210,000                                  | 1,000   |    | 1,000                                       | -,323,003                                     | 1,000   |
| Natural Resources:  |   | 1,000   |    | 1,000                                       |   | 1,000   |
| Historical Society  | 3,194,252                                   | 20,000  |    | 3,214,252                                   | 703,579                                       | 2,510,673   |
| Council on the Arts   | 1,675,407                                   | 421,700   |    | 2,097,107                                   | 1,114,727                                     | 982,380   |
| Game and Fish   | 36,873,632                                  | 502,993   |    | 37,376,625                                  | 15,334,191                                    | 22,042,434  |
| Parks and Recreation  | 7,321,876                                   | 96,547  |    | 7,418,423                                   | 1,443,593                                     | 5,974,830   |
| Water Commission  | 39,123,284                                  | -   |    | 39,123,284                                  | 15,544,798                                    | 23,578,486  |
| Transportation:   |   |   |    | •   |   |   |
| Aeronautics Commission  | 935,000                                     | -   |    | 935,000                                     | 18,850  | 916,150   |
| Department of Transportation  | 738,914,475                                 | 35,878,431  |    | 774,792,906                                 | 330,596,096                                   | 444,196,810   |
| Total Charges to Appropriations   | 3,860,384,849                               | 746,373,634   |    | 4,606,758,483                               | 1,888,466,071                                 | 2,718,292,412.00                                      |
| Ending Budgetary Fund Balance   | \$<br>-                                     | \$ -  | \$ | - 9   | -   | \$ -  |

Required Supplemental Information Budgetary Comparison Schedule Budget to GAAP Reconciliation Federal Fund For the Fiscal Year ended June 30, 2020

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and for the Federal Fund Expenditures

## Sources/Inflows of resources

| Actual Amounts (budgetary basis) "total revenue inflows" from the budgetary comparison schedule  | 1,888,466,071    |
|--|------------------|
| Differences-Budget to GAAP:  |                  |
| The period of availability for revenue recognition for budget purposes differs from the GAAP basis.  | 23,749,928       |
| Total revenues, capital lease acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds | \$ 1,912,215,999 |
| Uses/Outflows of resources   |                  |
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule  | 1,888,466,071    |
| Differences-Budget to GAAP:  |                  |
| Estimated liabilities are recorded as expenditures for GAAP but not for Budget   | 63,478,807       |
| New Loans issued are expenditures for Budget but not for GAAP  | (1,924,917)      |
| GAAP, but not Budget expenditures are reduced by year end inventory balances   | 20,922,389       |
| Intrafund activity eliminated for GAAP   | (61,788,705)     |
| Certain due to other funds are recorded under GAAP, but not for Budget   | 1,843,458        |
| Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds | \$ 1,910,997,103 |

Required Supplemental Information Budgetary Comparison Schedule State Fund For the Fiscal Year Ended June 30, 2020

|   | Approved<br>Budget<br>2019-2021<br>Biennium | Appropriation Adjustments 2019-2021 Biennium | Adjusted<br>Budget<br>2019-2021<br>Biennium | Actual<br>Biennium<br>To Date<br>Thru 6-30-20 | Difference<br>Uncollected/<br>Unspent<br>Thru 6-30-20 |
|---|---|--|---|---|---|
| Budgetary Fund Balance, July 1  | \$ -  |  | \$ -  |   | \$ -  |
| Resources (Inflows): Other Budgeted Income                                    | 3,236,641,019                               | 282,595,078                                  | 3,519,236,097                               | 1,121,500,763                                 | (2,397,735,334)                                       |
| •   |   |  |   |   |   |
| Total Revenue Inflows   | 3,236,641,019                               | 282,595,078                                  | 3,519,236,097                               | 1,121,500,763                                 | (2,397,735,334)                                       |
| Amounts Available for Appropriation   | 3,236,641,019                               | 282,595,078                                  | 3,519,236,097                               | 1,121,500,763                                 | (2,397,735,334)                                       |
| Charges to Appropriations (Outflows): General Government:                     |   |  |   |   |   |
| Governor's Office   | _   | 232,448.00                                   | 232,448.00                                  | 175,145.00                                    | 57,303.00   |
| Secretary of State  | 12,431,641.00                               | -  | 12,431,641.00                               | 9,106,010.00                                  | 3,325,631.00  |
| Office of Management & Budget   | 17,136,515.00                               | (398,606.00)                                 | 16,737,909.00                               | 6,203,404.00                                  | 10,534,505.00   |
| Information Technology  | 318,954,155.00                              | 43,555,133.00                                | 362,509,288.00                              | 93,140,172.00                                 | 269,369,116.00  |
| State Auditor   | 2,835,564.00                                | -  | 2,835,564.00                                | 949,790.00                                    | 1,885,774.00  |
| State Treasurer   | 35,000.00                                   | -  | 35,000.00                                   | 13,083.00                                     | 21,917.00   |
| Attorney General  | 24,051,368.00                               | 690,846.00                                   | 24,742,214.00                               | 9,669,158.00                                  | 15,073,056.00   |
| Tax Department  | -   | 5,642.00                                     | 5,642.00                                    | 5,642.00                                      | -   |
| Administrative Hearings   | 2,830,664.00                                | -  | 2,830,664.00                                | 1,279,026.00                                  | 1,551,638.00  |
| Legislative Assembly  | 140,000.00                                  | -  | 140,000.00                                  | 54,360.00                                     | 85,640.00   |
| Legislative Council Supreme Court   | 70,000.00<br>1,452,701.00                   | -  | 70,000.00<br>1,452,701.00                   | 30,565.00<br>220,351.00                       | 39,435.00<br>1,232,350.00                             |
| Legal Counsel for Indigents   | 1,990,035.00                                |  | 1,990,035.00                                | 412,037.00                                    | 1,577,998.00  |
| Education:  | 1,000,000.00                                |  | 1,000,000.00                                | 412,007.00                                    | 1,077,000.00  |
| Public Instruction  | 494,637,190.00                              | _  | 494,637,190.00                              | 248,987,261.00                                | 245,649,929.00  |
| Land Department   | 10,458,401.00                               | 42,589,772.00                                | 53,048,173.00                               | 24,228,434.00                                 | 28,819,739.00   |
| State Library   | 87,259.00                                   | -  | 87,259.00                                   | 31,651.00                                     | 55,608.00   |
| School for the Deaf   | 2,599,846.00                                | 116,912.00                                   | 2,716,758.00                                | 767,985.00                                    | 1,948,773.00  |
| School for the Blind  | 1,332,815.00                                | -  | 1,332,815.00                                | 475,271.00                                    | 857,544.00  |
| Vocational Education  | 3,204,974.00                                | -  | 3,204,974.00                                | 965,389.00                                    | 2,239,585.00  |
| Health & Human Services:  |   |  |   |   |   |
| Dept. of Health   | 21,897,914.00                               | 3,562,000.00                                 | 25,459,914.00                               | 10,106,916.00                                 | 15,352,998.00   |
| Dept. of Environmental Quality  | 18,147,972.00                               | 1,197,914.00                                 | 19,345,886.00                               | 6,066,841.00                                  | 13,279,045.00   |
| Veteran's Home  | 19,275,822.00                               | 165,500.00                                   | 19,441,322.00                               | 11,715,321.00                                 | 7,726,001.00  |
| Dept. of Human Services-Management  | 8,758,351.00                                | 6,940,217.00                                 | 15,698,568.00                               | 1,621,905.00                                  | 14,076,663.00   |
| Dept. of Human Services-Program and Policy<br>Dept. of Human Services-Centers | 138,941,401.00<br>19,579,837.00             | 36,250,525.00<br>(1,531,395.00)              | 175,191,926.00<br>18,048,442.00             | 33,116,143.00<br>5,385,959.00                 | 142,075,783.00<br>12,662,483.00                       |
| Dept. of Human Services-Centers  Dept. of Human Services-Institutions         | 27,490,636.00                               | (126,686.00)                                 | 27,363,950.00                               | 7,181,647.00                                  | 20,182,303.00   |
| Dept. of Human Services-County Social Service                                 | 173,700,000.00                              | (120,000.00)                                 | 173,700,000.00                              | 80,433,044.00                                 | 93,266,956.00   |
| Job Service   | 890,670.00                                  | _  | 890,670.00                                  | 98,629.00                                     | 792,041.00  |
| Regulatory:   | ,   |  | ,   | ,   |   |
| Insurance Department  | 28,557,203.00                               | (344,350.00)                                 | 28,212,853.00                               | 13,394,517.00                                 | 14,818,336.00   |
| Industrial Commission   | 17,755,786.00                               | 972,251.00                                   | 18,728,037.00                               | 9,268,369.00                                  | 9,459,668.00  |
| Public Service Commission   | 1,714,018.00                                | -  | 1,714,018.00                                | 348,426.00                                    | 1,365,592.00  |
| Finanacial Institutions   | 9,135,872.00                                | -  | 9,135,872.00                                | 3,761,205.00                                  | 5,374,667.00  |
| Securities Commission   | 2,757,119.00                                | -  | 2,757,119.00                                | 1,166,888.00                                  | 1,590,231.00  |
| Public Safety and Corrections:  |   |  |   |   |   |
| Highway Patrol  | 10,588,283.00                               | 80,000.00                                    | 10,668,283.00                               | 832,530.00                                    | 9,835,753.00  |
| Corrections & Rehab   | 25,291,919.00                               | 935,907.00                                   | 26,227,826.00                               | 9,233,147.00                                  | 16,994,679.00   |
| Adjutant General Agriculture & Commerce:                                      | 15,076,195.00                               | 34,076,372.00                                | 49,152,567.00                               | 5,184,177.00                                  | 43,968,390.00   |
| Department of Commerce  | 14,352,877.00                               | 2,660,636.00                                 | 17,013,513.00                               | 4,167,936.00                                  | 12,845,577.00   |
| Department of Agriculture   | 18,108,741.00                               | 250,000.00                                   | 18,358,741.00                               | 5,221,420.00                                  | 13,137,321.00   |
| Racing Commission   | 165,965.00                                  | -  | 165,965.00                                  | 60,664.00                                     | 105,301.00  |
| Natural Resources:  | ,   |  | ,   | ,   |   |
| Historical Society  | 85,000.00                                   | -  | 85,000.00                                   | -   | 85,000.00   |
| Council of Arts   | 63,515.00                                   | 62,500.00                                    | 126,015.00                                  | 32,707.00                                     | 93,308.00   |
| Game and Fish   | 48,430,000.00                               | 2,270,311.00                                 | 50,700,311.00                               | 19,469,668.00                                 | 31,230,643.00   |
| Parks and Recreation  | 21,369,977.00                               | 654,276.00                                   | 22,024,253.00                               | 5,696,355.00                                  | 16,327,898.00   |
| Water Commission  | 929,030,807.00                              | (33,136,750.00)                              | 895,894,057.00                              | 155,064,791.00                                | 740,829,266.00  |
| Transportation:   |   |  |   |   |   |
| Aeronautics Commission  | 47,896,082.00                               | 2,362,337.00                                 | 50,258,419.00                               | 3,922,168.00                                  | 46,336,251.00   |
| Department of Transportation  | 723,330,929.00                              | 138,501,366.00                               | 861,832,295.00                              | 332,234,656.00                                | 529,597,639.00  |
| Total Charges to Appropriations   | 3,236,641,019.00                            | 282,595,078.00                               | 3,519,236,097.00                            | 1,121,500,763.00                              | 2,397,735,334.00                                      |
| Ending Budgetary Fund Balance   | \$ -  | \$ -   | \$ -  | \$ -  | \$ -  |

Required Supplemental Information Budgetary Comparison Schedule Budget to GAAP Reconciliation State Fund For the Fiscal Year ended June 30, 2020

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and for the State Fund Expenditures

## Sources/Inflows of resources

| Actual Amounts (budgetary basis) "total revenue inflows" from the budgetary comparison schedule  | 1,121,500,763    |
|--|------------------|
| Differences-Budget to GAAP:  |                  |
| The period of availability for revenue recognition for budget purposes differs from the GAAP basis.  | 805,415,275      |
| Total revenues, capital lease acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds | \$ 1,926,916,038 |
| Uses/Outflows of resources   |                  |
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule  | 1,121,500,763    |
| Differences-Budget to GAAP:  |                  |
| Estimated liabilities are recorded as expenditures for GAAP but not for Budget   | 1,716,307,056    |
| New Loans issued are expenditures for Budget but not for GAAP  | 1,661,972        |
| GAAP, but not Budget expenditures are reduced by year end inventory balances   | 283,442          |
| Intrafund activity eliminated for GAAP   | (531,624,509)    |
| Certain due to other funds are recorded under GAAP, but not for Budget   | (945,822)        |
| Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds | \$ 2,307,182,902 |

Note To Required Supplemental Information -Budgetary Reporting For the Fiscal Year Ended June 30, 2020

The Budgetary Comparison Schedules present comparisons of the original and revised legally adopted budgets with actual data on a budgetary basis for major funds. The only major fund with a legally adopted budget is the General Fund. All other funds are budgeted together as "Other Budgeted Funds." A budgetary schedule has been done for these other funds because they include budgeted amounts for the Federal Fund and State Funds, which are major special revenue funds. These amounts are reported on the schedules entitled "Federal Funds" and "State Funds".

North Dakota's Appropriation Acts include a dual legal level of budgetary control - one at the General Fund versus Other Budget Income level for each agency and one at the line item level for each agency. Line items are not separate between General Fund and Other Budgeted Income so that control is not presented in our budgetary comparison schedule for major funds. The legal level of control for all agencies is reported in a publication titled "State of North Dakota 2019-2021 Biennium Budget and Actual Detail (Budgetary Basis) For the Fiscal Year Ended June 30, 2020." This budget information is available through the Office of Management and Budget, 600 East Boulevard Ave Dept. 110, Bismarck, ND 58505. For the 2019-2021 biennium there were general, federal, and special fund supplemental appropriations of \$1,157,610,655.

The Budgetary Comparison Schedule reports expenditures on a budgetary basis. The accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present the financial statements in accordance with GAAP. Reconciliations of the three for the Fiscal Year ended June 30, 2020, for the General Fund, Federal Fund, and State Fund is on the previous pages.

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<br>proportion of<br>the net<br>pension<br>liability (asset) | Employer's proportionate share of the net pension liability (asset) | Employer's covered payroll | Plan fiduciary<br>net position | Employer's<br>proportionate share<br>of the net pension<br>liability (asset) as a<br>percentage of its<br>covered payroll | Plan fiduciary<br>net position as<br>a percentage<br>of the total<br>pension liability |
|------|--|---|----------------------------|--------------------------------|---|--|
| 2020 | 48.640060%   | \$570,358   | \$569,875                  | \$1,506,252                    | 100.08%   | 72.53%   |
| 2019 | 50.378759%   | 859,160   | 569,979                    | 1,496,340                      | 150.74%   | 63.53%   |
| 2018 | 51.879909%   | 833,182   | 588,960                    | 1,415,199                      | 141.47%   | 62.65%   |
| 2017 | 53.421343%   | 520,338   | 566,915                    | 1,290,070                      | 91.78%  | 71.10%   |
| 2016 | 54.824190%   | 365,845   | 494,732                    | 1,300,271                      | 73.95%  | 77.70%   |
| 2015 | 55.154588%   | 348,760   | 477,406                    | 1,258,398                      | 73.05%  | 78.17%   |

<sup>\*</sup>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<br>percentage of covered<br>payroll |
|------|-----------------------------------|--|----------------------------------|----------------------------|--|
| 2020 | \$40,941                          | \$(41,030)   | \$ (89)                          | \$589,042                  | 6.95%  |
| 2019 | 40,036                            | (40,022)   | 14                               | 569,875                    | 7.02%  |
| 2018 | 39,824                            | (39,815)   | 9                                | 569,979                    | 6.99%  |
| 2017 | 41,089                            | (41,034)   | 55                               | 588,960                    | 6.98%  |
| 2016 | 39,895                            | (40,330)   | (435)                            | 566,915                    | 7.11%  |
| 2015 | 37,076                            | (37,571)   | (495)                            | 494,732                    | 7.59%  |

<sup>\*</sup>Complete data for this schedule is not available prior to 2015.

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             |                   |
|------|-------------------|-------------------|-----------------|----------------|------------------------|-------------------|
|      |                   | Employer's        |                 |                | proportionate share of | Plan fiduciary    |
|      | Employer's        | proportionate     |                 |                | the net pension        | net position as   |
|      | proportion of     | share of the net  |                 |                | liability (asset) as a | a percentage of   |
|      | the net pension   | pension liability | Employer's      | Plan fiduciary | percentage of its      | the total         |
|      | liability (asset) | (asset)           | covered payroll | net position   | covered payroll        | pension liability |
| 2020 | 100.00%           | \$24,900          | \$10,608        | \$81,416       | 240.48%                | 76.58%            |
| 2019 | 100.00%           | 19,457            | 10,929          | 78,929         | 181.21%                | 80.22%            |
| 2018 | 100.00%           | 20,711            | 10,934          | 73,336         | 189.42%                | 77.98%            |
| 2017 | 100.00%           | 22,111            | 10,527          | 65,811         | 210.04%                | 74.85%            |
| 2016 | 100.00%           | 13,436            | 10,146          | 66,676         | 132.43%                | 83.23%            |
| 2015 | 100.00%           | 9,766             | 9,348           | 65,667         | 104.47%                | 87.05%            |

<sup>\*</sup>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<br>percentage of covered<br>payroll |
|------|-----------------------------------|--|----------------------------------|----------------------------|--|
| 2020 | \$2,175                           | \$(2,175)  | \$ -                             | \$11,038                   | 19.70%   |
| 2019 | 2,091                             | (2,091)  | -                                | 10,608                     | 19.71%   |
| 2018 | 2,153                             | (2,153)  | -                                | 10,929                     | 19.70%   |
| 2017 | 2,154                             | (2,154)  | -                                | 10,934                     | 19.70%   |
| 2016 | 2,127                             | (2,127)  | -                                | 10,527                     | 20.21%   |
| 2015 | 2,002                             | (2,002)  | -                                | 10,146                     | 19.73%   |

<sup>\*</sup>Complete data for this schedule is not available prior to 2015.

## 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<br>proportionate<br>share of the net<br>pension liability<br>(asset) | Employer's<br>covered payroll | Plan fiduciary net<br>position | Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | Plan fiduciary<br>net position as<br>a percentage of<br>the total<br>pension liability |
|------|--|---|-------------------------------|--------------------------------|--|--|
| 2020 | 100.00%  | \$ (31,006)   | \$417                         | \$97,203                       | (7,443.56) %   | 146.84%  |
| 2019 | 100.00%  | (27,459)  | 471                           | 95,588                         | (6,590.37) %   | 140.30%  |
| 2018 | 100.00%  | (33,636)  | 563                           | 97,265                         | (5,974.42) %   | 152.86%  |
| 2017 | 100.00%  | (35,329)  | 565                           | 96,534                         | (6,252.92) %   | 157.72%  |
| 2016 | 100.00%  | (32,893)  | 674                           | 96,283                         | (4,880.27) %   | 151.89%  |
| 2015 | 100.00%  | (32,650)  | 753                           | 97,697                         | (4,335.99) %   | 150.20%  |

<sup>\*</sup>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 | Contributions in relation to the statutorily | Contribution deficiency | Employer's covered | Contributions as a percentage of covered |
|------|----------------------|--|-------------------------|--------------------|--|
|      | contribution         | required contribution                        | (excess)                | payroll            | payroll                                  |
| 2020 | \$ -                 | \$ -   | \$ -                    | \$ 386             | 0.00%                                    |
| 2019 | -                    | -  | -                       | 417                | 0.00%                                    |
| 2018 | -                    | -  | -                       | 471                | 0.00%                                    |
| 2017 | -                    | -  | -                       | 563                | 0.00%                                    |
| 2016 | -                    | -  | -                       | 565                | 0.00%                                    |
| 2015 | _                    | -  | -                       | 674                | 0.00%                                    |

<sup>\*</sup>Complete data for this schedule is not available prior to 2015.

**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<br>proportionate<br>share of the net<br>pension liability<br>(asset) | Employer's<br>covered payroll | Plan fiduciary net<br>position | Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | Plan fiduciary<br>net position as<br>a percentage of<br>the total<br>pension liability |
|------|--|---|-------------------------------|--------------------------------|--|--|
| 2020 | 0.626693%  | \$8,631   | \$4,252                       | \$16,395                       | 202.99%  | 65.50%   |
| 2019 | 0.665791%  | 8,874   | 4,397                         | 16,849                         | 201.82%  | 65.50%   |
| 2018 | 0.652945%  | 8,968   | 4,294                         | 15,413                         | 208.85%  | 63.20%   |
| 2017 | 0.666339%  | 9,762   | 4,329                         | 14,155                         | 225.50%  | 59.20%   |
| 2016 | 0.678409%  | 8,873   | 4,173                         | 14,531                         | 212.63%  | 62.10%   |
| 2015 | 0.616525%  | 6,460   | 3,576                         | 12,891                         | 180.65%  | 66.60%   |

<sup>\*</sup>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\***

|      | Statutorily required contribution | Contributions in relation to the statutorily required contribution | Contribution deficiency (excess) | Employer's covered payroll | Contributions as a<br>percentage of covered<br>payroll |
|------|-----------------------------------|--|----------------------------------|----------------------------|--|
| 2020 | \$535                             | \$(535)  | \$-                              | \$4,196                    | 12.75%   |
| 2019 | 542                               | (542)  | -                                | 4,252                      | 12.75%   |
| 2018 | 561                               | (561)  | -                                | 4,397                      | 12.75%   |
| 2017 | 547                               | (547)  | -                                | 4,294                      | 12.75%   |
| 2016 | 528                               | (528)  | -                                | 4,329                      | 12.75%   |
| 2015 | 532                               | (532)  | -                                | 4,173                      | 12.75%   |

<sup>\*</sup>Complete data for this schedule is not available prior to 2015.

Required Supplementary Information Schedule of State's Share of OPEB Liability Retiree Health Insurance Credit Last 10 Fiscal Years\* (Dollars in thousands)

|      | Employer's<br>proportion of the<br>net OPEB (asset) | Employer's proportionate share of the net OPEB liability (asset) | Employer's<br>covered payroll | Plan fiduciary<br>net position | Employer's<br>proportionate share<br>of the net OPEB<br>liability (asset) as a<br>percentage of its<br>covered payroll | Plan fiduciary<br>net position as<br>a percentage<br>of the total<br>OPEB liability |
|------|---|--|-------------------------------|--------------------------------|--|---|
| 2020 | 49.778349%  | \$39,178   | \$561,580                     | \$68,451                       | 6.98%  | 63.13%  |
| 2019 | 50.731122%  | 39,954   | 563,479                       | 64,888                         | 7.09%  | 61.89%  |
| 2018 | 51.545839%  | 40,877   | 574,972                       | 60,615                         | 7.11%  | 59.78%  |

<sup>\*</sup>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\*

| -    | Statutorily required contribution | Contributions in relation to the statutorily required contribution | Contribution deficiency (excess) | Employer's covered payroll | Contributions as a<br>percentage of covered<br>payroll |
|------|-----------------------------------|--|----------------------------------|----------------------------|--|
| 2020 | \$6,631                           | \$(6,626)  | \$ 5                             | \$571,617                  | 1.16%  |
| 2019 | 6,425                             | (6,413)  | 12                               | 561,580                    | 1.14%  |
| 2018 | 6,434                             | (6,424)  | 10                               | 563,479                    | 1.14%  |

<sup>\*</sup>Complete data for this schedule is not available prior to 2018.

## Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios North Dakota Public Employee Retirement System Last 10 Fiscal Years\*

|   |    | 2020                                    |    | 2019      |    | 2018      |    | 2017      |
|---|----|---|----|-----------|----|-----------|----|-----------|
| Total pension liability (asset)                       |    |   |    |           |    |           |    |           |
| Service cost  | \$ | 135,139                                 | \$ | 172,184   | \$ | 164,018   | \$ | 113,148   |
| Interest  |    | 317,129                                 |    | 294,701   |    | 279,835   |    | 269,771   |
| Change of benefit terms                               |    | -                                       |    | -         |    | -         |    | -         |
| Difference betw een expected and actual experience    |    | 213,457                                 |    | (210,896) |    | (65,346)  |    | (3,612)   |
| Changes of assumptions                                |    | 1,663,289                               |    | (464,473) |    | 125,225   |    | 741,492   |
| Benefit payments, including refund of employee        |    |   |    |           |    |           |    |           |
| contributions   |    | (218,554)                               |    | (197,758) |    | (182,522) |    | (162,992) |
| Net change in total pension liability (asset)         |    | 2,110,460                               |    | (406,242) |    | 321,210   |    | 957,807   |
| Total pension liability (asset) - beginning           |    | 4,269,340                               |    | 4,675,582 |    | 4,354,372 |    | 3,396,565 |
| Total pension liability (asset) - ending (a)          | \$ | 6,379,800                               | \$ | 4,269,340 | \$ | 4,675,582 | \$ | 4,354,372 |
|   | =  |   | _  |           | _  |           | _  |           |
| Plan fiduciary net position                           |    |   |    |           |    |           |    |           |
| Contributions - employer                              | \$ | 85,504                                  | \$ | 81,588    | \$ | 80,727    | \$ | 78,934    |
| Contributions - employee                              |    | 81,478                                  |    | 78,213    |    | 77,486    |    | 76,007    |
| Contributions - service credit repurchase             |    | 10,819                                  |    | 7,220     |    | 19,985    |    | 11,805    |
| Contributions - other                                 |    | -                                       |    | -         |    | -         |    | -         |
| Net investment income                                 |    | 101,106                                 |    | 159,824   |    | 249,165   |    | 311,761   |
| Transfers from other plans                            |    | (3)                                     |    | (5)       |    | (24)      |    | 32        |
| Benefit payments, including refund of employee        |    |   |    |           |    |           |    |           |
| contributions   |    | (218,554)                               |    | (197,758) |    | (182,522) |    | (162,992) |
| Administrative expense                                |    | (2,730)                                 |    | (2,531)   |    | (2,473)   |    | (2,607)   |
| Net change in plan fiduciary net position             |    | 57,620                                  |    | 126,551   |    | 242,344   |    | 312,940   |
| Plan fiduciary net position - beginning               |    | 3,096,731                               |    | 2,970,180 |    | 2,727,836 |    | 2,414,896 |
| Plan fiduciary net position - ending (b)              | \$ | 3,154,351                               | \$ | 3,096,731 | \$ | 2,970,180 | \$ | 2,727,836 |
|   | Ť  | -,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, | Ť  |           | Ť  |           | Ť  |           |
| Net pension liability (asset) - ending (a) - (b)      | \$ | 3,225,449                               | \$ | 1,172,609 | \$ | 1,705,402 | \$ | 1,626,536 |
| Plan fiduciary net position as a percentage of the    |    |   |    |           |    |           |    |           |
| total pension liability (asset)                       |    | 49.44%                                  |    | 72.53%    |    | 63.53%    |    | 62.65%    |
| Covered payroll                                       | \$ | 1,167,768                               | ¢  | 1,098,416 | \$ |           | \$ | 1,063,372 |
| Plan net pension liability (asset) as a percentage of | φ  | 1,107,700                               | ψ  | 1,030,410 | ψ  | 1,073,336 | Ψ  | 1,000,072 |
| covered payroll                                       |    | 276.21%                                 |    | 106.75%   |    | 158.50%   |    | 152.96%   |
| covered payroll                                       |    | 210.2170                                |    | 100.7370  |    | 130.30 /0 |    | 102.30 /0 |

<sup>\*</sup>Complete data for this schedule is not available prior to 2014.

|    | 2016        |    | 2015       |    | 2014        |
|----|-------------|----|------------|----|-------------|
|    |             |    |            |    |             |
| \$ | 126,444     | \$ | 104,158    | \$ | 94,611      |
|    | 243,285     |    | 236,420    |    | 218,719     |
|    | -<br>15.915 |    | 2<br>4,396 |    | -<br>25,783 |
|    | 108,139     |    | (76, 152)  |    | 23,763      |
|    | 100,100     |    | (10,102)   |    |             |
|    | (149,664)   |    | (134,930)  |    | (119,886)   |
|    | 344,119     |    | 133,894    |    | 219,227     |
|    |             |    |            |    |             |
| _  | 3,052,446   | _  | 2,918,552  | _  | 2,699,325   |
| \$ | 3,396,565   | \$ | 3,052,446  | \$ | 2,918,552   |
|    |             |    |            |    |             |
| \$ | 77,080      | \$ | 70,842     | \$ | 61,661      |
| Φ  | 74,219      | Φ  | 68,392     | Φ  | 59,394      |
|    | 9,179       |    | 6,652      |    | 8,325       |
|    | 9,179       |    | 0,032      |    | 0,323       |
|    | 11,334      |    | 81,537     |    | 316,630     |
|    | 23,575      |    | -          |    | -           |
|    | -,-         |    |            |    |             |
|    | (149,664)   |    | (134,930)  |    | (119,886)   |
|    | (2,538)     |    | (2,365)    |    | (2,211)     |
|    | 43,185      |    | 90,128     |    | 323,913     |
|    | 2,371,711   |    | 2,281,583  |    | 1,957,670   |
| \$ | 2,414,896   | \$ | 2,371,711  | \$ | 2,281,583   |
|    |             |    |            |    |             |
| \$ | 981,669     | \$ | 680,735    | \$ | 636,969     |
|    |             |    |            |    |             |
|    | 77.70%      |    | 77.70%     |    | 78.18%      |
| \$ | 973,536     | \$ | 973,536    | \$ | 888,452     |
| Ψ  | 373,330     | Ψ  | 310,000    | Ψ  | 000,702     |
|    | 69.92%      |    | 69.92%     |    | 71.69%      |

## Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios North Dakota Highway Patrolmen's Retirement System Last 10 Fiscal Years\*

|  |             | 2020     |    | 2019    |    | 2018       |    | 2017    |
|--|-------------|----------|----|---------|----|------------|----|---------|
| Total pension liability (asset)  | _           |          | _  |         | _  |            | _  |         |
| Service cost   | \$          | 2,878    | \$ | 2,818   | \$ | 2,738      | \$ | 2,701   |
| Interest   |             | 7,869    |    | 7,527   |    | 7,203      |    | 6,951   |
| Change of benefit terms  Difference between expected and actual experience |             | -<br>729 |    | (68)    |    | -<br>(621) |    | -<br>22 |
| Changes of assumptions   |             | 66,142   |    | 3,043   |    | (621)      |    | 1,257   |
| Benefit payments, including refund of employee                             |             | 00,142   |    | 3,043   |    | _          |    | 1,201   |
| contributions  |             | (5,704)  |    | (5,391) |    | (4,981)    |    | (4,806) |
| Net change in total pension liability (asset)                              |             | 71,914   |    | 7,929   | _  | 4,339      |    | 6,125   |
| net change in total pension hability (asset)                               |             | 7 1,0 14 |    | 7,020   |    | 4,000      |    | 0,120   |
| Total pension liability (asset) - beginning                                |             | 106,315  |    | 98,386  |    | 94,047     |    | 87,922  |
| Total pension liability (asset) - ending (a)                               | \$          | 178,229  | \$ | 106,315 | \$ | 98,386     | \$ | 94,047  |
|  | <del></del> |          |    |         |    |            | -  |         |
| Plan fiduciary net position  |             |          |    |         |    |            |    |         |
| Contributions - employer   | \$          | 2,177    | \$ | 2,091   | \$ | 2,153      | \$ | 2,156   |
| Contributions - employee   |             | 1,470    |    | 1,412   |    | 1,453      |    | 1,456   |
| Contributions - service credit repurchase                                  |             | 205      |    | 168     |    | 282        |    | 249     |
| Contributions - other  |             | -        |    | -       |    | -          |    | -       |
| Net investment income  |             | 2,667    |    | 4,251   |    | 6,716      |    | 8,500   |
| Benefit payments, including refund of employee                             |             |          |    |         |    |            |    |         |
| contributions  |             | (5,705)  |    | (5,391) |    | (4,981)    |    | (4,806) |
| Administrative expense   |             | (46)     |    | (44)    |    | (30)       |    | (30)    |
| Net change in plan fiduciary net position                                  |             | 768      |    | 2,487   |    | 5,593      |    | 7,525   |
| Plan fiduciary net position - beginning                                    |             | 81,416   |    | 78,929  | _  | 73,336     |    | 65,811  |
| Plan fiduciary net position - ending (b)                                   | \$          | 82,184   | \$ | 81,416  | \$ | 78,929     | \$ | 73,336  |
| Net pension liability (asset) - ending (a) - (b)                           | \$          | 96,045   | \$ | 24,899  | \$ | 19,457     | \$ | 20,711  |
|  | _           |          | _  |         | _  |            | _  |         |
| Plan fiduciary net position as a percentage of the                         |             |          |    |         |    |            |    |         |
| total pension liability (asset)  |             | 46.11%   |    | 76.58%  |    | 80.22%     |    | 77.98%  |
| Covered payroll  | \$          | 11,410   | \$ | 10,354  | \$ | 10,737     | \$ | 10,629  |
| Plan net pension liability (asset) as a percentage of                      |             |          |    |         |    |            |    |         |
| covered payroll  |             | 841.78%  |    | 240.48% |    | 181.21%    |    | 194.84% |

<sup>\*</sup>Complete data for this schedule is not available prior to 2014.

|    | 2016                | 2015                       | 2014                       |
|----|---------------------|----------------------------|----------------------------|
| \$ | 2,226<br>6,311      | \$<br>2,038<br>6,008       | \$<br>1,894<br>5,750       |
|    | 40<br>3,946         | 984<br>395                 | (300)                      |
|    | (4,713)             | (4,746)                    | (3,784)                    |
|    | 7,810               | <br>4,679                  | <br>3,560                  |
|    | 80,112              | <br>75,433                 | 71,873                     |
| \$ | 87,922              | \$<br>80,112               | \$<br>75,433               |
|    | _                   |                            | _                          |
| \$ | 2,127<br>1,436<br>- | \$<br>2,002<br>1,352<br>97 | \$<br>1,865<br>1,243<br>87 |
|    | 317                 | 2,335                      | 9,240                      |
|    | (4,713)<br>(32)     | (4,746)<br>(31)            | (3,784)<br>(28)            |
|    | (865)               | <br>1,009                  | 8,623                      |
| _  | 66,676              | <br>65,667                 | <br>57,044                 |
| \$ | 65,811              | \$<br>66,676               | \$<br>65,667               |
| \$ | 22,111              | \$<br>13,436               | \$<br>9,766                |
|    |                     |                            |                            |
| \$ | 83.23%<br>6         | \$<br>83.23%<br>6          | \$<br>87.05%<br>9,348      |
|    | 132.44%             | 132.44%                    | 104.47%                    |

## 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\*

|  |    | 2020      |    | 2019      |    | 2018      |    | 2017      |
|--|----|-----------|----|-----------|----|-----------|----|-----------|
| Total pension liability (asset)                              |    |           |    |           |    |           |    |           |
| Service cost   | \$ | 57        | \$ | 70        | \$ | 80        | \$ | 56        |
| Interest   |    | 3,038     |    | 3,130     |    | 3,501     |    | 4,130     |
| Change of benefit terms                                      |    | - (4.400) |    | (505)     |    | - (0.10)  |    | - (4.040) |
| Difference between expected and actual experience            |    | (1,122)   |    | (505)     |    | (310)     |    | (1,648)   |
| Changes of assumptions                                       |    | 540       |    | -         |    | 5,812     |    | 4,421     |
| Benefit payments, including refund of employee contributions |    | (4,582)   |    | (4,627)   |    | (4,583)   |    | (4,534)   |
|  | _  |           | _  |           | _  |           | _  |           |
| Net change in total pension liability (asset)                |    | (2,069)   |    | (1,932)   |    | 4,500     |    | 2,425     |
| Total pension liability (asset) - beginning                  |    | 66,197    |    | 68,129    |    | 63,629    |    | 61,204    |
| Total pension liability (asset) - ending (a)                 | \$ | 64,128    | \$ | 66,197    | \$ | 68,129    | \$ | 63,629    |
| Dies fiductions and a selfting                               |    |           |    |           |    |           |    |           |
| Plan fiduciary net position                                  | Φ. |           | Φ  |           | Φ  |           | Ф  |           |
| Contributions - employer Contributions - employee            | \$ | -<br>27   | \$ | -<br>29   | \$ | 33        | \$ | -<br>39   |
| Contributions - service credit repurchase                    |    |           |    | 29        |    | -         |    | - 39      |
| Contributions - other  |    | _         |    | _         |    | _         |    | _         |
| Net investment income  |    | 2,621     |    | 6,230     |    | 2,919     |    | 5,239     |
| Benefit payments, including refund of employee               |    | _,0       |    | 0,200     |    | _,0.0     |    | 0,200     |
| contributions  |    | (4,582)   |    | (4,627)   |    | (4,583)   |    | (4,534)   |
| Administrative expense                                       |    | (19)      |    | (17)      |    | (46)      |    | (13)      |
| Net change in plan fiduciary net position                    | _  | (1,953)   |    | 1,615     |    | (1,677)   |    | 731       |
| Plan fiduciary net position - beginning                      |    | 97,203    |    | 95,588    |    | 97,265    |    | 96,534    |
| Plan fiduciary net position - ending (b)                     | \$ | 95,250    | \$ | 97,203    | \$ | 95,588    | \$ | 97,265    |
| Net pension liability (asset) - ending (a) - (b)             | \$ | (31,122)  | \$ | (31,006)  | \$ | (27,459)  | \$ | (33,636)  |
| net pension hability (asset) - ending (a) - (b)              | Ψ  | (31,122)  | Ψ  | (31,000)  | Ψ  | (27,439)  | Ψ  | (33,030)  |
| Plan fiduciary net position as a percentage of the           |    |           |    |           |    |           |    |           |
| total pension liability (asset)                              |    | 148.53%   |    | 146.84%   |    | 140.30%   |    | 152.86%   |
| Covered payroll  | \$ | 315       | \$ | 417       | \$ | 417       | \$ | 499       |
| Plan net pension liability (asset) as a percentage of        |    |           |    |           |    |           |    |           |
| covered employee payroll                                     |    | -9892.34% |    | -7443.56% |    | -6590.37% |    | -6746.56% |

<sup>\*</sup>Complete data for this schedule is not available prior to 2014.

| 2016                 | 2015                 | 2014                 |
|----------------------|----------------------|----------------------|
| \$<br>71<br>4,281    | \$<br>128<br>5,026   | \$<br>88<br>5,107    |
| (2,007)<br>70        | (1,806)<br>(310)     | (1,607)<br>-         |
| <br>(4,601)          | <br>(4,694)          | (4,595)              |
| (2,186)              | (1,656)              | (1,007)              |
| <br>63,390           | <br>65,046           | 66,053               |
| \$<br>61,204         | \$<br>63,390         | \$<br>65,046         |
|                      |                      |                      |
| \$<br>-              | \$<br>-              | \$<br>-              |
| 44                   | 50                   | 56                   |
| -                    | -                    | -                    |
| 4,840                | 3,260                | -<br>11,888          |
| (4,601)<br>(32)      | (4,694)<br>(30)      | (4,595)<br>(31)      |
| 251                  | (1,414)              | 7,318                |
| 96,283               | 97,697               | 90,379               |
| \$<br>96,534         | \$<br>96,283         | \$<br>97,697         |
| \$<br>(35,330)       | \$<br>(32,893)       | \$<br>(32,651)       |
| \$<br>157.72%<br>567 | \$<br>151.89%<br>791 | \$<br>150.20%<br>843 |
| -6256.45%            | -4160.24%            | -3874.93%            |

## Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios North Dakota Teachers' Fund for Retirement Last 10 Fiscal Years\*

|   |    | 2020      | 2019 |           | 2018 |           |    | 2017      |
|---|----|-----------|------|-----------|------|-----------|----|-----------|
| Total pension liability (asset)                       |    |           |      |           |      |           |    |           |
| Service cost  | \$ | 80,591    | \$   | 77,756    | \$   | 78,041    | \$ | 75,476    |
| Interest  |    | 306,791   |      | 296,876   |      | 287,375   |    | 276,412   |
| Change of benefit terms                               |    | -         |      | -         |      | -         |    | -         |
| Difference between expected and actual experience     |    | (20,732)  |      | (23,495)  |      | (27,939)  |    | (10,749)  |
| Changes of assumptions                                |    | 51,813    |      | -         |      | -         |    | -         |
| Benefit payments, including refund of employee        |    |           |      |           |      |           |    |           |
| contributions   | _  | (230,851) |      | (221,228) | _    | (207,979) | _  | (196,516) |
| Net change in total pension liability (asset)         |    | 187,612   |      | 129,909   |      | 129,498   |    | 144,623   |
| Total pension liability (asset) - beginning           |    | 3,993,424 |      | 3,863,515 |      | 3,734,017 |    | 3,589,394 |
| Total pension liability (asset) - ending (a)          | \$ | 4,181,036 | \$   | 3,993,424 | \$   | 3,863,515 | \$ | 3,734,017 |
| Plan fiduciary net position                           |    |           |      |           |      |           |    |           |
| Contributions - employer                              | \$ | 93,032    | \$   | 89,445    | \$   | 86,676    | \$ | 86,059    |
| Contributions - employee                              |    | 85,735    |      | 82,429    |      | 79,878    |    | 79,309    |
| Contributions - service credit repurchase             |    | 2,175     |      | 1,917     |      | 2,181     |    | 2,553     |
| Contributions - other                                 |    | 159       |      | 159       |      | 194       |    | 236       |
| Net investment income                                 |    | 86,206    |      | 135,043   |      | 211,345   |    | 266,688   |
| Benefit payments, including refund of employee        |    |           |      |           |      |           |    |           |
| contributions   |    | (230,851) |      | (221,228) |      | (207,979) |    | (196,516) |
| Administrative expense                                | _  | (2,095)   | _    | (2,251)   | _    | (2,129)   | _  | (2,173)   |
| Net change in plan fiduciary net position             |    | 34,361    |      | 85,514    |      | 170,166   |    | 236,156   |
| Plan fiduciary net position - beginning               | _  | 2,616,171 |      | 2,530,657 |      | 2,360,491 |    | 2,124,335 |
| Plan fiduciary net position - ending (b)              | \$ | 2,650,532 | \$   | 2,616,171 | \$   | 2,530,657 | \$ | 2,360,491 |
| Net pension liability (asset) - ending (a) - (b)      | \$ | 1,530,504 | \$   | 1,377,253 | \$   | 1,332,858 | \$ | 1,373,526 |
| Plan fiduciary net position as a percentage of the    |    |           |      |           |      |           |    |           |
| total pension liability (asset)                       |    | 63.40%    |      | 65.50%    |      | 65.50%    |    | 63.20%    |
| Covered payroll                                       | \$ | 729,661   | \$   | 701,528   | \$   | 679,809   | \$ | 674,971   |
| Plan net pension liability (asset) as a percentage of |    |           |      |           |      |           |    |           |
| covered payroll                                       |    | 209.80%   |      | 196.10%   |      | 196.10%   |    | 203.50%   |

<sup>\*</sup>Complete data for this schedule is not available prior to 2014.

<sup>\*\*</sup>Restated in 2015 due to GASB 68 implementation.

|    | 2016              | 2015                    | 2014                    |
|----|-------------------|-------------------------|-------------------------|
| \$ | 68,239<br>265,440 | \$<br>60,618<br>249,064 | \$<br>56,752<br>237,821 |
|    | (8,093)<br>-      | 2,209<br>171,325        | 9,347<br>-              |
|    | (185,969)         | (172,239)               | (162,259                |
| _  | 139,617           | 310,977                 | 141,661                 |
|    | 3,449,777         | 3,138,800               | 2,997,139               |
| \$ | 3,589,394         | \$<br>3,449,777         | \$<br>3,138,800         |
|    |                   |                         |                         |
| \$ | ,                 | \$<br>78,422            | \$<br>62,355            |
|    | 76,343<br>2,768   | 72,268<br>1,601         | 56,555<br>2,034         |
|    | 45                | 172                     | 48                      |
|    | 8,239             | 73,205                  | 294,246                 |
|    | (185,969)         | (172,239)               | (162,259                |
|    | (1,852)           | (1,923)                 | (1,586                  |
| _  | (17,586)          | 51,506                  | 251,393                 |
|    | 2,141,921         | 2,090,415               | 1,839,584               |
| \$ | 2,124,335         | \$<br>2,141,921         | \$<br>2,090,977         |
| \$ | 1,465,059         | \$<br>1,307,856         | \$<br>1,047,823         |
|    |                   |                         |                         |
|    | 59.20%            | 62.10%                  | 66.60%                  |
| \$ | 649,725           | \$<br>615,105           | \$<br>580,053           |
|    | 225.50%           | 212.60%                 | 180.60%                 |

## 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\*

|  |    | 2020      |    | 2019      |    | 2018      |    | 2017      |
|--|----|-----------|----|-----------|----|-----------|----|-----------|
| Total OPEB liability (asset)                       |    |           |    |           |    |           |    |           |
| Service cost                                       | \$ | 4,042     | \$ | 3,828     | \$ | 3,767     | \$ | 3,430     |
| Interest   |    | 15,498    |    | 15,217    |    | 14,485    |    | 14,327    |
| Change of benefit terms                            |    | -         |    | -         |    | -         |    | -         |
| Difference between expected and actual experience  |    | 315       |    | (1,374)   |    | 2,732     |    | (2,231)   |
| Changes of assumptions                             |    | 4,372     |    | 5,002     |    | -         |    | 8,861     |
| Benefit payments, including refund of employee     |    |           |    |           |    |           |    |           |
| contributions                                      |    | (12,317)  |    | (11,505)  |    | (11,016)  |    | (10,014)  |
| Net change in total OPEB liability (asset)         |    | 11,910    |    | 11,168    |    | 9,968     |    | 14,373    |
| Total OPEB liability (asset) - beginning           |    | 217,831   |    | 206,663   |    | 196,695   |    | 182,322   |
| Total OPEB liability (asset) - ending (a)          | \$ | 229,741   | \$ | 217,831   | \$ | 206,663   | \$ | 196,695   |
| Plan fiduciary net position                        |    |           |    |           |    |           |    |           |
| Contributions - employer                           | \$ | 13,392    | \$ | 12,977    | \$ | 12,834    | \$ | 12,576    |
| Contributions - employee                           | *  | 16        | *  | 16        | •  | 16        | •  | 16        |
| Contributions - service credit repurchase          |    | 557       |    | 377       |    | 747       |    | 464       |
| Net investment income                              |    | 6,905     |    | 8,178     |    | 8,211     |    | 12,074    |
| Benefit payments, including refund of employee     |    | •         |    | ,         |    | •         |    | ,         |
| contributions                                      |    | (12,317)  |    | (11,505)  |    | (11,016)  |    | (10,014)  |
| Administrative expense                             |    | (454)     |    | (437)     |    | (480)     |    | (443)     |
| Other  |    | 10        |    | -         |    | -         |    | -         |
| Net change in plan fiduciary net position          |    | 8,109     | _  | 9,606     | _  | 10,312    | _  | 14,673    |
| Plan fiduciary net position - beginning            |    | 137,512   |    | 127,906   |    | 117,594   |    | 102,921   |
| Plan fiduciary net position - ending (b)           | \$ | 145,621   | \$ | 137,512   | \$ | 127,906   | \$ | 117,594   |
| Net OPEB liability (asset) - ending (a) - (b)      | \$ | 84,120    | \$ | 80,319    | \$ | 78,757    | \$ | 79,101    |
| Het of Ed habitty (asset) - enamy (a) - (b)        | Ψ  | 04,120    | Ψ  | 00,010    | Ψ  | 10,101    | Ψ  | 70,101    |
| Plan fiduciary net position as a percentage of the |    |           |    |           |    |           |    |           |
| total OPEB liability (asset)                       |    | 63.38%    |    | 63.13%    |    | 61.89%    |    | 59.78%    |
| Covered payroll                                    | \$ | 1,139,971 | \$ | 1,115,858 | \$ | 1,094,217 | \$ | 1,081,841 |
| Plan net OPEB liability (asset) as a percentage of |    |           |    |           |    |           |    |           |
| covered employee payroll                           |    | 7.38%     |    | 7.20%     |    | 7.20%     |    | 7.31%     |

<sup>\*</sup>Complete data for this schedule is not available prior to 2017.

## **Required Supplementary Information**

## Schedule of Changes in Net Other Post Employment Benefit Liability and Related Ratios Met Life Insurance Plan

## Last 10 Fiscal Years\*

|   |    | 2020         |    | 2019         |    | 2018         |
|---|----|--------------|----|--------------|----|--------------|
| Total OPEB liability (asset)  |    |              |    |              |    |              |
| Service cost  | \$ | -            | \$ | 4            | \$ | 4            |
| Interest  |    | 37           |    | 42           |    | 43           |
| Change of benefit terms   |    | (400)        |    | -            |    | -            |
| Difference between expected and actual experience                                 |    | (192)<br>46  |    | -            |    | -            |
| Changes of assumptions  Benefit payments, including refund of employee            |    | 40           |    | -            |    | -            |
| contributions   |    | (78)         |    | (84)         |    | (80)         |
| Net change in total OPEB liability (asset)  | _  | (187)        | _  | (38)         | _  | (33)         |
| Net change in total Or Bilability (asset)   |    | (107)        |    | (30)         |    | (33)         |
| Total OPEB liability (asset) - beginning  |    | 1,453        |    | 1,491        |    | 1,524        |
| Total OPEB liability (asset) - ending (a)   | \$ | 1,266        | \$ | 1,453        | \$ | 1,491        |
|   |    |              |    |              |    |              |
| Plan fiduciary net position   |    |              |    |              |    |              |
| Contributions - employer  | \$ | 78           | \$ | 84           | \$ | 80           |
| Contributions - employee  |    | -            |    | -            |    | -            |
| Contributions - service credit repurchase   |    | -            |    | -            |    | -            |
| Contributions - other   |    | -            |    | -            |    | -            |
| Net investment income   |    | -            |    | -            |    | -            |
| Benefit payments, including refund of employee contributions                      |    | (78)         |    | (94)         |    | (90)         |
| Administrative expense  |    | (76)         |    | (84)         |    | (80)         |
| ·   | _  |              | _  |              | _  |              |
| Net change in plan fiduciary net position Plan fiduciary net position - beginning |    | -            |    | -            |    | -            |
|   | \$ |              | \$ |              | \$ |              |
| Plan fiduciary net position - ending (b)  | φ  |              | φ  |              | φ  |              |
| Net OPEB liability (asset) - ending (a) - (b)                                     | \$ | 1,266        | \$ | 1,453        | \$ | 1,491        |
| S. C  |    |              |    |              |    |              |
| Plan fiduciary net position as a percentage of the                                |    | 0.000/       |    | 0.000/       |    | 0.000/       |
| total OPEB liability (asset)  |    | 0.00%<br>n/a |    | 0.00%<br>n/a |    | 0.00%<br>n/a |
| Covered payroll Plan net OPEB liability (asset) as a percentage of                |    | II/a         |    | п/а          |    | II/a         |
| covered payroll   |    | n/a          |    | n/a          |    | n/a          |
| GOVERGE PAYTON  |    | 11/a         |    | ıı/a         |    | 11/a         |

<sup>\*</sup>Complete data for this schedule is not available prior to 2018.

## Required Supplementary Information Schedule of Employer Contributions Last 10 Fiscal Years\*

| Actuarially   | <u>2020</u>                    | <u>2019</u>               | <u>2018</u>               | <u>2017</u>               | <u>2016</u>               | <u>2015</u>               | <u>2014</u>               | <u>2013</u>               | 2012                      | <u>2011</u>               |
|---|--------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| determined contribution   | \$140,537                      | \$127,129                 | \$125,714                 | \$116,564                 | \$124,336                 | \$107,514                 | \$107,864                 | \$97,985                  | \$91,458                  | \$82,910                  |
| Contribution in relation to the actuarially determined contribution   | <u>85,504</u>                  | <u>81,588</u>             | 80.727                    | <u>78,934</u>             | <u>77.081</u>             | <u>70.843</u>             | <u>61,661</u>             | <u>48,847</u>             | <u>38.006</u>             | <u>32,278</u>             |
| Contribution deficiency (excess)  | <u>\$55,033</u>                | <u>\$45,541</u>           | <u>\$44,987</u>           | <u>\$37,630</u>           | <u>\$47,255</u>           | <u>\$36,671</u>           | <u>\$46,203</u>           | <u>\$49,138</u>           | <u>\$53,452</u>           | <u>\$50,632</u>           |
| Covered payroll   | 1,167,768                      | 1,098,416                 | 1,075,958                 | 1,063,372                 | 1,048,548                 | 973,536                   | 888,452                   | 800,878                   | 804,169                   | 769,710                   |
| Contributions<br>as a<br>percentage<br>of covered<br>payroll  | 7.32%                          | 7.43%                     | 7.50%                     | 7.42%                     | 7.35%                     | 7.28%                     | 6.94%                     | 6.10%                     | 4.73%                     | 4.19%                     |
| Highway Patr  | olmen's Re                     | etirement S               | <u>System</u>             |                           |                           |                           |                           |                           |                           |                           |
| Actuarially   | 2020                           | 2019                      | 2018                      | 2017                      | 2016                      | 0045                      |                           |                           |                           |                           |
|   |                                | 2019                      | 2010                      | 2017                      | <u>2016</u>               | <u>2015</u>               | <u>2014</u>               | <u>2013</u>               | <u>2012</u>               | <u>2011</u>               |
| determined<br>contribution  | \$3,256                        | \$2,936                   | \$2,949                   | \$3,060                   | \$2,307                   | \$2,201                   | <u>2014</u><br>\$2,348    | <u>2013</u><br>\$2,191    | <u>2012</u><br>\$2,171    | <u>2011</u><br>\$1,744    |
| determined<br>contribution  Contribution<br>in relation<br>to the<br>actuarially<br>determined  | . ,                            | \$2,936                   | \$2,949                   | \$3,060                   | \$2,307                   | \$2,201                   | \$2,348                   | \$2,191                   | \$2,171                   | \$1,744                   |
| determined<br>contribution  Contribution in relation to the actuarially determined contribution  Contribution   | \$3,256<br>2,177               |                           |                           |                           |                           |                           | <u>——</u>                 |                           |                           |                           |
| determined<br>contribution  Contribution in relation to the actuarially determined contribution   | . ,                            | \$2,936                   | \$2,949                   | \$3,060                   | \$2,307                   | \$2,201                   | \$2,348                   | \$2,191                   | \$2,171                   | \$1,744                   |
| determined contribution  Contribution in relation to the actuarially determined contribution  Contribution  Contribution deficiency (excess)  Covered payroll | 2,177                          | \$2,936<br>2.091          | \$2,949<br>2.153          | \$3,060<br>2.156          | \$2,307                   | \$2,201<br>2.002          | \$2,348<br>1.865          | \$2,191<br>1.586          | \$2,171<br>\$1,423        | \$1,744<br>1,286          |
| determined contribution  Contribution in relation to the actuarially determined contribution  Contribution  Contribution deficiency (excess)                  | <u>2,177</u><br><u>\$1,079</u> | \$2,936<br>2.091<br>\$845 | \$2,949<br>2.153<br>\$796 | \$3,060<br>2.156<br>\$904 | \$2,307<br>2,127<br>\$180 | \$2,201<br>2,002<br>\$199 | \$2,348<br>1.865<br>\$483 | \$2,191<br>1.586<br>\$605 | \$2,171<br>1.423<br>\$748 | \$1,744<br>1,286<br>\$458 |

# Required Supplementary Information Schedule of Employer Contributions Last 10 Fiscal Years\*

(Dollars in thousands)

| 000 0011100 11  | ortin Danot    | <u>u</u>       |                |               |                |                  |             |                  |             |             |
|---|----------------|----------------|----------------|---------------|----------------|------------------|-------------|------------------|-------------|-------------|
| Actuarially   | 2020           | <u>2019</u>    | 2018           | <u>2017</u>   | <u>2016</u>    | <u>2015</u>      | <u>2014</u> | <u>2013</u>      | 2012        | <u>2011</u> |
| determined contribution   | \$ -           | \$ -           | \$ -           | \$ -          | \$ -           | \$ -             | \$ -        | \$ -             | \$ -        | \$ -        |
| Contribution in relation to the actuarially determined contribution | <del>-</del> - | <del>-</del> - | <del>-</del> - | <del>-</del>  | <u></u>        | <u></u>          | <u></u>     |                  | <u></u>     | <u> </u>    |
| Contribution deficiency (excess)                                    | <u>\$</u>      | <u>\$</u>      | <u>\$</u>      | <u>\$ -</u>   | <u>\$ -</u>    | <u>\$ -</u>      | <u>\$ -</u> | <u>\$ -</u>      | <u>\$ -</u> | <u>\$</u>   |
| Covered payroll   | 386            | 417            | 417            | 499           | 565            | 791              | 843         | 1,011            | 1,163       | 1,266       |
| Contributions<br>as a<br>percentage<br>of covered<br>payroll        | 0.00%          | 0.00%          | 0.00%          | 0.00%         | 0.00%          | 0.00%            | 0.00%       | 0.00%            | 0.00%       | 0.00%       |
| ND Teachers'  | Fund for F     | Retirement     |                |               |                |                  |             |                  |             |             |
| Actuarially   | <u>2020</u>    | <u>2019</u>    | <u>2018</u>    | <u>2017</u>   | <u>2016</u>    | <u>2015</u>      | <u>2014</u> | <u>2013</u>      | <u>2012</u> | <u>2011</u> |
| determined contribution   | \$93,688       | \$90,778       | \$88,307       | \$89,231      | \$84,724       | \$71,168         | \$59,513    | \$52,396         | \$69,374    | \$65,113    |
| Contribution in relation to the actuarially determined contribution | 93,032         | 89,445         | 86,676         | 86,059        | 82,840         | 78,422           | 62,355      | 59,301           | 46,126      | 44,545      |
| Contribution deficiency   | 00,000         | 00,110         | <u>00,070</u>  | <u>00,000</u> | 02,010         | 10,122           | 02,000      | <u>00,001</u>    | 10,120      | 11,010      |
| (excess)  | <u>\$656</u>   | <u>\$1,333</u> | <u>\$1,631</u> | \$3,172       | <u>\$1,884</u> | <u>\$(7,254)</u> | \$(2,842)   | <u>\$(6,905)</u> | \$23,248    | \$20,568    |
| Covered payroll   | 729,661        | 701,528        | 679,809        | 674,971       | 649,725        | 615,105          | 580,053     | 551,656          | 527,156     | 509,091     |
| Contributions<br>as a<br>percentage<br>of covered<br>payroll        | 12.75%         | 12.75%         | 12.75%         | 12.75%        | 12.75%         | 12.75%           | 10.75%      | 10.75%           | 10.75%      | 8.75%       |

# Required Supplementary Information Schedule of Employer Contributions Last 10 Fiscal Years\*

(Dollars in thousands)

# Retiree Health Insurance Credit Plan

| Actuarially   | 2020             | <u>2019</u>    | <u>2018</u>    | <u>2017</u>    | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      | <u>2013</u>  | <u>2012</u>  | <u>2011</u>      |
|---|------------------|----------------|----------------|----------------|------------------|------------------|------------------|--------------|--------------|------------------|
| determined contribution   | \$12,145         | \$12,707       | \$12,252       | 11,696         | 7,544            | 6,439            | 7,014            | 7,411        | 7,263        | 7,053            |
| Contribution in relation to the actuarially determined contribution | <u>13,392</u>    | 12,977         | <u>12,835</u>  | <u>12,575</u>  | <u>12,350</u>    | <u>11,479</u>    | <u>10,710</u>    | <u>9,960</u> | <u>9,388</u> | 8,930            |
| Contribution  |                  |                |                |                |                  |                  |                  |              |              |                  |
| deficiency<br>(excess)  | <u>\$(1,247)</u> | <u>\$(270)</u> | <u>\$(583)</u> | <u>\$(879)</u> | <u>\$(4,806)</u> | <u>\$(5,040)</u> | <u>\$(3,696)</u> | \$(2,549)    | \$(2,125)    | <u>\$(1,877)</u> |
| Covered payroll   | 1,139,971        | 1,115,858      | 1,094,217      | 1,081,841      | 1,142,375        | 1,052,657        | 1,001,204        | 914,368      | 824,855      | 828,978          |
| Contributions<br>as a<br>percentage<br>of covered<br>payroll        | 1.17%            | 1.16%          | 1.17%          | 1.16%          | 1.08%            | 1.09%            | 1.07%            | 1.09%        | 1.14%        | 1.08%            |

# Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2020

#### ND Public Employees Retirement System

#### **Benefit Changes**

The interest rate earned on member contributions will decrease from 7.00 percent to 6.50 percent effective January 1, 2021 (based on the adopted decrease in the investment return assumption). New Main System and Public Safety members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent). The fixed employer contribution for new members of the Main System will increase from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2019.

#### Changes of Assumptions

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 actuarial valuation:

- The investment return assumption was lowered from 7.5 to 7.0 percent for the July 1, 2020 valuation
- The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation
- The assumed rate of total payroll growth was updated for the July 1, 2020 valuation
- Mortality table updates were made for the July 1, 2020 valuation

All other actuarial assumptions used in the July 1, 2020 are the same as the last actuarial valuation as of July 1, 2019.

#### Highway Patrolmen's Retirement System

#### **Benefit Changes**

For members who terminate employment after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019, or the average salary earned in the three highest periods of twelve consecutive months employed during the last one hundred eighty months of employment.

#### Changes of Assumptions

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 actuarial valuation:

- The investment return assumption was lowered from 7.5 to 7.0 percent for the July 1, 2020 valuation
- The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation
- The assumed rate of total payroll growth was lowered from 3.75 to 3.5 percent for the July 1, 2020 valuation
- Mortality table updates were made for the July 1, 2020 valuation

All other actuarial assumptions used in the July 1, 2020 are the same as the last actuarial valuation as of July 1, 2019.

# Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2020

#### Job Service North Dakota

#### Benefit Changes

There were no changes made in the plan provisions since the prior valuation.

#### Changes of Assumptions

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 actuarial valuation:

- The investment return assumption was lowered from 4.75 to 4.25 percent for the July 1, 2020 valuation
- The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation
- The assumed cost of living adjustment was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation
- Mortality table updates were made for the July 1, 2020 valuation

All other actuarial assumptions used in the July 1, 2020 are the same as the last actuarial valuation as of July 1, 2019.

#### ND Teachers' Fund for Retirement

#### Changes of Assumptions

In 2020, amounts reported as changes of assumptions resulted primarily from a decrease in the investment return assumption from 7.75% to 7.25%, the inflation assumption lowered from 2.75% to 2.30%, lower individual salary increases, and an updated mortality improvement scale.

In 2015, amounts reported as changes of assumptions resulted primarily from a decrease in the investment return assumption from 8% to 7.75% and an updated mortality improvement scale.

#### Retiree Health Insurance Credit Plan

#### **Benefit Changes**

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC

#### Changes of Assumptions

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2020 actuarial valuation:

- The investment return assumption was lowered from 7.25 to 6.5 percent for the July 1, 2020 valuation
- The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation
- The assumed rate of total payroll growth was lowered from 3.75 to 3.5 percent for the July 1, 2020 valuation
- Mortality table updates were made for the July 1, 2020 valuation

All other actuarial assumptions used in the July 1, 2020 are the same as the last actuarial valuation as of July 1, 2019.

# Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2020

Schedule of Employer Contributions

**PERS** 

Valuation Date July 1, 2020

Actuarial Cost Method Entry Age Normal Method

Amortization Method Level Percentage of Payroll, Open Period

Assumed annual payroll growth of 3.75% (3.25% for Judges)

Remaining Amortization

Period 20 Years

20 Tears

Asset Valuation Method 5-Year smoothed marked

Inflation 2.50%

Salary Increases 4.00% to 20.00% including inflation

Investment Rate of Return 7.5%

Retirement Age Age-based table of rates that are specific to the type of eligibility condition

Mortality For June 30, 2020, mortality rates for active members, inactive members and healthy

retirees were based on the RP-2000 Combined Healthy Mortality Table, set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table, set back one year for males (no setback for

females) multiplied by 125%.

Other Notes The calculation of Final Average Salary was changed for members who terminate after

December 31, 2019.

The interest rate on member contributions will decrease from 7.25% to 7.00% effective

January 1, 2020.

The benefit accrual rate for members first enrolled on or after January 1, 2020 in the Main and Public Safety Systems is 1.75% (compared to 2.00% for members enrolled before

January 1, 2020).

The investment return assumption was updated from 7.75% to 7.50% beginning with the actuarial valuation as of July 1, 2019. The economic assumptions (excluding salary increases) were updated beginning with the actuarial valuation as of July 1, 2017 based

on a review performed by GRS.

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.

# Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2020

#### **HPRS**

Valuation Date July 1, 2020

Actuarial Cost Method Entry Age Normal Method

Amortization Method Level Percentage of Payroll, Open Period

Assumed annual payroll growth of 3.75%

Remaining Amortization

Period 20 Years

20 10013

Asset Valuation Method 5-Year smoothed marked

Inflation 2.50%

Salary Increases Service-based table for members with less than five years of service and age-based

table for members with more than five years of service.

Investment Rate of Return 7.5%

Retirement Age Age-based table of rates that are specific to the type of eligibility condition

Mortality For June 30, 2020, mortality rates for active members, inactive members and healthy

retirees were based on the RP-2000 Combined Healthy Mortality Table, set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table, set back one year for males (no setback for

females) multiplied by 125%.

Other Notes There were no benefit changes during the year.

The economic assumptions (excluding salary increases) and the asset smoothing method were updated beginning with the actuarial valuation as of July 1, 2017 based on a review performed by GRS. The investment return assumption was decreased from 7.75% to 7.50% beginning with the actuarial valuation as of July 1, 2019. All other actuarial assumptions were adopted by the Board based on an experience study covering the

period July 1, 2009, through June 30, 2014.

The employer rate to the System is the statutory contribution rate of 19.70% of payroll.

# Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2020

#### **JSND**

Valuation Date July 1, 2019

Actuarial Cost Method Frozen Initial Liability (Aggregate since no initial Liability remains)

Amortization Method Not Applicable

Asset Valuation Method 5-Year smoothed marked

Inflation 2.50%

COLA 2.50%

Salary Increases 3.50%

Investment Rate of Return 4.75%

Retirement Age Age-based table of rates that are specific to the type of eligibility condition

Mortality For June 30, 2020, mortality rates for active members, inactive members and healthy

retirees were based on the RP-2000 Combined Healthy Mortality Table, set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table, set back one year for males (no setback for

females) multiplied by 125%.

Other Notes There were no benefit changes during the year.

The economic assumptions (excluding salary increases) were updated beginning with the actuarial valuation as of July 1, 2017 based on a review performed by GRS. The Board approved lowering the investment return assumption from 5.70% to 4.75% beginning with the July 1, 2018, actuarial valuation. All other actuarial assumptions were adopted by the Board based on an experience study covering the period July 1, 2009 through June 30,

2014.

The System has assets in excess of the present value of future benefits. Therefore, no

employer contributions are being made

# **Required Supplementary Information** Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2020

TFFR:

Actuarial cost method Entry age

Amortization method Level percentage of payroll, closed

Remaining amortization

Period 23 years

Asset valuation method 5-year smoothed market

Inflation 2.30%; decrease from 2.75% prior to 7/1/2020 and from 3% prior to 7/1/2015.

Salary increases 3.80% - 14.80% including inflation and productivity; 4.25% - 14.5% prior to 7/1/2020; 4.5%

- 14.75% prior to 7/1/2015.

Investment rate of return 7.25%, net of investment expenses, including inflation; rate decreased from 7.75

beginning 7/1/2020 and decreased from 8% beginning 7/1/2015.

In the 2020 and 2015 valuation, rates of retirement were changed to better reflect Retirement age

anticipated future experience.

In the 2020 valuation, the PubT-2010 pre-retirement, retiree and contingent survivor Mortality

tables were adopted and for disabled members, PubNS-2010 tables were adopted; all

with generational improvement.

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.

# Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2020

#### **RHIC**

Valuation Date July 1, 2020

Actuarial Cost Method Entry Age Normal Method

Amortization Method N/A

Remaining Amortization

Period

20 years

Asset Valuation Method 5-Year smoothed marked

Inflation 2.50%

Salary Increases Not Applicable

Investment Rate of Return 7.50%

Retirement Age Age-based table of rates that are specific to the type of eligibility condition

Mortality For June 30, 2020, mortality rates for active members, inactive members and healthy

retirees were based on the RP-2000 Combined Healthy Mortality Table, set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table, set back one year for males (no setback for

females) multiplied by 125%.

Other Notes 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.

The economic assumptions (excluding salary increases) and the asset smoothing method were updated beginning with the actuarial valuation as of July 1, 2017 based on a review performed by GRS. All other actuarial assumptions were adopted by the Board based on

an experience study covering the period July 1 2009 through June 30 2014

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

The employer rate to the System is the statutory contribution rate of 1.14% of payroll.

### Schedule of Investment Returns

|      | Public Employees<br>Retirement<br>System | Highway<br>Patrolmen's<br>Retirement System | Job Service<br>North Dakota | Teachers' Fund for Retirement | Retiree Health<br>Insurance Credit<br>Fund |
|------|--|---|-----------------------------|-------------------------------|--|
| 2020 | 3.57%                                    | 3.28%                                       | 3.09%                       | 3.37%                         | 5.37%                                      |
| 2019 | 5.69%                                    | 5.39%                                       | 7.00%                       | 5.46%                         | 6.75%                                      |
| 2018 | 9.21%                                    | 9.16%                                       | 3.32%                       | 9.15%                         | 7.01%                                      |
| 2017 | 13.01%                                   | 12.93%                                      | 5.85%                       | 12.81%                        | 11.75%                                     |
| 2016 | 0.49%                                    | 0.48%                                       | 5.14%                       | 0.39%                         | 0.83%                                      |
| 2015 | 3.61%                                    | 3.66%                                       | 3.41%                       | 3.56%                         | 0.00%                                      |
| 2014 | 16.29%                                   | 16.20%                                      | 13.46%                      | 16.35%                        | 0.00%                                      |
| 2013 | 13.52%                                   | 13.38%                                      | 12.07%                      | 13.60%                        | 0.00%                                      |

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

# Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2020

#### Met Life Insurance Plan:

Actuarial Cost Method Entry age normal actuarial cost method was used in the valuation.

Changes of Assumptions

The following changes were made to the actuarial assumptions and methods effecting July 1, 2020:

- The discount rate is 2.66 percent based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2020, compared to the prior discount rate of 2.98%.
- Mortality was updated from table RP-2-14 adjusted to 2006 and projected using scale MP-2017 to table RP-2014 adjusted to 2006 and projected using scale MP-2019.

# **Combining Financial Statements**

# **Nonmajor Governmental Funds**

### **Permanent Fund**

A permanent fund is used to report resources that are legally restricted to the extent than only earnings, and not principal, may be used to for the benefit of the government or its citizens.

#### 956-Coal Development Permanent Fund

The Coal Development Fund reports resources that are constitutionally committed for distribution to other state funds and for making loans to energy impacted entities and school districts.

# 410-Veterans' Postwar Trust Fund

The Veterans' Postwar Trust Fund reports resources that are constitutionally committed to be utilized for programs which must be of benefit and service to veterans, who are defined by legislative enactment, or their dependents.

### **Capital Projects Fund**

A capital projects fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

#### **BUILDING AUTHORITY**

960 - Building Authority Capital Projects Fund Account for the acquisition or construction of buildings primarily for use by the State and making any improvements connected to those buildings.

#### **Debt Service Funds**

A debt service fund is used to account for accumulation for resources for, and the payment of, principal and interest on long-term debt.

#### **BUILDING AUTHORITY**

#### 919 - Building Authority Debt Service Fund

Account for accumulation of resources for, and the payment of, principal and interest on bonds issued by the North Dakota Building Authority.

#### DEPARTMENT OF TRANSPORTATION

# 949 - Department of Transportation Debt Service Fund

Account for accumulation of resources for, and the payment of, principal and interest on bonds issued by the Department of Transportation.

# Combining Balance Sheet Nonmajor Governmental Funds June 30, 2020

|  |                                   | Perm Trust Fund                    |               | De                    | ebt Service Funds  | ı       | Capital<br>Proj. Fund | Total<br>Nonmajor<br>Governmental<br>Funds |  |
|--|-----------------------------------|------------------------------------|---------------|-----------------------|--------------------|---------|-----------------------|--|--|
|  | Coal<br>Development<br>Trust Fund | Veteran's<br>Postwar<br>Trust Fund | Total         | Building<br>Authority | Dept. of<br>Trans. | Total   | Building<br>Authority |  |  |
| ASSETS                                     |                                   |                                    |               |                       |                    |         |                       |  |  |
| Cash Deposits at the Bank of ND            | \$ 298,876                        | \$ 174,400                         | \$ 473,276    | \$ 46,000             | \$ - \$            | 46,000  | \$ -                  | \$ 519,276                                 |  |
| Cash and Cash Equivalents                  | -                                 | 124,728                            | 124,728       | -                     | -                  | -       | -                     | 124,728                                    |  |
| Investments at the Bank of ND              | -                                 | 150,000                            | 150,000       | 663,000               | -                  | 663,000 | -                     | 813,000                                    |  |
| Investments                                | 21,477,021                        | 6,403,513                          | 27,880,534    | -                     | -                  | -       | -                     | 27,880,534                                 |  |
| Accounts Receivable - Net                  | -                                 | 9                                  | 9             | -                     | -                  | -       | -                     | 9  |  |
| Taxes Receivable - Net                     | 106,105                           | 2,330                              | 108,435       | -                     | -                  | -       | -                     | 108,435                                    |  |
| Interest Receivable - Net                  | 71,364                            | 11,777                             | 83,141        | -                     | -                  | -       | -                     | 83,141                                     |  |
| Due from Other Funds                       | 22,510                            | 86                                 | 22,596        | -                     | -                  | -       | -                     | 22,596                                     |  |
| Loans and Notes Receivable - Net           | 49,633,656                        | -                                  | 49,633,656    | -                     | -                  | -       | -                     | 49,633,656                                 |  |
| Total Assets                               | 71,609,532                        | 6,866,843                          | 78,476,375    | 709,000               | -                  | 709,000 | -                     | 79,185,375                                 |  |
| DEFERRED OUTFLOWS OF RESOURCES             |                                   |                                    |               |                       |                    |         |                       |  |  |
| Total Deferred Outflows of Resources       | -                                 | -                                  | -             | -                     | -                  | -       | -                     | -  |  |
| Total Assets and Deferred Outflows of      |                                   |                                    |               |                       |                    |         |                       |  |  |
| Resources                                  | \$ 71,609,532                     | \$ 6,866,843                       | \$ 78,476,375 | \$ 709,000            | \$ - \$            | 709,000 | \$ -                  | \$ 79,185,375                              |  |
| LIABILITIES AND FUND BALANCES Liabilities: |                                   |                                    |               |                       |                    |         |                       |  |  |
| Accounts Payable                           | 3,041                             | 26,731                             | 29,772        | 6,000                 | -                  | 6,000   | -                     | 35,772                                     |  |
| Accrued Payroll                            | 89                                | -                                  | 89            | -                     | -                  | -       | -                     | 89   |  |
| Securities Lending Collateral              | 698,744                           | -                                  | 698,744       | -                     | -                  | -       | -                     | 698,744                                    |  |
| Due to Other Funds                         | 157,081                           | -                                  | 157,081       | -                     | -                  | -       | 3,278,000             | 3,435,081                                  |  |
| Total Liabilities                          | 858,955                           | 26,731                             | 885,686       | 6,000                 | -                  | 6,000   | 3,278,000             | 4,169,686                                  |  |
| DEFERRED INFLOWS OF RESOURCES              |                                   |                                    |               |                       |                    |         |                       |  |  |
| Total Deferred Inflows of Resources        | -                                 | -                                  | -             | -                     | -                  | -       | -                     | -  |  |
| Fund Balances:                             |                                   |                                    |               |                       |                    |         |                       |  |  |
| Nonspendable                               | 70,750,577                        | 6,547,758                          | 77,298,335    | -                     | -                  | -       | -                     | 77,298,335                                 |  |
| Restricted                                 |                                   |                                    | -             | 703,000               | -                  | 703,000 | -                     | 703,000                                    |  |
| Committed                                  | -                                 | 292,354                            | 292,354       | -                     | -                  | -       | -                     | 292,354                                    |  |
| Unassigned                                 | -                                 | -                                  | -             | -                     | -                  | -       | (3,278,000)           | (3,278,000)                                |  |
| Total Fund Balances                        | 70,750,577                        | 6,840,112                          | 77,590,689    | 703,000               | -                  | 703,000 | (3,278,000)           | 75,015,689                                 |  |
| Total Liabilities, Deferred Inflows of     | -                                 |                                    |               | -                     |                    |         |                       |  |  |
| Resources, and Fund Balance                | \$ 71,609,532                     | \$ 6,866,843                       | \$ 78,476,375 | \$ 709,000            | \$ - \$            | 709,000 | \$ -                  | \$ 79,185,375                              |  |

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2020

|                                       | Pe                                | rm Trust Fund                       |             | De                    | ebt Service Funds  |             | Capital<br>Proj. Fund | Total                             |  |
|---------------------------------------|-----------------------------------|-------------------------------------|-------------|-----------------------|--------------------|-------------|-----------------------|-----------------------------------|--|
|                                       | Coal<br>Development<br>Trust Fund | Veteran's<br>Post War<br>Trust Fund | Total       | Building<br>Authority | Dept. of<br>Trans. | Total       | Building<br>Authority | Nonmajor<br>Governmental<br>Funds |  |
| REVENUES                              |                                   |                                     |             |                       |                    |             |                       |                                   |  |
| Individual and Corporate Income Taxes | \$ - \$                           | 21,564 \$                           | 21,564      | \$ -                  | \$ - \$            | -           | \$ -                  | \$ 21,564                         |  |
| Oil, Gas, and Coal Taxes              | 1,547,095                         | -                                   | 1,547,095   | -                     | -                  | -           | -                     | 1,547,095                         |  |
| Licenses, Permits and Fees            | -                                 | 12,225                              | 12,225      | -                     | -                  | -           | -                     | 12,225                            |  |
| Intergovernmental                     | -                                 | -                                   | -           | -                     | 4,299,811          | 4,299,811   | -                     | 4,299,811                         |  |
| Sales and Services                    | -                                 | 6,780                               | 6,780       | -                     | -                  | -           | -                     | 6,780                             |  |
| Interest and Investment Income        | 1,088,712                         | 236,149                             | 1,324,861   | 7,000                 | 1,236              | 8,236       | -                     | 1,333,097                         |  |
| Miscellaneous                         | -                                 | 62,350                              | 62,350      | -                     | -                  | -           | -                     | 62,350                            |  |
| Total Revenues                        | 2,635,807                         | 339,068                             | 2,974,875   | 7,000                 | 4,301,047          | 4,308,047   |                       | 7,282,922                         |  |
| EXPENDITURES                          |                                   |                                     |             |                       |                    |             |                       |                                   |  |
| Current:                              |                                   |                                     |             |                       |                    |             |                       |                                   |  |
| General Government                    | 38,647                            | 54,292                              | 92.939      | _                     | -                  | _           | -                     | 92,939                            |  |
| Health and Human Services             | -                                 | 180,009                             | 180,009     | _                     | -                  | -           | -                     | 180,009                           |  |
| Regulatory                            | -                                 | -                                   | -           | _                     | -                  | _           | 12,000                | 12,000                            |  |
| Capital Outlay                        | -                                 | -                                   | -           | _                     | -                  | _           | 3,266,000             | 3,266,000                         |  |
| Debt Service:                         |                                   |                                     |             |                       |                    |             |                       |                                   |  |
| Principal                             | -                                 | -                                   | -           | 4,400,000             | 5,060,000          | 9,460,000   | -                     | 9,460,000                         |  |
| Interest and Other Charges            | -                                 | -                                   | -           | 860,000               | 254,650            | 1,114,650   | -                     | 1,114,650                         |  |
| Total Expenditures                    | 38,647                            | 234,301                             | 272,948     | 5,260,000             | 5,314,650          | 10,574,650  | 3,278,000             | 14,125,598                        |  |
| Revenues over (under) Expenditures    | 2,597,160                         | 104,767                             | 2,701,927   | (5,253,000)           | (1,013,603)        | (6,266,603) | (3,278,000)           | (6,842,676)                       |  |
| OTHER FINANCING SOURCES (USES)        |                                   |                                     |             |                       |                    |             |                       |                                   |  |
| Transfers In                          | 22.510                            | _                                   | 22.510      | 5,258,000             | 929,084            | 6,187,084   | -                     | 6,209,594                         |  |
| Transfers Out                         | (2,165,444)                       | -                                   | (2,165,444) | -                     | (1,312)            | (1,312)     | -                     | (2,166,756)                       |  |
| Total Other Financing Sources (Uses)  | (2,142,934)                       | -                                   | (2,142,934) | 5,258,000             | 927,772            | 6,185,772   |                       | 4,042,838                         |  |
|                                       |                                   |                                     |             |                       |                    |             |                       | _                                 |  |
| Net Change in Fund Balances           | 454,226                           | 104,767                             | 558,993     | 5,000                 | (85,831)           | (80,831)    | (3,278,000)           | (2,799,838)                       |  |
| Fund Balances - Beginning of Year     | 70,296,351                        | 6,735,345                           | 77,031,696  | 698,000               | 85,831             | 783,831     |                       | 77,815,527                        |  |
| Fund Balances - End of Year           | \$ 70,750,577 \$                  | 6,840,112 \$                        | 77,590,689  | \$ 703,000            | \$ - \$            | 703,000     | \$ (3,278,000)        | \$ 75,015,689                     |  |

# Nonmajor Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the State is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the State has decided that periodic determination of net income is appropriate for accountability purposes.

#### BANK OF NORTH DAKOTA

### 907 - School Construction Assistance Revolving Loan Fund

Fund used to provide low-interest school construction loans.

#### 909 - Small Employer Loan Fund (SELF)

The Small Employer Loan Fund was established by Bank of North Dakota to assist local financial institutions and certified development corporations in providing loans to assist very small North Dakota businesses in their recovery from the negative impacts caused by the COVID-19 pandemic.

#### 459 (914) – Innovation Technology Loan Fund (LIFT)

Fund used to provide loans for commercialization of intellectual property within the State of North Dakota. Industries eligible for loans include advanced computing and data management, agriculture technology, autonomous and unmanned vehicles and related technology, energy, health care, value-added agriculture, value added energy, and any other industry or area identified by the committee that will contribute to the diversification of the state's economy.

#### 934 - Infrastructure Revolving Loan Fund

Fund used to provide loans to political subdivisions for essential infrastructure projects.

# 954 - Addiction Counselor Internship Loan Program

Fund used to provide loans to qualified individuals participating in a paid or unpaid internship at a licensed substance abuse treatment facility in North Dakota in order to obtain licensure as an addiction counselor.

#### 984 – Medical Facility Infrastructure Loan Program

Fund used to make loans to medical facilities to conduct construction that improves the health care infrastructure in the state or improves access to existing nonprofit health care providers in the state.

#### 985 – Rebuilders Loan Program

Fund used to make loans to North Dakota 2011 flood-damaged homeowners to provide financial assistance needed to repair their home.

#### BEGINNING FARMER REVOLVING LOAN

### 973 - Beginning Farmer Revolving Loan Fund

Fund used to make loans to North Dakota beginning farmers for the purchase of agricultural real estate.

#### **BONDING**

#### 210 (924) - State Bonding Fund

Fund used to maintain the bonding of public employees and officials of the state, county, city or other unit of local government.

#### **COMMUNITY WATER FACILITY LOAN**

#### 974 - Community Water Facility Loan Fund

Accounts for supplementary financing in conjunction with federal moneys available to improve adequate water supplies.

#### FIRE AND TORNADO

# 211 (923) - State Fire and Tornado Fund

Accounts for state agencies and political subdivisions to insure against loss to the public buildings, fixtures and permanent contents therein, through fire, lightning, windstorm, etc.

#### **GUARANTEED STUDENT LOAN**

#### 969 - North Dakota Guaranteed Student Loan

Accounts for the revenues and expenses associated with the administration, development and operation of the guaranteed loan program.

#### HIT PLANNING LOAN FUND

### 987 - HIT Planning Loan Fund

Fund to provide low-interest loans to health care entities to improve health information technology infrastructure.

#### INFORMATION TECHNOLOGY DEPARTMENT

#### 408 (903) - Edutech Fund

Fund used for professional development sessions and presentations by the Information and Technology Department.

# 476 (908) – SW Interoperable Radio Network Fund

Fund used for a radio broadcasting system for the state that enables seamless interoperable communications from local, state, and federal levels.

#### MILL AND ELEVATOR

#### 970 - Mill and Elevator

Accounts for revenues and expenditures associated with the operation of the Mill and Elevator.

#### PERS UNIFORM GROUP INSURANCE

#### 980 - Public Employees Retirement System Group Insurance

Accounts for the administrative revenues and expenses associated with this insurance purchasing pool.

#### **ROUGHRIDER 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.

# Combining Statement of Net Position Nonmajor Enterprise Funds June 30, 2020

|  | С  | ddiction<br>ounselor<br>iternship<br>Loan |    | Beginning<br>Farmer<br>Revolving<br>Loan |    | Bonding                    | С  | Community<br>Water<br>Facility<br>Loan |    | Edutech                   | Fire<br>and<br>Tornado       |    | uaranteed<br>udent Loan |
|--|----|---|----|--|----|----------------------------|----|--|----|---------------------------|------------------------------|----|-------------------------|
| ASSETS   |    |   |    |  |    |                            |    |  |    |                           |                              |    |                         |
| Current Assets: Cash Deposits at the Bank of ND  | \$ | 83,603                                    | \$ | 6,264,000                                | \$ | 107,271                    | \$ | 15,779,000                             | \$ | 1,071,186 \$              | 175,960                      | \$ | 43,948,984              |
| Cash and Cash Equivalents  | Ψ  | -   | Ψ  | -  | Ψ  | 1,699,313                  | Ψ  | -                                      | Ψ  | 1,071,100 \$              | 2,272,830                    | φ  | -                       |
| Investments at the Bank of ND  |    | -   |    | -  |    | -                          |    | -                                      |    | -                         | -                            |    | -                       |
| Investments  |    | -   |    | -  |    | 2,070,528                  |    | -                                      |    | -                         | 20,491,470                   |    | -                       |
| Accounts Receivable - Net Interest Receivable - Net  |    | 405                                       |    |  |    | 146,972<br>23,492          |    | -<br>272,000                           |    | 5,690                     | 4,802<br>135,522             |    | -                       |
| Intergovernmental Receivable - Net   |    | -   |    | _  |    | -                          |    | -                                      |    | -                         | -                            |    | -                       |
| Due from Other Funds   |    | -   |    | -  |    | -                          |    | -                                      |    | -                         | -                            |    | 616,392                 |
| Prepaid Items  |    | -   |    | 2,362,000                                |    | -                          |    | -                                      |    | -                         | 342,065                      |    | -                       |
| Inventory Loans and Notes Receivable - Net   |    | 9,453                                     |    | -  |    | -                          |    | 618,000                                |    | -                         | -                            |    | -                       |
| Restricted Cash at the Bank of ND  |    | -   |    | _  |    | -                          |    | -                                      |    | -                         | -                            |    | 52,413                  |
| Restricted Cash and Cash Equivalents   |    | -   |    | -  |    | -                          |    | -                                      |    | -                         | -                            |    | -                       |
| Restricted Investments at the Bank of ND   |    | -   |    | -  |    | -                          |    | -                                      |    | -                         | -                            |    | -                       |
| Restricted Loans Receivable - Net Total Current Assets   |    | 93,461                                    |    | 8,626,000                                |    | 4,047,576                  |    | 16,669,000                             |    | 1,076,876                 | 23,422,649                   |    | 44,617,789              |
| Total Culterit Assets  | -  | 93,401                                    |    | 6,020,000                                |    | 4,047,576                  |    | 10,009,000                             |    | 1,070,670                 | 23,422,049                   |    | 44,017,769              |
| Noncurrent Assets:   |    |   |    |  |    |                            |    |  |    |                           |                              |    |                         |
| Loans and Notes Receivable - Net   |    | 97,304                                    |    | -  |    | -                          |    | 19,212,000                             |    | -                         | -                            |    | -                       |
| Other Noncurrent Assets  |    | -   |    | 4,339,000                                |    | -                          |    | -                                      |    | -                         | -                            |    | -                       |
| Capital Assets: Nondepreciable   |    | _   |    | _  |    | _                          |    | _                                      |    | _                         | _                            |    | _                       |
| Depreciable, Net   |    | -   |    | -  |    | -                          |    | -                                      |    | -                         | -                            |    | -                       |
| Total Noncurrent Assets  |    | 97,304                                    |    | 4,339,000                                |    | -                          |    | 19,212,000                             |    | -                         | -                            |    | -                       |
| Total Assets   |    | 190,765                                   |    | 12,965,000                               |    | 4,047,576                  |    | 35,881,000                             |    | 1,076,876                 | 23,422,649                   |    | 44,617,789              |
| 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 Accrued Payroll Securities Lending Collateral Interest Payable |    | -<br>-<br>-<br>-                          |    | -<br>-<br>-                              |    | 280<br>-<br>5,807<br>1,458 |    | -<br>-<br>-                            |    | 2,923<br>14,858<br>-<br>- | 453<br>-<br>74,266<br>13,828 |    | -<br>-<br>-<br>-        |
| Intergovernmental Payable  |    | -   |    | -  |    | -                          |    | -                                      |    | -                         | 12,331                       |    | 5,794,413               |
| Due to Other Funds Amounts Held in Custody for Others  |    | -   |    |  |    |                            |    | 25,000                                 |    | 4,144                     | -                            |    | 1,723,075               |
| Claims/Judgments Payable   |    | -   |    | -  |    | 134,068                    |    | -                                      |    | -                         | 1,031,166                    |    | -                       |
| Compensated Absences Payable   |    | -   |    | -  |    | -                          |    | -                                      |    | -                         | -                            |    | -                       |
| Bonds Payable  |    | -   |    | -  |    | -                          |    | -                                      |    | -                         | -                            |    | -                       |
| Unearned Revenue Other Current Liabilities   |    | -   |    |  |    |                            |    | -                                      |    | -                         | 112,936                      |    | -                       |
| Total Current Liabilities  | -  | -   |    | -  |    | 141,613                    |    | 25,000                                 |    | 21,925                    | 1,244,980                    |    | 7,517,488               |
|  |    |   |    |  |    |                            |    |  |    |                           |                              |    |                         |
| Noncurrent Liabilities: Compensated Absences Payable   |    |   |    |  |    |                            |    |  |    |                           |                              |    |                         |
| Bonds Payable  |    | _   |    | _  |    | -                          |    | _                                      |    | -                         | _                            |    | -                       |
| Financial Derivative Instrument  |    | -   |    | -  |    | -                          |    | -                                      |    | -                         | -                            |    | -                       |
| Net Pension Liability  |    | -   |    | -  |    | -                          |    | -                                      |    | -                         | -                            |    | -                       |
| Net Pension OPEB Other Noncurrent Liabilities  |    | -   |    | -  |    | -                          |    | -                                      |    | -                         | -                            |    | 17,258,432              |
| Total Noncurrent Liabilities   | -  |   |    |  |    |                            |    |  |    |                           | -                            |    | 17,258,432              |
| Total Liabilities  |    | _   |    | -  |    | 141,613                    |    | 25,000                                 |    | 21,925                    | 1,244,980                    |    | 24,775,920              |
|  |    |   |    |  |    |                            |    |  |    |                           |                              |    |                         |
| 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   |    | -   |    | -  |    | -                          |    | -                                      |    | -                         | -                            |    | -                       |
| Unemployment Compensation  |    | -   |    | -  |    | -                          |    | -                                      |    | -                         | -                            |    | -                       |
| Other<br>Unrestricted  |    | -<br>190,765                              |    | 12,965,000                               |    | 3,905,963                  |    | -<br>35,856,000                        |    | -<br>1,054,951            | 22,177,669                   |    | -<br>19,841,869         |
|  | _  |   |    |  |    |                            |    |  |    |                           |                              |    |                         |
| Total Net Position   | \$ | 190,765                                   | \$ | 12,965,000                               | \$ | 3,905,963                  | \$ | 35,856,000                             | \$ | 1,054,951 \$              | 22,177,669                   | \$ | 19,841,869              |

(Continued on Next Page)

|    | T Planning<br>.oan Fund | Infrastructure<br>Revolving<br>Loan Fund | Interoperable<br>Radio<br>Network Fund | Innovation<br>Loan Fund | Medical<br>Facility<br>Infrastructure<br>Loan Fund | Mill and<br>Elevator    | PERS<br>Uniform<br>Group<br>Insurance | Rebuilders<br>Loan<br>Program | Roughrider<br>Industries |
|----|-------------------------|--|--|-------------------------|--|-------------------------|---------------------------------------|-------------------------------|--------------------------|
| \$ | -                       | \$ 27,453,000                            | \$ 27,002,572                          | \$ 4,686,000            | \$ 3,910,000                                       | \$ 225                  | \$ 4,914,119                          | \$ 333,942                    | \$ 11,244,102            |
|    | -                       | -  | -                                      | -                       | -  | -                       | 2,727,932                             | -                             | 500                      |
|    | -                       | -  | -                                      | -                       | -  | -                       | -<br>28,651,685                       | -                             | -                        |
|    | -                       | -  | 306,848                                | -                       | -  | 46,585,657              | 7,226,484                             | -                             | 544,644                  |
|    | 2,520                   | 751,000<br>-                             | -                                      | -                       | 29,000   | -                       | -                                     | 29,123                        | 9,044                    |
|    | -                       | -  | 50,698                                 | -                       | -  | -                       | 52,724                                | -                             | 148,426                  |
|    | -                       | -  | -                                      | -                       | -  | 1,391,154<br>27,441,721 | -                                     | -                             | 7,187<br>2,091,693       |
|    | 1,090,006               | 5,534,000                                | -                                      | -                       | 1,953,000  | -                       | -                                     | 1,721,074                     | 2,091,093                |
|    | 6,045,471               | -  | -                                      | -                       | -  | -                       | -                                     | -                             | -                        |
|    | -                       | -  | -                                      | -                       | -  | -                       | -                                     | -                             | -                        |
|    | 7,137,997               | 33,738,000                               | 27,360,118                             | 4,686,000               | 5,892,000  | -<br>75,418,757         | 43,572,944                            | 2,084,139                     | 14,045,596               |
|    | 1,131,991               | 33,736,000                               | 21,300,116                             | 4,000,000               | 5,692,000  | 73,410,737              | 43,372,944                            | 2,064,139                     | 14,045,590               |
|    | 2,207,362               | 91,610,000                               | _                                      | 5,026,000               | 44,149,000   | _                       | _                                     | 19,753,224                    |                          |
|    | -                       | -  | -                                      | -                       | -  | 506,913                 | -                                     | -                             | -                        |
|    |                         |  |  |                         |  | 26,791,078              | _                                     |                               |                          |
|    | -                       | -  | 3,739,935                              | -                       | -  | 83,676,908              | 151,212                               | -                             | 1,407,923                |
|    | 2,207,362               | 91,610,000                               | 3,739,935                              | 5,026,000               | 44,149,000   | 110,974,899             | 151,212                               | 19,753,224                    | 1,407,923                |
|    | 9,345,359               | 125,348,000                              | 31,100,053                             | 9,712,000               | 50,041,000   | 186,393,656             | 43,724,156                            | 21,837,363                    | 15,453,519               |
|    |                         |  |  |                         |  | 725.025                 |                                       |                               |                          |
|    | -                       | -  | -                                      | -                       | -  | 735,025<br>5,477,082    | -                                     | -                             | 681,484                  |
|    | -                       | -  | -                                      | -                       | -  | 298,037                 | -                                     | -                             | 29,091                   |
| _  | -                       | -  | -                                      | -                       | -  | 6,510,144               | -                                     | -                             | 710,575                  |
|    |                         |  |  |                         |  |                         |                                       |                               |                          |
|    | 4,679                   | -  | 1,304,423                              | -                       | -  | 17,180,640              | 157,551                               | 9,485                         | 286,076                  |
|    | -                       | -  | 10,331                                 | -                       | -  | 660,224                 | 79,111<br>-                           | -                             | 174,000                  |
|    | -                       | -  | -                                      | -                       | -  | -                       | -                                     | -                             | -                        |
|    | -                       | 118,000                                  | 166,500<br>3,401                       | 6,000                   | -<br>59,000  | 53,645,624              | -<br>8,920                            | -<br>21,655,134               | -                        |
|    | -                       | -  | -                                      | -                       | -  | -                       | 7,582,398                             | -                             | -                        |
|    | -                       | -  | -                                      | -                       | -  | 106,199                 | 6,390                                 | -                             | -                        |
|    | -                       | -  | -                                      | -                       | -  | -                       | -                                     | -                             | -                        |
|    | -                       | -  | -                                      | -                       | -  | -                       | -                                     | -                             | 11,607<br>132            |
| _  | 4,679                   | 118,000                                  | 1,484,655                              | 6,000                   | 59,000   | 71,592,687              | 7,834,370                             | 21,664,619                    | 471,815                  |
|    |                         |  |  |                         |  |                         |                                       |                               |                          |
|    | -                       | -  | -                                      | -                       | -  | 1,153,573               | 65,086                                | -                             | -                        |
|    | -                       | -  | -                                      | -                       | -  | 735,025                 | -                                     | -                             | -                        |
|    | -                       | -  | -                                      | -                       | -  | 9,880,043               | -                                     | -                             | 1,476,694                |
|    | -                       | -  | -                                      | -                       | -  | 631,127                 | -                                     | -                             | 94,330                   |
|    | -                       | -  | -                                      | -                       | -  | 12,399,768              | 65,086                                | -                             | -<br>1,571,024           |
|    | 4,679                   | 118,000                                  | 1,484,655                              | 6,000                   | 59,000   | 83,992,455              | 7,899,456                             | 21,664,619                    | 2,042,839                |
|    |                         |  |  |                         |  |                         |                                       |                               |                          |
|    | -                       | -  | -                                      | -                       | -  | 5,310,157               | -                                     | -                             | 848,115                  |
|    | -                       | -  | -                                      | -                       | -  | 19,716                  | -                                     | -                             | 6,009                    |
|    | -                       | -  | -                                      | -                       | =  | 5,329,873               | ÷                                     | -                             | 854,124                  |
|    | -                       | -  | 3,739,934                              | -                       | -  | 110,467,986             | 151,212                               | -                             | 1,407,923                |
|    | -                       | -  | -                                      | -                       | -  | -                       | -                                     | -                             | -                        |
|    | -                       | -  | -                                      | -                       | -  | -                       | -                                     | -                             | -                        |
|    | 9,340,680               | 125,230,000                              | 25,875,464                             | 9,706,000               | 49,982,000   | (6,886,514)             | 35,673,488                            | 172,744                       | 11,859,208               |
|    |                         |  |  |                         |  |                         |                                       |                               |                          |

# Combining Statement of Net Position Nonmajor Enterprise Funds (Continued) June 30, 2020

| Carrel Proposed at the float of NO   |                                      |    | School<br>Construction<br>Assistance<br>Loan Fund | Small<br>Employer<br>Loan<br>Fund | State<br>Fair | State<br>Lottery<br>Fund | Student<br>Loan | nemployment<br>ompensation | Total         |
|--|--------------------------------------|----|---|-----------------------------------|---------------|--------------------------|-----------------|----------------------------|---------------|
| Case   Deposite after perform   S  | ASSETS                               |    |   |                                   |               |                          |                 |                            |               |
| Canal and Cash Spawlednes  | Current Assets:                      |    |   |                                   |               |                          |                 |                            |               |
| Investments at the Clark of NO   |                                      | \$ | 65,605,000  | \$<br>5,593,000 \$                | 5,626,409 \$  |                          | \$<br>-         | \$                         |               |
|  |                                      |    | -   | -                                 | 1 000 000     |                          | -               |                            |               |
| Marcial Receivable - Net   1,86,000   1,000    |                                      |    | -   | -                                 | -             |                          | -               | -                          |               |
| Page   1   |                                      |    | -   | -                                 | 378,686       | 756,937                  | -               |                            |               |
| Proposition  |                                      |    | 1,185,000   | 13,000                            | -             | -                        | -               |                            |               |
| Popular lemms  |                                      |    | -   | -                                 | -             |                          | 16.000          |                            |               |
| Common and Notice Reconstructs   |                                      |    | -   | -                                 | 54,024        | 14,718                   | -               | -                          |               |
| Resiricide Cash at the Bank of NO Resiricides (Septiments at the Bank of NO Resiricides) (Septiments at the Ban |                                      |    | -   | -                                 | -             | -                        | -               | -                          |               |
| Resitriced Cash and Cash Equivalents Resitricis (Paris Resitricis) (Paris (Par |                                      |    | 16,030,000  | 833,000                           | -             | -                        | -               | -                          |               |
| Restricted toweshreeshed   Section   10,000,000   10,00   |                                      |    | -   | -                                 | -             | -                        | 392.000         | -                          |               |
| Total Current Assets   62,880,000   6,485,000   7,089,119   0,222,434   1,550,000   283,226,779   099,812,235  | •                                    |    | -   | -                                 | -             | -                        |                 | -                          |               |
| Noncurrent Assets: Loans and Notes Receivable - Net Loans and Note |                                      |    | -   | -                                 | -             | -                        |                 | -                          |               |
| Change and Notes Recoivable - Net   222,941,000   12,283,000   1,417,078,898   1,427,978,992   1,434,009   1,434   | Total Current Assets                 | _  | 82,820,000  | 6,439,000                         | 7,059,119     | 6,229,434                | 1,550,000       | 283,225,779                | 699,812,234   |
| Change and Notes Recoivable - Net   222,941,000   12,283,000   1,417,078,898   1,427,978,992   1,434,009   1,434   | Noncurrent Assets:                   |    |   |                                   |               |                          |                 |                            |               |
| Page      |                                      |    | 222,941,000                                       | 12,283,000                        | -             | -                        | 698,000         | -                          | 417,976,890   |
| Post   |                                      |    | -   | -                                 | -             | 1,434,069                | -               | -                          | 6,279,982     |
| Poperciable, Net   | •                                    |    |   |                                   | 744 500       |                          |                 |                            | 27 522 500    |
| Total Assets   |                                      |    | -   | -                                 |               | 9.064                    | -               | -                          |               |
| DeFERRED OUTFLOWS OF RESOURCES   |                                      |    | 222,941,000                                       | 12,283,000                        |               |                          | 698,000         | -                          |               |
| DeFERRED OUTFLOWS OF RESOURCES   | Total Acceta                         |    | 205 761 000                                       | 19 722 000                        | 21 402 211    | 7 672 567                | 2 249 000       | 202 225 770                | 1 264 100 210 |
| Decrease in Fair Value of Hedging Derivatives Decrease in Fair Value of Hedging Derivatives Decrease in Fair Value of Hedging Derivatives Service from OPEB  | Total Assets                         | _  | 305,761,000                                       | 16,722,000                        | 31,402,211    | 7,072,507                | 2,240,000       | 203,225,779                | 1,204,100,310 |
| Derived from Persions   -   656,376   337,631   -   7,155,673   368,473   Total Defined from OPEB   -   685,745   352,607   -     -   685,474   352,607   -     -   685,474   352,607   -     -   685,474   352,607   -     -   685,474   352,607   -     -   685,474   352,607   -     -   685,474   -     -     -     -     -  |                                      |    |   |                                   |               |                          |                 |                            |               |
| Parked from OPEB   |                                      |    | -   | -                                 | -             | -                        | -               | -                          |               |
| Clail Deferred Outflows of Resources   -   -   -   -   -   -   -   -   -   |                                      |    | -   | -                                 |               |                          | -               | -                          |               |
| Current Liabilities:   | 26646 6 25                           |    |   |                                   | 20,000        | ,                        |                 |                            | 000, 110      |
| Current Liabilities  | Total Deferred Outflows of Resources |    | -   | -                                 | 685,745       | 352,607                  | -               | -                          | 8,259,071     |
| Securities Lending Collateral  | Current Liabilities:                 |    | -   | 7,000                             | 46,963        | 434,662                  | -               | 12,904,953                 | 32,340,088    |
| Interest Payable   |                                      |    | -   | -                                 | -             |                          | -               | -                          |               |
| Intergovernmental Payable  |                                      |    | -   | -                                 | -             |                          | -               | -                          |               |
| Due to Other Funds   |                                      |    | -   | -                                 | -             |                          | -               | 5,261,971                  |               |
| Calmis/Judgments Payable   |                                      |    | 296,000   | -                                 | -             | 4,161,040                | 49,000          | 2,141,077                  | 83,895,415    |
| Compensated Absences Payable         -         70,000         -         -         182,589           Bonds Payable         -         125,000         -         -         125,000           Unearmed Revenue         -         -         139,976         -         -         451,583           Other Current Liabilities         296,000         7,000         241,963         5,123,684         49,000         20,308,001         138,212,479           Noncurrent Liabilities         -         -         31,534         70,314         -         -         1,200,507           Bonds Payable         -         -         1,439,534         -         1,000,000         -         2,2439,534           Financial Derivative Instrument         -         -         1,227,840         722,420         -         -         7,350,025           Net Pension Liabilities         -         -         78,434         46,147         -         -         1,258,832           Other Noncurrent Liabilities         -         -         -         -         -         -         1,7258,432           Total Liabilities         296,000         7,000         3,019,305         5,962,565         1,049,000         20,308,001         174,123,012     <  |                                      |    | -   | -                                 | -             | -                        | -               | -                          |               |
| Bonds Payable  |                                      |    | -   | -                                 | -<br>70.000   | -                        | -               | -                          |               |
| Unearned Revenue         -         -         439,976         -         -         451,883           Other Current Liabilities         296,000         7,000         241,963         5,123,684         49,000         203,80,01         138,212,479           Noncurrent Liabilities:         Standard Absences Payable         -         -         31,534         70,314         -         -         1,320,507           Bonds Payable         -         -         1,439,534         -         1,000,000         -         2,439,534           Financial Derivative Instrument         -         -         -         -         -         -         -         1300,000         -         2,439,534           Financial Derivative Instrument         -   |                                      |    | _   | -                                 |               | -                        | -               | -                          |               |
| Total Current Liabilities   296.000  |                                      |    | -   | -                                 |               | 439,976                  | -               | -                          |               |
| Noncurrent Liabilities:   Compensated Absences Payable   |                                      |    | -   | - 7,000                           |               | -<br>E 400 604           | -               | -                          |               |
| Compensated Absences Payable         -         31,534         70,314         -         -         1,320,507           Bonds Payable         -         1,439,534         -         1,000,000         -         2,439,534           Financial Derivative Instrument         -         -         -         -         -         -         -         -         -         -         2,439,534         -         -         -         -         2,439,534         -   | Total Current Liabilities            | _  | 296,000   | 7,000                             | 241,963       | 5,123,064                | 49,000          | 20,300,001                 | 130,212,479   |
| Bonds Payable   -   1,439,534   -   1,000,000   -   2,439,534     Financial Derivative Instrument   -   -   1,277,840   722,420   -   13,306,997     Net Pension Liability   -   -   78,434   46,147   -   -   850,038     Other Noncurrent Liabilities   -   -   2,777,342   838,881   1,000,000   -   35,910,533     Total Noncurrent Liabilities   -   -   2,777,342   838,881   1,000,000   -   35,910,533     Total Liabilities   -   296,000   7,000   3,019,305   5,962,565   1,049,000   20,308,001   174,123,012     DEFERRED INFLOWS OF RESOURCES   -   -   662,696   384,260   -   -   7,205,228     Derived from Pensions   -   -   667,715   386,904   -   -   7,238,616     Total Deferred Inflows of Resources   -   667,715   386,904   -   -   7,238,616     Net Position   Net Investment in Capital Assets   -   22,778,558   9,064   -   -   7,238,616     Restricted for:   |                                      |    |   |                                   |               |                          |                 |                            |               |
| Financial Derivative Instrument Net Pension OPEB Net Pension OPEB 1  | - 1                                  |    | -   | -                                 |               |                          | -               | -                          |               |
| Net Pension Liability Net Pension OPEB         -         -         1,227,840         722,420         -         -         13,306,997           Net Pension OPEB         -         -         78,434         46,147         -         -         850,038           Other Noncurrent Liabilities         -         -         -         -         -         -         -         -         17,258,432           Total Noncurrent Liabilities         -         -         -         2,777,342         838,881         1,000,000         -         35,910,533           Total Liabilities         296,000         7,000         3,019,305         5,962,565         1,049,000         20,308,001         174,123,012           DEFFERED INFLOWS OF RESOURCES           Derived from Pensions         -         -         662,696         384,260         -         -         7,205,228           Derived from OPEB         -         -         5,019         2,644         -         -         33,388           Total Deferred Inflows of Resources         -         -         667,715         386,904         -         -         7,238,616           Net Position         -         -         -         22,778,5   |                                      |    | -   | -                                 |               | -                        | 1,000,000       | -                          |               |
| Net Pension OPEB Other Noncurrent Liabilities         -         -         78,434 by -1         -   |                                      |    | _   | -                                 |               | 722,420                  | -               | -                          |               |
| Total Noncurrent Liabilities   |                                      |    | -   | -                                 |               |                          | -               | -                          | 850,038       |
| Total Liabilities   296,000   7,000   3,019,305   5,962,565   1,049,000   20,308,001   174,123,012   |                                      | _  | -   | -                                 | - 0.777.040   | -                        | -               | -                          |               |
| DEFERRED INFLOWS OF RESOURCES   Derived from Pensions   662,696   384,260   7,205,228  | lotal Noncurrent Liabilities         | _  | -   | -                                 | 2,777,342     | 838,881                  | 1,000,000       | -                          | 35,910,533    |
| Derived from Pensions   -   -   662,696   384,260   -   -   7,205,228  | Total Liabilities                    |    | 296,000   | 7,000                             | 3,019,305     | 5,962,565                | 1,049,000       | 20,308,001                 | 174,123,012   |
| Derived from Pensions   -   -   662,696   384,260   -   -   7,205,228  | DEFERRED INFLOWS OF RESOURCES        |    |   |                                   |               |                          |                 |                            |               |
| Derived from OPEB         -         -         5,019         2,644         -         -         33,388           Total Deferred Inflows of Resources         -         -         667,715         386,904         -         -         7,238,616           Net Position           Net Investment in Capital Assets         -         -         22,778,558         9,064         -         -         138,554,677           Restricted for:         -         -         -         -         487,000         -         487,000           Unemployment Compensation         -         -         -         -         -         -         487,000           Unrestricted         305,465,000         18,715,000         5,622,378         232,572         712,000         -         687,692,237  |                                      |    | _   | -                                 | 662.696       | 384.260                  | _               | -                          | 7.205.228     |
| Net Position           Net Investment in Capital Assets         -         -         22,778,558         9,064         -         -         138,554,677           Restricted for:         Debt Service         -  |                                      |    | -   | -                                 |               |                          | -               | -                          |               |
| Net Position           Net Investment in Capital Assets         -         -         22,778,558         9,064         -         -         138,554,677           Restricted for:         Debt Service         -  | Total Deferred Inflows of Passurees  |    |   |                                   | 667 715       | 386 004                  |                 |                            | 7 239 616     |
| Net Investment in Capital Assets       -       -       22,778,558       9,064       -       -       -       138,554,677         Restricted for:       Debt Service       -       -       -       -       487,000       -       487,000         Unemployment Compensation       -       -       -       -       -       -       262,917,778         Other       -       -       -       -       1,434,069       -       -       1,434,069         Unrestricted       305,465,000       18,715,000       5,622,378       232,572       712,000       -       687,692,237   | Total Deletted filliows of Resources |    |   | -                                 | 007,713       | 300,904                  |                 | -                          | 7,230,010     |
| Restricted for:         Debt Service       -       -       -       487,000       -       487,000         Unemployment Compensation       -       -       -       -       -       262,917,778       262,917,778         Other       -       -       -       1,434,069       -       -       1,434,069         Unrestricted       305,465,000       18,715,000       5,622,378       232,572       712,000       -       687,692,237   |                                      |    |   |                                   |               |                          |                 |                            |               |
| Debt Service         -         -         -         -         -         487,000 <t< td=""><td></td><td></td><td>-</td><td>-</td><td>22,778,558</td><td>9,064</td><td>-</td><td>-</td><td>138,554,677</td></t<>  |                                      |    | -   | -                                 | 22,778,558    | 9,064                    | -               | -                          | 138,554,677   |
| Unemployment Compensation         -         -         -         -         -         262,917,778         262,917,778           Other         -         -         -         1,434,069         -         -         1,434,069           Unrestricted         305,465,000         18,715,000         5,622,378         232,572         712,000         -         687,692,237  |                                      |    | _   | _                                 | -             | _                        | 487 000         | _                          | 487 000       |
| Other         -         -         -         1,434,069         -         -         1,434,069           Unrestricted         305,465,000         18,715,000         5,622,378         232,572         712,000         -         687,692,237  |                                      |    | -   | -                                 | -             | -                        |                 | 262,917,778                |               |
|  | Other                                |    | -   | <u>-</u>                          | -             |                          |                 | -                          | 1,434,069     |
| Total Net Position \$ 305,465,000 \$ 18,715,000 \$ 28,400,936 \$ 1,675,705 \$ 1,199,000 \$ 262,917,778 \$ 1,091,085,761  | Unrestricted                         | _  | 305,465,000                                       | 18,715,000                        | 5,622,378     | 232,572                  | 712,000         | -                          | 687,692,237   |
|  | Total Net Position                   | \$ | 305,465,000                                       | \$<br>18,715,000 \$               | 28,400,936 \$ | 1,675,705                | \$<br>1,199,000 | \$<br>262,917,778 \$       | 1,091,085,761 |



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Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Enterprise Funds For the Fiscal Year Ended June 30, 2020

|   | Co | ldiction<br>unselor<br>ernship<br>Loan | Beginning<br>Farmer<br>Revolving<br>Loan | Bonding                                | (  | Community<br>Water<br>Facility<br>Loan | Edutech                                | Fire<br>and<br>Tornado                | Guaranteed<br>Student Loan         |
|---|----|--|--|--|----|--|--|---------------------------------------|------------------------------------|
| OPERATING REVENUES  |    |  |  |  |    |  |  |                                       |                                    |
| Sales and Services Federal Funds Royalties and Rents Interest and Investment Income Miscellaneous                     | \$ | -<br>-<br>-<br>4,934<br>-              | \$<br>- \$<br>-<br>-<br>-<br>-           | 1,190<br>-<br>-<br>-<br>-              | \$ | -<br>-<br>-<br>620,000<br>-            | \$ 262,757 \$<br>-<br>-<br>-<br>-      | 1,632,692 S<br>-<br>-<br>-<br>-       | 9,851,734<br>-<br>-<br>-<br>-      |
| Total Operating Revenues  |    | 4,934                                  | -  | 1,190                                  |    | 620,000                                | 262,757                                | 1,632,692                             | 9,851,734                          |
| OPERATING EXPENSES  |    |  |  |  |    |  |  |                                       |                                    |
| Cost of Sales and Services Salaries and Benefits Operating Claims Interest Depreciation Miscellaneous                 |    | -<br>5,800<br>-<br>-<br>-<br>-         | 2,381,000<br>-<br>-<br>-<br>6,000        | -<br>-<br>-<br>-<br>-<br>-<br>4,477    |    | -<br>109,000<br>-<br>-<br>-            | 192,987<br>118,285<br>-<br>-<br>33,428 | 523,917<br>2,100,240<br>-<br>184,511  | -<br>-<br>9,648,584<br>-<br>-<br>- |
| Total Operating Expenses  |    | 5,800                                  | 2,387,000                                | 4,477                                  |    | 109,000                                | 344,700                                | 2,808,668                             | 9,648,584                          |
| Operating Income (Loss)   |    | (866)                                  | (2,387,000)                              | (3,287)                                |    | 511,000                                | (81,943)                               | (1,175,976)                           | 203,150                            |
| NONOPERATING REVENUES (EXPENSES)  |    |  |  |  |    |  |  |                                       |                                    |
| Grants and Contracts<br>Interest and Investment Income<br>Interest Expense<br>Gain on Sale of Capital Assets<br>Other |    | -<br>180<br>-<br>-                     | 13,000<br>-<br>-<br>-                    | -<br>181,515<br>(4,023)<br>-<br>17,466 |    | 34,000<br>-<br>-<br>-                  |  | 1,071,277<br>(39,601)<br>-<br>314,418 | 98,561<br>-<br>-<br>-              |
| Total Nonoperating Revenues (Expenses)  |    | 180                                    | 13,000                                   | 194,958                                |    | 34,000                                 | -                                      | 1,346,094                             | 98,561                             |
| Income (Loss) Before Contributions and Transfers  |    | (686)                                  | (2,374,000)                              | 191,671                                |    | 545,000                                | (81,943)                               | 170,118                               | 301,711                            |
| Transfers In<br>Transfer Out  |    | -                                      | 5,000,000<br>(1,570,000)                 | -<br>-                                 |    | -<br>-                                 | -<br>-                                 | -                                     | -<br>-                             |
| Change in Net Position  |    | (686)                                  | 1,056,000                                | 191,671                                |    | 545,000                                | (81,943)                               | 170,118                               | 301,711                            |
| Total Net Position - Beginning of Year  |    | 191,451                                | 11,909,000                               | 3,714,292                              |    | 35,311,000                             | 1,136,894                              | 22,007,551                            | 19,540,158                         |
| Total Net Position - End of Year  | \$ | 190,765                                | \$<br>12,965,000 \$                      | 3,905,963                              | \$ | 35,856,000                             | \$ 1,054,951 \$                        | 22,177,669                            | 19,841,869                         |

|    | IT Planning<br>∟oan Fund | Infrastructu<br>Revolving<br>Loan Fund |        | Interoperable<br>Radio<br>Network Fund | Innovation<br>Loan Fund   | Medical<br>Facility<br>Infrastructure<br>Loan Fund | Mill and<br>Elevator                        | PERS<br>Uniform<br>Group<br>Insurance    | Rebuilders<br>Loan<br>Program     | Roughrider<br>Industries          |
|----|--------------------------|--|--------|--|---------------------------|--|---|--|-----------------------------------|-----------------------------------|
| \$ | -                        | \$ -                                   | \$     | 5,917,643 \$                           | -                         | \$ -   | \$<br>232,497,239 \$                        | 368,911,371                              | \$<br>- \$                        | 7,621,113                         |
|    | 55,808<br>-              | 1,857,0<br>-                           | 000    | -                                      | -<br>-<br>-               | 454,000<br>-                                       | -   | 7,022,619                                | 250,713<br>-                      | 140,474<br>-<br>74,625            |
| _  | 55,808                   | 1,857,0                                | 000    | 5,917,643                              | -                         | 454,000  | 232,497,239                                 | 375,933,990                              | 250,713                           | 7,836,212                         |
|    | -<br>-<br>21,089<br>-    | -<br>-<br>628,0<br>-                   | 000    | 92,392<br>5,008,338<br>-               | -<br>295,000<br>-         | -<br>-<br>389,000<br>-                             | 185,566,053<br>19,858,652<br>8,231,782<br>- | 937,444<br>368,489,120<br>-              | -<br>-<br>131,869<br>-            | 4,060,175<br>2,343,856<br>869,089 |
|    | -<br>-<br>-              | -                                      |        | 537,225<br>-                           | -                         | -<br>-<br>-  | 5,764,291<br>-                              | 297,190                                  | -<br>-<br>-                       | 247,789<br>-                      |
|    | 21,089                   | 628,0                                  | 000    | 5,637,955                              | 295,000                   | 389,000  | 219,420,778                                 | 369,723,754                              | 131,869                           | 7,520,909                         |
|    | 34,719                   | 1,229,0                                | 000    | 279,688                                | (295,000)                 | 65,000   | 13,076,461                                  | 6,210,236                                | 118,844                           | 315,303                           |
|    | -<br>-<br>-<br>-         | -<br>66,0<br>-<br>-                    | 000    | -<br>42,751<br>-<br>-<br>-             | -<br>1,000<br>-<br>-<br>- | -<br>13,000<br>-<br>-<br>-                         | 11,496<br>(1,702,182)<br>-<br>32,837        | -<br>716,498<br>-<br>-<br>-<br>(112,500) | -<br>2,322<br>(149,410)<br>-<br>- | -<br>-<br>-<br>2,057<br>-         |
|    | -                        | 66,0                                   | 000    | 42,751                                 | 1,000                     | 13,000   | (1,657,849)                                 | 603,998                                  | (147,088)                         | 2,057                             |
|    | 34,719                   | 1,295,0                                | 000    | 322,439                                | (294,000)                 | 78,000   | 11,418,612                                  | 6,814,234                                | (28,244)                          | 317,360                           |
|    | -                        | 33,138,0                               | 000    | 20,000,000                             | 10,000,000                | -<br>-   | -<br>(6,041,851)                            | -  | -                                 | -                                 |
|    | 34,719                   | 34,433,0                               | 000    | 20,322,439                             | 9,706,000                 | 78,000   | 5,376,761                                   | 6,814,234                                | (28,244)                          | 317,360                           |
|    | 9,305,961                | 90,797,0                               | 000    | 9,292,959                              | -                         | 49,904,000   | 98,204,711                                  | 29,010,466                               | 200,988                           | 12,949,771                        |
| \$ | 9,340,680                | \$ 125,230,0                           | 000 \$ | 29,615,398 \$                          | 9,706,000                 | \$ 49,982,000                                      | \$<br>103,581,472 \$                        | 35,824,700                               | \$<br>172,744 \$                  | 13,267,131                        |

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Enterprise Funds (Continued) For the Fiscal Year Ended June 30, 2020

|   | School<br>Construction<br>Assistance<br>Loan Fund | Small<br>Employer<br>Loan<br>Fund  | State<br>Fair                                 | State<br>Lottery<br>Fund                   | Student<br>Loan            | Unemployment<br>Compensation              | Total   |
|---|---|------------------------------------|---|--|----------------------------|---|---|
| OPERATING REVENUES  |   |                                    |   |  |                            |   |   |
| Sales and Services Federal Funds Royalties and Rents Interest and Investment Income Miscellaneous                     | 3,956,000   | 13,000                             | 6,655,189 \$<br>-<br>-<br>-<br>-              | 24,505,932 \$<br>-<br>-<br>-<br>-          | -<br>-<br>-<br>63,000      | \$ 452,421,027 \$ 192,440,864             | 1,110,277,887<br>192,440,864<br>140,474<br>7,274,455<br>7,097,244                         |
| Total Operating Revenues  | 3,956,000   | 13,000                             | 6,655,189                                     | 24,505,932                                 | 63,000                     | 644,861,891                               | 1,317,230,924   |
| OPERATING EXPENSES  |   |                                    |   |  |                            |   |   |
| Cost of Sales and Services Salaries and Benefits Operating Claims Interest Depreciation Miscellaneous                 | 1,282,000<br>-<br>-<br>-<br>-<br>-                | 1,300,000<br>-<br>-<br>-<br>-<br>- | 2,258,558<br>4,800,201<br>-<br>1,669,683      | 1,087,718<br>17,838,533<br>-<br>-<br>2,753 | 26,000<br>-<br>23,000<br>- | -<br>-<br>-<br>611,219,222<br>-<br>-<br>- | 189,626,228<br>26,771,607<br>422,096,607<br>613,319,462<br>23,000<br>8,552,359<br>194,988 |
| Total Operating Expenses  | 1,282,000   | 1,300,000                          | 8,728,442                                     | 18,929,004                                 | 49,000                     | 611,219,222                               | 1,260,584,251   |
| Operating Income (Loss)   | 2,674,000   | (1,287,000)                        | (2,073,253)                                   | 5,576,928                                  | 14,000                     | 33,642,669                                | 56,646,673  |
| NONOPERATING REVENUES (EXPENSES)  |   |                                    |   |  |                            |   |   |
| Grants and Contracts<br>Interest and Investment Income<br>Interest Expense<br>Gain on Sale of Capital Assets<br>Other | 115,000<br>-<br>-<br>-                            | 2,000<br>-<br>-<br>-               | 751,973<br>20,123<br>(53,600)<br>-<br>(5,680) | -<br>10,770<br>-<br>-<br>-                 | -<br>7,000<br>-<br>-<br>-  | 4,965,346<br>-<br>-<br>-                  | 751,973<br>7,371,839<br>(1,948,816)<br>2,057<br>246,541                                   |
| Total Nonoperating Revenues (Expenses)  | 115,000   | 2,000                              | 712,816                                       | 10,770                                     | 7,000                      | 4,965,346                                 | 6,423,594   |
| Income (Loss) Before Contributions and Transfers  | 2,789,000   | (1,285,000)                        | (1,360,437)                                   | 5,587,698                                  | 21,000                     | 38,608,015                                | 63,070,267  |
| Transfers In<br>Transfer Out  | 75,000,000<br>(2,700,000)                         | 20,000,000                         | 271,417<br>-                                  | -<br>(5,220,000)                           | 85,000<br>(96,000)         | -   | 163,494,417<br>(15,627,851)   |
| Change in Net Position  | 75,089,000  | 18,715,000                         | (1,089,020)                                   | 367,698                                    | 10,000                     | 38,608,015                                | 210,936,833   |
| Total Net Position - Beginning of Year  | 230,376,000                                       | -                                  | 29,489,956                                    | 1,308,007                                  | 1,189,000                  | 224,309,763                               | 880,148,928   |
| Total Net Position - End of Year  | \$ 305,465,000                                    | \$ 18,715,000 \$                   | 28,400,936 \$                                 | 1,675,705 \$                               | 1,199,000                  | \$ 262,917,778 \$                         | 1,091,085,761   |



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# Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Fiscal Year Ended June 30, 2020

|   |    | Addiction<br>Counselor<br>Internship<br>Loan Program | Beginning<br>Farmer<br>Revolving<br>Loan | Bonding              | Community<br>Water<br>Facility<br>Loan | Edutech      | Fire<br>and<br>Tornado |
|---|----|--|--|----------------------|--|--------------|------------------------|
| Cash Flows from Operating Activities:                                       |    |  |  |                      |  |              |                        |
| Receipts from Customers and Users   | \$ | -  | \$ -                                     | \$ (10,891) \$       | - \$                                   | 325,047 \$   | 1,644,249              |
| Receipts from Tuition and Fees  |    | -  | -  | -                    | -                                      | -            | -                      |
| Interest Income on Loans Receipts from Loan Principal Repayments            |    | -  | -  | -                    | -                                      | -            | -                      |
| Receipts from Federal and Local Agencies                                    |    | -  | -  | -                    | -                                      | -            | -                      |
| Receipts from Other Funds   |    | -  | -  | -                    | -                                      | -            | 5,269                  |
| Receipts from Others Payments to Other Funds                                |    | -  | -  | -<br>(17)            | -                                      | -            | -                      |
| Payments to Other Funds Payments for Loan Funds                             |    | -  | -  | - (17)               | -                                      | -            | -                      |
| Payments to Suppliers   |    | -  | (2,721,000)                              | (4,328)              | (111,000)                              | (114,576)    | (618,463)              |
| Payments to Employees   |    | -  | -  | (20,477)             | -                                      | (178,129)    | (84,193)               |
| Claim Payments Payments to Others   |    | (5,800)  | (6,000)                                  | (10,141)             |  | -            | (1,931,419)            |
| Other   |    | -  | -  | -                    | -                                      | -            | -                      |
| Net Cash Provided by (Used for) Operating Activities                        | _  | (5,800)  | (2,727,000)                              | (45,854)             | (111,000)                              | 32,342       | (984,557)              |
| 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                 |    | -  | 5.000.000                                | -                    | -                                      | -            | -                      |
| Transfers Out   |    | -  | (1,570,000)                              | -                    | -                                      | -            | -                      |
| Principal Payments on Due To Other Funds                                    |    | -  | -  | -                    | -                                      | -            | -                      |
| Grants Received   |    | -  | -  | -                    | -                                      | -            | -                      |
| Net Cash Provided by (Used for) Noncapital Financing Activities             | _  | -  | 3,430,000                                | -                    | -                                      | -            | -                      |
| Cash Flows from Capital and Related Financing Activities:                   |    |  |  |                      |  |              |                        |
| Acquisition and Construction of Capital Assets                              |    | -  | -  | -                    | -                                      | -            | -                      |
| Principal Payments - Bonds  |    | -  | -  | -                    | -                                      | -            | -                      |
| Interest Payments - Bonds Payment of Bond Issue Costs                       |    | -  | -  | -                    | -                                      | -            |                        |
| •   |    |  |  |                      |  |              |                        |
| Net Cash Provided by (Used for) Capital and Related Financing Activities    |    | -  | -  | -                    | -                                      | -            |                        |
| Cash Flows from Investing Activities:                                       |    |  |  |                      |  |              |                        |
| Proceeds from Sale and Maturities of Investment Securities                  |    | -  | -  | -                    | -                                      | -            | -                      |
| Purchase of Investment Securities Interest and Dividends on Investments     |    | 180  | 13,000                                   | (169,200)<br>264,156 | 34,000                                 | -            | (256,886)<br>1,175,992 |
| Disbursements for Loans and Loan Purchases                                  |    | (15,000)   | -  | -                    | -                                      | -            | -                      |
| Receipt of Loan Principal Repayments  |    | -  | -  | -                    | 1,228,000                              | -            | -                      |
| Proceeds from Collection of Loans and Notes Receivable Loan Income Received |    | 19,940<br>4,373                                      | -  | -                    | 623,000                                | -            |                        |
|   |    |  |  |                      |  |              |                        |
| Net Cash Provided by (Used for) Investing Activities                        | _  | 9,493  | 13,000                                   | 94,956               | 1,885,000                              | -            | 919,106                |
| Net Change in Cash:   |    |  |  |                      |  |              |                        |
| Net Increase (Decrease) in Cash and Cash Equivalents                        |    | 3,693  | 716,000                                  | 49,102               | 1,774,000                              | 32,342       | (65,451)               |
| Cash and Cash Equivalents at June 30, 2019                                  |    | 79,910   | 5,548,000                                | 1,757,482            | 14,005,000                             | 1,038,844    | 2,514,241              |
| Cash and Cash Equivalents at June 30, 2020                                  | \$ | 83,603   | \$ 6,264,000                             | \$ 1,806,584 \$      | 15,779,000 \$                          | 1,071,186 \$ | 2,448,790              |
| Reconciliation:   |    |  |  |                      |  |              |                        |
| Current: Cash Deposits at the Bank of North Dakota                          |    | 83,603   | 6,264,000                                | 107,271              | 15,779,000                             | 1,071,186    | 175,960                |
| Cash and Cash Equivalents   |    | -  | -  | 1,699,313            | -                                      | -            | 2,272,830              |
| Restricted Cash Deposits at the Bank of North Dakota                        |    | -  | -  | -                    | -                                      | -            | -                      |
| Restricted Cash and Cash Equivalents  |    | -  | -  | -                    | -                                      | -            | -                      |
| Noncurrent:   |    |  |  |                      |  |              |                        |
| Cash and Cash Equivalents   | \$ | 83,603   | \$ 6,264,000                             | \$ 1,806,584 \$      | 15,779,000 \$                          | 1,071,186 \$ | 2,448,790              |

| _  | Guaranteed<br>Student<br>Loan | HIT Planning<br>Loan Fund | Infrastructure<br>Revolving<br>Loan Fund | Interoperable<br>Radio | Innovation<br>Technology<br>Loan Fund | Medical<br>Facility<br>Infrastructure<br>Loan Fund | Mill<br>and<br>Elevator | PERS<br>Uniform<br>Group<br>Insurance | Rebuilders<br>Loan<br>Program | Roughrider<br>Industries |
|----|-------------------------------|---------------------------|--|------------------------|---------------------------------------|--|-------------------------|---------------------------------------|-------------------------------|--------------------------|
| \$ | 9,929,675 \$                  | <b>.</b> - :              | \$ -                                     | \$ 5,942,236 \$        | - 5                                   | - \$   | 292,490,482 \$          | 363,409,819 \$                        | - \$                          | 8,076,918                |
|    | -                             | -                         | -  |                        | -                                     | -  | -                       | -                                     | -                             | -                        |
|    | -<br>586,834                  | 56,687<br>1,294,122       | -  | -                      | -                                     | -  | -                       | -                                     | -                             | -                        |
|    | -                             | -                         | -  | -                      | -                                     | -  | -                       | -                                     | -                             | -                        |
|    | -                             | -                         | -  | -                      | -                                     | -  | -                       | -                                     | -                             | 3,199                    |
|    | -                             | -                         | -  | -                      | -                                     | -  | -                       | -                                     | (400,040)                     | (70.450)                 |
|    | (8,453,833)                   | -                         | -  | -                      | -                                     | -  | -                       | -                                     | (128,816)                     | (79,152)                 |
|    | (416,181)                     | (22,661)                  | -  | (3,548,947)            | -                                     | -  | (263,146,535)           | (368,434,855)                         | -                             | (5,032,243)              |
|    | -                             | -                         | -  | (82,061)               | -                                     | -  | (18,129,739)            | (929,945)                             | -                             | (2,204,759)              |
|    | -                             | -                         | -<br>(447,000)                           | -                      | (24,000)                              | -  | -                       | -                                     | -<br>(126,916)                | -                        |
|    | -                             | -                         | (447,000)                                | -                      | (24,000)                              | (231,000)  | -                       | 7,022,619                             | (120,910)                     | -                        |
| _  | 4 040 405                     | 4 000 440                 | (447.000)                                | 0.044.000              | (04.000)                              |  | 44.044.000              |                                       | (055.700)                     | 700 000                  |
| _  | 1,646,495                     | 1,328,148                 | (447,000)                                | 2,311,228              | (24,000)                              | (231,000)  | 11,214,208              | 1,067,638                             | (255,732)                     | 763,963                  |
|    | -                             | -                         | -  | -                      | -                                     | -  | 21,000,000              | -                                     | -                             | -                        |
|    | -                             | -                         | -  | -                      | -                                     | -  | (17,693,289)            | -                                     | -                             | -                        |
|    | -                             | -                         | -  | -                      | -                                     | -  | -<br>(4.752.021)        | -                                     | -                             | -                        |
|    | -                             | -                         | 33,138,000                               | 20,000,000             | 10,000,000                            | -  | (1,752,921)<br>-        | -                                     | -                             | -                        |
|    | -                             | -                         | -  | -                      | -                                     | -  | (8,146,516)             | (112,500)                             | -                             | -                        |
|    | -                             | -                         | -  | -                      | -                                     | -  |                         | -                                     | (2,988,408)                   | -                        |
|    | -                             | -                         | -  | -                      | -                                     | -  | -                       | -                                     | -                             | -                        |
| _  | -                             | -                         | 33,138,000                               | 20,000,000             | 10,000,000                            | -  | (6,592,726)             | (112,500)                             | (2,988,408)                   | -                        |
|    | _                             | _                         | _  | (4,206,314)            | _                                     | _  | (6,387,741)             | (54,863)                              | _                             | (100,868)                |
|    | -                             | -                         | -  | -                      | -                                     | -  | -                       | -                                     | -                             | -                        |
|    | -                             | -                         | -  | -                      | -                                     | -  | -                       | -                                     | -                             | -                        |
|    | -                             |                           | -  | -                      | -                                     | -  | -                       | -                                     | -                             | -                        |
| =  | -                             | -                         | -  | (4,206,314)            | -                                     | -  | (6,387,741)             | (54,863)                              | -                             | (100,868)                |
|    | _                             | _                         | -  | _                      | _                                     | -  | _                       | (231,645,900)                         | _                             | _                        |
|    | -                             | -                         | -  | -                      | -                                     | -  | -                       | 231,201,545                           | -                             | -                        |
|    | 98,561                        | -                         | 66,000                                   | 42,751                 | 1,000                                 | 13,000   | 11,496                  | 716,498                               | 2,321                         | -                        |
|    | -                             | -                         | (19,211,000)                             | -                      | (5,291,000)                           | (3,489,000)  | -                       | -                                     | (300,000)                     | -                        |
|    | -                             | -                         | 6,467,000                                | -                      | -                                     | 1,824,000  | -                       | -                                     | 2,887,172                     | -                        |
|    | -                             | -                         | 1,867,000                                | -                      | -                                     | 450,000  | -                       | -                                     | 246,244                       | -                        |
| _  | 98,561                        | -                         | (10,811,000)                             | 42,751                 | (5,290,000)                           | (1,202,000)  | 11,496                  | 272,143                               | 2,835,737                     | -                        |
|    |                               |                           |  |                        |                                       |  |                         |                                       |                               |                          |
|    | 1,745,056                     | 1,328,148                 | 21,880,000                               | 18,147,665             | 4,686,000                             | (1,433,000)  | (1,754,763)             | 1,172,418                             | (408,403)                     | 663,095                  |
|    | 42,256,341                    | 4,717,323                 | 5,573,000                                | 8,854,907              | -                                     | 5,343,000  | 1,754,988               | 6,469,633                             | 742,345                       | 10,581,507               |
| \$ | 44,001,397 \$                 | 6,045,471                 | \$ 27,453,000                            | \$ 27,002,572 \$       | 4,686,000                             | 3,910,000 \$                                       | 225 \$                  | 7,642,051 \$                          | 333,942 \$                    | 11,244,602               |
|    |                               |                           |  |                        |                                       |  |                         |                                       |                               |                          |
|    | 43,948,984                    | -                         | 27,453,000                               | 27,002,572             | 4,686,000                             | 3,910,000  | 225                     | 4,914,119<br>2,727,932                | 333,942                       | 11,244,102<br>500        |
|    | 52,413<br>-                   | 6,045,471<br>-            | -  | -                      | -                                     | -  | -                       | -                                     | -                             | -                        |
| _  |                               |                           |  |                        |                                       |  |                         |                                       |                               |                          |
| \$ | 44,001,397 \$                 | 6,045,471                 | \$ 27,453,000                            | \$ 27,002,572 \$       | 4,686,000                             | 3,910,000 \$                                       | 225 \$                  | 7,642,051 \$                          | 333,942 \$                    | 11,244,602               |

# Combining Statement of Cash Flows Nonmajor Enterprise Funds (Continued) For the Fiscal Year Ended June 30, 2020

| Recept from Cultors and Uners Recept from Cultors and Peregist from Cultors and Fee Sinceres Income Cultors Recept from Cultors and Peregist from Cultors and Fee Sinceres Income Cultors Recept from Cultors Protegol Registered Recept from Cultors Protegol Registered Recept from Cultors Protegol Registered Recept from Cultors From Cultors Recept from Cultors Recep |  | Co<br>A | School<br>nstruction<br>ssistance<br>Revolving<br>Loan | Small<br>Employer<br>Loan Fund | State<br>Fair | State<br>Lottery<br>Fund | Student<br>Loan | Unemployment<br>Compensation | Total               |
|--|--|---------|--|--------------------------------|---------------|--------------------------|-----------------|------------------------------|---------------------|
| Receipts from Tuttion and Fees   | Cash Flows from Operating Activities:                                    |         |  |                                |               |                          |                 | •                            |                     |
| Receipts from Loan Principal Repayments   1.880.596   1.80.506     | •  | \$      | - \$   | 5 - \$<br>-                    | 6,416,228 \$  | 17,696,628 \$            | 193,000 \$      | 14,173,344                   | \$ 720,286,735<br>- |
| Receipts from Federal and Load Agencies   1  |  |         | -  | -                              | -             | -                        | -               | -                            |                     |
| Progressite from Others   Progressite from Others   Progressite from Other Funds   Progressite for Louin Funds   C1003,000   C1,409,800   C1,809,800   C1,809,8   | · · · · · · · · · · · · · · · · · · ·                                    |         | -  | -                              | -             | -                        | -               | 194,195,564                  |                     |
| Payments to Clans Funds  |  |         | -  | -                              | -             | -                        | -               | -                            |                     |
| Payments to Suppliers   1,093,000   1,09   |  |         | -  | -                              | -             | -                        | -               | 388,108                      |                     |
| Peginesta s Employees   1,494,742   1974,772   1974,772   1289,1   |  |         | - (4.000.000)  | -                              | - (4.700.005) | - (44 000 047)           | - (04.000)      | -                            |                     |
| Payments of thers  |  |         | (1,093,000)  | -                              |               |                          | (31,000)        | (-,- , ,                     |                     |
| Control   Cont   | •  |         | -  | - (450,000)                    | -             | - (4.000)                | -               | , , ,                        |                     |
| Process from Noncapital Financing Activities   |  |         | -  | (152,000)                      | -             | (4,009)<br>-             | -               |                              |                     |
| Proceeds from Sale of Notes and Other Borrowings   | Net Cash Provided by (Used for) Operating Activities                     |         | (1,093,000)  | (152,000)                      | (331,059)     | 4,912,894                | 162,000         | (51,258,353)                 | (34,227,439)        |
| Principal Payments - Notes and Other Borrowings  | ·  |         |  |                                |               |                          |                 |                              |                     |
| Interest Payments - Blonds   | · · · · · · · · · · · · · · · · · · ·                                    |         | -  | -                              | -             | -                        | -               | -                            |                     |
| Transfers In   Transfers In   Transfers In   Transfers In   Transfers In   Transfers In   In   In   In   In   In   In   In   | Interest Payments - Bonds  |         | -  | -                              | -             | -                        | (25,000)        | -                            | (25,000)            |
| Parameter Sulf   |  |         | -<br>75.000.000  | 20.000.000                     | -<br>271.417  | -                        | -<br>71.000     | -                            |                     |
| Net Cash Provided by (Used for) Noncapital Financing Activities  |  |         | -  | -                              | -             | (9,720,000)              | ,               | -                            | (19,597,016)        |
| Cash Flows from Capital and Related Financing Activities:   Acquisition and Construction of Capital Assets   | • •  |         | -  | -                              | -<br>751,973  | -                        | -               | -                            |                     |
| Acquisition and Construction of Capital Assets   | Net Cash Provided by (Used for) Noncapital Financing Activities          |         | 72,300,000   | 20,000,000                     | 1,023,390     | (9,720,000)              | (2,000)         | -                            | 140,475,756         |
| Principal Payments - Bonds   | Cash Flows from Capital and Related Financing Activities:                |         |  |                                |               |                          |                 |                              |                     |
| Cash Provided by (Used for) Capital and Related Financing Activities   -     (53,600)   -     (79,40)   (79,40)     (79,40)     (79,40)     (79,40)     (79,40)     (79,40)     (79,40)     (79,40)     (79,40)     (79,40)     (79,40)   (79,40)     (79,40)   (79,40)     (79,40)   (79,40)     (79,40)   (79,   |  |         | -  | -                              | , ,           | (3,450)                  | -               | -                            |                     |
| Payment of Bond Issue Costs  Net Cash Provided by (Used for) Capital and Related Financing Activities  Cash Flows from Investing Activities  Proceeds from Sale and Maturities of Investment Securities  Purchase of Investment Securities  Purchase of Investment Securities  Proceeds from Sale and Maturities of Investment Securities  Proceeds from Sale and Maturities of Investment Securities  Proceeds from Sale and Maturities of Investment Securities  Proceeds from Collections on Investments  Proceeds from Collection on Investments  Proceeds from Collection on Collection on Loans and Loan Purchases  Proceeds from Collection of Loans and Notes Receivable  Loan Income Received  Proceeds from Collection of Loans and Notes Receivable  Proceeds f |  |         | -  | -                              |               | -                        | -               | -                            |                     |
| Proceeds from Sale and Maturities of Investment Securities   |  |         | -  | -                              | ,             | -                        | -               |                              |                     |
| Proceeds from Sale and Maturities of Investment Securities Purchase of Investment Securities 115,000 2,000 2,012 7,960 7,000 5,141,172 7,732,210 1,100,1000 1,100,1000 1,100,1000 1,100,100  | Net Cash Provided by (Used for) Capital and Related Financing Activities |         | -  | -                              | (840,231)     | (3,450)                  | -               | -                            | (11,593,467)        |
| Purchase of Investment Securities Interest and Dividends on Investments Interest and Dividends Interest Inter | Cash Flows from Investing Activities:                                    |         |  |                                |               |                          |                 |                              |                     |
| Net Cash Provided by (Used for) Investing Activities   115,000   14,255,000   14,255,000   1   |  |         | -  | -                              | -             | -                        |                 | -                            |                     |
| Disbursements for Loans and Loan Purchases   (56,649,000)   (14,258,000)   -   -   -   -   (99,213,000)   (14,250,000)   (14   |  |         | 115,000  | 2,000                          | 20,123        | -<br>7,960               |                 | -<br>5,141,172               |                     |
| Proceeds from Collection of Loans and Notes Receivable Loan Income Received 3,562,000 1,1,198,112 Loan Income Received 3,562,000 Net Cash Provided by (Used for) Investing Activities  (40,069,000) (14,255,000) 20,123 7,960 7,000 5,141,172 (60,268,502)  Net Change in Cash:  Net Increase (Decrease) in Cash and Cash Equivalents 31,138,000 5,593,000 (127,777) (4,802,596) 167,000 (46,117,181) 34,386,348  Cash and Cash Equivalents at June 30, 2019 34,467,000 - 5,754,186 10,260,375 225,000 197,255,350 359,198,432  Cash and Cash Equivalents at June 30, 2020 \$65,605,000 \$5,593,000 \$5,626,409 \$5,457,779 \$392,000 \$151,138,169 \$393,584,780  Reconciliation:  Current:  Cash Deposits at the Bank of North Dakota 65,605,000 5,593,000 5,626,409 5,263,456 - 362,231 229,424,060 Cash and Cash Equivalents (Cash Deposits at the Bank of North Dakota 194,323 - 150,775,938 157,670,836 Restricted Cash Deposits at the Bank of North Dakota 194,323 - 150,775,938 157,670,836 Restricted Cash Deposits at the Bank of North Dakota 194,323 - 150,775,938 157,670,836 Restricted Cash Deposits at the Bank of North Dakota 194,323 - 150,775,938 157,670,836 Restricted Cash Deposits at the Bank of North Dakota 194,323 - 150,775,938 157,670,836 Restricted Cash Deposits at the Bank of North Dakota 194,323 - 150,775,938 157,670,836 Restricted Cash Deposits at the Bank of North Dakota 194,323 - 150,775,938 157,670,836 Restricted Cash Deposits at the Bank of North Dakota 194,323 - 150,775,938 157,670,836 Restricted Cash Deposits at the Bank of North Dakota 194,323 - 150,775,938 157,670,836 Restricted Cash Deposits at the Bank of North Dakota 194,323 - 150,775,938 157,670,836 Restricted Cash Deposits at the Bank of North Dakota 194,323 - 150,775,938 157,670,836 Restricted Cash Deposits at the Bank of North Dakota 194,323 - 150,775,938 157,670,836 Restricted Cash Deposits at the Bank of North Dakota 194,323 - 150,775,938 157,670,836 Restricted Cash Deposits at the Bank of North Dakota   |  |         | (56,649,000)   | (14,258,000)                   | -             | -                        | -               |                              | (99,213,000)        |
| Net Cash Provided by (Used for) Investing Activities         (40,069,000)         (14,255,000)         20,123         7,960         7,000         5,141,172         (60,268,502)           Net Change in Cash:           Net Increase (Decrease) in Cash and Cash Equivalents         31,138,000         5,593,000         (127,777)         (4,802,596)         167,000         (46,117,181)         34,386,348           Cash and Cash Equivalents at June 30, 2019         34,467,000         -         5,754,186         10,260,375         225,000         197,255,350         359,198,432           Cash and Cash Equivalents at June 30, 2020         \$65,605,000         \$,593,000         \$5,626,409         \$5,457,779         \$392,000         \$151,138,169         \$393,584,780           Reconciliation:           Current:           Cash Deposits at the Bank of North Dakota         65,605,000         5,593,000         5,626,409         5,263,456         -         362,231         229,424,060           Cash and Cash Equivalents         -         -         194,323         -         150,775,938         157,767,0836           Restricted Cash Deposits at the Bank of North Dakota         -         -         -         194,323         -         -         -         6,097,884           Rest  |  |         | 12,903,000   | 1,000                          |               | -                        | -               | -                            |                     |
| Net Change in Cash:         Net Increase (Decrease) in Cash and Cash Equivalents       31,138,000       5,593,000       (127,777)       (4,802,596)       167,000       (46,117,181)       34,386,348         Cash and Cash Equivalents at June 30, 2019       34,467,000       -       5,754,186       10,260,375       225,000       197,255,350       359,198,432         Reconciliation:         Current:       Cash Deposits at the Bank of North Dakota       65,605,000       5,593,000       5,626,409       5,263,456       -       362,231       229,424,060         Cash and Cash Equivalents       -       -       -       194,323       -       150,775,938       157,670,836         Restricted Cash Deposits at the Bank of North Dakota       -       -       -       6,097,884         Restricted Cash and Cash Equivalents       -       -       -       6,097,884         Restricted Cash and Cash Equivalents       -       -       -       -       6,097,884         Restricted Cash and Cash Equivalents       -       -       -       -       6,097,884         Restricted Cash and Cash Equivalents       -       -       -       -       6,097,884         Restricted Cash and Cash Equivalents       -       -       -   | Loan Income Received   |         | 3,562,000  | -                              | -             | -                        | -               | -                            | 6,752,617           |
| Net Increase (Decrease) in Cash and Cash Equivalents 31,138,000 5,593,000 (127,777) (4,802,596) 167,000 (46,117,181) 34,386,348  Cash and Cash Equivalents at June 30, 2019 34,467,000 - 5,754,186 10,260,375 225,000 197,255,350 359,198,432  Cash and Cash Equivalents at June 30, 2020 \$ 65,605,000 \$ 5,593,000 \$ 5,626,409 \$ 5,457,779 \$ 392,000 \$ 151,138,169 \$ 393,584,780  Reconciliation:  Cash Deposits at the Bank of North Dakota 65,605,000 5,593,000 5,626,409 5,263,456 - 362,231 229,424,060  Cash and Cash Equivalents 5 194,323 - 150,775,938 157,670,836  Restricted Cash Deposits at the Bank of North Dakota 302,231 229,424,060  Restricted Cash and Cash Equivalents 392,000 - 392,000  Noncurrent:   | Net Cash Provided by (Used for) Investing Activities                     |         | (40,069,000)   | (14,255,000)                   | 20,123        | 7,960                    | 7,000           | 5,141,172                    | (60,268,502)        |
| Cash and Cash Equivalents at June 30, 2019  Cash and Cash Equivalents at June 30, 2020  \$ 34,467,000  | Net Change in Cash:  |         |  |                                |               |                          |                 |                              |                     |
| Cash and Cash Equivalents at June 30, 2020       65,605,000       5,593,000       5,626,409       5,457,779       392,000       151,138,169       393,584,780         Reconciliation:         Current:       Current:       5,593,000       5,593,000       5,626,409       5,263,456       -       362,231       229,424,060         Cash Deposits at the Bank of North Dakota       65,605,000       5,593,000       5,626,409       5,263,456       -       362,231       229,424,060         Cash and Cash Equivalents       -       -       -       194,323       -       150,775,938       157,670,836         Restricted Cash Deposits at the Bank of North Dakota       -       -       -       -       6,097,884         Restricted Cash and Cash Equivalents       -       -       -       392,000       -       392,000         Noncurrent:       -       -       -       -       392,000       -       392,000   | Net Increase (Decrease) in Cash and Cash Equivalents                     |         | 31,138,000   | 5,593,000                      | (127,777)     | (4,802,596)              | 167,000         | (46,117,181)                 | 34,386,348          |
| Reconciliation:           Current:         Current:         Cash Deposits at the Bank of North Dakota         65,605,000         5,593,000         5,626,409         5,263,456         -         362,231         229,424,060           Cash and Cash Equivalents         -         -         -         194,323         -         150,775,938         157,670,836           Restricted Cash Deposits at the Bank of North Dakota         -         -         -         -         -         6,097,884           Restricted Cash and Cash Equivalents         -         -         -         392,000         -         392,000           Noncurrent:         -         -         -         -         392,000         -         392,000   | Cash and Cash Equivalents at June 30, 2019                               |         | 34,467,000   | -                              | 5,754,186     | 10,260,375               | 225,000         | 197,255,350                  | 359,198,432         |
| Current:         Cash Deposits at the Bank of North Dakota         65,605,000         5,593,000         5,626,409         5,263,456         -         362,231         229,424,060           Cash and Cash Equivalents         -         -         -         194,323         -         150,775,938         157,670,836           Restricted Cash Deposits at the Bank of North Dakota         -         -         -         -         -         6,097,884           Restricted Cash and Cash Equivalents         -         -         -         392,000         -         392,000           Noncurrent:         -         -         -         -         392,000         -         392,000  | Cash and Cash Equivalents at June 30, 2020                               | \$      | 65,605,000 \$  | 5,593,000 \$                   | 5,626,409 \$  | 5,457,779 \$             | 392,000 \$      | 151,138,169                  | \$ 393,584,780      |
| Cash Deposits at the Bank of North Dakota       65,605,000       5,593,000       5,626,409       5,263,456       -       362,231       229,424,060         Cash and Cash Equivalents       -       -       -       194,323       -       150,775,938       157,670,836         Restricted Cash Deposits at the Bank of North Dakota       -       -       -       -       -       6,097,884         Restricted Cash and Cash Equivalents       -       -       -       392,000       -       392,000         Noncurrent:       -       -       -       -       -       392,000       -       392,000   |  |         |  |                                |               |                          |                 |                              |                     |
| Restricted Cash Deposits at the Bank of North Dakota 6,097,884 Restricted Cash and Cash Equivalents 392,000 - 392,000 Noncurrent:  |  |         | 65,605,000   | 5,593,000                      | 5,626,409     | 5,263,456                | -               | 362,231                      | 229,424,060         |
| Restricted Cash and Cash Equivalents 392,000 - 392,000  Noncurrent:  |  |         | -  | -                              | -             | 194,323                  | -               | 150,775,938                  |                     |
|  | Restricted Cash and Cash Equivalents                                     |         | -  | -                              | -             | -                        | 392,000         | -                            |                     |
|  | Cash and Cash Equivalents  | \$      | 65,605,000 \$  | 5,593,000 \$                   | 5,626,409 \$  | 5,457,779 \$             | 392,000 \$      | 151,138,169                  | \$ 393,584,780      |

# Combining Statement of Cash Flows Nonmajor Enterprise Funds (Continued) For the Fiscal Year Ended June 30, 2020

|   | Addic<br>Couns<br>Intern<br>Loan Pr | selor<br>ship | Beginning<br>Farmer<br>Revolving<br>Loan | Bonding     | Community<br>Water<br>Facility<br>Loan | Edutech      | Fire<br>and<br>Tornado |
|---|-------------------------------------|---------------|--|-------------|--|--------------|------------------------|
| Reconciliation of Operating Income (Loss) to Net Cash                           |                                     |               |  |             |  |              |                        |
| Provided (Used for) Operating Activities:                                       | •                                   | (000) 0       | (0.007.000) 6                            | (0.007) A   | 544.000.0                              | (0.1.0.10) 0 | (4.475.070)            |
| Operating Income (Loss)   | \$                                  | (866) \$      | (2,387,000) \$                           | (3,287) \$  | 511,000 \$                             | (81,943) \$  | (1,175,976)            |
| Adjustments to Reconcile Operating  |                                     |               |  |             |  |              |                        |
| Income to Net Cash Provided by Operating Activities:                            |                                     |               |  |             |  | 00.400       |                        |
| Depreciation  |                                     | -             | -  | -           | - (620,000)                            | 33,428       | -                      |
| Reclassification of Interest Revenue\Expense Interest Received on Program Loans |                                     | -             | -  | -           | (620,000)                              | -            | -                      |
| Receipt of Loan Principal Repayments  |                                     | -             | -  | -           | -                                      | -            | -                      |
| Provision for Losses  |                                     | -             | -  | -           | -                                      | -            | -                      |
| Other   |                                     | -             | -  | -           | -                                      | -            | -                      |
| Deferred Outflows   |                                     | -             | -  | -<br>11.925 | -                                      | -            | -                      |
| Deferred Inflows  |                                     | -             | -  | (1,567)     | -                                      | -            | -                      |
| Change in Assets and Liabilities:   |                                     | -             | -  | (1,507)     | -                                      | -            | -                      |
| (Increase) Decrease in Accounts Receivable                                      |                                     |               |  | (12.081)    |  | 50.290       | 11.557                 |
| (Increase) Decrease in Interest Receivable                                      |                                     | (4,934)       | -  | (12,001)    | -                                      | 50,290       | 11,557                 |
| (Increase) Decrease in Due From   |                                     | (4,554)       |  |             |  | 12.000       |                        |
| (Increase) Decrease in Intergovernmental Receivable                             |                                     |               |  |             |  | 12,000       |                        |
| (Increase) Decrease in Notes Receivable   |                                     |               | -  | _           | -                                      | -            | -                      |
| (Increase) Decrease in Prepaid Items  |                                     |               | (340,000)                                | _           |  | _            | (37,120)               |
| (Increase) Decrease in Inventories  |                                     |               | (340,000)                                |             |  |              | (37,120)               |
| (Increase) Decrease in Other Assets   |                                     | _             |  |             |  |              |                        |
| Increase (Decrease) in Accounts Payable   |                                     | _             | _  | 149         | _                                      | 816          | (57,426)               |
| Increase (Decrease) in Claims\Judgments Payable                                 |                                     | _             | _  | (10,141)    | _                                      | -            | 353,332                |
| Increase (Decrease) in Intergovernmental Payable                                |                                     | _             |  | (10,111)    |  |              | 5.269                  |
| Increase (Decrease) in Accrued Payroll  |                                     | _             | _  | (4,643)     | _                                      | 14.858       | (61,887)               |
| Increase (Decrease) in Compensated Absences Payable                             |                                     | _             | -  | (359)       | _                                      | -            | (22,306)               |
| Increase (Decrease) in Amounts Held for Others                                  |                                     | _             | _  | -           | _                                      | _            | (22,000)               |
| Increase (Decrease) in Due To   |                                     | _             | -  | (17)        | (2,000)                                | 2.893        | -                      |
| Increase (Decrease) in Net Pension Liability                                    |                                     | -             | _  | (25,521)    | -                                      | -,           | _                      |
| Increase (Decrease) in Net OPEB Liability                                       |                                     | _             | -  | (312)       | _                                      | -            | -                      |
| Increase (Decrease) in Other Liabilities  |                                     | -             | -  | -           | -                                      | -            | -                      |
| Total Adjustments   |                                     | (4,934)       | (340,000)                                | (42,567)    | (622,000)                              | 114,285      | 191,419                |
| Net Cash Provided by (Used for) Operating Activities                            | \$                                  | (5,800) \$    | (2,727,000) \$                           | (45,854) \$ | (111,000) \$                           | 32,342 \$    | (984,557)              |
| Noncash Transactions:   |                                     |               |  |             |  |              |                        |
| Net Change in Fair Value of Investments   | \$                                  | - \$          | - \$                                     | (64,316) \$ | - \$                                   | - \$         | 123,080                |
| Reduction in pension and OPEB liability   | Ψ                                   | - p           | - J                                      | (U4,J1U) \$ | - <b>v</b>                             | - φ          | (370,957)              |
| Reinstatement of Debt Expense   |                                     | -             | _  | -           | -                                      | -            | (310,331)              |
| Value Received on Trade of Capital Asset  |                                     | -             | _  | -           | -                                      | -            | -                      |
| value necessed on trade or Capital Asset  |                                     | -             | -  | -           | -                                      | -            | -                      |
| Total Noncash Transactions  | \$                                  | - \$          | - \$                                     | (64,316) \$ | - \$                                   | - \$         | (247,877)              |

# Combining Statement of Cash Flows Nonmajor Enterprise Funds (Continued) For the Fiscal Year Ended June 30, 2020

|   | G  | uaranteed<br>Student<br>Loan | HIT Planning<br>Loan Fund | Infrastructure<br>Revolving<br>Loan Fund | Interoperable<br>Radio | Infrastructure<br>Revolving<br>Loan Fund | Medical<br>Facility<br>Infrastructure<br>Loan Fund |
|---|----|------------------------------|---------------------------|--|------------------------|--|--|
| Reconciliation of Operating Income (Loss) to Net Cash |    |                              |                           |  |                        |  |  |
| Provided (Used for) Operating Activities:             |    |                              |                           |  |                        |  |  |
| Operating Income (Loss)                               | \$ | 203,150 \$                   | 34,719                    | 1,229,000                                | \$ 279,688 \$          | (295,000) \$                             | 65,000   |
| Adjustments to Reconcile Operating                    |    |                              |                           |  |                        |  |  |
| Income to Net Cash Provided by Operating Activities:  |    |                              |                           |  |                        |  |  |
| Depreciation  |    | -                            | -                         | -  | 537,225                | -  | -  |
| Reclassification of Interest Revenue\Expense          |    | -                            | -                         | -  | -                      | -  | (454,000)  |
| Interest Received on Program Loans                    |    | -                            | -                         | (1,857,000)                              | -                      | -  | -  |
| Receipt of Loan Principal Repayments                  |    | -                            | -                         | -  | -                      | -  | -  |
| Provision for Losses                                  |    | 1,308,001                    | -                         | 160,000                                  | -                      | 265,000                                  | 156,000  |
| Other   |    | -                            | -                         | -  | -                      | -  | -  |
| Deferred Outflows                                     |    | -                            | -                         | -  | -                      | -  | -  |
| Deferred Inflows                                      |    | -                            | -                         | -  | -                      | -  | -  |
| Change in Assets and Liabilities:                     |    |                              |                           |  |                        |  |  |
| (Increase) Decrease in Accounts Receivable            |    | 157,123                      | -                         | -  | 29,782                 | -  | -  |
| (Increase) Decrease in Interest Receivable            |    | -                            | 879                       | -  |                        | -  | -  |
| (Increase) Decrease in Due From                       |    | -                            | -                         | 21,000                                   | (5,187)                | -  | 2,000  |
| (Increase) Decrease in Intergovernmental Receivable   |    | -                            | -                         | -  | -                      | -  | -  |
| (Increase) Decrease in Notes Receivable               |    | -                            | 1,294,122                 | -  | -                      | -  | -  |
| (Increase) Decrease in Prepaid Items                  |    | -                            | -                         | -  | -                      | -  | -  |
| (Increase) Decrease in Inventories                    |    | -                            | -                         | -  | -                      | -  | -  |
| (Increase) Decrease in Other Assets                   |    | -                            | -                         | -  | -                      | -  | -  |
| Increase (Decrease) in Accounts Payable               |    | -                            | (1,572)                   | -  | 1,304,422              | -  | -  |
| Increase (Decrease) in Claims\Judgments Payable       |    | -                            | -                         | -  | -                      | -  | -  |
| Increase (Decrease) in Intergovernmental Payable      |    | -                            | -                         | -  | 166,500                | -  | -  |
| Increase (Decrease) in Accrued Payroll                |    | -                            | -                         | -  | 10,331                 | -  | -  |
| Increase (Decrease) in Compensated Absences Payable   |    | -                            | -                         | -  | -                      | -  | -  |
| Increase (Decrease) in Amounts Held for Others        |    | -                            | -                         | -  | -                      | -  | -  |
| Increase (Decrease) in Due To                         |    | 57,403                       | -                         | -  | (11,533)               | 6,000                                    | -  |
| Increase (Decrease) in Net Pension Liability          |    | -                            | -                         | -  | -                      | -  | -  |
| Increase (Decrease) in Net OPEB Liability             |    | -                            | -                         | -  | -                      | -  | -  |
| Increase (Decrease) in Other Liabilities              |    | (79,182)                     | -                         | -  | -                      | -  | -  |
| Total Adjustments                                     |    | 1,443,345                    | 1,293,429                 | (1,676,000)                              | 2,031,540              | 271,000                                  | (296,000)  |
| Net Cash Provided by (Used for) Operating Activities  | \$ | 1,646,495 \$                 | 1,328,148                 | \$ (447,000)                             | \$ 2,311,228           | (24,000) \$                              | (231,000)  |
| Noncash Transactions:                                 |    |                              |                           |  |                        |  |  |
| Net Change in Fair Value of Investments               | \$ | - \$                         |                           | \$ -                                     | \$ - 9                 | - \$                                     | _  |
| Reduction in pension and OPEB liability               | Ψ  | - Ψ                          |                           | -  | - '                    | - Ψ                                      | _  |
| Reinstatement of Debt Expense                         |    |                              | _                         |  | _                      |  |  |
| Value Received on Trade of Capital Asset              |    | -                            | -                         | -  | -                      | -  | -  |
| Talas 1.000.700 off Trado of Oupital 7.0000           |    |                              |                           |  |                        |  |  |
| Total Noncash Transactions                            | \$ | - \$                         | - :                       | \$ -                                     | \$ - \$                | - \$                                     | =  |

|    | Mill<br>and<br>Elevator | PERS<br>Uniform<br>Group<br>Insurance |                   |                       | School<br>Construction<br>Assistance<br>Revolving<br>Loan | Infrastructure<br>Revolving<br>Loan Fund | State<br>Fair      | State<br>Lottery<br>Fund | Student<br>Loan | Unemployment<br>Compensation | Total                        |
|----|-------------------------|---------------------------------------|-------------------|-----------------------|---|--|--------------------|--------------------------|-----------------|------------------------------|------------------------------|
| \$ | 13,076,461 \$           | 6,210,236 \$                          | 118,844 \$        | 315,303 \$            | 2,674,000 \$  | (1,287,000) \$                           | (2,073,253) \$     | 5,576,928 \$             | 14,000 \$       | 33,642,669 \$                | 56,646,673                   |
|    | 5,764,291<br>-          | 297,190<br>-                          | -<br>(250,713)    | 247,789<br>-          | (3,956,000)   | -<br>(13,000)                            | 1,669,683          | 2,753                    | -<br>67,000     | -<br>-                       | 8,552,359<br>(5,226,713)     |
|    | -                       | -                                     | -                 | -                     | -   | -  | -                  | -                        | 138,000         | -                            | (1,857,000)<br>138,000       |
|    | -<br>83,576             | -                                     | (131,334)         | -                     | 140,000   | 1,141,000                                | -                  | -                        | -               | -                            | 3,038,667<br>83,576          |
|    | (895,285)               | -                                     | -                 | 188,654<br>586,980    | -   | -  | 181,281<br>574,270 | 98,859<br>318,356        | -               | -                            | (414,566)<br>1,478,039       |
|    | (7,234,740)             | (6,978,246)                           | -                 | 159,323               | -   | -  | (238,961)          | (396,846)                | -               | (5,045,215)                  | (19,498,014)<br>(4,055)      |
|    | -                       | -                                     | -                 | -                     | -   | -  | -                  | -                        | -               | (82,443,049)<br>(10,314,415) | (82,413,236)<br>(10,314,415) |
|    | -<br>28,630             | -                                     | -                 | -<br>11,681           | -   | -  | -<br>(1,542)       | -<br>(2,633)             | -               | -                            | 1,294,122<br>(340,984)       |
|    | (2,046,724)<br>(30,355) | -<br>(52,724)                         | -                 | (116,958)<br>2,935    | -   | -  | -                  | -<br>150                 | -               | -                            | (2,163,682)<br>(79,994)      |
|    | (164,516)<br>-          | 55,124<br>-                           | 7,471<br>-        | 18,934<br>-           | -   | -  | 1,938<br>-         | (592,032)                | -               | 7,345,730<br>-               | 7,919,038<br>343,191         |
|    | 529,060                 | (859)<br>(5,714)                      | -                 | 28,375                | -   | -  |                    | 7,590                    | -               | 3,461,430<br>-               | 3,632,340<br>517,970         |
|    | 68,015<br>-             | 13,214<br>1,529,417                   | -                 | -                     | -   | -  | (2,998)            | 9,345                    | -               |                              | 64,911<br>1,529,417          |
|    | 2,027,123               | -                                     | -                 | (16,504)<br>(665,388) | 49,000  | 7,000<br>-                               | (442,351)          | 42,543<br>(326,117)      | (54,000)<br>-   | 2,094,497                    | 2,175,282<br>567,746         |
|    | 8,672                   | -                                     | -                 | 476<br>2,363          | -   | -  | 874<br>-           | 206<br>173,792           | (3,000)         | -                            | 1,244<br>102,645             |
|    | (1,862,253)             | (5,142,598)                           | (374,576)         | 448,660               | (3,767,000)   | 1,135,000                                | 1,742,194          | (664,034)                | 148,000         | (84,901,022)                 | (90,874,112)                 |
| \$ | 11,214,208 \$           | 1,067,638 \$                          | (255,732) \$      | 763,963 \$            | (1,093,000) \$  | (152,000) \$                             | (331,059) \$       | 4,912,894 \$             | 162,000 \$      | (51,258,353) \$              | (34,227,439)                 |
| \$ | - \$                    | - \$                                  | - \$              | - \$                  | - \$  | - \$                                     | - \$               | - \$                     | - \$            | · - \$                       | 58,764                       |
| Ψ  | -                       | -                                     | -<br>-<br>149,410 | -                     | -   | -<br>-                                   | -                  | -<br>-                   | -               | -<br>-                       | (370,957)<br>149,410         |
|    | -                       | -                                     | 149,410           | -                     | -   | -  | -<br>17,405        | -                        | -               | -                            | 17,405                       |
| \$ | - \$                    | - \$                                  | 149,410 \$        | - \$                  | - \$  | - \$                                     | 17,405 \$          | - \$                     | - \$            | - \$                         | (145,378)                    |

# Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the State and to other government units, on a cost reimbursement basis.

### 790 (927) - Central Services

Accounts for the revenues and expenditures associated with central printing and office supply services to state agencies and the Legislative Assembly; a surplus property program for the acquisition, distribution, and disposition of federal and state surplus property and procurement services for all state agencies not exempt by statute.

#### 700 (918) - Fleet Services

Accounts for costs of operating and maintaining State-owned vehicles. Costs are billed to user agencies and include depreciation on equipment.

#### 780 (929) - Information Technology Department

Accounts used for the procurement and maintenance of data processing equipment and supplies and telecommunications equipment and supplies to provide data processing and telecommunications services to state departments and agencies.

### 288\275 (912) - Risk Management Fund

Fund provides insurance coverage and loss prevention to all state agencies and the University System for tort liability and employee injury claims. Coverage is provided using an optional combination of self-insurance and private excess insurance.

# Combining Statement of Net Position Internal Service Funds June 30, 2020

|  |                     | <b>-</b> 1        | Information              | B                  |                       |
|--|---------------------|-------------------|--------------------------|--------------------|-----------------------|
|  | Central<br>Services | Fleet<br>Services | Technology<br>Department | Risk<br>Management | Total                 |
|  |                     |                   | 2000.0                   |                    |                       |
| ASSETS   |                     |                   |                          |                    |                       |
| Current Assets:  Cash Deposits at the Bank of ND         | \$ 1,099,378 \$     | 16,062,480        | \$ 15,834,316            | \$ 515,502         | \$ 33,511,676         |
| Cash and Cash Equivalents                                | 400                 | 10,002,400        | φ 15,054,510<br>-        | 379,745            | 380,145               |
| Investments at the Bank of ND                            | -                   | -                 | -                        | 252,100            | 252,100               |
| Investments  | -                   | -                 | -                        | 9,009,559          | 9,009,559             |
| Accounts Receivable - Net                                | 34,336              | 159,595           | 72,847                   | 6,081              | 272,859               |
| Interest Receivable - Net                                | -<br>16,176         | -<br>17,417       | 389,389                  | 53,345             | 53,345                |
| Intergovernmental Receivable - Net Due from Other Funds  | 211,753             | 2,373,522         | 9,347,791                | 7,730              | 422,982<br>11,940,796 |
| Prepaid Items  | 1,183               | 149,611           | 3,838,209                | 132,790            | 4,121,793             |
| Inventory  | 147,996             | -                 | -                        | -                  | 147,996               |
| Total Current Assets                                     | 1,511,222           | 18,762,625        | 29,482,552               | 10,356,852         | 60,113,251            |
| Noncurrent Assets:                                       |                     |                   |                          |                    |                       |
| Capital Assets:  |                     |                   |                          |                    |                       |
| Nondepreciable   | 25,222              | 154,838           | -                        | -                  | 180,060               |
| Depreciable, Net   | 297,753             | 89,185,125        | 3,131,647                | =                  | 92,614,525            |
| Total Noncurrent Assets                                  | 322,975             | 89,339,963        | 3,131,647                | -                  | 92,794,585            |
| Total Assets   | 1,834,197           | 108,102,588       | 32,614,199               | 10,356,852         | 152,907,836           |
| DEFERRED OUTFLOWS OF RESOURCES                           |                     |                   |                          |                    |                       |
| Derived from Pensions                                    | 350,511             | 950,385           | 10,397,456               | 246,611            | 11,944,963            |
| Derived from OPEB  | 13,500              | 37,058            | 489,324                  | 7,513              | 547,395               |
| Total Deferred Outflow of Resources                      | 364,011             | 987,443           | 10,886,780               | 254,124            | 12,492,358            |
|  |                     |                   |                          |                    |                       |
| LIABILITIES  |                     |                   |                          |                    |                       |
| Current Liabilities:                                     |                     |                   |                          |                    |                       |
| Accounts Payable   | 116,668             | 1,129,915         | 1,742,315                | 122,387            | 3,111,285             |
| Accrued Payroll  | 87,165              | 209,837           | 3,022,287                | 38,995             | 3,358,284             |
| Securities Lending Collateral                            | -                   | -                 | -                        | 17,338             | 17,338                |
| Interest Payable   | -                   | -                 | -                        | 5,730              | 5,730                 |
| Due to Other Funds                                       | 15,654              | 248,401           | 68,837                   | 10,994             | 343,886               |
| Claims/Judgments Payable<br>Compensated Absences Payable | -<br>5,011          | 6,227             | 264,364                  | 1,523,912<br>4,868 | 1,523,912<br>280,470  |
| Capital Leases Payable                                   | 21,455              | -                 | 204,304                  | 4,000              | 21,455                |
| Total Current Liabilities                                | 245,953             | 1,594,380         | 5,097,803                | 1,724,224          | 8,662,360             |
|  |                     |                   |                          |                    |                       |
| Noncurrent Liabilities:<br>Claims/Judgments Payable      | _                   | _                 | _                        | 7,161,179          | 7,161,179             |
| Compensated Absences Payable                             | 54,925              | 68,259            | 2,897,884                | 53,367             | 3,074,435             |
| Capital Leases Payable                                   | 58,251              | -                 | -,,                      | -                  | 58,251                |
| Net Pension Liability                                    | 730,526             | 2,144,546         | 22,041,571               | 383,678            | 25,300,321            |
| Net OPEB Liability                                       | 46,665              | 137,090           | 1,426,210                | 24,509             | 1,634,474             |
| Total Noncurrent Liabilities                             | 890,367             | 2,349,895         | 26,365,665               | 7,622,733          | 37,228,660            |
| Total Liabilities  | 1,136,320           | 3,944,275         | 31,463,468               | 9,346,957          | 45,891,020            |
| DEFERRED INFLOWS OF RESOURCES                            |                     |                   |                          |                    |                       |
| Derived from Pensions                                    | 420,894             | 1,302,407         | 12,173,355               | 159,500            | 14,056,156            |
| Derived from OPEB  | 5,413               | 14,725            | 118,124                  | 3,060              | 141,322               |
| Total Deferred Inflow of Resources                       | 426,307             | 1,317,132         | 12,291,479               | 162,560            | 14,197,478            |
| NET POSITION   |                     |                   |                          |                    |                       |
| Net Investment in Capital Assets                         | 243,269             | 89,339,962        | 3,131,647                | _                  | 92,714,878            |
| Unrestricted   | 392,312             | 14,488,662        | (3,385,615)              | 1,101,459          | 12,596,818            |
| Total Mat Desition                                       | 005 504             | 400 000 00:       | <u>'</u>                 |                    |                       |
| Total Net Position                                       | 635,581             | 103,828,624       | (253,968)                | 1,101,459          | 105,311,696           |

# Combining Statement of Revenues, Expenses and Changes in Fund Net Position Internal Service Funds For the Fiscal Year Ended June 30, 2020

|  | Central<br>Services |  | Fleet<br>Services |   | Information<br>Technology<br>Department |  | Risk<br>Management |                                      | Total  |
|--|---------------------|--|-------------------|---|---|--|--------------------|--------------------------------------|--|
| OPERATING REVENUES   |                     |  |                   |   |   |  |                    |                                      |  |
| Sales and Services<br>Miscellaneous  | \$ 2                | ,445,312<br>-                                  | \$                | 24,994,621<br>88,341                                | \$                                      | 75,909,845<br>-                            | \$                 | 4,011,371 \$                         | 107,361,149<br>88,341  |
| Total Operating Revenues   | 2                   | ,445,312                                       |                   | 25,082,962  |   | 75,909,845                                 |                    | 4,011,371                            | 107,449,490  |
| OPERATING EXPENSES   |                     |  |                   |   |   |  |                    |                                      |  |
| Cost of Sales and Services Salaries and Benefits Operating Claims Depreciation Miscellaneous | 1                   | ,037,366<br>988,973<br>480,089<br>-<br>130,337 |                   | 2,962,021<br>14,853,129<br>-<br>9,192,457<br>46,664 |   | 38,566,492<br>37,055,458<br>-<br>2,023,444 |                    | 361,553<br>642,113<br>4,649,014<br>- | 1,037,366<br>42,879,039<br>53,030,789<br>4,649,014<br>11,346,238<br>46,664 |
| Total Operating Expenses   | 2                   | ,636,765                                       |                   | 27,054,271  |   | 77,645,394                                 |                    | 5,652,680                            | 112,989,110  |
| Operating Loss   |                     | (191,453)                                      |                   | (1,971,309)   |   | (1,735,549)                                |                    | (1,641,309)                          | (5,539,620)  |
| NONOPERATING REVENUES (EXPENSES)   |                     |  |                   |   |   |  |                    |                                      |  |
| Interest and Investment Income<br>Interest Expense<br>Gain (Loss) on Sale of Capital Assets  |                     | -<br>(6,257)<br>(37,897)                       |                   | -<br>-<br>570,165                                   |   | -<br>-<br>-                                |                    | 545,515<br>(15,984)<br>-             | 545,515<br>(22,241)<br>532,268   |
| Total Nonoperating Revenues (Expenses)   |                     | (44,154)                                       |                   | 570,165   |   | -  |                    | 529,531                              | 1,055,542  |
| Loss Before Contributions and<br>Transfers   |                     | (235,607)                                      |                   | (1,401,144)   |   | (1,735,549)                                |                    | (1,111,778)                          | (4,484,078)  |
| Capital Grants and Contributions   |                     | 145,250  |                   | -   |   | -  |                    | -                                    | 145,250  |
| Changes in Net Position  |                     | (90,357)                                       |                   | (1,401,144)   |   | (1,735,549)                                |                    | (1,111,778)                          | (4,338,828)  |
| Total Net Position - Beginning of Year   |                     | 725,938  |                   | 105,229,768   |   | 1,481,581                                  |                    | 2,213,237                            | 109,650,524  |
| Total Net Position - End of Year   | \$                  | 635,581  | \$                | 103,828,624   | \$                                      | (253,968)                                  | \$                 | 1,101,459 \$                         | 105,311,696  |

# Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended June 30, 2020

|  |    | Central<br>Services   | Fleet<br>Services  | Information<br>Technology  | Risk<br>Management  | Total  |
|--|----|---|--|--|---|--|
| Cash Flows from Operating Activities:  |    |   |  |  |   |  |
| Receipts from Customers and Users Receipts from Other Funds Payments to Other Funds Payments to Suppliers Payments to Employees Claim Payments   | \$ | 914,704 \$ 1,551,045 - (1,679,974) (926,431) -                    | 177,708 \$ 24,855,822 28,378 (14,787,638) (2,418,424)    | 2,570,149 \$ 70,449,290 - (35,380,350) (35,142,008) -                | 29,368 \$ 3,982,003 (3,073,852) (723,819) (467,666) (999,810) | 3,691,929<br>100,838,160<br>(3,045,474)<br>(52,571,781)<br>(38,954,529)<br>(999,810) |
| Net Cash Provided by (Used for) Operating Activities   | _  | (140,656)   | 7,855,846  | 2,497,081  | (1,253,776)   | 8,958,495  |
| Cash Flows from Capital and Related Financing Activities:  |    |   |  |  |   |  |
| Acquisition and Construction of Capital Assets Proceeds from Sale of Capital Assets Capital Contributions Payment on Capital Leases Interest Payments - Capital Leases   |    | (170,499)<br>-<br>145,250<br>(17,147)<br>(6,257)                  | (11,693,648)<br>3,294,537<br>-<br>-<br>-                 | (724,555)<br>-<br>-<br>-<br>-<br>-                                   | -<br>-<br>-<br>-<br>-   | (12,588,702)<br>3,294,537<br>145,250<br>(17,147)<br>(6,257)                          |
| Net Cash Provided by (Used for) Capital and Related Financing Activities   | _  | (48,653)  | (8,399,111)  | (724,555)  | -   | (9,172,319)  |
| Cash Flows from Investing Activities:  Proceeds from Sale and Maturities of Investment Securities Interest and Dividends on Investments  |    | -<br>-  | -  | -<br>-   | 664,264<br>268,033  | 664,264<br>268,033   |
| Net Cash Provided by (Used for) Investing Activities   | =  | -   | -  | -  | 932,297   | 932,297  |
| Net Change in Cash:  |    |   |  |  |   |  |
| Net Increase (Decrease) in Cash and Cash Equivalents   |    | (189,309)   | (543,265)  | 1,772,526  | (321,479)   | 718,473  |
| Cash and Cash Equivalents at June 30, 2019   |    | 1,289,087   | 16,605,745   | 14,061,790   | 1,216,726   | 33,173,348   |
| Cash and Cash Equivalents at June 30, 2020   | \$ | 1,099,778 \$  | 16,062,480 \$  | 15,834,316 \$  | 895,247 \$  | 33,891,821   |
| Reconciliation: Cash Deposits at the Bank of North Dakota Cash and Cash Equivalents  | \$ | 1,099,378 \$<br>400   | 16,062,480 \$  | 15,834,316 \$<br>-   | 515,502 \$<br>379,745   | 33,511,676<br>380,145  |
| Cash and Cash Equivalents  | \$ | 1,099,778 \$  | 16,062,480 \$  | 15,834,316 \$  | 895,247 \$  | 33,891,821   |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: Operating Income (Loss) Adjustments to Reconcile Operating  | \$ | (191,453) \$  | (1,971,309) \$   | 6 (1,735,549) \$   | (1,641,309) \$  | (5,539,620)  |
| Income to Net Cash Provided by Operating Activities: Depreciation Deferred Outflows Deferred Inflows Change in Assets and Liabilities:   |    | 130,337<br>138,496<br>313,862                                     | 9,192,457<br>239,617<br>1,020,207                        | 2,023,444<br>2,758,727<br>9,611,921                                  | -<br>8,022<br>95,154  | 11,346,238<br>3,144,862<br>11,041,144  |
| (Increase) Decrease in Accounts Receivable (Increase) Decrease in Due From (Increase) Decrease in Intergovernmental Receivable (Increase) Decrease in Prepaid Items Increase in Inventories Increase (Decrease) in Accounts Payable Increase In Interest Payable |    | (28,843)<br>(104,280)<br>54,154<br>30,241<br>(25,345)<br>(75,088) | 36,669<br>(98,758)<br>12,657<br>(95,741)<br>-<br>286,909 | 66,595<br>(2,846,462)<br>(110,538)<br>118,138<br>-<br>-<br>1,475,956 | (5,463)<br>4,100<br>-<br>(81,990)<br>-<br>20,359              | 68,958<br>(3,045,400)<br>(43,727)<br>(29,352)<br>(25,345)<br>232,180<br>1,475,956    |
| Increase in Claims/Judgments Payable Increase in Accrued Payroll Increase in Compensated Absences Payable Increase (Decrease) in Due To Increase (Decrease) In Net OPEB Liability Decrease In Net Pension Liability  |    | 5,770<br>1,945<br>9,285<br>(2,734)<br>(397,003)                   | 23,879<br>7,641<br>(50,634)<br>9,838<br>(757,586)        | 754,451<br>906,048<br>81,014<br>(18,362)<br>(10,588,302)             | 559,453<br>684<br>3,971<br>(2,813)<br>(1,605)<br>(212,339)    | 559,453<br>784,784<br>919,605<br>36,852<br>(12,863)<br>(11,955,230)                  |
| Total Adjustments  | _  | 50,797  | 9,827,155  | 4,232,630  | 387,533   | 14,498,115   |
| Net Cash Provided by (Used for) Operating Activities   | \$ | (140,656) \$  | 7,855,846 \$   | 2,497,081 \$   | (1,253,776) \$  | 8,958,495  |
| Noncash Transactions: Net Change in Fair Value of Investments Decrease in Securities Lending Collateral  | \$ | - \$<br>-   | - \$   | - \$<br>-  | 266,729 \$<br>(16,541)  | 266,729<br>(16,541)  |
| Total Noncash Transactions   | \$ | - \$  | - \$   | - \$   | 250,188 \$  | 250,188  |

# Fiduciary Funds

Fiduciary funds account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental organizations.

# Pension and Other Employee-Related Benefit Trust Funds

### **DEFERRED COMPENSATION**

# 981 - Deferred Compensation Fund

Accounts for the activity of the deferred compensation plan adopted under the provisions of Internal Revenue Service Code, Section 457, for State employees.

#### PERS FLEXCOMP

#### 932 - Flex Program

Accounts for pre-tax premium conversions, a medical spending account and a dependent care spending account according to Section 125 of the Internal Revenue Code.

#### HIGHWAY PATROLMEN'S RETIREMENT

#### 982 - Highway Patrolmen's Retirement Fund

A single employer defined benefit pension plan covering officers of the State Highway Patrol.

#### JOB SERVICE RETIREMENT

# 920 - Job Service Retirement Fund

A single employer defined benefit pension plan for Job Service employees. Participation in this plan is limited to employees participating in the program as of September 30, 1980.

# PREFUNDED RETIREE HEALTH PROGRAM

#### 933 - Prefunded Retiree Health Program

Members receiving retirement benefits from NDPERS receive a credit toward their monthly eligible insurance premium.

#### PUBLIC EMPLOYEES' RETIREMENT

# 470 (983) - Public Employees Retirement System

Accounts for the financial resources associated with the Public Employees Retirement System.

#### **DEFINED CONTRIBUTION RETIREMENT**

# 930 - Defined Contribution Retirement Plan

Accounts for the financial resources of the Defined Contribution Retirement Plan. Participation in this plan is limited to state employees who are in positions not classified by the Central Personnel Division and who are not employees of the judicial branch or board of higher education.

#### **TEACHERS' RETIREMENT**

#### 964 - North Dakota Teachers' Fund For Retirement

Accounts for the financial resources of the Teachers' Retirement Fund.

# **Investment Trust Funds**

### 911 - ND Association of Counties RIO Investments

Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the North Dakota Association of Counties.

#### 913 - City of Bismarck RIO Investments

Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the City of Bismarck.

# 936 - City of Grand Forks RIO Investments

Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the City of Grand Forks.

# 950 - City of Fargo RIO Investments

Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the City of Fargo.

# **Private Purpose Trust Funds**

# STUDENT AND CULTURAL DONATIONS

# 928 - Indian Cultural Education Trust Fund

Trust accounts for donations provided for the purpose of generating income to benefit Indian Culture.

# 937 - Department of Public Instruction Thordarson Scholarship Trust Fund

Fund used to provide scholarship grants to students enrolled in courses offered by the independent study division.

#### 988 - School for the Deaf Scholarship Trust Fund

Account for funds donated to provide scholarships to deaf students.

# 989 - School for the Deaf Student Trust Funds

Accounts for funds donated to the School for the Deaf for the benefit of the students.

#### **COLLEGE SAVE**

# 940 - College SAVE

Program established by the State of North Dakota to encourage the investment of funds to be used for qualified higher education expenses at institutions of higher education.

#### MANDAN REMEDIATION TRUST

# 943 - Mandan Remediation Trust

Accounts for the funds obtained from a lawsuit settlement for the remediation efforts of the North Dakota Health Department and the City of Mandan.

# **Agency Funds**

# **BONDING**

# 402 - Sales and Use Tax Deposit Fund

Accounts for cash received in lieu of a surety bond for sales tax permit holders.

# 403 - Motor Fuel Cash Bond Deposit Fund

Accounts for cash received in lieu of a surety bond for motor vehicle fuel dealers.

#### 904 - Grain Bonds

Accounts for bonds and proceeds from the sale of grain for the benefit of noncredit-sale receipt holders of insolvent warehousemen.

#### 939 - Public Service Commission Trustee Account

Accounts for savings certificates posted in lieu of performance bonds for surface mining activities and grain elevator insolvency cases.

#### 942 - Agriculture Cash and Investment

Accounts for securities or bonds in lieu of a surety bond relating to the operation of livestock dealers, auction markets and dairy plants.

# 944 - Cash Bonds

Accounts for the financial resources for the plugging of abandoned oil and gas wells and the reclamation of abandoned oil and gas well sites.

# 945 - Insurance Company Deposits

Accounts for securities of domestic insurance companies required by the NDCC to keep on deposit with the Insurance Commissioner securities in a value equal to the policies they have in force.

# 947 - District Court Bond Fund

Accounts for bail bonds posted for civil and criminal court cases.

# **PAYROLL**

# 461 - OMB Unemployment/Payroll Clearing Fund

Accounts for employers and employees payroll taxes and other deductions such as, insurance and credit union deductions, etc.

#### **CHILD SUPPORT**

#### 463 - Child Support Disbursement Unit Fund

Accounts for all child support payments received by the state disbursement unit.

#### STUDENT AND OTHER

# 406 - Drivers License Trust Fund

Accounts for cash received from a motor vehicle operator involved in an accident and has no automobile liability policy and the driver was negligent.

#### 946 - District Court Collection Fund

Accounts for collections for third parties.

# STUDENT AND OTHER cont.

# 986 - Developmental Center Residents' Funds

Accounts for funds belonging to patients of the State Developmental Center.

#### 990 - Veteran's Home-Custodial

Accounts for resident's personal funds.

#### 991 - State Hospital Patients

Accounts for patient's personal funds.

# 992 - Prisoner Accounts

Accounts for prisoner's personal fund.

# 993 - Youth Correctional Center Student Accounts

Account for the student's personal funds.

# 994 - School for the Deaf Students

Account for the students personal funds.

#### TAX COLLECTION

# 434 - City Lodging Tax Suspense

Accounts for city lodging tax collected by the State Tax Commissioner.

# 435 - City Sales Tax Suspense

Accounts for city sales and use taxes collected by the State Tax Commission.

# 437 - City Motor Vehicle Rental Tax

Accounts for city motor vehicle rental tax collected by the state tax commissioner.

# 438 - City Restaurant and Lodge Tax Suspense

A city tax, at a rate not to exceed one percent, upon the gross receipts of retailers on the leasing or renting of hotel, motel, or tourist court accommodations within the city and gross receipts of a restaurant from any sales of prepared food or beverages, not including alcoholic beverages for consumption off the premises where purchased is collected by the State Tax Commissioner. Proceeds, net of a 3% administrative fee which is deposited into the general fund, are remitted quarterly to each city collecting the tax.

# Combining Statement of Fiduciary Net Position Pension, Investment and Private-Purpose Trust Funds June 30, 2020

|   |   | Pens   | ion and Other Empl                                | oyee Benefit Trust Fu   | ınds  |   |
|---|---|--|---|---|---|---|
|   | Deferred<br>Compensation                                | Defined<br>Contribution<br>Retirement                            | Highway<br>Patrolmen's<br>Retirement              | Job<br>Service<br>Retirement  | PERS<br>Flexcomp                              | Prefunded<br>Retiree Health<br>Program              |
| ASSETS Cash Deposits at the Bank of ND Cash and Cash Equivalents  | \$ 250,648 \$   | 5 159,859<br>-   | \$ -  | \$ 7,644<br>-   | \$ 501,349<br>-                               | \$ 821,581<br>-                                     |
| Receivables: Contributions Receivable Accounts Receivable - Net Interest Receivable - Net Due from Other Funds Due from Fiduciary Funds   | 966,517<br>-<br>-<br>-<br>-<br>-                        | 83,406<br>-<br>-<br>-<br>-                                       | 23,152<br>-<br>261,434<br>-<br>-                  | 2,153<br>-<br>43<br>-   | 518,551<br>-<br>-<br>-<br>-<br>-              | 1,007,849<br>-<br>252<br>291                        |
| Total Receivables   | 966,517   | 83,406   | 284,586   | 2,196   | 518,551                                       | 1,008,392   |
| Investments, at Fair Value: Investments at the Bank of ND Equities Equity Pool Fixed Income Pool Cash and Cash Pool Real Estate Pool Mutual Funds   | 2,262,844<br>3,048,553<br>133,971,266                   | -<br>-<br>285,606<br>224,680<br>-<br>14,974,555                  | 47,206,152<br>18,803,288<br>478,953<br>15,408,933 | 18,153,248<br>76,766,803<br>418,439   | -<br>-<br>-<br>-<br>-<br>-                    | 88,768,471<br>54,676,415<br>792,184                 |
| Total Investments   | 139,282,663   | 15,484,841   | 81,897,326  | 95,338,490  | -   | 144,237,070   |
| Invested Securities Lending Collatera   |   | -  | 235,324   | -   | -   | -   |
| Capital Assets (Net of Depreciation)<br>Other Assets  | 100,808   | 1,034<br>-   | 2,551   | 991<br>-  | 50,404<br>-                                   | 17,873<br>-   |
| Total Assets  | 140,600,636   | 15,729,140   | 82,419,787  | 95,349,321  | 1,070,304                                     | 146,084,916   |
| DEFERRED OUTFLOWS OF RESOURCES Derived from Pensions Total Deferred Outflows of Resources   | <u>-</u>  | -  | <u>-</u>  | <u>-</u><br>-   | <u>-</u><br>-                                 | <u>-</u><br>-                                       |
| LIABILITIES  Accounts Payable Accrued Payroll Securities Lending Collatera Due to Other Funds Due to Fiduciary Funds Amounts Held in Custody for Others Compensated Absences Payable                            | 11,771<br>33,653<br>-<br>4,537<br>-<br>38,644<br>33,884 | -<br>-<br>-<br>98<br>-<br>-                                      | -<br>235,324<br>-<br>-<br>-<br>-<br>-             | 89,434<br>-<br>-<br>-<br>-<br>9,250<br>-  | 12,077<br>18,495<br>-<br>2,580<br>-<br>14,683 | 456,495<br>-<br>-<br>-<br>-<br>86<br>-              |
| Total Liabilities   | 122,489   | 98   | 235,324   | 98,684  | 47,835  | 456,581   |
| DEFERRED INFLOWS OF RESOURCES Derived from Pensions Total Deferred Inflows of Resources   | -   |  | -<br>-  | <u>-</u>  | <u>-</u>                                      | <u>-</u>  |
| NET POSITION  Net Position Restricted for: Pension Benefits Other Employee Benefits External Investment Pool Participants Other Purposes  Total Net Position Restricted for Pension Benefits and Other Purposes | 140,478,147<br>-<br>-<br>-<br>-<br>\$ 140,478,147 \$    | 15,729,042<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>15,729,042 | 82,184,463<br>-<br>-<br>-<br>\$ 82,184,463        | 95,250,637<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>-<br>- | -<br>1,022,469<br>-<br>-<br>\$ 1,022,469      | 145,628,335<br>-<br>-<br>-<br>-<br>-<br>145,628,335 |

| _  | Pension and Oth                                 | er Employee Benefi                                   | t Trust Funds   | Investment Trust Funds |  |  |    |  |  |  |   |
|----|---|--|---|------------------------|--|--|----|--|--|--|---|
|    | Public<br>Employees<br>Retirement               | Teachers<br>Retirement                               | Total   | _                      | City of<br>Bismarck                      | ND<br>Association<br>of Counties       |    | City of<br>Grand Forks                   |  | City of<br>Fargo                         | Total                                       |
| \$ | 15,038,753<br>74,910                            | 21,060,210   | \$ 37,840,044<br>74,910                                       | \$                     | - S                                      | -<br>-                                 | \$ | -<br>-<br>-                              |  | -<br>-                                   | -   |
|    | 12,756,310                                      | 20,925,043   | 36,282,981  |                        | -  | -                                      |    | -  |  | -  | -   |
|    | 9,952,954                                       | 12,709,777   | 22,924,460<br>291   |                        | 439,245                                  | 2,397                                  |    | -<br>173,444                             |  | 61,712                                   | 676,798                                     |
|    | 9,250   | -  | 9,250   |                        | -  | -                                      |    | -  |  | -  | -   |
| _  | 22,718,514                                      | 33,634,820   | 59,216,982  |                        | 439,245                                  | 2,397                                  |    | 173,444                                  |  | 61,712                                   | 676,798                                     |
|    | -<br>1,798,392,873<br>716,340,916<br>18,246,467 | -<br>1,500,306,819<br>-<br>609,737,594<br>23,710,131 | 1,500,306,819<br>1,952,520,744<br>1,478,873,466<br>46,919,407 |                        | 70,827,263<br>-<br>49,572,009<br>868,050 | 2,333,077<br>-<br>4,158,311<br>199,407 |    | 44,329,418<br>-<br>18,205,059<br>835,449 |  | 21,684,203<br>-<br>17,059,331<br>437,170 | 139,173,961<br>-<br>88,994,710<br>2,340,076 |
|    | 587,027,616<br>-                                | 466,252,190<br>-                                     | 1,068,688,739<br>148,945,821                                  |                        | 28,563,097<br>-                          | -                                      |    | 11,321,424<br>-                          |  | 4,308,452<br>-                           | 44,192,973<br>-                             |
| =  | 3,120,007,872                                   | 2,600,006,734  | 6,196,254,996   |                        | 149,830,419                              | 6,690,795                              |    | 74,691,350                               |  | 43,489,156                               | 274,701,720                                 |
|    | 8,953,451                                       | 7,594,167  | 16,782,942  | _                      | 395,882                                  | 23,481                                 |    | 217,847                                  |  | 160,247                                  | 797,457                                     |
|    | 200,849   | 3,149<br>-   | 377,659<br>-  |                        | -  | -                                      |    | -  |  | -<br>-                                   | -   |
|    | 3,166,994,349                                   | 2,662,299,080  | 6,310,547,533   |                        | 150,665,546                              | 6,716,673                              |    | 75,082,641                               |  | 43,711,115                               | 276,175,975                                 |
|    | -   | 549,008<br>549,008                                   | 549,008<br>549,008  | _                      | -  | -                                      |    | -  |  | -  | -   |
|    | 3,454,006<br>118,234<br>8,953,451               | 4,176,709<br>-<br>7,594,167                          | 8,200,492<br>170,382<br>16,782,942                            |                        | 144,674<br>-<br>395,882                  | 3,651<br>-<br>23,481                   |    | 64,791<br>-<br>217,847                   |  | 27,745<br>-<br>160,247                   | 240,861<br>-<br>797,457                     |
|    | 13,824<br>-<br>-<br>103,695                     | 7,961<br>-<br>-<br>-                                 | 29,000<br>9,336<br>38,644<br>152,262                          |                        | -<br>-<br>-<br>-                         | -<br>-<br>-                            |    | -<br>-<br>-<br>-                         |  | -<br>-<br>-                              | -<br>-<br>-                                 |
| _  | 12,643,210                                      | 11,778,837   | 25,383,058  | _                      | 540,556                                  | 27,132                                 |    | 282,638                                  |  | 187,992                                  | 1,038,318                                   |
|    | -   | 536,950<br>536,950                                   | 536,950<br>536,950  | _                      | <u>-</u>                                 | <u>-</u><br>-                          |    | -  |  | -  | <u>-</u>                                    |
|    | 3,154,351,139<br>-<br>-<br>-                    | 2,650,532,301<br>-<br>-<br>-                         | 6,284,154,064<br>1,022,469<br>-                               |                        | -<br>-<br>150,124,990<br>-               | -<br>-<br>6,689,541                    |    | -<br>74,800,003                          |  | -<br>-<br>43,523,123                     | -<br>-<br>275,137,657                       |
| \$ | 3,154,351,139                                   | 2,650,532,301  | \$ 6,285,176,533  | \$                     | 150,124,990                              | \$ 6,689,541                           | \$ | 74,800,003 \$                            |  | 43,523,123 \$                            | 275,137,657                                 |

# Combining Statement of Fiduciary Net Position Pension, Investment and Private-Purpose Trust Funds (Continued) June 30, 2020

| Student and Countries   Student and Countries   SAVE   |                                       | Private-Purpose Trust Funds |           |    |              |             |    |             |  |  |
|--|---------------------------------------|-----------------------------|-----------|----|--------------|-------------|----|-------------|--|--|
| Cash Deposits at the Bank of ND  |                                       |                             | Cultural  |    | Remediation  |             |    | Total       |  |  |
| Receivables:   |                                       | _                           |           | _  |              |             |    |             |  |  |
| Contributions Receivable Net   |                                       | \$                          |           | \$ | 5,743,797 \$ | 1,255,646   | \$ |             |  |  |
| Accounts Receivable - Net  |                                       |                             |           |    |              |             |    |             |  |  |
| Interest Receivable - Net   3,181   83,263   86,444   16   16   16   16   16   16   16   |                                       |                             | -         |    | -            | -           |    | 402.040     |  |  |
| Due from Other Funds   |                                       |                             | 3.181     |    | 83.263       | 493,019     |    |             |  |  |
| Total Receivables  |                                       |                             |           |    | -            | -           |    | ,           |  |  |
| Investments, at Fair Value:   Investments at the Bank of ND  | Due from Fiduciary Funds              |                             | -         |    | -            | -           |    | -           |  |  |
| Investments at the Bank of ND  | Total Receivables                     |                             | 3,197     |    | 83,263       | 493,019     |    | 579,479     |  |  |
| Investments at the Bank of ND  | Investments at Fair Value:            |                             |           |    |              |             |    |             |  |  |
| Equity Pool  |                                       |                             | 21,862    |    | -            | -           |    | 21,862      |  |  |
| Fixed Income Pool  |                                       |                             | -         |    | -            | -           |    | -           |  |  |
| Cash and Cash Pool   |                                       |                             | 1 240 020 |    | -            | -           |    | 1 240 020   |  |  |
| Real Estate Pool   |                                       |                             | 1,249,929 |    | -            | -           |    | 1,249,929   |  |  |
| Total Investments  |                                       |                             | -         |    | -            | -           |    | -           |  |  |
| Invested Securities Lending Collatera  | Mutual Funds                          |                             | -         |    | -            | 535,837,198 |    | 535,837,198 |  |  |
| Capital Assets (Net of Depreciation)   | Total Investments                     |                             | 1,271,791 |    | -            | 535,837,198 |    | 537,108,989 |  |  |
| Total Assets   | Invested Securities Lending Collatera |                             | 46,379    |    | -            | -           |    | 46,379      |  |  |
| DEFERRED OUTFLOWS OF RESOURCES   Derived from Pensions   Company   Company |                                       |                             | -         |    | -            | -<br>-      |    | <u>-</u>    |  |  |
| Derived from Pensions  | Total Assets                          |                             | 1,469,069 |    | 5,827,060    | 537,585,863 |    | 544,881,992 |  |  |
| Derived from Pensions  | DEFERRED OUTFLOWS OF RESOURCES        |                             |           |    |              |             |    |             |  |  |
| Accounts Payable   |                                       |                             | -         |    | -            | -           |    | -           |  |  |
| Accounts Payable   | Total Deferred Outflows of Resources  |                             | -         |    | -            | -           |    | -           |  |  |
| Accounts Payable   | LIARILITIES                           |                             |           |    |              |             |    |             |  |  |
| Accrued Payroll  |                                       |                             | 330       |    | 9,698        | 1,748,490   |    | 1,758,518   |  |  |
| Due to Other Funds   | Accrued Payroll                       |                             | -         |    | =            |             |    |             |  |  |
| Due to Fiduciary Funds   | Securities Lending Collatera          |                             | 46,379    |    | -            | -           |    | 46,379      |  |  |
| Amounts Held in Custody for Others Compensated Absences Payable  |                                       |                             | -         |    | -            | -           |    | -           |  |  |
| Compensated Absences Payable         -   |                                       |                             | _         |    | -            |             |    | -           |  |  |
| DEFERRED INFLOWS OF RESOURCES Derived from Pensions Total Deferred Inflows of Resources  NET POSITION  Net Position Restricted for: Pension Benefits Other Employee Benefits External Investment Pool Participants Other Purposes 1,422,360 5,817,362 535,837,373 543,077,095  |                                       |                             | -         |    | -            | -           |    | -           |  |  |
| Derived from Pensions  | Total Liabilities                     |                             | 46,709    |    | 9,698        | 1,748,490   |    | 1,804,897   |  |  |
| NET POSITION   Net Position Restricted for:   Pension Benefits   |                                       |                             |           |    |              |             |    |             |  |  |
| NET POSITION           Net Position Restricted for:           Pension Benefits         -   |                                       |                             | -         |    | -            | -           |    | -           |  |  |
| Net Position Restricted for:           Pension Benefits         -         -         -         -         -           Other Employee Benefits         -         -         -         -         -           External Investment Pool Participants         -  | Total Deferred Inflows of Resources   |                             | -         |    | -            | -           |    |             |  |  |
| Other Employee Benefits         -  |                                       |                             |           |    |              |             |    |             |  |  |
| External Investment Pool Participants  |                                       |                             | -         |    | -            | -           |    | -           |  |  |
| Other Purposes 1,422,360 5,817,362 535,837,373 543,077,095   |                                       |                             | -         |    | -            | -           |    | -           |  |  |
| \$ 1,422,360 \$ 5,817,362 \$ 535,837,373 \$ 543,077,095  |                                       |                             | 1,422,360 |    | 5,817,362    | 535,837,373 |    | 543,077,095 |  |  |
|  |                                       | \$                          | 1,422,360 | \$ | 5,817,362 \$ | 535,837,373 | \$ | 543,077,095 |  |  |



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# Combining Statement of Changes in Fiduciary Net Position Pension, Investment and Private-Purpose Trust Funds For the Fiscal Year Ended June 30, 2020

|  |  |                           | Pensio                 | n and Other Employe    | e Benefit Trust Fund       | is                   |                          |
|--|--|---------------------------|------------------------|------------------------|----------------------------|----------------------|--------------------------|
| Contributions:   |  |                           | Contribution           | Patrolmen's            | Service                    |                      | Retiree Health           |
| Personal Propertical Propert | ADDITIONS  |                           |                        |                        |                            |                      |                          |
| Transfers from Other Funds   | Employer<br>Employee   |                           |                        |                        |                            |                      |                          |
| Total Contributions   14,808,618   972,771   3,646,584   27,047   5,534,001   13,408,585     Investment Income: Net Change in Fair Value of Investments   4,681,216   (132,456)   1,150,890   149,250   - 3,791,934     Interest and Dividends   931   677,312   1,736,006   2,792,754   1,747   3,550,531     Les Investment Expense   - 8,520   222,946   320,937   - 417,596     Net Investment Income   4,682,147   536,336   2,663,950   2,621,067   1,747   6,904,869     Securities Lending Activity: Securities Lending Income   - 3,3421   - 3   - 3     Les Securities Lending Expense   - 3,3421   - 3   - 3     Les Securities Lending Expense   - 3,3421   - 3   - 3     Les Securities Lending Expense   - 3,3421   - 3   - 3     Les Securities Lending Income   - 3,3421   - 3   - 3     Les Securities Lending Expense   - 3,3421   - 3   - 3     Les Securities Lending Expense   - 3,3421   - 3   - 3     Les Securities Lending Expense   - 3,421   - 3   - 3     Les Securities Lending Expense   - 3,421   - 3   - 3     Les Securities Lending Expense   - 3,421   - 3   - 3     Les Securities Lending Expense   - 3,421   - 3   - 3     Les Securities Lending Expense   - 3,421   - 3   - 3     Les Securities Lending Expense   - 3,421   - 3   - 3     Les Securities Lending Expense   - 3,421   - 3   - 3     Les Securities Lending Expense   - 3,421   - 3   - 3     Les Securities Lending Expense   - 3,421   - 3   - 3     Les Securities Lending Expense   - 3,421   - 3   - 3     Les Securities Lending Expense   - 3,421   - 3   - 3     Les Securities Lending Expense   - 3,421   - 3   - 3     Les Securities Lending Expense   - 3,421   - 3   - 3     Les Securities Lending Expense   - 3,421   - 3   - 3     Les Securities Lending Expense   - 3,421   - 3  | Transfers from Other Plans   |                           |                        | -<br>-<br>-            | -<br>-<br>-                | -<br>-<br>-          | -<br>-<br>-              |
| Net Change in Fair Value of Investments  |  | 14,808,618                | 972,771                | 3,646,584              | 27,047                     | 5,534,001            | 13,408,585               |
| Net Investment Income  | Net Change in Fair Value of Investments  |                           | 677,312                | 1,736,006              | 2,792,754                  |                      | 3,530,531                |
| Securities Lending Activity:   Securities Lending Income   | Less Investment Expense  |                           | 8,520                  | 222,946                | 320,937                    | -                    | 417,596                  |
| Company  | Net Investment Income  | 4,682,147                 | 536,336                | 2,663,950              | 2,621,067                  | 1,747                | 6,904,869                |
| Niscellaneous Income (Expense)   112,600   8,870   (16)   - 806,837   9,580  | Securities Lending Income<br>Less Securities Lending Expense                   |                           | -<br>-<br>-            |                        | -<br>-<br>-                | -<br>-<br>-          | -<br>-<br>-              |
| Benefits Paid to Participants   6,033,883   802,861   5,580,332   4,581,575   5,285,746   1,031     Refunds   -  |  | 112,600                   |                        |                        | -<br>-                     | -<br>806,837         |                          |
| Benefits Paid to Participants         6,033,883         802,861         5,580,332         4,581,575         5,285,746         1,031           Refunds         -         124,254         -         -         4,614           Prefunded Credit Applied         -         -         -         -         -         -         12,312,461           Transfer to Other Plans         -         -         -         -         -         525,000         -           Payments in Accordance with Trust Agreements         -         -         -         -         -         555,000         -           Administrative Expenses         875,951         8,347         45,870         19,148         532,247         453,913           Total Deductions         6,909,834         811,208         5,750,456         4,600,723         6,342,993         12,772,019           Redemption of Units at \$1.00 Per Unit         - <td>Total Additions</td> <td>19,603,365</td> <td>1,520,704</td> <td>6,519,400</td> <td>2,648,114</td> <td>6,342,585</td> <td>20,879,619</td>   | Total Additions  | 19,603,365                | 1,520,704              | 6,519,400              | 2,648,114                  | 6,342,585            | 20,879,619               |
| Refunds         124,254         -         4,614           Prefunded Credit Applied         -         -         -         -         525,000         -           Payments in Accordance with Trust Agreements         -         -         -         -         525,000         -           Administrative Expenses         875,951         8,347         45,870         19,148         532,247         453,913           Total Deductions         6,909,834         811,208         5,750,456         4,600,723         6,342,993         12,772,019           Redemption of Units at \$1.00 Per Unit         -   | DEDUCTIONS   |                           |                        |                        |                            |                      |                          |
| Payments in Accordance with Trust Agreements   2   | Refunds<br>Prefunded Credit Applied  | 6,033,883<br>-<br>-<br>-  | 802,861<br>-<br>-<br>- | 124,254                | 4,581,575<br>-<br>-<br>-   | · -                  | 4,614                    |
| Total Deductions         6,909,834         811,208         5,750,456         4,600,723         6,342,993         12,772,019           Redemption of Units at \$1.00 Per Unit         -   |  | -<br>875 051              | -<br>8 347             | -<br>45.870            | -<br>10 148                | 532 247              | -<br>453 013             |
| Change in Net Position Held in Trust for Pension Benefits         12,693,531         709,496         768,944         (1,952,609)         -         8,107,600           Other Employee Benefits         -         -         -         -         (408)         -           External Investment Pool Participants Other Purposes         -  | ·  |                           | ,                      | ,                      |                            | ,                    | <u> </u>                 |
| Pension Benefits         12,693,531         709,496         768,944         (1,952,609)         -         8,107,600           Other Employee Benefits         -         -         -         -         (408)         -           External Investment Pool Participants         -  | Redemption of Units at \$1.00 Per Unit   |                           |                        | -                      |                            |                      | <u> </u>                 |
|  | Pension Benefits Other Employee Benefits External Investment Pool Participants | 12,693,531<br>-<br>-<br>- | 709,496<br>-<br>-<br>- | 768,944<br>-<br>-<br>- | (1,952,609)<br>-<br>-<br>- | -<br>(408)<br>-<br>- | 8,107,600<br>-<br>-<br>- |
| Net Position - End of Year \$ 140,478,147 \$ 15,729,042 \$ 82,184,463 \$ 95,250,637 \$ 1,022,469 \$ 145,628,335  | Net Position - Beginning of Year   | 127,784,616               | 15,019,546             | 81,415,519             | 97,203,246                 | 1,022,877            | 137,520,735              |
|  | Net Position - End of Year   | \$ 140,478,147 \$         | 15,729,042 \$          | 82,184,463 \$          | 95,250,637 \$              | 1,022,469 \$         | 145,628,335              |

| Pension and Othe                          | er Employee Benefit 1         | Trust Funds  | Investment Trust Funds |                          |                                  |                        |                          |                            |                          |
|---|-------------------------------|--|------------------------|--------------------------|----------------------------------|------------------------|--------------------------|----------------------------|--------------------------|
| <br>Public<br>Employees<br>Retirement     | Teachers<br>Retirement        | Total  |                        | City of<br>Bismarck      | ND<br>Association<br>of Counties |                        | City of<br>Grand Forks   | City of<br>Fargo           | Total                    |
| \$<br>85,504,033 \$                       | 93,032,453 \$                 | 194,585,515  | \$                     | - \$                     | -                                | \$                     | - \$                     | - \$                       | -                        |
| 81,477,666<br>-                           | 85,735,134<br>-               | 187,458,388<br>-                                   |                        | -                        | -                                |                        | -                        | -                          | -                        |
| -   | -                             | 643,721<br>1,459,268                               |                        | -                        | -<br>-<br>-                      |                        | -                        | -                          | -                        |
| 166,981,699                               | 178,767,587                   | 384,146,892  |                        |                          |                                  |                        |                          | <u> </u>                   |                          |
| 43,599,936<br>65,795,981                  | 37,928,921<br>54,664,894      | 91,169,691<br>129,200,156                          |                        | 2,491,724<br>3,244,508   | 235,639<br>134,353               |                        | 1,134,936<br>1,546,876   | 673,479<br>908,396         | 4,535,778<br>5,834,133   |
| 8,419,181                                 | 6,523,407                     | 15,912,587   |                        | 404,605                  | 12,175                           |                        | 192,007                  | 90,931                     | 699,718                  |
| 100,976,736                               | 86,070,408                    | 204,457,260  |                        | 5,331,627                | 357,817                          |                        | 2,489,805                | 1,490,944                  | 9,670,193                |
| <br>129,262                               | 169,620<br>33,911             | 302,303<br>33,911                                  |                        | .,                       |                                  | 545 5,304<br>109 1,061 |                          | 4,498<br>897               | 19,905<br>3,979          |
| <br>129,262                               | 135,709                       | 268,392  |                        | 7,646 436                |                                  | 436 4,243              |                          | 3,601                      | 15,926                   |
| 10,818,588<br>(2,580)                     | 2,175,497<br>158,683          | 13,758,858<br>1,093,974                            |                        | -                        |                                  |                        | -<br>-                   | -                          | -                        |
| 278,903,705                               | 267,307,884                   | 603,725,376  |                        | 5,339,273                | 358,253                          |                        | 2,494,048                | 1,494,545                  | 9,686,119                |
| 204,312,452<br>14,122,715<br>-<br>118,721 | 224,361,530<br>6,489,704<br>- | 450,959,410<br>20,741,287<br>12,312,461<br>643,721 |                        | -<br>-<br>-              | -<br>-<br>-<br>-                 |                        | -<br>-<br>-<br>-         | -<br>-<br>-                | :                        |
| -<br>2,729,759                            | -<br>2,095,405                | 6,760,640  |                        | -                        | -                                |                        | -                        | -                          | -                        |
| <br>221,283,647                           | 232,946,639                   | 491,417,519  |                        | -                        |                                  |                        | -                        | -                          | -                        |
| <br>-                                     | -                             | <u>-</u>   |                        | (2,300,000)              | -                                |                        | (3,267,604)              | (2,800,000)                | (8,367,604)              |
| 57,620,058<br>-<br>-<br>-                 | 34,361,245<br>-<br>-<br>-     | 112,308,265<br>(408)<br>-                          |                        | -<br>-<br>3,039,273<br>- | -<br>-<br>358,253                |                        | -<br>-<br>(773,556)<br>- | -<br>-<br>(1,305,455)<br>- | -<br>-<br>1,318,515<br>- |
| 3,096,731,081                             | 2,616,171,056                 | 6,172,868,676                                      |                        | 147,085,717              | 6,331,288                        |                        | 75,573,559               | 44,828,578                 | 273,819,142              |
| \$<br>3,154,351,139 \$                    | 2,650,532,301 \$              | 6,285,176,533                                      | \$                     | 150,124,990 \$           | 6,689,541                        | \$                     | 74,800,003 \$            | 43,523,123 \$              | 275,137,657              |

# Combining Statement of Changes in Fiduciary Net Position Pension, Investment and Private-Purpose Trust Funds (Continued) For the Fiscal Year Ended June 30, 2020

|  |  |         |              | Private-Purpo | se Trust Funds | _                 |
|--|--|---------|--------------|---------------|----------------|-------------------|
| Contributions:   Employer  |  | c       | Cultural     | Remediation   |                | Total             |
| Public Per   | ADDITIONS                              |         |              |               |                |                   |
| Final Participants   |  |         |              |               |                |                   |
| From Participants  |  | \$      | - \$         | -             | \$ -           | \$ -              |
| Transfers from Other Plants  |  |         | -            | -             | -<br>50 856 81 | -<br>7 50 856 817 |
| Transfers from Other Plans   7,774   |  |         | -            | _             | -              | - 50,000,017      |
| Total Contributions  |  |         | -            | -             | -              | -                 |
| Net Change in Fair Value of Investments   (48,688)   - 63,835,270   63,786,582   13,698,685,685,685,685,685,685,685,685,685,68  |  | -       |              | -             | <del>-</del>   |                   |
| Net Change in Fair Value of Investments   (48,688)   30,051   97,801   13,560,733   13,686,582   13,685,585 | Total Contributions                    | <u></u> | 7,774        | -             | 50,856,81      | 7 50,864,591      |
| Interest and Dividends   |  |         |              |               |                |                   |
| Less Investment Expense   3,040   -   -   3,040       Net Investment Income   (21,677)   97,801   77,396,003   77,472,127     Securities Lending Activity:   |  |         |              | -             |                |                   |
| Net Investment Income         (21,677)         97,801         77,396,003         77,472,127           Securities Lending Activity:         Securities Lending Income         691         -         -         691           Less Securities Lending Income         691         -         -         -         691           Net Securities Lending Income         691         -         -         -         691           Repurchase Service Credit         - <td>Interest and Dividends</td> <td></td> <td>30,051</td> <td>97,801</td> <td>13,560,73</td> <td>3 13,688,585</td>   | Interest and Dividends                 |         | 30,051       | 97,801        | 13,560,73      | 3 13,688,585      |
| Securities Lending Activity:   Securities Lending Income   691   691     Less Securities Lending Expense   691     Less Securities Lending Expense   | Less Investment Expense                |         | 3,040        | -             | -              | 3,040             |
| Securities Lending Income         691         -         -         691           Less Securities Lending Expense         -         -         -         -         -         -         691           Repurchase Service Credit         -         -         -         -         -         -         -         3,068         -         -         3,068         -         -         3,068         -         -         3,068         -         -         3,068         -         -         3,068         -         -         -         3,068         -         -         -         3,068         -         -         -         3,068         -         -         -         3,068         - <td< td=""><td>Net Investment Income</td><td></td><td>(21,677)</td><td>97,801</td><td>77,396,00</td><td>3 77,472,127</td></td<>  | Net Investment Income                  |         | (21,677)     | 97,801        | 77,396,00      | 3 77,472,127      |
| Securities Lending Income         691         -         -         691           Less Securities Lending Expense         -         -         -         -         -         -         691           Repurchase Service Credit         -         -         -         -         -         -         -         3,068         -         -         3,068         -         -         3,068         -         -         3,068         -         -         3,068         -         -         3,068         -         -         -         3,068         -         -         -         3,068         -         -         -         3,068         -         -         -         3,068         - <td< td=""><td>Securities Lending Activity:</td><td></td><td></td><td></td><td></td><td></td></td<>  | Securities Lending Activity:           |         |              |               |                |                   |
| Net Securities Lending Income   691  |  |         | 691          | -             | -              | 691               |
| Repurchase Service Credit  |  |         | -            | -             | -              | -                 |
| Miscellaneous Income (Expense)         3,068         -         -         3,068           Total Additions         (10,144)         97,801         128,252,820         128,340,477           DEDUCTIONS           Benefits Paid to Participants         -         -         -         -         -           Refunds         - <td>Net Securities Lending Income</td> <td></td> <td>691</td> <td>-</td> <td>-</td> <td>691</td>   | Net Securities Lending Income          |         | 691          | -             | -              | 691               |
| Total Additions   (10,144)   97,801   128,252,820   128,340,477  | Repurchase Service Credit              |         | -            | -             | -              | -                 |
| Benefits Paid to Participants   -   -   -   -   -   -   -  | Miscellaneous Income (Expense)         |         | 3,068        | -             | -              | 3,068             |
| Benefits Paid to Participants   -   -   -   -   -   -   -  | Total Additions                        |         | (10,144)     | 97,801        | 128,252,82     | 0 128,340,477     |
| Refunds  | DEDUCTIONS                             |         |              |               |                |                   |
| Refunds  | Benefits Paid to Participants          |         | _            | -             | -              | -                 |
| Transfer to Other Plans  |  |         | -            | -             | -              | -                 |
| Payments in Accordance with Trust Agreements         45,953         28,743         44,546,693         44,621,389           Administrative Expenses         2,639         26,223         3,528,768         3,557,630           Total Deductions         48,592         54,966         48,075,461         48,179,019           Redemption of Units at \$1.00 Per Unit         -         -         -         -           Change in Net Position Held in Trust for Pension Benefits         -         -         -         -           Other Employee Benefits         -         -         -         -         -           Other Employee Benefits         -         -         -         -         -           External Investment Pool Participants         -         -         -         -         -         -           Other Purposes         (58,736)         42,835         80,177,359         80,161,458         80,161,458           Net Position - Beginning of Year         1,481,096         5,774,527         455,660,014         462,915,637   |  |         | -            | -             | -              | -                 |
| Administrative Expenses         2,639         26,223         3,528,768         3,557,630           Total Deductions         48,592         54,966         48,075,461         48,179,019           Redemption of Units at \$1.00 Per Unit         -         -         -         -           Change in Net Position Held in Trust for Pension Benefits   |  |         | 4E 0E2       | 20 7/2        | 44 546 60      | 2 44 621 200      |
| Redemption of Units at \$1.00 Per Unit         -         -         -         -           Change in Net Position Held in Trust for Pension Benefits         -   |  |         |              |               |                |                   |
| Change in Net Position Held in Trust for Pension Benefits         -  | Total Deductions                       |         | 48,592       | 54,966        | 48,075,46      | 1 48,179,019      |
| Pension Benefits         -   | Redemption of Units at \$1.00 Per Unit |         | -            | -             | -              | -                 |
| Pension Benefits         -   |  |         |              |               |                |                   |
| Other Employee Benefits<br>External Investment Pool Participants<br>Other Purposes         -   |  |         |              |               |                |                   |
| External Investment Pool Participants<br>Other Purposes         (58,736)         42,835         80,177,359         80,161,458           Net Position - Beginning of Year         1,481,096         5,774,527         455,660,014         462,915,637   |  |         | -            | -             | -              | -                 |
| Other Purposes         (58,736)         42,835         80,177,359         80,161,458           Net Position - Beginning of Year         1,481,096         5,774,527         455,660,014         462,915,637  |  |         | -            | -             | -              | -                 |
|  |  |         | (58,736)     | 42,835        | 80,177,35      | 9 80,161,458      |
| Net Position - End of Year         \$ 1,422,360 \$ 5,817,362 \$ 535,837,373 \$ 543,077,095   | Net Position - Beginning of Year       |         | 1,481,096    | 5,774,527     | 455,660,01     | 4 462,915,637     |
|  | Net Position - End of Year             | \$      | 1,422,360 \$ | 5,817,362     | \$ 535,837,37  | 3 \$ 543,077,095  |

# Combining Statement of Fiduciary Assets and Liabilities Agency Funds June 30, 2020

|  | <br>Bonding   | Payroll  | Child<br>Support                                    | í  | Student and Other                                    | Tax<br>Collection                                  | Total   |
|--|---|--|---|----|--|--|---|
| ASSETS   |   |  |   |    |  |  |   |
| Cash Deposits at the Bank of ND Cash and Cash Equivalents Investments at the Bank of ND Investments Accounts Receivable - Net Taxes Receivable - Net Interest Receivable - Net | \$<br>6,301,468<br>4,374,657<br>29,908,537<br>137,635,344<br>-<br>- | \$<br>1,400,154<br>-<br>-<br>-<br>11,374,561<br>-<br>- | \$<br>4,943,739<br>-<br>-<br>-<br>509,780<br>-<br>- | \$ | 4,823,280<br>354,481<br>50,000<br>-<br>-<br>-<br>150 | \$<br>26,506,682<br>-<br>-<br>-<br>-<br>33,091,555 | \$<br>43,975,323<br>4,729,138<br>29,958,537<br>137,635,344<br>11,884,341<br>33,091,555<br>150 |
| Total Assets   | \$<br>178,220,006   | \$<br>12,774,715                                       | \$<br>5,453,519                                     | \$ | 5,227,911  | \$<br>59,598,237                                   | \$<br>261,274,388   |
| LIABILITIES  |   |  |   |    |  |  |   |
| Intergovernmental Payable<br>Tax Refunds Payable<br>Amounts Held in Custody for Others   | 33,482<br>178,186,524   | 12,716,891<br>-<br>57,824                              | -<br>-<br>5,453,519                                 |    | -<br>-<br>5,227,911                                  | 59,587,871<br>10,365<br>1                          | 72,304,762<br>43,847<br>188,925,779   |
| Total Liabilities  | \$<br>178,220,006   | \$<br>12,774,715                                       | \$<br>5,453,519                                     | \$ | 5,227,911  | \$<br>59,598,237                                   | \$<br>261,274,388   |

# Combining Statement of Changes in Assets and Liabilities Agency Funds For the Fiscal Year Ended June 30, 2020

|   |          | June 30    |                |    |              |    | June 30     |
|---|----------|------------|----------------|----|--------------|----|-------------|
|   |          | 2019       | Additions      |    | Deductions   |    | 2020        |
| Bonding   |          |            |                |    |              |    |             |
| ASSETS  |          |            |                |    |              |    |             |
| Cash Deposits at the Bank of ND                 | \$       | 6,208,485  | \$ 334,519     | \$ | 241,536      | \$ | 6,301,468   |
| Cash and Cash Equivalents                       |          | 5,181,350  | 5,842,151      |    | 6,648,844    |    | 4,374,657   |
| Investments at the Bank of ND                   |          | 29,837,602 | 991,687        |    | 920,752      |    | 29,908,537  |
| Investments                                     |          | 141,619    | 137,533,725    |    | 40,000       |    | 137,635,344 |
| Total Assets                                    | \$       | 41,369,056 | \$ 144,702,082 | \$ | 7,851,132    | \$ | 178,220,006 |
| LIABILITIES                                     |          |            |                |    |              |    |             |
| Tax Refunds Payable                             |          | 2,500      | 33,482         |    | 2,500        |    | 33,482      |
| Amounts Held in Custody for Others              |          | 41,366,556 | 144,702,076    |    | 7,882,108    |    | 178,186,524 |
| Total Liabilities                               | \$       | 41,369,056 | \$ 144,735,558 | \$ | 7,884,608    | \$ | 178,220,006 |
| Payroll   |          |            |                |    |              |    |             |
| ASSETS  |          |            |                |    |              |    |             |
| Cash Deposits at the Bank of ND                 |          | 46,185     | 128,495,411    |    | 127,141,442  | \$ | 1,400,154   |
| Accounts Receivable - Net                       |          | 11,033,893 | 11,374,561     |    | 11,033,893   |    | 11,374,561  |
| Total Assets                                    | \$       | 11,080,078 | \$ 139,869,972 | \$ | 138,175,335  | \$ | 12,774,715  |
|   |          |            |                |    |              |    |             |
| LIABILITIES                                     |          |            |                |    |              |    |             |
| Intergovernmental Payable                       |          | 11,009,397 | 12,716,890     |    | 11,009,396   |    | 12,716,891  |
| Amounts Held in Custody for Others              | •        | 70,681     | 128,836,079    |    | 128,848,936  |    | 57,824      |
| Total Liabilities                               | \$       | 11,080,078 | \$ 141,552,969 | \$ | 139,858,332  | \$ | 12,774,715  |
| Child Support                                   |          |            |                |    |              |    |             |
| ASSETS  |          |            |                |    |              |    |             |
| Cash Deposits at the Bank of ND                 |          | 3,062,965  | 143,607,802    |    | 141,727,028  | \$ | 4,943,739   |
| Cash and Cash Equivalents                       |          | 190,243    | 140,007,002    |    | 190,243      | Ψ  | -,5-0,755   |
| Accounts Receivable - Net                       |          | -          | 509,780        |    | -            |    | 509,780     |
| Total Assets                                    | \$       | 3,253,208  | \$ 144,117,582 | \$ | 141,917,271  | \$ | 5,453,519   |
|   |          |            |                |    |              |    |             |
| LIABILITIES  Amounts Held in Custody for Others |          | 3,253,208  | 136.465.786    |    | 134,265,475  |    | 5,453,519   |
| Total Liabilities                               | \$       | 3,253,208  | \$ 136,465,786 | \$ | 134,265,475  | \$ | 5,453,519   |
|   | <u> </u> | 0,200,200  | + .00,.00,.00  | Ψ  | . 5 .,200, 5 | Ψ  | 5, .55,510  |

|   | June 30<br>2019 |  | Additions   | De | eductions   | June 30<br>2020  |
|---|-----------------|--|---|----|---|--|
| Student and Other   |                 |  |   |    |   |  |
| ASSETS  Cash Deposits at the Bank of ND  Cash and Cash Equivalents  Investments at the Bank of ND  Interest Receivable - Net  | \$              | 3,393,457<br>425,231<br>50,000<br>124  | \$ 6,108,590<br>2,906,411<br>-<br>150   | \$ | 4,678,767<br>2,977,161<br>-<br>124  | \$<br>4,823,280<br>354,481<br>50,000<br>150  |
| Total Assets  | \$              | 3,868,812  | \$ 9,015,151  | \$ | 7,656,052   | \$<br>5,227,911  |
| <b>LIABILITIES</b> Amounts Held in Custody for Others Total Liabilities   | \$              | 3,868,812<br>3,868,812   | 9,015,151<br>\$ 9,015,151   | \$ | 7,656,052<br>7,656,052  | \$<br>5,227,911<br>5,227,911   |
| Tax Collection  |                 |  |   |    |   |  |
| ASSETS Cash Deposits at the Bank of ND Taxes Receivable - Net Total Assets  | \$              | 17,920,255<br>46,901,827<br>64,822,082   | 334,109,782<br>33,091,555<br>\$ 367,201,337   | \$ | 325,523,355<br>46,901,827<br>372,425,182  | \$<br>26,506,682<br>33,091,555<br>59,598,237   |
| LIABILITIES Intergovernmental Payable Tax Refunds Payable Amounts Held in Custody of Others Total Liabilities   | \$              | 64,820,530<br>1,551<br>1<br>64,822,082   | 379,990,315<br>10,365<br>-<br>\$ 380,000,680  | \$ | 385,222,974<br>1,551<br>-<br>385,224,525  | \$<br>59,587,871<br>10,365<br>1<br>59,598,237  |
| Total -All Agency Funds   |                 |  |   |    |   |  |
| ASSETS  Cash Deposits at the Bank of ND Cash and Cash Equivalents Investments at the Bank of ND Investments Accounts Receivable - Net Taxes Receivable - Net Interest Receivable - Net Total Assets | \$              | 30,631,347<br>5,796,824<br>29,887,602<br>141,619<br>11,033,893<br>46,901,827<br>124<br>124,393,236 | 612,656,104<br>8,748,562<br>991,687<br>137,533,725<br>11,884,341<br>33,091,555<br>150<br>\$ 804,906,124 | \$ | 599,312,128<br>9,816,248<br>920,752<br>40,000<br>11,033,893<br>46,901,827<br>124<br>668,024,972 | \$<br>43,975,323<br>4,729,138<br>29,958,537<br>137,635,344<br>11,884,341<br>33,091,555<br>150<br>261,274,388 |
| LIABILITIES Intergovernmental Payable Tax Refunds Payable Amounts Held in Custody for Others Total Liabilities  | \$              | 75,829,927<br>4,051<br>48,559,258<br>124,393,236   | 392,707,205<br>43,847<br>419,019,092<br>\$ 811,770,144  | \$ | 396,232,368<br>4,051<br>278,652,573<br>674,888,992  | \$<br>72,304,762<br>43,847<br>188,925,779<br>261,274,388   |

| State of North Dakota | Ctata of North Dakata |  |
|-----------------------|-----------------------|--|
|-----------------------|-----------------------|--|

# **Statistical Information**

# **INDEX TO SCHEDULES**

| Financial Trends  | - These schedules   | contain trend | <i>information</i> | to help the | reader | understand | how the | State's |
|-------------------|---------------------|---------------|--------------------|-------------|--------|------------|---------|---------|
| financial perform | ance and well-being | n have change | ed over time.      | •           |        |            |         |         |

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# Schedule 1 -- Net Position by Component Last Ten Fiscal Years

(accrual basis of accounting)

|   | <br>2011            | 2012                 | 2013                 | 2014                 |
|---|---------------------|----------------------|----------------------|----------------------|
| Governmental Activities                     |                     |                      |                      |                      |
| Net Investment in Capital Assets            | \$<br>1,640,080,874 | \$<br>1,943,226,802  | \$<br>2,331,214,264  | \$<br>2,502,234,624  |
| Restricted                                  | 2,470,400,337       | 3,094,031,766        | 3,786,154,729        | 4,976,564,822        |
| Unrestricted                                | 2,537,062,796       | 3,635,538,536        | 5,597,014,917        | 7,109,867,360        |
| Total Governmental Activities Net Position  | \$<br>6,647,544,007 | \$<br>8,672,797,104  | \$<br>11,714,383,910 | \$<br>14,588,666,806 |
| Business-Type Activities                    |                     |                      |                      |                      |
| Net Investment in Capital Assets            | 706,459,639         | 752,357,235          | 792,067,993          | 844,395,270          |
| Restricted                                  | 452,312,013         | 569,991,053          | 632,431,958          | 600,269,799          |
| Unrestricted                                | 916,758,798         | 957,796,166          | 1,019,582,872        | 1,287,315,405        |
| Total Business-Type Activities Net Position | \$<br>2,075,530,450 | \$<br>2,280,144,454  | \$<br>2,444,082,823  | \$<br>2,731,980,474  |
| Primary Government                          |                     |                      |                      |                      |
| Net Investment in Capital Assets            | 2,346,540,513       | 2,695,584,037        | 3,123,282,257        | 3,346,629,894        |
| Restricted                                  | 2,922,712,350       | 3,664,022,819        | 4,418,586,687        | 5,576,834,621        |
| Unrestricted                                | 3,453,821,594       | 4,593,334,702        | 6,616,597,789        | 8,397,182,765        |
| Total Primary Government Net Position       | \$<br>8,723,074,457 | \$<br>10,952,941,558 | \$<br>14,158,466,733 | \$<br>17,320,647,280 |

| 2015  | 2016  | _  | 2017  | 2018  | _  | 2019  | 2020  |
|---|---|----|---|---|----|---|---|
| \$<br>3,622,722,021   | \$<br>4,299,696,899   | \$ | 4,759,286,304   | \$<br>4,988,838,700   | \$ | 5,185,682,467   | \$<br>5,427,964,743   |
| 6,254,673,532   | 6,246,873,312   |    | 6,224,908,099   | 6,355,103,413   |    | 6,639,785,616   | 6,543,041,908   |
| <br>6,812,545,677   | <br>5,781,826,861   |    | 5,989,501,438   | <br>7,172,275,944   |    | 8,786,695,069   | <br>9,578,050,070   |
| \$<br>16,689,941,230  | \$<br>16,328,397,072  | \$ | 16,973,695,841  | \$<br>18,516,218,057  | \$ | 20,612,163,152  | \$<br>21,549,056,721  |
| \$<br>1,023,384,933<br>485,012,106<br>1,439,859,232<br><b>2,948,256,271</b> | \$<br>1,155,758,401<br>533,664,273<br>1,528,847,402<br><b>3,218,270,076</b> | \$ | 1,223,438,996<br>888,080,253<br>1,633,421,219<br><b>3,744,940,468</b> | \$<br>1,214,133,386<br>924,610,477<br>1,779,197,611<br><b>3,917,941,474</b> | \$ | 1,246,740,894<br>972,887,591<br>1,904,500,531<br><b>4,124,129,016</b> | \$<br>1,243,098,375<br>1,374,338,655<br>1,952,266,055<br><b>4,569,703,085</b> |
| <br>4,646,106,954<br>6,739,685,638<br>8,252,404,909                         | <br>5,455,455,300<br>6,780,537,585<br>7,310,674,263                         |    | 5,982,725,300<br>7,112,988,352<br>7,622,922,657                       | <br>6,202,972,086<br>7,279,713,890<br>8,951,473,555                         |    | 6,432,423,361<br>7,612,673,207<br>10,691,195,600                      | <br>6,671,063,118<br>7,917,380,563<br>11,530,316,125                          |
| \$<br>19.638.197.501  | \$<br>19.546.667.148  | \$ | 20.718.636.309  | \$<br>22.434.159.531  | \$ | 24.736.292.168  | \$<br>26.118.759.806  |

# Schedule 2 -- Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

|   | 2011                             | 2012                                   | 2013                             | 2014                             |
|---|----------------------------------|--|----------------------------------|----------------------------------|
| Expenses  |                                  |  |                                  |                                  |
| Governmental Activities:  |                                  |  |                                  |                                  |
| General Governmental  | \$ 507,512,750                   | \$ 617,152,026                         | \$ 889,332,121                   | \$ 1,283,916,089                 |
| Education   | 830,649,191                      | 843,780,168                            | 875,991,527                      | 1,075,062,067                    |
| Health and Human Services<br>Regulatory   | 1,244,163,316<br>28,419,774      | 1,271,569,970<br>33,988,310            | 1,318,899,711<br>44.813.739      | 1,433,598,932<br>54,727,821      |
| Public Safety and Corrections   | 242,521,440                      | 303,602,543                            | 209,732,547                      | 243,149,474                      |
| Agriculture and Commerce  | 98,038,471                       | 91,653,406                             | 93,212,834                       | 96,055,152                       |
| Natural Resources   | 117,862,905                      | 132,679,303                            | 114,752,488                      | 119,395,831                      |
| Transportation  | 468,695,689                      | 796,123,086                            | 595,646,719                      | 1,066,103,806                    |
| Interest on Long Term Debt Total Governmental Activities Expenses               | 10,461,658<br>3,548,325,193      | 9,063,514<br>4,099,612,325             | 8,454,110<br>4,150,835,796       | 7,601,561<br>5,379,610,733       |
| Business-Type Activities:   | 0,040,020,100                    | 4,000,012,020                          | 4,100,000,700                    | 0,070,010,700                    |
| Bank of North Dakota  | 77,556,546                       | 71,996,932                             | 68,887,617                       | 76,366,749                       |
| Housing Finance   | 69,824,036                       | 56,046,981                             | 48,368,304                       | 40,901,946                       |
| Loan Programs   | 6,898,226                        | 8,092,864                              | 8,756,357                        | 12,759,106                       |
| State Lottery Unemployment Compensation   | 17,068,826<br>108,482,422        | 18,877,249<br>89,236,878               | 19,713,987<br>118,377,072        | 19,264,562<br>113,988,509        |
| University System   | 1,008,539,618                    | 1,047,949,521                          | 1,080,816,602                    | 1,129,869,106                    |
| Workers Compensation  | 300,297,491                      | 359,216,200                            | 448,535,174                      | 418,500,961                      |
| Other   | 237,373,095                      | 523,164,269                            | 279,389,712                      | 269,600,028                      |
| Total Business-Type Activities Expenses   | 1,826,040,260                    | 2,174,580,894                          | 2,072,844,825                    | 2,081,250,967                    |
| Total Primary Government Expenses   | \$ 5,374,365,453                 | \$ 6,274,193,219                       | \$ 6,223,680,621                 | \$ 7,460,861,700                 |
| Program Revenues Governmental Activities:                                       |                                  |  |                                  |                                  |
| Charges for Services:   |                                  |  |                                  |                                  |
| General Governmental  | 26,863,061                       | 30,255,507                             | 32,815,967                       | 38,080,695                       |
| Education   | 6,985,958                        | 7,515,580                              | 6,086,567                        | 6,064,710                        |
| Health and Human Services   | 36,563,927                       | 36,100,539                             | 38,381,590                       | 39,915,016                       |
| Regulatory Public Safety and Corrections  | 22,122,244<br>14,456,950         | 30,312,566<br>26,263,919               | 32,359,807<br>26.614.392         | 45,384,490<br>28,552,402         |
| Agriculture and Commerce  | 29,861,552                       | 31,026,427                             | 35,652,945                       | 36,600,243                       |
| Natural Resources   | 24,772,981                       | 31,017,855                             | 26,356,862                       | 29,681,837                       |
| Transportation  | 96,023,474                       | 111,125,056                            | 120,821,133                      | 120,058,651                      |
| Operating Grants and Contributions  | 2,015,949,905                    | 2,012,322,201                          | 1,867,800,810                    | 2,083,789,612                    |
| Capital Grants and Contributions Total Governmental Activities Program Revenues | 12,768,330<br>2,286,368,382      | 18,099,423<br>2,334,039,074            | 5,353,007<br>2,192,243,080       | 11,045,879<br>2,439,173,535      |
| Business-Type Activities:   | 2,200,300,302                    | 2,334,039,074                          | 2,192,243,000                    | 2,439,173,333                    |
| Charges for Services:   |                                  |  |                                  |                                  |
| Bank of North Dakota  | 140,043,000                      | 145,038,000                            | 161,080,000                      | 155,548,000                      |
| Housing Finance   | 54,190,469                       | 49,583,855                             | 42,649,030                       | 36,150,366                       |
| Loan Programs<br>State Lottery  | 5,989,229<br>23,085,242          | 6,185,948<br>26,587,851                | 7,538,124<br>27,999,486          | 7,548,651<br>27,051,014          |
| Unemployment Compensation   | 119,074,810                      | 126,040,929                            | 127,174,321                      | 133,701,408                      |
| University System   | 438,741,616                      | 468,992,991                            | 486,262,379                      | 507,302,753                      |
| Workers Compensation  | 193,150,136                      | 253,677,520                            | 320,237,794                      | 318,779,835                      |
| Other   | 246,210,771                      | 278,124,295                            | 289,981,947                      | 276,895,777                      |
| Operating Grants and Contributions Capital Grants and Contributions             | 449,392,800<br>14,258,261        | 601,695,091<br>20,975,446              | 370,855,633<br>19,865,857        | 439,950,824<br>18,703,628        |
| Total Business-Type Activities Program Revenues                                 | 1,684,136,334                    | 1,976,901,926                          | 1,853,644,571                    | 1,921,632,256                    |
| Total Primary Government Program Revenues                                       | \$ 3,970,504,716                 | \$ 4,310,941,000                       | \$ 4,045,887,651                 | \$ 4,360,805,791                 |
| Net (Expense)/Revenue   | (4.004.050.041)                  | (4 705 570 054)                        | (4.050.500.740)                  | (0.040.407.400)                  |
| Governmental Activities Business-Type Activities                                | (1,261,956,811)<br>(141,903,926) | (1,765,573,251)<br>(197,678,968)       | (1,958,592,716)<br>(219,200,254) | (2,940,437,198)<br>(159,618,711) |
| Total Primary Government Net Expense  | \$ (1,403,860,737)               | \$ (1,963,252,219)                     | \$ (2,177,792,970)               | \$ (3,100,055,909)               |
| General Revenues and Other Changes in Net Position                              |                                  |  |                                  |                                  |
| Governmental Activities: Taxes:   |                                  |  |                                  |                                  |
| Individual and Corporate Income Taxes   | 605,526,736                      | 658,905,496                            | 863,018,492                      | 700,867,920                      |
| Sales and Use Taxes   | 1,121,730,307                    | 1,543,140,897                          | 1,654,186,763                    | 1,756,777,615                    |
| Oil, Gas and Coal Taxes   | 1,059,467,528                    | 1,670,059,257                          | 2,518,921,322                    | 3,335,934,782                    |
| Business and Other Taxes  | 69,733,806                       | 71,974,295                             | 83,470,020                       | 82,437,250                       |
| Unrestricted Investment Earnings Tobacco Settlement                             | 21,330,843<br>30,453,643         | 15,500,793<br>22,265,336               | 17,967,764<br>22,332,577         | 130,011,232<br>23,652,803        |
| Miscellaneous   | 158,447,124                      | 170,544,538                            | 206,709,383                      | 198,533,139                      |
| Contributions to Permanent Fund Principal                                       | 999,110                          | 12,469,733                             | 13,722,930                       | 14,251,211                       |
| Special Items   | -                                | -                                      | -                                | -                                |
| Extraordinary Item  | ,                                | , <del>-</del>                         |                                  |                                  |
| Transfers   | (365,304,396)                    | (368,204,484)                          | (409,585,575)                    | (424,008,500)                    |
| Total Governmental Activities Business-Type Activities:                         | 2,702,384,702                    | 3,796,655,862                          | 4,970,743,676                    | 5,818,457,452                    |
| Miscellaneous   | -                                | 1,940,000                              | 39,166,106                       | 1,857,975                        |
| Special Items   | -                                | -                                      | (14,728,630)                     | -                                |
| Transfers   | 376,538,823                      | 390,214,559                            | 358,701,147                      | 455,888,029                      |
| Total Business-Type Activities Total Primary Government                         | 376,538,823<br>\$ 3,078,923,525  | 392,154,559<br><b>\$ 4,188,810,421</b> | 383,138,623<br>\$ 5,353,882,299  | \$ 6,276,203,456                 |
| •   | ψ 0,010,020,020                  | → →, 100,010, <del>4</del> 21          | ¥ 5,555,002,299                  | ψ 0,210,200,400                  |
| Change in Net Position Governmental Activities                                  | 1,440,427,891                    | 2,031,082,611                          | 3,012,150,960                    | 2,878,020,254                    |
| Business-Type Activities  | 234,634,897                      | 194,475,591                            | 163,938,369                      | 298,127,293                      |
| Total Primary Government  | \$ 1,675,062,788                 | \$ 2,225,558,202                       | \$ 3,176,089,329                 | \$ 3,176,147,547                 |
|   | ·                                |  |                                  |                                  |

|    | 2015            | -  | 2016                           |    | 2017            | -  | 2018            |    | 2019            |    | 2020            |
|----|-----------------|----|--------------------------------|----|-----------------|----|-----------------|----|-----------------|----|-----------------|
|    | 2013            |    | 2010                           |    | 2017            |    | 2010            |    | 2019            |    | 2020            |
|    |                 |    |                                |    |                 |    |                 |    |                 |    |                 |
|    |                 |    |                                |    |                 |    |                 |    |                 |    |                 |
| \$ | 1,171,207,640   | \$ | 1,055,377,601                  | \$ | 955,118,609     | \$ | 1,034,864,058   | \$ | 1,183,233,944   | \$ | 1,034,052,808   |
|    | 1,415,255,393   |    | 1,175,550,087                  |    | 1,214,358,440   |    | 1,208,513,849   |    | 1,238,988,634   |    | 1,288,935,269   |
|    | 1,706,333,172   |    | 1,776,822,167                  |    | 1,851,801,955   |    | 1,930,264,975   |    | 1,947,263,363   |    | 2,077,950,367   |
|    | 66,743,817      |    | 69.084.070                     |    | 76,261,665      |    | 60,781,953      |    | 61,213,248      |    | 78,441,824      |
|    | 249,290,966     |    | 227,617,802                    |    | 238,515,283     |    | 241,143,887     |    | 230,666,579     |    | 249.751.212     |
|    | 106.455.113     |    | 106,845,611                    |    | 100,774,792     |    | 95,411,926      |    | 99,247,117      |    | 107,574,065     |
|    | 236,079,321     |    |                                |    |                 |    |                 |    |                 |    |                 |
|    |                 |    | 321,992,458                    |    | 286,546,075     |    | 230,194,737     |    | 261,307,506     |    | 217,545,757     |
|    | 603,812,692     |    | 679,070,102                    |    | 529,532,248     |    | 444,530,511     |    | 443,629,333     |    | 429,801,053     |
|    | 7,154,580       |    | 1,334,285                      |    | 2,677,665       |    | 2,502,540       |    | 1,952,361       |    | 1,691,314       |
|    | 5,562,332,694   |    | 5,413,694,183                  |    | 5,255,586,732   |    | 5,248,208,436   |    | 5,467,502,085   |    | 5,485,743,669   |
|    |                 |    |                                |    |                 |    |                 |    |                 |    |                 |
|    | 71,053,171      |    | 85,822,027                     |    | 88,791,813      |    | 86,073,174      |    | 98,931,503      |    | 103,391,326     |
|    | 37,510,475      |    | 40,245,934                     |    | 40,997,193      |    | 46,083,037      |    | 52,714,991      |    | 56,536,682      |
|    | 11,366,158      |    | 17.322.830                     |    | 13,172,549      |    | 13.320.203      |    | 12,665,669      |    | 16,395,752      |
|    | 20,359,788      |    | 26,038,434                     |    | 20,637,595      |    | 23,214,880      |    | 26,174,686      |    | 18,929,003      |
|    | 144,920,974     |    | 225,358,209                    |    | 156,930,938     |    | 115,486,597     |    | 84,205,911      |    | 611,219,223     |
|    | 1,170,159,474   |    | 1,211,438,892                  |    | 1,204,936,394   |    | 1,178,669,412   |    | 1,198,989,180   |    | 1,227,857,663   |
|    | 377,926,363     |    | 366,662,703                    |    | 254,467,332     |    | 270,197,345     |    | 297,497,091     |    | 220.279.394     |
|    | 549,799,020     |    | 569,432,422                    |    | 571,077,157     |    | 632,911,836     |    | 594,491,102     |    | 616,265,019     |
|    |                 |    |                                |    |                 |    |                 |    |                 |    |                 |
| _  | 2,383,095,423   | _  | 2,542,321,451                  | _  | 2,351,010,971   | _  | 2,365,956,484   | _  | 2,365,670,133   | _  | 2,870,874,062   |
| \$ | 7,945,428,117   | \$ | 7,956,015,634                  | \$ | 7,606,597,703   | \$ | 7,614,164,920   | \$ | 7,833,172,218   | \$ | 8,356,617,731   |
|    |                 |    |                                |    |                 |    |                 |    |                 |    |                 |
|    |                 |    |                                |    |                 |    |                 |    |                 |    |                 |
|    |                 |    |                                |    |                 |    |                 |    |                 |    |                 |
|    | 07.4            |    | 00.5 :                         |    | 00 ====         |    | 00 5            |    |                 |    |                 |
|    | 37,107,914      |    | 36,278,126                     |    | 33,728,302      |    | 33,504,205      |    | 37,185,115      |    | 31,944,485      |
|    | 6,806,001       |    | 7,071,212                      |    | 7,530,807       |    | 6,987,309       |    | 7,147,934       |    | 10,566,897      |
|    | 64,507,593      |    | 42,982,802                     |    | 43,283,756      |    | 48,201,500      |    | 80,627,617      |    | 47,748,086      |
|    | 25,862,700      |    | 52,583,727                     |    | 29,390,590      |    | 31,489,459      |    | 29,490,252      |    | 37,130,755      |
|    | 30,428,332      |    | 24,446,658                     |    | 23,272,409      |    | 30,370,076      |    | 32,002,961      |    | 20,811,638      |
|    | 31,198,196      |    | 38,222,183                     |    | 35,559,194      |    | 40,756,601      |    | 32,809,364      |    | 38,228,838      |
|    | 33,895,342      |    | 35,142,635                     |    | 35,392,128      |    | 33,128,741      |    | 38,390,527      |    | 44,662,134      |
|    | 132,160,558     |    | 122.699.922                    |    | 124,378,227     |    | 120,482,453     |    | 120,377,945     |    | 116,062,224     |
|    |                 |    |                                |    |                 |    |                 |    |                 |    |                 |
|    | 1,888,797,868   |    | 1,755,539,596                  |    | 2,221,211,526   |    | 2,156,381,884   |    | 2,121,702,987   |    | 2,028,277,553   |
|    | 1,388,033       |    | 3,416,338                      |    | 1,205,837       |    | 94,772          |    | 106,834         |    | 1,939           |
|    | 2,252,152,537   |    | 2,118,383,199                  |    | 2,554,952,776   |    | 2,501,397,000   |    | 2,499,841,536   |    | 2,375,434,549   |
|    |                 |    |                                |    |                 |    |                 |    |                 |    |                 |
|    |                 |    |                                |    |                 |    |                 |    |                 |    |                 |
|    | 175,117,000     |    | 207,836,000                    |    | 223,476,000     |    | 221,210,000     |    | 251,626,000     |    | 279,302,000     |
|    | 34,386,013      |    | 36,286,659                     |    | 37,984,271      |    | 39,821,469      |    | 49,362,786      |    | 58,096,789      |
|    | 10,365,115      |    | 12,212,352                     |    | 11,530,798      |    | 7,391,511       |    | 13,095,470      |    | 17,114,318      |
|    | 27,212,010      |    | 35,736,460                     |    | 27,744,572      |    | 31,520,906      |    | 35,511,058      |    | 24,505,932      |
|    | 127,328,232     |    | 147,802,377                    |    | 193,118,386     |    | 162,161,260     |    | 114,657,558     |    | 452,421,028     |
|    | 517,570,660     |    | 537,645,053                    |    | 546,737,253     |    | 549,206,645     |    | 540,691,218     |    | 528,517,702     |
|    | 339,806,696     |    | 308,682,776                    |    | 244,720,318     |    | 239,542,884     |    | 249,787,742     |    | 230,442,756     |
|    | 554,752,747     |    | 573,829,155                    |    | 577,288,875     |    | 639,883,523     |    | 600,125,017     |    | 623,799,925     |
|    | 312,136,231     |    | 298,603,154                    |    | 380,842,641     |    | 363,266,299     |    | 410,790,831     |    | 596,060,095     |
|    | 36,923,275      |    | 29,609,083                     |    | 32,025,992      |    | 4,769,350       |    | 19,925,817      |    | 17,501,749      |
|    |                 |    |                                |    |                 |    |                 |    |                 |    |                 |
| _  | 2,135,597,979   | _  | 2,188,243,069                  | _  | 2,275,469,106   | _  | 2,258,773,847   | _  | 2,285,573,497   | _  | 2,827,762,294   |
| \$ | 4,387,750,516   | \$ | 4,306,626,268                  | \$ | 4,830,421,882   | \$ | 4,760,170,847   | \$ | 4,785,415,033   | \$ | 5,203,196,843   |
|    |                 |    |                                |    |                 |    |                 |    |                 |    |                 |
|    | (0.040.400.457) |    | (0.005.040.004)                |    | (0.700.000.050) |    | (0.740.044.400) |    | (0.007.000.540) |    | (0.440.000.400) |
|    | (3,310,180,157) |    | (3,295,310,984)                |    | (2,700,633,956) |    | (2,746,811,436) |    | (2,967,660,549) |    | (3,110,309,120) |
|    | (247,497,444)   |    | (354,078,382)                  |    | (75,541,865)    |    | (107,182,637)   |    | (80,096,636)    |    | (43,111,768)    |
| \$ | (3,557,677,601) | \$ | (3,649,389,366)                | \$ | (2,776,175,821) | \$ | (2,853,994,073) | \$ | (3,047,757,185) | \$ | (3,153,420,888) |
|    |                 |    |                                |    |                 |    |                 |    |                 |    |                 |
|    |                 |    |                                |    |                 |    |                 |    |                 |    |                 |
|    |                 |    |                                |    |                 |    |                 |    |                 |    |                 |
|    | 700 c ·         |    |                                |    | 440.6:-:        |    | 450 5           |    | 0045            |    | E40             |
|    | 732,975,064     |    | 414,964,865                    |    | 418,040,178     |    | 452,792,812     |    | 604,088,632     |    | 513,419,336     |
|    | 1,804,380,378   |    | 1,348,342,960                  |    | 1,236,701,340   |    | 1,326,248,557   |    | 1,435,129,762   |    | 1,364,664,641   |
|    | 2,734,507,198   |    | 1,457,361,212                  |    | 1,490,398,754   |    | 2,196,877,038   |    | 2,586,569,876   |    | 1,949,036,077   |
|    | 92,936,834      |    | 99,295,506                     |    | 98,374,118      |    | 100,127,079     |    | 110,714,853     |    | 107,173,491     |
|    | 117,643,232     |    | 64,347,477                     |    | 489,070,430     |    | 380,164,919     |    | 360,264,138     |    | 333,528,092     |
|    | 21,789,723      |    | 22,776,760                     |    | 21,599,800      |    | 55,305,183      |    | 20,752,400      |    | 21,159,397      |
|    | 161,725,312     |    | 119,545,563                    |    | 119.134.899     |    | 163,996,339     |    | 231,745,021     |    | 190,047,481     |
|    | 16,382,336      |    | 15,637,987                     |    | 11,895,026      |    | 4,393,122       |    | 11,014,244      |    | 9,515,851       |
|    | -               |    | (4,948,596)                    |    | -               |    | -,000,122       |    | -               |    | -               |
|    | -               |    | (4,540,550)                    |    | (38,379,966)    |    | -               |    | -               |    | -               |
|    | (542,713,254)   |    |                                |    | (503,278,766)   |    |                 |    | (000 740 007)   |    |                 |
|    | 5.139.626.823   |    | (603,556,908)<br>2.933,766,826 |    |                 |    | (367,497,321)   |    | (290,718,287)   |    | (440,249,767)   |
|    | 5,139,626,823   |    | 2,933,766,826                  |    | 3,343,555,813   |    | 4,312,407,728   |    | 5,069,560,639   |    | 4,048,294,599   |
|    | 0.500.074       |    | 00.000                         |    | 4.040.040       |    | 0.004.705       |    | E 400 740       |    | 0.570.700       |
|    | 9,562,071       |    | 93,003                         |    | 4,846,618       |    | 2,921,705       |    | 5,162,713       |    | 3,576,763       |
|    | -               |    | -                              |    | -               |    | -               |    | -               |    | 405 400 07:     |
|    | 535,979,992     |    | 611,332,622                    |    | 598,094,515     |    | 285,002,133     |    | 277,018,465     |    | 485,109,074     |
|    | 545,542,063     |    | 611,425,625                    |    | 602,941,133     |    | 287,923,838     |    | 282,181,178     |    | 488,685,837     |
| \$ | 5,685,168,886   | \$ | 3,545,192,451                  | \$ | 3,946,496,946   | \$ | 4,600,331,566   | \$ | 5,351,741,817   | \$ | 4,536,980,436   |
|    |                 |    |                                |    | <u></u>         |    | <del></del>     |    |                 |    |                 |
|    |                 |    |                                |    |                 |    |                 |    |                 |    |                 |
|    | 1,829,446,666   |    | (361,544,158)                  |    | 642,921,857     |    | 1,565,596,292   |    | 2,101,900,090   |    | 937,985,479     |
|    | 298,044,619     |    | 257,347,243                    |    | 527,399,268     |    | 180,741,201     |    | 202,084,542     |    | 445,574,069     |
| \$ | 2,127,491,285   | \$ | (104,196,915)                  | \$ | 1,170,321,125   | \$ | 1,746,337,493   | \$ | 2,303,984,632   | \$ | 1,383,559,548   |
|    |                 |    |                                |    |                 |    |                 |    |                 |    |                 |

# Schedule 3 -- Fund Balances, Governmental Funds Last Ten Fiscal Years

(modified accrual basis of accounting)

|                              | 20       | 11        | _  | 2012          | 2013                | _  | 2014           |
|------------------------------|----------|-----------|----|---------------|---------------------|----|----------------|
| General Fund                 |          |           |    |               |                     |    |                |
| Nonspendable                 | \$ 4     | ,628,040  | \$ | 498,042,684   | \$<br>1,355,179,441 | \$ | 2,447,681,621  |
| Restricted                   |          | -         |    | -             | -                   |    | -              |
| Commited                     | 682      | ,696,887  |    | 996,737,740   | 840,061,206         |    | 1,365,420,166  |
| Unassigned                   | 712      | ,046,495  |    | 1,412,091,095 | 2,142,277,489       |    | 1,421,552,566  |
| Total General Fund           | 1,399    | ,371,422  |    | 2,906,871,519 | 4,337,518,136       |    | 5,234,654,353  |
| All Other Governmental Funds |          |           |    |               |                     |    |                |
| Nonspendable                 | 81       | ,757,950  |    | 82,345,060    | 85,991,097          |    | 88,250,884     |
| Restricted                   | 2,371    | ,817,130  |    | 3,003,088,539 | 3,679,248,354       |    | 4,913,528,772  |
| Commited                     | 1,055    | ,012,373  |    | 682,600,401   | 1,200,571,048       |    | 1,628,346,627  |
| Assigned                     | 124      | ,052,099  |    | 66,930,266    | 64,730,555          |    | 224,403,093    |
| Unassigned                   | (3       | ,205,875) |    | (3,797,855)   | <br>(6,075,964)     |    |                |
| Total All Other Governmental |          |           |    |               |                     |    |                |
| Funds                        | 3,629    | ,433,677  |    | 3,831,166,411 | <br>5,024,465,090   |    | 6,854,529,376  |
| Total Fund Balances,         |          |           |    |               | <br>                |    |                |
| Governmental Funds           | \$ 5,028 | ,805,099  | \$ | 6,738,037,930 | \$<br>9,361,983,226 | \$ | 12,089,183,729 |

| <br>2015             | _  | 2016           | _  | 2017           | <br>2018             | <br>2019             | _  | 2020           |
|----------------------|----|----------------|----|----------------|----------------------|----------------------|----|----------------|
| \$<br>3,465,933,483  | \$ | 3,908,797,255  | \$ | 4,761,588,134  | \$<br>5,551,216      | \$<br>6,638,440      | \$ | 6,194,850      |
| -                    |    | -              |    | -              | 8,990,891            | 279,367              |    | 396            |
| 1,332,805,458        |    | 997,494,805    |    | 364,544,853    | 411,711,769          | 348,222,819          |    | 1,066,688,590  |
| 1,061,519,282        |    | 421,702,619    |    | 353,772,107    | 6,242,855,378        | 7,231,354,796        |    | 7,655,894,378  |
| 5,860,258,223        |    | 5,327,994,679  |    | 5,479,905,094  | 6,669,109,254        | <br>7,586,495,422    |    | 8,728,778,214  |
| 179,976,824          |    | 197,452,648    |    | 208,038,662    | 216,171,493          | 101,738,203          |    | 103,260,391    |
| 6,037,108,398        |    | 6,000,049,002  |    | 5,996,248,585  | 6,124,510,110        | 6,488,554,439        |    | 6,410,963,955  |
| 1,230,446,562        |    | 617,111,539    |    | 480,910,925    | 398,555,411          | 1,187,965,245        |    | 840,247,407    |
| -                    |    | 79,512,397     |    | 228,964,056    | 381,732,051          | 374,609,779          |    | 419,726,973    |
| <br>(8,477,525)      |    | (3,376,686)    |    | (3,146,889)    | <br>                 | <br>(1,642,214)      | _  | (4,821,080)    |
| <br>7,439,054,259    |    | 6,890,748,900  |    | 6,911,015,339  | <br>7,120,969,065    | <br>8,151,225,452    | _  | 7,769,377,646  |
| \$<br>13,299,312,482 | \$ | 12,218,743,579 | \$ | 12,390,920,433 | \$<br>13,790,078,319 | \$<br>15,737,720,874 | \$ | 16,498,155,860 |

# Schedule 4 -- Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years

(modified accrual basis of accounting)

|   | 2011             | 2012             | 2013             | 2014             |
|---|------------------|------------------|------------------|------------------|
| Parameter   |                  |                  |                  |                  |
| Revenues Individual and Corporate Income Taxes          | \$ 602,185,856   | \$ 643,107,392   | \$ 845,590,604   | \$ 736,426,799   |
| Sales and Use Taxes                                     | 1,120,803,578    | 1,542,807,423    | 1,652,264,305    | 1,747,358,775    |
| Oil, Gas, and Coal Taxes                                |                  |                  |                  |                  |
|   | 1,058,519,977    | 1,670,529,100    | 2,518,629,175    | 3,336,441,100    |
| Business and Other Taxes                                | 70,417,133       | 72,084,077       | 80,514,313       | 85,216,692       |
| Licenses, Permits and Fees                              | 154,090,944      | 183,303,744      | 191,268,529      | 205,896,279      |
| Intergovernmental                                       | 1,610,019,463    | 1,753,469,275    | 1,428,170,719    | 1,433,023,985    |
| Sales and Services                                      | 53,599,656       | 51,864,186       | 51,333,672       | 54,206,137       |
| Royalties and Rents                                     | 328,289,031      | 392,165,022      | 389,989,643      | 474,293,031      |
| Fines and Forfeits                                      | 16,213,841       | 18,151,711       | 23,770,098       | 23,022,332       |
| Interest and Investment Income                          | 270,760,984      | 74,621,630       | 250,383,144      | 515,486,326      |
| Tobacco Settlement                                      | 30,453,643       | 31,277,903       | 31,344,429       | 33,896,173       |
| Commodity Assessments                                   | 23,111,279       | 19,710,327       | 28,572,996       | 24,788,270       |
| Miscellaneous   | 7,622,389        | 25,651,998       | 56,131,404       | 37,337,036       |
| Total Revenues  | 5,346,087,774    | 6,478,743,788    | 7,547,963,031    | 8,707,392,935    |
| Expenditures  |                  |                  |                  |                  |
| Current:  |                  |                  |                  |                  |
| General Government                                      | 174,560,163      | 193,919,196      | 316,117,619      | 391,604,389      |
| Education   | 830,379,618      | 842,666,213      | 874,348,965      | 1,073,921,730    |
| Health and Human Services                               | 1,240,584,657    | 1,267,415,392    | 1,316,596,317    | 1,430,474,509    |
| Regulatory  | 25,371,933       | 30,249,484       | 35,368,070       | 47,317,516       |
| Public Safety and Corrections                           | 233,108,649      | 292,979,177      | 199,319,379      | 230,055,951      |
| Agriculture and Commerce                                | 97,880,158       | 91,516,274       | 92,435,869       | 95,791,431       |
| Natural Resources                                       | 110,413,413      | 123,117,235      | 105,696,650      | 107,874,535      |
| Transportation  | 430,542,156      | 753,087,144      | 550,383,353      | 1,015,136,123    |
| Intergovernmental - Revenue Sharing                     | 326,572,267      | 415,775,866      | 570,905,886      | 887,469,331      |
| Capital Outlay  | 233,071,350      | 358,083,597      | 428,030,196      | 250,938,968      |
| Debt Service:   | 200,07 1,000     | 000,000,001      | 120,000,100      | 200,000,000      |
| Principal Principal                                     | 16,869,266       | 18,282,996       | 17,421,039       | 18,094,333       |
| Interest and Other Charges                              | 10,659,235       | 9.736.260        | 8.744.962        | 7.999.247        |
| Total Expenditures                                      | 3,730,012,865    | 4,396,828,834    | 4,515,368,305    | 5,556,678,063    |
|   |                  |                  |                  |                  |
| Revenue over (under) Expenditures                       | 1,616,074,909    | 2,081,914,954    | 3,032,594,726    | 3,150,714,872    |
| Other Financing Sources (Uses)                          |                  |                  |                  |                  |
| Bonds and Notes Issued                                  | 2,575,000        | -                | -                | -                |
| Refunding Bonds Issued                                  | 5,337,000        | 20,004,000       | -                | -                |
| Payment to Refund Bond Escrow Agent                     | -                | -                | -                | -                |
| Payment of Refunded Bonds                               | (4,940,000)      | (25,041,000)     | -                | -                |
| Capital Lease Acquisitions                              | 1,402,326        | 147,344          | 282,145          | 52,526           |
| Sale of Capital Assets                                  | 539,837          | 284,974          | 641,170          | 336,557          |
| Other   | · -              |                  | -                | -                |
| Transfers In  | 566,165,036      | 1,162,122,470    | 398,824,628      | 104,808,196      |
| Transfers Out   | (931,469,432)    | (1,530,199,911)  | (808, 397, 373)  | (528,711,650)    |
| Total Other Financing Sources (Uses)                    | (360,390,233)    | (372,682,123)    | (408,649,430)    | (423,514,371)    |
| Extraordinary Item                                      |                  |                  |                  |                  |
| Net Changes in Fund Balances                            | \$ 1,255,684,676 | \$ 1,709,232,831 | \$ 2,623,945,296 | \$ 2,727,200,501 |
| Debt Service as a Percentage of Noncapital Expenditures | <1%              | <1%              | <1%              | <1%              |

| <br>                | <br>                  |                             |                                     |    |                  |             |                  |             |                  |
|---------------------|-----------------------|-----------------------------|-------------------------------------|----|------------------|-------------|------------------|-------------|------------------|
| <br>2015            | <br>2016              |                             | 2017                                |    | 2018             |             | 2019             | -           | 2020             |
|                     |                       |                             |                                     |    |                  |             |                  |             |                  |
| \$<br>714,657,090   | \$<br>424,229,756     | \$                          | 397,563,377                         | \$ | 459,742,512      | \$          | 594,902,271      | \$          | 514,474,130      |
| 1,790,646,715       | 1,353,955,780         |                             | 1,227,777,645                       |    | 1,308,380,507    |             | 1,447,039,166    |             | 1,382,950,275    |
| 2,734,607,036       | 1,457,086,135         |                             | 1,489,177,632                       |    | 2,198,245,617    |             | 2,586,461,875    |             | 1,949,413,720    |
| 93,445,691          | 99,743,017            |                             | 99,358,473                          |    | 100,050,115      |             | 113,491,911      |             | 107,904,881      |
| 215,706,207         | 207.163.123           |                             | 201,347,912                         |    | 209.425.979      |             | 208.629.095      |             | 205.881.199      |
| 1,626,610,762       | 1,643,431,832         |                             | 1,718,291,215                       |    | 1,666,435,743    |             | 1,722,371,509    |             | 1,935,418,579    |
| 81.988.980          | 57,382,857            | 1,718,291,215<br>56.713.042 |                                     |    |                  | 87.945.566  |                  | 63.647.829  |                  |
| 398,048,916         | 237,379,524           |                             | 256,351,062                         |    | 358,554,090      |             | 428,518,481      |             | 350,303,312      |
|                     |                       |                             |                                     |    |                  |             |                  |             |                  |
| 26,167,673          | 22,979,377            |                             | 25,792,953                          |    | 27,794,757       |             | 31,643,952       |             | 28,740,584       |
| 149,053,816         | 63,615,120            |                             | 863,607,155                         |    | 668,469,231      |             | 568,502,158      |             | 267,822,601      |
| 30,512,364          | 31,872,848            |                             | 25,677,716                          |    | 55,305,183       |             | 20,752,400       |             | 21,159,397       |
| 23,662,092          | 25,007,037            |                             | 27,771,103                          |    | 25,879,090       |             | 24,055,725       |             | 23,180,351       |
| 17,176,577          | 43,591,538            |                             | 19,059,502                          |    | 32,577,808       |             | 26,261,882       |             | 32,010,373       |
| 7,902,283,919       | <br>5,667,437,944     |                             | 6,408,488,787                       |    | 7,170,008,162    |             | 7,860,575,991    |             | 6,882,907,231    |
|                     |                       |                             |                                     |    |                  |             |                  |             |                  |
| 690,034,696         | 363,410,801           |                             | 375,462,221                         |    | 196,145,504      |             | 212,878,777      |             | 221,601,805      |
| 1.116.260.493       | 1.174.928.314         |                             | 1.212.413.715                       |    | 1.205.816.564    |             | 1,236,434,495    |             | 1,286,565,575    |
| 1,707,702,397       | 1,774,061,712         |                             | 1,830,146,819                       |    | 1,895,273,724    |             | 1,901,317,937    |             | 2,036,979,868    |
| 58,625,606          | 60,161,098            |                             | 66,319,143                          |    | 50,990,125       |             | 44,017,306       |             | 66,636,947       |
| 237,542,738         | 216,354,458           |                             | 221,427,867                         |    | , ,              |             | 206,073,620      |             | 228,482,829      |
|                     |                       |                             |                                     |    |                  |             |                  |             |                  |
| 106,304,742         | 106,791,473           |                             |                                     |    | 93,502,803       |             |                  | 106,261,515 |                  |
| 185,712,117         | 307,669,526           |                             | 270,375,075 210,225,132 240,134,308 |    |                  | 196,940,075 |                  |             |                  |
| 550,382,661         | 613,815,927           |                             | 446,115,824                         |    | 369,478,453      |             | 359,256,938      |             | 330,326,337      |
| 811,392,745         | 693,793,125           |                             | 574,300,791                         |    | 826,616,477      |             | 964,483,838      |             | 805,934,582      |
| 648,582,253         | 770,056,268           |                             | 585,432,696                         |    | 339,847,100      |             | 341,357,479      |             | 383,713,350      |
| 35,744,666          | 63,766,311            |                             | 11,576,381 16,169,612               |    |                  | 10,839,024  |                  | 20,566,373  |                  |
| 7,915,666           | 4,544,267             |                             | 2,809,155                           |    | 2,532,662        |             | 2,073,539        | ,           |                  |
| 6,156,200,780       | 6,149,353,280         |                             | 5,696,433,510                       |    | 5,423,677,675    |             | 5,616,158,014    |             | 5,685,809,372    |
| 1,746,083,139       | (481,915,336)         |                             | 712,055,277                         |    | 1,746,330,487    |             | 2,244,417,977    |             | 1,197,097,859    |
| _                   | _                     |                             | _                                   |    | 42,812,909       |             | _                |             | 3,344,100        |
| _                   | _                     |                             | _                                   |    | ,5,500           |             | _                |             | -                |
|                     |                       |                             |                                     |    |                  |             |                  |             |                  |
| -                   | -                     |                             | -                                   |    | (00 047 000)     |             | -                |             | -                |
| -                   | -                     |                             | 4 700 450                           |    | (20,347,000)     |             | -                |             | - 445.007        |
| 244,493             | 149,891               |                             | 1,728,159                           |    | 175,968          |             | 184,258          |             | 145,827          |
| 49,910              | 5,712,951             |                             | 27,150                              |    | 19,343           |             | 1,141,039        |             | 269,769          |
| -<br>1,176,200,047  | -<br>838,882,833      |                             | -<br>346,374,625                    |    | -<br>291,318,581 |             | -<br>285,737,190 |             | -<br>563,143,071 |
|                     |                       |                             |                                     |    | , ,              |             | , ,              |             | , ,              |
| <br>(1,718,913,302) | <br>(1,443,399,242)   |                             | (849,628,391)                       |    | (658,815,902)    |             | (576,455,477)    |             | (1,003,565,640)  |
| <br>(542,418,852)   | <br>(598,653,567)     |                             | (501,498,457)                       |    | (344,836,101)    |             | (289,392,990)    |             | (436,662,873)    |
| <br><u>-</u>        | <br>                  |                             | (38,379,966)                        |    |                  |             |                  |             |                  |
| \$<br>1,203,664,287 | \$<br>(1,080,568,903) | \$                          | 172,176,854                         | \$ | 1,401,494,386    | \$          | 1,955,024,987    | \$          | 760,434,986      |
|                     |                       |                             |                                     |    |                  |             |                  |             |                  |
| <1%                 | 1.3%                  |                             | <1%                                 |    | <1%              |             | <1%              |             | <1%              |

# Schedule 5 Taxable Sales by Industry Last Ten Calendar Years

|  |                   | Calend            | ar Year           |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 2010              | 2011              | 2012              | 2013              |
| Mining and Oil Extraction                    | \$ 1,491,748,626  | \$ 3,609,963,576  | \$ 5,117,138,306  | \$ 4,374,052,860  |
| Construction                                 | 494,291,922       | 702,237,062       | 1,073,180,098     | 985,079,023       |
| Manufacturing                                | 711,340,542       | 995,535,882       | 1,270,236,581     | 1,334,723,444     |
| Transportation, Communications,              |                   |                   |                   |                   |
| And Public Utilities                         | 390,215,115       | 577,280,642       | 652,478,635       | 569,453,738       |
| Wholesale                                    | 3,367,800,790     | 4,394,667,162     | 5,987,059,129     | 6,434,467,781     |
| Retail                                       | 4,686,288,902     | 5,448,304,958     | 6,348,806,735     | 6,569,146,675     |
| Services                                     | 1,724,349,874     | 2,490,644,719     | 3,135,679,592     | 3,441,014,994     |
| Accommodation and Food Service Miscellaneous | 1,271,280,053     | 1,471,737,060     | 1,706,097,731     | 1,756,625,375     |
| Total  | \$ 14,137,315,824 | \$ 19,690,371,061 | \$ 25,290,676,807 | \$ 25,464,563,890 |
| Effective Tax Rate                           | 4.98%             | 4.86%             | 5.08%             | 5.08%             |

Source: ND State Tax Department

# Schedule 6 Sales Tax Revenue Payers by Industry Calendar Years 2010 and 2019

(Dollars are in Millions)

| -                               |                     | Calendar `          | Year 20 | 10               |                        |
|---------------------------------|---------------------|---------------------|---------|------------------|------------------------|
|                                 | Number<br>of Filers | Percentage of Total |         | Tax<br>Liability | Percentage<br>of Total |
| Retail Trade                    | 7,922               | 27.6%               | \$      | 233.38           | 33.2%                  |
| Wholesale Trade                 | 4,731               | 16.5%               |         | 161.65           | 23.0%                  |
| Services                        | 7,591               | 26.4%               |         | 86.05            | 12.2%                  |
| Transportation, Communications, |                     |                     |         |                  |                        |
| And Public Utilities            | 454                 | 1.6%                |         | 19.43            | 2.8%                   |
| Manufacturing                   | 2,536               | 8.8%                |         | 35.42            | 5.0%                   |
| Construction                    | 1,915               | 6.7%                |         | 23.73            | 3.4%                   |
| Miscellaneous                   | 3,206               | 11.2%               |         | 69.92            | 9.9%                   |
| Mining and Oil Extraction       | 356                 | 1.2%                |         | 74.29            | 10.6%                  |
| Total                           | 28,711              | 100.0%              |         | 703.87           | 100.0%                 |

Source: ND State Tax Department

#### Calendar Year

| Calendar Year        |                   |    |                |    |                |    |                |    |                |  |
|----------------------|-------------------|----|----------------|----|----------------|----|----------------|----|----------------|--|
| 2014                 | 2015              |    | 2016           | _  | 2017           |    | 2018           |    | 2019           |  |
| \$<br>5,194,104,870  | \$ 3,195,799,670  | \$ | 1,270,571,326  | \$ | 1,933,586,774  | \$ | 2,798,102,134  | \$ | 3,099,269,900  |  |
| 965,197,436          | 893,628,575       |    | 788,360,652    |    | 572,742,527    |    | 581,608,306    |    | 618,279,202    |  |
| 1,527,873,493        | 1,256,620,179     |    | 955,191,364    |    | 940,433,285    |    | 1,073,576,742  |    | 1,167,694,348  |  |
| 630,444,105          | 566,226,446       |    | 359,835,574    |    | 325,778,272    |    | 520,830,231    |    | 607,973,352    |  |
| 7,391,400,913        | 5,339,698,317     |    | 3,564,195,615  |    | 3,971,599,479  |    | 4,849,827,096  |    | 4,972,679,709  |  |
| 6,900,590,520        | 6,634,790,900     |    | 6,137,317,234  |    | 6,039,261,375  |    | 6,253,114,138  |    | 6,686,103,548  |  |
| 3,684,213,017        | 3,176,227,835     |    | 2,547,155,903  |    | 2,411,082,485  |    | 2,420,785,043  |    | 2,537,470,588  |  |
| 1,928,607,097        | 1,839,842,915     |    | 1,705,940,154  |    | 1,706,215,062  |    | 1,765,283,726  |    | 1,834,041,363  |  |
| \$<br>28,222,431,451 | \$ 22,902,834,837 | \$ | 17,328,567,822 | \$ | 17,900,699,259 | \$ | 20,263,127,416 | \$ | 21,523,512,010 |  |
| <br>                 |                   |    |                |    |                |    |                |    |                |  |
| 5.00%                | 5.35%             |    | 5.42%          |    | 5.06%          |    | 5.12%          |    | 5.11%          |  |

# Calendar Year 2019

| Number of Filers | Percentage of Total | <br>Tax<br>Liability | Percentage<br>of Total |
|------------------|---------------------|----------------------|------------------------|
| 10,559           | 30.4%               | 341.66               | 31.1%                  |
| 5,476            | 15.8%               | 228.74               | 20.8%                  |
| 9,436            | 27.2%               | 129.66               | 11.8%                  |
| 463              | 1.3%                | 31.07                | 2.8%                   |
| 3,030            | 8.7%                | 59.67                | 5.4%                   |
| 2,141            | 6.2%                | 31.59                | 2.9%                   |
| 3,022            | 8.7%                | 119.21               | 10.8%                  |
| 607              | 1.7%                | 158.37               | 14.4%                  |
| 34,734           | 100.0%              | \$<br>1,099.97       | 100.0%                 |

# Schedule 7 Ratios of Outstanding Debt by Type Last Ten Fiscal Years

(dollars in thousands)

|  | Fiscal Year |           |    |           |    |           |    |           |  |  |  |
|--|-------------|-----------|----|-----------|----|-----------|----|-----------|--|--|--|
|  |             | 2011      |    | 2012      |    | 2013      |    | 2014      |  |  |  |
| Governmental Activities                              |             |           |    |           |    |           |    |           |  |  |  |
| Revenue bonds  | \$          | 219,221   | \$ | 197,021   | \$ | 180,757   | \$ | 163,031   |  |  |  |
| Capital leases                                       |             | 2,964     |    | 1,928     |    | 1,068     |    | 667       |  |  |  |
| Notes Payable  |             | 8,563     |    | 7,428     |    | 6,211     |    | 4,981     |  |  |  |
| Total Governmental Activities                        | _           | 230,748   |    | 206,377   |    | 188,036   |    | 168,679   |  |  |  |
| Business-type Activities                             |             |           |    |           |    |           |    |           |  |  |  |
| Revenue bonds  |             | 1,193,816 |    | 1,069,257 |    | 919,506   |    | 901,527   |  |  |  |
| Certificates of Participation                        |             | -         |    | -         |    | _         |    | -         |  |  |  |
| Capital leases                                       |             | 75,649    |    | 73,211    |    | 61,796    |    | 44,774    |  |  |  |
| Notes payable  |             | 403,509   |    | 481,735   |    | 415,856   |    | 484,763   |  |  |  |
| Total Business-Type Activities                       |             | 1,672,974 |    | 1,624,203 |    | 1,397,158 |    | 1,431,064 |  |  |  |
| Total Primary Government                             | \$          | 1,903,722 | \$ | 1,830,580 | \$ | 1,585,194 | \$ | 1,599,743 |  |  |  |
| Debt as a Percentage of Personal Income <sup>1</sup> |             | 7.1%      |    | 6.2%      |    | 4.8%      |    | 4.1%      |  |  |  |
| Amount of Debt per Capita 1                          | \$          | 2,863     | \$ | 2,714     | \$ | 2,313     | \$ | 2,279     |  |  |  |

<sup>&</sup>lt;sup>1</sup> These ratios are calculated using personal income and population for the prior calendar year. See Schedule 10 for personal income and population data.

Details regarding the state's debt can be found in Note 3-L of the financial statements.

# Fiscal Year

| 2015            | <br>2016        | 2017            | <br>2018        | 2019            | <br>2020        |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$<br>129,345   | \$<br>64,049    | \$<br>54,105    | \$<br>40,429    | \$<br>29,950    | \$<br>19,730    |
| 600             | 467             | 1,695           | 1,415           | 1,118           | 834             |
| <br>4,412       | <br>3,891       | <br>2,181       | <br>22,248      | <br>21,897      | <br>14,817      |
| <br>134,357     | <br>68,407      | <br>57,981      | <br>64,092      | <br>52,965      | <br>35,381      |
| 884,086         | 1,040,019       | 1,019,125       | 1,242,368       | 1,525,285       | 1,666,599       |
| -               | -               | -               | -               | 96,843          | 104,120         |
| 41,224          | 38,533          | 41,425          | 40,058          | 54,359          | 51,662          |
| 665,792         | 747,186         | 1,299,860       | 1,289,686       | 1,120,787       | 648,266         |
| 1,591,102       | 1,825,738       | 2,360,410       | 2,572,112       | 2,797,274       | 2,470,647       |
| \$<br>1,725,459 | \$<br>1,894,145 | \$<br>2,418,391 | \$<br>2,636,204 | \$<br>2,850,239 | \$<br>2,506,028 |
| 4.3%            | 4.4%            | 5.8%            | 6.4%            | 6.9%            | 6.1%            |
| \$<br>2,383     | \$<br>2,560     | \$<br>3,195     | \$<br>3,478     | \$<br>3,760     | \$<br>3,306     |

Schedule 8 Pledged-Revenue Coverage Last Ten Fiscal Years

| Fiscal | Gross                   | Less:<br>Operating          | Net<br>Available     | Debt Service I   | Requirements    |          |
|--------|-------------------------|-----------------------------|----------------------|------------------|-----------------|----------|
| Year   | Revenues                | Expenses                    | Revenues             | <u>Principal</u> | <u>Interest</u> | Coverage |
|        | BUILDING AUTHORITY      | BONDS                       |                      |                  |                 |          |
| 2011   | 9,570,000               | -                           | 9,570,000            | 6,243,000        | 3,656,000       | 0.97     |
| 2012   | 11,298,000              | -                           | 11,298,000           | 7,106,000        | 3,211,000       | 1.10     |
| 2013   | 8,394,000               | -                           | 8,394,000            | 5,806,000        | 2,655,000       | 0.99     |
| 2014   | 9,176,000               | -                           | 9,176,000            | 6,825,000        | 2,336,000       | 1.00     |
| 2015   | 8,163,000               | -                           | 8,163,000            | 6,130,000        | 2,080,000       | 0.99     |
| 2016   | 9,868,000               | -                           | 9,868,000            | 6,375,000        | 1,896,000       | 1.19     |
| 2017   | 5,300,000               | -                           | 5,300,000            | 5,315,000        | 1,680,000       | 0.76     |
| 2018   | 32,500,000              | -                           | 32,500,000           | 31,110,000       | 1,485,000       | 1.00     |
| 2019   | 6,343,000               | -                           | 6,343,000            | 5,200,000        | 1,092,000       | 1.01     |
| 2020   | \$ 5,312,000            | \$ -                        | \$ 5,312,000         | \$ 4,400,000     | \$ 879,000      | 1.01     |
|        | Pledged revenues includ | le interest and lease pay   | ments.               |                  |                 |          |
|        | WATER COMMISSION        | BONDS                       |                      |                  |                 |          |
| 2011   | 9,425,473               | _                           | 9,425,473            | 5,227,642        | 4,645,491       | 0.95     |
| 2012   | 9,761,020               | -                           | 9,761,020            | 5,541,961        | 4,372,017       | 0.98     |
| 2013   | 9,863,578               | -                           | 9,863,578            | 5,760,272        | 4,142,814       | 1.00     |
| 2014   | 16,615,188              | -                           | 16,615,188           | 5,990,528        | 3,911,439       | 1.68     |
| 2015   | 8,783,565               | -                           | 8,783,565            | 13,343,592       | 3,318,972       | 0.53     |
| 2016   | 45,840,868              | -                           | 45,840,868           | 52,525,000       | 1,309,125       | 0.85     |
| 20.0   | Pledged revenues inlcud | le user fees, interest, and |                      |                  | .,000,.20       | 0.00     |
|        | INFORMATION TECHN       | OLOGY BONDS                 |                      |                  |                 |          |
| 2011   | 49,841,497              | 41,956,029                  | 7,885,468            | 10,537,178       | 324,831         | 0.73     |
| 2012   | 53,268,445              | 47,300,345                  | 5,968,100            | 694,550          | 89,028          | 7.62     |
| 2013   | 58,427,069              | 52,478,918                  | 5,948,151            | 736,600          | 39,805          | 7.66     |
| 2014   | 60,619,327              | 53,925,234                  | 6,694,093            | 711,950          | 14,239          | 9.22     |
|        | Pledged revenues inclu  |                             | 5,55 1,555           | ,                | ,               |          |
|        |                         |                             |                      |                  |                 |          |
|        | DEPARTMENT OF TRA       | NSPORTATION BONDS           | S                    |                  |                 |          |
| 2011   | 5,271,363               | -                           | 5,271,363            | 3,465,000        | 1,854,138       | 0.99     |
| 2012   | 5,345,315               | -                           | 5,345,315            | 3,595,000        | 1,726,615       | 1.00     |
| 2013   | 5,344,822               | -                           | 5,344,822            | 3,725,000        | 1,597,010       | 1.00     |
| 2014   | 5,320,012               | -                           | 5,320,012            | 3,865,000        | 1,451,535       | 1.00     |
| 2015   | 5,318,070               | _                           | 5,318,070            | 4,015,000        | 1,303,070       | 1.00     |
| 2016   | 5,317,250               | _                           | 5,317,250            | 4,165,000        | 1,150,500       | 1.00     |
| 2017   | 5,315,500               | _                           | 5,315,500            | 4,375,000        | 942,250         | 1.00     |
| 2018   | 5,314,000               | _                           | 5,314,000            | 4,590,000        | 723,500         | 1.00     |
| 2019   | 5,313,500               | _                           | 5,313,500            | 4,820,000        | 494,000         | 1.00     |
| 2020   | \$ 5,313,000            | \$ -                        | \$ 5,313,000         | , ,              | \$ 253,000      | 1.00     |
|        | Pledged revenues includ | le interest and federal (in | ntergovernmental rev | . , ,            |                 |          |

|                | Less:  |                            |        |                                |        | Net                            | Debt Service Requireme |                          |    | uirements                |                  |
|----------------|--------|----------------------------|--------|--------------------------------|--------|--------------------------------|------------------------|--------------------------|----|--------------------------|------------------|
| Fiscal<br>Year | F      | Gross<br>Revenues          |        | Operating<br>Expenses          |        | Available<br>Revenues          |                        | <u>Principal</u>         |    | Interest                 | Coverage         |
|                | STUDE  | NT LOAN TRUS               | ST     |                                |        |                                |                        |                          |    |                          |                  |
| 2011           |        | 1,406,000                  |        | 923,000                        |        | 483,000                        |                        | 9,000,000                |    | 288,000                  | 0.05             |
| 2012           |        | 1,168,000                  |        | 770,000                        |        | 398,000                        |                        | 2,000,000                |    | 39,000                   | 0.20             |
| 2013           |        | 976,000                    |        | 658,000                        |        | 318,000                        |                        | 2,200,000                |    | 24,000                   | 0.14             |
| 2014           |        | 868,000                    |        | 559,000                        |        | 309,000                        |                        | -                        |    | 9,000                    | 34.33            |
| 2015           |        | 732,000                    |        | 487,000                        |        | 245,000                        |                        | -                        |    | 9,000                    | 27.22            |
| 2016           |        | 639,000                    |        | 402,000                        |        | 237,000                        |                        | -                        |    | 10,000                   | 23.70            |
| 2017           |        | 543,000                    |        | 361,000                        |        | 182,000                        |                        | -                        |    | 14,000                   | 13.00            |
| 2018           |        | 237,000                    |        | 57,000                         |        | 180,000                        |                        | -                        |    | 22,000                   | 8.18             |
| 2019           |        | 84,000                     |        | 38,000                         |        | 46,000                         |                        | -                        |    | 31,000                   | 1.48             |
| 2020           | \$     | 70,000                     | \$     | 26,000                         | \$     | 44,000                         | \$                     | -                        | \$ | 23,000                   | 1.91             |
|                | Pledge | d revenues inclu           | de fed | eral revenues, and             | d Ioan | and investment in              | tere                   | st.                      |    |                          |                  |
|                | HOUSI  | NG FINANCE A               | GENC   | Υ                              |        |                                |                        |                          |    |                          |                  |
| 2011           |        | 74,163,000                 |        | 46,020,000                     |        | 28,143,000                     |                        | 247,099,000              |    | 36,352,000               | 0.10             |
| 2012           |        | 62,386,855                 |        | 42,874,000                     |        | 19,512,855                     |                        | 246,535,000              |    | 36,562,000               | 0.07             |
| 2013           |        | 55,452,870                 |        | 36,480,000                     |        | 18,972,870                     |                        | 209,045,000              |    | 29,902,000               | 0.08             |
| 2014           |        | 48,261,366                 |        | 28,677,687                     |        | 19,583,679                     |                        | 189,830,000              |    | 22,360,000               | 0.09             |
| 2015           |        | 46,104,013                 |        | 25,535,000                     |        | 20,569,013                     |                        | 136,385,000              |    | 18,303,000               | 0.13             |
| 2016           |        | 48,479,659                 |        | 27,986,000                     |        | 20,493,659                     |                        | 102,480,000              |    | 17,801,000               | 0.17             |
| 2017           |        | 50,851,271                 |        | 28,185,000                     |        | 22,666,271                     |                        | 249,400,000              |    | 17,985,000               | 0.08             |
| 2018           |        | 54,771,000                 |        | 29,905,000                     |        | 24,866,000                     |                        | 126,620,000              |    | 18,900,000               | 0.17             |
| 2019           |        | 64,712,000                 |        | 37,843,000                     |        | 26,869,000                     |                        | 89,660,000               |    | 23,474,000               | 0.24             |
| 2020           | \$     | 72,051,000                 | \$     | 43,041,000                     | \$     | 29,010,000                     | \$                     | 109,720,000              | \$ | 30,104,000               | 0.21             |
|                |        |                            |        | ome and proceeds               |        |                                |                        |                          | Ψ  | 00,101,000               | 0.2.             |
|                | UNIVE  | RSITY SYSTEM               |        |                                |        |                                |                        |                          |    |                          |                  |
| 2011           |        | 777,992,712                |        | 937,253,706                    |        | (159,260,994)                  |                        | 19,435,268               |    | 14,390,104               | (4.71)           |
| 2011           |        | 708,136,180                |        | 979,701,772                    |        | (271,565,592)                  |                        | 27,187,867               |    | 15,553,703               | (6.35)           |
| 2012           |        | 700,130,100                |        | 1,012,017,963                  |        | (282,217,457)                  |                        | 43,206,702               |    | 12,842,418               | (5.04)           |
| 2013           |        |                            |        |                                |        | ,                              |                        |                          |    |                          | (5.56)           |
| 2014           |        | 750,780,897<br>758,127,326 |        | 1,051,848,696                  |        | (301,067,799)                  |                        | 42,458,545               |    | 11,650,094<br>13,702,718 | , ,              |
| 2015           |        | 838,245,926                |        | 1,090,845,378<br>1,200,399,795 |        | (332,718,052)<br>(362,153,869) |                        | 45,904,456<br>60,435,257 |    | 12,328,344               | (5.58)<br>(4.98) |
| 2016           |        | 794,108,239                |        | 1,186,452,340                  |        | (392,344,101)                  |                        | 46,330,594               |    | 12,526,544               | (6.66)           |
| 2017           |        |                            |        |                                |        | , , ,                          |                        |                          |    |                          | , ,              |
| 2018           |        | 795,593,560                |        | 1,160,802,712                  |        | (365,209,152)                  |                        | 44,073,161               |    | 12,241,613               | (6.49)           |
|                | ф      | 814,825,704                | ď      | 1,179,695,430                  | ď      | (364,869,726)                  | Ф                      | 20,538,565               | φ  | 11,627,313               | (11.34)          |
| 2020           | \$     | 802,320,682                | \$     | 1,192,083,445                  | \$     | (389,762,763)                  | \$                     | 19,508,893               | \$ | 13,753,146               | (11.72)          |

Pledged revenues include student fees, auxiliary revenues, sales, tax revenue, investment income and debt service grants.

NOTE: Gross revenues include nonoperating interest income. Operating expenses do not include bond interest or depreciation expenses.

Schedule 9 Legal Debt Limit Fiscal Year Ending June 30, 2020

The state may issue or guarantee the payment of bonds, provided that all bonds in excess of two million dollars shall be secured by first mortgage upon real estate in amounts not to exceed sixty-five percent of its value; or upon real and personal property of state-owned utilities, enterprises, or industries, in amounts not exceeding its value, and provided further, that the state shall not issue or guarantee bonds upon property of state-owned utilities, enterprises, or industries in excess of ten million dollars.

No further indebtedness shall be incurred by the state unless evidenced by a bond issue, which shall be authorized by law for certain purposes, to be clearly defined. Every law authorizing a bond issue shall provide for levying an annual tax, or make other provision, sufficient to pay the interest semiannually, and the principal within thirty years from the date of the issue of such bonds and shall specially appropriate the proceeds of such tax, or of such other provisions to the payment of said principal and interest, and such appropriation shall not be repealed nor the tax or other provisions discontinued until such debt, both principal and interest, shall have been paid. No debt in excess of the limit named herein shall be incurred except for the purpose of repelling invasion, suppressing insurrection, defending the state in time of war or to provide for the public defense in case of threatened hostilities.

The State is in compliance with the Legal Debt Margin.

Source: North Dakota Constitution, Art. X, Section 13.

The State of North Dakota has had no General Obligation Bonded Debt since Fiscal Year 1998. No Schedule of Ratios of General Bonded Debt is being presented.

# Schedule 10 Demographic and Economic Indicators Last Ten Calendar Years

| Year | Population (a) | Total<br>Personal<br>Income (b)<br>(000's) | Per Capita<br>Personal<br>Income (b) | ND<br>Unemployment<br>Rate (c) | Annual<br>Average<br>UI Covered<br>Employment (d) |
|------|----------------|--|--------------------------------------|--------------------------------|---|
| 2010 | 674,715        | \$29,344,600                               | \$43,492                             | 3.8%                           | 358,674   |
| 2011 | 685,225        | \$32,882,200                               | \$47,987                             | 3.5%                           | 379,433   |
| 2012 | 701,176        | \$38,859,800                               | \$55,421                             | 3.1%                           | 411,710   |
| 2013 | 722,036        | \$38,860,600                               | \$53,821                             | 2.9%                           | 427,109   |
| 2014 | 737,401        | \$41,526,200                               | \$56,314                             | 2.7%                           | 444,658   |
| 2015 | 754,066        | \$40,600,600                               | \$53,842                             | 2.8%                           | 437,078   |
| 2016 | 754,434        | \$39,622,200                               | \$52,519                             | 3.1%                           | 417,150   |
| 2017 | 754,942        | \$39,774,600                               | \$52,686                             | 2.7%                           | 414,039   |
| 2018 | 758,080        | \$42,147,700                               | \$55,598                             | 2.6%                           | 417,578   |
| 2019 | 762,062        | \$43,819,100                               | \$57,501                             | 2.4%                           | 422,826   |

#### Source:

- (a) Census Bureau
- (b) Bureau of Economic Analysis
- (c) Local Area Unemployment Statistics program (SA)
- (d) Quarterly Census of Employment and Wages program

# Schedule 11 Principal Employers

North Dakota Century Code 52-01-02 and 52-01-03 prohibits Job Service North Dakota from disclosing information provided to them by employers, including the employer name and number of employees, unless authorized by the employer. Sufficient permission has not been received to allow for presentation of this schedule.

The following schedule is being presented as an alternative to the principal employer schedule:

Schedule 12
Employment by Industry
Current Calendar Year and Ten Years Ago

|   |           | 2019     |                      | 2010      |      |                      |  |  |
|---|-----------|----------|----------------------|-----------|------|----------------------|--|--|
|   |           |          | Percent of           |           |      | Percent of           |  |  |
|   |           | To       | otal Nonagricultural |           | ٦    | otal Nonagricultural |  |  |
| Industry                                  | Number of |          | Wage and Salary      | Number of |      | Wage and Salary      |  |  |
|   | Employees | Rank     | Employment           | Employees | Rank | Employment           |  |  |
| Government                                | 83,000    | 1 18.89% |                      | 79,600    | 1    | 21.13%               |  |  |
| Educational and Health Services           | 67,200    | 2        | 15.30%               | 57,100    | 2    | 15.15%               |  |  |
| Retail Trade                              | 45,500    | 3        | 10.36%               | 43,200    | 3    | 11.46%               |  |  |
| Leisure and Hospitality                   | 40,500    | 4        | 9.22%                | 34,300    | 4    | 9.10%                |  |  |
| Professional and Business Services        | 32,800    | 5        | 7.47%                | 27,300    | 5    | 7.25%                |  |  |
| Construction                              | 28,100    | 6        | 6.40%                | 21,600    | 7    | 5.73%                |  |  |
| Manufacturing                             | 26,400    | 7        | 6.01%                | 22,600    | 6    | 6.00%                |  |  |
| Financial Activities                      | 24,800    | 8        | 5.65%                | 20,600    | 8    | 5.47%                |  |  |
| Wholesale Trade                           | 24,300    | 9        | 5.53%                | 21,100    | 9    | 5.60%                |  |  |
| Transportation, Warehousing and Utilities | 23,900    | 10       | 5.44%                | 16,000    | 11   | 4.25%                |  |  |
| Logging and Mining                        | 21,300    | 11       | 4.85%                | 10,700    | 13   | 2.84%                |  |  |
| Other Services                            | 15,400    | 12       | 3.51%                | 15,400    | 10   | 4.09%                |  |  |
| Information                               | 6,100     | 13       | 1.39%                | 7,300     | 12   | 1.94%                |  |  |
| Total                                     | 439,300   | 100%     |                      | 376,800   | =    | 100%                 |  |  |

Source: Job Service North Dakota: Current Employment Statistics Program.

Schedule 13 Education Enrollment Last Ten Academic Years

# **Public School Enrollment**

|                            | 2011-12 | <u>2012-13</u> | <u>2013-14</u> | <u>2014-15</u> | <u>2015-16</u> | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> | 2019-20 | 2020-21 |
|----------------------------|---------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------|---------|
| Kindergarten               | 8,236   | 8,575          | 8,822          | 9,033          | 8,925          | 8,841          | 9,271          | 9,324          | 9,620   | 8,992   |
| Grades 1-3                 | 22,229  | 23,796         | 24,859         | 25,960         | 26,585         | 26,320         | 26,316         | 26,663         | 27,208  | 26,812  |
| Grades 4-6                 | 20,932  | 22,008         | 22,810         | 23,751         | 24,513         | 25,244         | 26,076         | 26,580         | 26,622  | 25,880  |
| Grades 7-8                 | 14,740  | 14,750         | 14,920         | 15,299         | 15,642         | 16,115         | 16,511         | 16,845         | 17,561  | 17,742  |
| Grades 9-12                | 29,641  | 30,063         | 30,245         | 30,235         | 30,405         | 30,343         | 30,771         | 31,430         | 31,847  | 32,619  |
| Total Enrollment           | 95,778  | 99,192         | 101,656        | 104,278        | 106,070        | 106,863        | 108,945        | 110,842        | 112,858 | 112,045 |
| Special Education Students | 13,123  | 13,268         | 13,399         | 13,675         | 13,988         | 14,429         | 15,175         | 15,902         | 16,459  | NA      |

Source: Department of Public Instruction

University System Full-Time Equivalent Student Enrollment

|                               | 2011-12 | 2012-13 | 2013-14 | <u>2014-15</u> | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | <u>2020-21</u> |
|-------------------------------|---------|---------|---------|----------------|---------|---------|---------|---------|---------|----------------|
| Bismarck State College        | 3,209   | 2,990   | 2,955   | 2,909          | 2,912   | 2,860   | 2,646   | 2,611   | 2,598   | 2,558          |
| Dakota College at Bottineau   | 524     | 474     | 502     | 518            | 459     | 490     | 527     | 590     | 596     | 552            |
| Dickinson State University    | 1,959   | 1,454   | 1,201   | 1,176          | 1,070   | 1,114   | 1,128   | 1,090   | 1,093   | 1,147          |
| Lake Region State College     | 988     | 973     | 943     | 978            | 981     | 971     | 995     | 1,005   | 974     | 867            |
| Mayville State University     | 704     | 759     | 749     | 798            | 796     | 782     | 784     | 817     | 801     | 801            |
| Minot State University        | 2,795   | 2,731   | 2,710   | 2,600          | 2,570   | 2,591   | 2,467   | 2,483   | 2,399   | 2,273          |
| ND State College Of Science   | 2,366   | 2,354   | 2,295   | 2,272          | 2,305   | 2,298   | 2,253   | 2,126   | 2,076   | 2,020          |
| North Dakota State University | 12,606  | 12,707  | 12,797  | 12,934         | 12,834  | 12,782  | 12,784  | 12,394  | 11,704  | 11,252         |
| University of North Dakota    | 12,319  | 12,728  | 12,606  | 12,420         | 12,455  | 12,180  | 11,964  | 11,585  | 11,164  | 10,933         |
| Valley City State University  | 1,011   | 995     | 975     | 990            | 1,031   | 1,044   | 1,086   | 1,096   | 1,164   | 1,160          |
| Williston State College       | 608     | 537     | 593     | 579            | 738     | 756     | 763     | 806     | 783     | 703            |
|                               |         |         |         |                |         |         |         |         |         | ·              |
| Total                         | 39,089  | 38,702  | 38,326  | 38,174         | 38,151  | 37,870  | 37,398  | 36,603  | 35,352  | 34,268         |

Note: Full-Time Equivalent Enrollment is based upon student credit hours.

Source: North Dakota University System

# Schedule 14 State Employees by State Agency Last Ten Fiscal Years

|  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| EXECUTIVE BRANCH                             |       |       |       |       |       |       |       |       |       |       |
| Adjutant General                             | 172   | 174   | 178   | 177   | 170   | 155   | 155   | 155   | 155   | 151   |
| Aeronautics Commission                       | 6     | 6     | 6     | 6     | 6     | 7     | 7     | 7     | 7     | 7     |
| Bank of North Dakota                         | 177   | 177   | 177   | 180   | 180   | 182   | 183   | 190   | 190   | 190   |
| Barley Council                               | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 1     | 1     |
| Beef Commission                              | 2     | 2     | 2     | 2     | 2     | 2     | 3     | 3     | 3     | 4     |
| Career and Technical Education               | 34    | 34    | 34    | 34    | 29    | 27    | 27    | 25    | 25    | 55    |
| Corn Council                                 | 3     | 4     | 5     | 6     | 6     | 6     | 6     | 6     | 3     | 3     |
| Council on the Arts                          | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     |
| Department of Agriculture                    | 75    | 75    | 76    | 77    | 77    | 77    | 77    | 73    | 74    | 78    |
| Department of Commerce                       | 68    | 68    | 68    | 70    | 69    | 69    | 69    | 54    | 66    | 62    |
| Department of Corrections and Rehabilitation | 705   | 739   | 812   | 813   | 834   | 838   | 845   | 845   | 895   | 899   |
| Department of Emergency Services             | 65    | 64    | 68    | 70    | 76    | 79    | 79    | 79    | 76    | 68    |
| Department of Environmental Quality          | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 2     | 158   |
| Department of Financial Institutions         | 29    | 29    | 29    | 29    | 29    | 30    | 31    | 30    | 30    | 31    |
| Department of Human Services                 | 2,232 | 2,201 | 2,201 | 2,203 | 2,215 | 2,216 | 2,218 | 2,163 | 2,140 | 2,223 |
| Department of Public Instruction             | 101   | 99    | 99    | 99    | 100   | 100   | 92    | 92    | 94    | 89    |
| Department of Transportation                 | 1,066 | 1,066 | 1,081 | 1,084 | 1,082 | 1,081 | 1,081 | 1,047 | 1,008 | 985   |
| Department of Trust Lands                    | 23    | 26    | 28    | 31    | 34    | 34    | 33    | 30    | 30    | 29    |
| Ethics Commission                            | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 2     |
| Game and Fish Department                     | 157   | 157   | 158   | 158   | 164   | 163   | 163   | 163   | 164   | 166   |
| Highway Patrol                               | 194   | 198   | 198   | 213   | 215   | 215   | 204   | 204   | 204   | 204   |
| Historical Society                           | 63    | 66    | 73    | 72    | 73    | 80    | 80    | 77    | 78    | 77    |
| Indian Affairs Commission                    | 4     | 4     | 5     | 5     | 5     | 5     | 5     | 5     | 4     | 4     |
| Industrial Commission                        | 68    | 73    | 93    | 93    | 114   | 113   | 114   | 106   | 108   | 108   |
| Information Technology Department            | 341   | 335   | 326   | 341   | 354   | 350   | 352   | 346   | 447   | 400   |
| Job Service North Dakota                     | 309   | 309   | 252   | 239   | 238   | 182   | 182   | 182   | 182   | 173   |
| Milk Marketing Board                         | 6     | 6     | 6     | 6     | 6     | 6     | 6     | 6     | 4     | 4     |
| ND Department of Health                      | 341   | 345   | 352   | 354   | 365   | 366   | 368   | 360   | 365   | 205   |
| ND Horse Racing Commission                   | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| ND Housing Finance Agency                    | 46    | 46    | 46    | 46    | 40    | 41    | 41    | 41    | 42    | 43    |
| ND Mill and Elevator Association             | 131   | 130   | 131   | 134   | 135   | 142   | 147   | 153   | 151   | 150   |
| ND Vision Services/School for the Blind      | 33    | 33    | 33    | 33    | 33    | 32    | 32    | 30    | 30    | 29    |
| North Dakota University System               | 7,775 | 7,756 | 7,763 | 7,904 | 8,028 | 8,012 | 7,532 | 7,290 | 7,207 | 7,192 |
| Office of Administrative Hearings            | 7     | 7     | 7     | 5     | 5     | 5     | 5     | 5     | 5     | 5     |

|                                      | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| EXECUTIVE BRANCH, Continued          |        |        |        |        |        |        |        |        |        |        |
| Office of Management and Budget      | 135    | 134    | 134    | 134    | 132    | 124    | 123    | 117    | 118    | 114    |
| Office of the Attorney General       | 202    | 205    | 214    | 217    | 248    | 253    | 253    | 240    | 249    | 246    |
| Office of the Governor               | 18     | 18     | 18     | 18     | 18     | 18     | 19     | 17     | 17     | 17     |
| Office of the Insurance Commissioner | 45     | 49     | 49     | 49     | 49     | 49     | 49     | 46     | 46     | 41     |
| Office of the Labor Commissioner     | 12     | 12     | 13     | 13     | 15     | 15     | 15     | 14     | 14     | 14     |
| Office of the State Auditor          | 56     | 56     | 55     | 55     | 61     | 62     | 62     | 57     | 57     | 59     |
| Office of the State Tax Commissioner | 133    | 133    | 134    | 134    | 134    | 135    | 135    | 132    | 132    | 123    |
| Office of the State Treasurer        | 7      | 8      | 8      | 8      | 8      | 8      | 8      | 7      | 7      | 7      |
| Oilseed Council                      | 1      | 1      | 1      | 1      | 2      | 1      | 1      | 1      | 1      | 1      |
| Parks and Recreation Department      | 53     | 53     | 53     | 55     | 65     | 66     | 65     | 63     | 62     | 62     |
| Protection and Advocacy              | 29     | 29     | 29     | 28     | 28     | 28     | 28     | 28     | 29     | 29     |
| Public Employees Retirement System   | 33     | 33     | 33     | 33     | 33     | 35     | 35     | 35     | 35     | 35     |
| Public Service Commission            | 46     | 43     | 44     | 44     | 46     | 46     | 47     | 47     | 47     | 44     |
| Retirement and Investment Office     | 18     | 18     | 18     | 19     | 19     | 19     | 19     | 19     | 20     | 20     |
| School for the Deaf                  | 50     | 50     | 50     | 50     | 51     | 51     | 51     | 51     | 51     | 51     |
| Secretary of State                   | 28     | 31     | 31     | 31     | 34     | 34     | 34     | 32     | 32     | 32     |
| Securities Department                | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 10     | 9      | 9      |
| Seed Department                      | 30     | 30     | 30     | 30     | 30     | 30     | 31     | 31     | 30     | 30     |
| Soybean Council                      | 5      | 6      | 7      | 7      | 8      | 8      | 8      | 7      | 6      | 6      |
| State Fair Association               | 27     | 27     | 27     | 28     | 27     | 27     | 26     | 27     | 28     | 26     |
| State Library                        | 30     | 30     | 30     | 30     | 31     | 30     | 30     | 29     | 29     | 28     |
| State Radio                          | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0      |
| Veteran's Affairs Department         | 7      | 8      | 8      | 8      | 8      | 9      | 9      | 9      | 7      | 7      |
| Veterans Home                        | 116    | 114    | 117    | 118    | 120    | 116    | 118    | 120    | 119    | 118    |
| Water Commission                     | 87     | 87     | 88     | 90     | 95     | 96     | 96     | 93     | 93     | 93     |
| Wheat Commission                     | 8      | 8      | 8      | 8      | 8      | 8      | 8      | 8      | 6      | 6      |
| Workforce Safety and Insurance       | 251    | 251    | 254    | 256    | 266    | 265    | 265    | 265    | 267    | 265    |
| LEGISLATIVE BRANCH                   |        |        |        |        |        |        |        |        |        |        |
| Legislative Council                  | 34     | 34     | 34     | 36     | 36     | 37     | 36     | 36     | 36     | 36     |
| JUDICIAL BRANCH                      |        |        |        |        |        |        |        |        |        |        |
| Judiciary Branch                     | 342    | 344    | 362    | 363    | 364    | 392    | 392    | 355    | 363    | 363    |
| Total State Employees                | 16,052 | 16,062 | 16,177 | 16,368 | 16,639 | 16,598 | 16,118 | 15,675 | 15,706 | 15,681 |

NOTE: Fulltime employees are reported as of fiscal year end. ND University System employees based on annual budgets. Certain agencies have been reorganized, eliminated or created over the fiscal years resulting in fluctuations. Agencies are being displayed based on the organizational structure of the State.

Sources: Office of Management and Budget, ND University System, Bank of North Dakota, Mill and Elevator, Housing Finance Agency

Schedule 15 Operating Indicators by Function
Last Ten Fiscal Years

|  | 2011              | 2012              | 2013              | 2014              | 2015              | 2016              | 2017              | 2018              | 2019              | 2020     |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------|
| General Government   |                   |                   |                   |                   |                   |                   |                   |                   |                   |          |
| Office of the Tax Commissioner  Number of returns filed electronically 1   | 289.387           | 319,759           | 352,150           | 383,906           | 412,559           | 428,347           | 391,234           | 460,464           | 447,690           | 417,060  |
| ,  |                   | ,                 | ,                 | ,                 | ,                 | ,                 |                   |                   |                   |          |
| Education  Department of Public Instruction  |                   |                   |                   |                   |                   |                   |                   |                   |                   |          |
| Public School Enrollment <sup>2</sup>  | 95,778            | 99,192            | 101,656           | 104,278           | 106,070           | 106,863           | 108,945           | 110,842           | 112,858           | 112,045  |
| North Dakota University System   |                   |                   |                   |                   |                   |                   |                   |                   |                   |          |
| Full Tme Equivalent Student Enrollment <sup>3</sup>  | 39,089            | 38,702            | 38,326            | 38,174            | 38,151            | 37,870            | 37,398            | 36,603            | 35,352            | 34,268   |
| Health and Human Services  |                   |                   |                   |                   |                   |                   |                   |                   |                   |          |
| North Dakota Department of Health  | 000               | 007               | 005               | 004               | 050               | 044               | 234               | 239               | 176               | NA       |
| Number of Autopsies Performed in ND <sup>4</sup> North Dakota Department of Environmental Quality                    | 323               | 367               | 365               | 261               | 258               | 244               | 234               | 239               | 170               | INA      |
| Air Quality - Percent of Facilities in Compliance 4  | 100               | 99                | 99                | 99                | 100               | 100               | 100               | 99                | 99                | NA       |
| Public Water Systems - Percent of Facilities in Compliance <sup>4</sup> Department of Human Services                 | 95                | 96                | 96                | 95                | 96                | 98                | 99                | 98                | 99                | NA       |
| Number of TANF Caseloads   | 3,668             | 3,329             | 3,032             | 2,773             | 2,515             | 2,367             | 2,313             | 2,206             | 1,968             | 1,981    |
| Number of Medicaid Recipients  | 88,618            | 90,453            | 91,382            | 105,539           | 114,364           | 122,374           | 123,766           | 124,371           | 122,304           | 119,763  |
| Regulatory   |                   |                   |                   |                   |                   |                   |                   |                   |                   |          |
| Office of the Insurance Commissioner   |                   |                   |                   |                   |                   |                   |                   |                   |                   |          |
| Licensed Insurance Agents <sup>4</sup>   | 50,392            | 52,417            | 55,241            | 61,142            | 65,671            | 66,882            | 75,769            | 73,304            | 83,193            | 94,289   |
| Public Service Commission  Weighing and Measuring Devices Inspected  | 10,673            | 7,437             | 9,559             | 5,892             | 5,446             | 6,136             | 5,172             | 5,183             | 4,653             | 3,526    |
| Weights and Measures Quality Assurance Inspections   | 0,073             | 0                 | 9,559             | 166               | 249               | 216               | 207               | 160               | 79                | 180      |
| Gas Pipeline Safety Inspections  | 61                | 53                | 83                | 127               | 72                | 81                | 82                | 78                | 42                | 49       |
| Gas Pipeline Safety Inspection-Person Days   | 97                | 97                | 138               | 162               | 124               | 134               | 150               | 191               | 122               | 153      |
| Public Safety and Corrections  |                   |                   |                   |                   |                   |                   |                   |                   |                   |          |
| Department of Corrections and Rehabilitation   |                   |                   |                   |                   |                   |                   |                   |                   |                   |          |
| Average Daily Adult Prison Population <sup>4</sup>   | 1,460             | 1,477             | 1,553             | 1,617             | 1,767             | 1,794             | 1,813             | 1,709             | 1,766             | NA       |
| Office of the Attorney General-Bureau of Investigations Criminal Cases Opened 4                                      | 366               | 422               | 355               | 478               | 449               | 558               | 514               | 339               | 427               | NA       |
| Drug Cases Opened <sup>3</sup>   | 421               | 375               | 403               | 380               | 387               | 544               | 446               | 278               | 402               | NA       |
| Office of the Attorney General-Crime Laboratory  | 7.500             | 7.010             | 7 404             | 6 522             | 6.470             | E 470             | 5,201             | 4,298             | 4,007             | NA       |
| Toxicology Alcohol Blood and Breath Analyses <sup>4</sup> Methamphetamine/Amphetamine Samples Processed <sup>4</sup> | 7,583<br>745      | 7,918<br>1,381    | 7,421<br>2,387    | 6,523<br>2,942    | 6,472<br>4,527    | 5,472<br>4,669    | 3,932             | 4,296             | 3,284             | NA<br>NA |
| Office of the Adjutant General   |                   | ,                 | ***               |                   | ,                 | ,                 |                   |                   |                   |          |
| Assigned National Guard <sup>5</sup>   | 4,375             | 4,363             | 4,210             | 4,167             | 4,006             | 3,980             | 4,032             | 4,002             | 4,094             | 4,155    |
| Agriculture and Commerce   |                   |                   |                   |                   |                   |                   |                   |                   |                   |          |
| Department of Agriculture  |                   |                   |                   |                   |                   |                   | 400.000           | 0.40.074          |                   |          |
| Pounds of Pesticide Waste Collected  Job Service North Dakota (JSND)   | 189,996           | 290,932           | 248,354           | 310,754           | 384,857           | 137,297           | 180,692           | 340,074           | 521,584           | 114,597  |
| Net Job Growth from Nonfarm Employment <sup>4</sup>  | 20,500            | 32,400            | 15,500            | 16,900            | -7,600            | -19,200           | -3,500            | 3,200             | 4,300             | NA       |
| Source: Current Employment Statistics, BLS - JSND  |                   |                   |                   |                   |                   |                   |                   | 470               |                   |          |
| New Private Sector Businesses <sup>4</sup> Source: Quarterly Census of Employment & Wages, BLS - JSND                | 1,619             | 2,274             | 1,371             | 940               | 382               | -67               | -281              | -172              | 336               | NA       |
|  |                   |                   |                   |                   |                   |                   |                   |                   |                   |          |
| Game and Fish Department Registered Boats 4  | 47.507            | 62.700            | 60 204            | 50.550            | 04.000            | 07.000            | E7 220            | 50.550            | 60.670            | NA       |
| Hunting and Fishing Licenses Issued  | 47,527<br>330,833 | 62,799<br>321,086 | 69,381<br>359,734 | 53,558<br>357,488 | 61,328<br>354,728 | 67,026<br>356,548 | 57,220<br>351,704 | 60,660<br>343,709 | 62,672<br>343,530 | NA<br>NA |
| Department of Parks and Recreation   |                   | ,                 |                   |                   |                   |                   |                   | ,                 |                   |          |
| Park Visitations <sup>4</sup>  | 1,099,714         | 1,191,483         | 1,067,054         | 1,187,022         | 1,211,150         | 1,182,628         | 1,196,868         | 1,211,744         | 1,214,226         | NA       |
| Camping Nights <sup>4</sup> Snowmobile Registrations <sup>4</sup>  | 55,018<br>11,872  | 67,425<br>3,354   | 66,533<br>11,763  | 68,480<br>3,743   | 71,075<br>8,958   | 73,316<br>2,779   | 71,555<br>8,767   | 72,831<br>2,762   | 72,979<br>7,478   | NA<br>NA |
| OHV Registrations <sup>4</sup>   | 10,841            | 21,862            | 12,198            | 26,200            | 12,753            | 25,316            | 13,673            | 27,148            | 13,115            | NA       |
| Transportation   |                   |                   |                   |                   |                   |                   |                   |                   |                   |          |
| <u>Iransportation</u> Department of Transportation   |                   |                   |                   |                   |                   |                   |                   |                   |                   |          |
| Registered Vehicles <sup>4</sup>   | 1,048,240         | 1,063,203         | 1,110,241         | 1,159,317         |                   | 1,160,042         |                   | 1,184,472         | 1,188,053         | NA       |
| Licensed Drivers   | 490,146           | 502,807           | 513,838           | 527,541           | 545,027           | 555,935           | 561,667           | 561,333           | 566,015           | 557,164  |
| Unemployment Compensation  |                   |                   |                   |                   |                   |                   |                   |                   |                   |          |
| Job Service North Dakota   |                   |                   |                   |                   |                   |                   |                   |                   |                   |          |
| Number of Covered Workers <sup>4</sup>   | 379,433           | 411,710           | 427,109           | 444,658           | 437,078           | 417,150           | 414,039           | 417,578           | 422,826           | NA       |
| Workforce Safety and Insurance   |                   |                   |                   |                   |                   |                   |                   |                   |                   |          |
| Number of Claims Filed   | 21,693            | 24,643            | 25,835            | 26,395            | 24,798            | 21,227            | 20,045            | 19,830            | 19,913            | 18,813   |
| Number of Covered Workers  | 348,743           | 369,996           | 402,771           | 418,234           | 435,993           | 427,899           | 408,107           | 405,367           | 409,559           | 414,371  |

Sources: The State agencies listed above provided the statistics for their agency

NA-Not Available

Calendar Year Received

<sup>&</sup>lt;sup>2</sup> Academic Year End Enrollment

<sup>&</sup>lt;sup>3</sup> Academic Year Enrollment

<sup>&</sup>lt;sup>4</sup> Statistics on a Calendar Year Basis

<sup>&</sup>lt;sup>5</sup> National Guard member count is at September 30 of each year

Schedule 16 Capital Assets by Function Last Ten Fiscal Years

|  | 2011       | 2012       | 2013       | 2014         | 2015       | 2016       | 2017       | 2018       | 2019       | 2020       |
|--|------------|------------|------------|--------------|------------|------------|------------|------------|------------|------------|
| General Government Office of Management and Budget |            |            |            |              |            |            |            |            |            |            |
| Capitol Complex Buildings                          | 7          | 7          | 7          | 7            | 7          | 7          | 7          | 7          | 7          | 7          |
| Education  |            |            |            |              |            |            |            |            |            |            |
| Education Department of Land                       |            |            |            |              |            |            |            |            |            |            |
| Common Schools Trust                               |            |            |            |              |            |            |            |            |            |            |
| Land Acreage                                       | 631,940    | 631,921    | 631,939    | 631,997      | 632,039    | 631,794    | 631,806    | 631,806    | 631,806    | 631,761    |
| ND University System Buildings                     | 522        | 512        | 512        | 528          | 528        | 534        | 534        | 516        | 516        | 470        |
| Buildings<br>Buildings Square Footage              | 14,700,708 | 15,019,252 | 15,019,252 | 15,852,457   |            | 16,299,100 | 16,299,100 | 16,571,905 | 16,571,905 | 16,682,484 |
|  | , ,        | ,,         | , ,        | ,,           | ,,         | ,,         | ,,,        | ,,         | ,,         | ,          |
| Health and Human Services                          |            |            |            |              |            |            |            |            |            |            |
| Dept. of Human Services Buildings                  | 74         | 74         | 64         | 63           | 63         | 63         | 63         | 63         | 63         | 60         |
| Buildings  | 74         | 74         | 04         | 03           | 03         | 03         | 03         | 03         | 03         | 00         |
| Public Safety and Corrections                      |            |            |            |              |            |            |            |            |            |            |
| Department of Corrections                          |            |            |            |              |            |            |            |            |            |            |
| and Rehabilitation Buildings                       | 72         | 72         | 69         | 71           | 71         | 71         | 70         | 70         | 70         | 70         |
| Ballalligo   | 12         | ,,         | 00         |              |            |            | 70         | 70         | 10         | 70         |
| Office of the Adjutant General                     |            |            |            |              |            |            |            |            |            |            |
| Headquarters, Camp and Armory Buildings            | 282        | 283        | 268        | 280          | 298        | 298        | 302        | 330        | 327        | 319        |
| Natural Resources                                  |            |            |            |              |            |            |            |            |            |            |
| Game and Fish Department                           |            |            |            |              |            |            |            |            |            |            |
| Wildlife Management Areas                          | 199        | 201        | 201        | 204          | 201        | 200        | 201        | 201        | 201        | 202        |
| Boats, ATV's, Snowmobiles, Tractors, Other         | 443        | 446        | 463        | 462          | 460        | 472        | 491        | 493        | 498        | 506        |
| Dept. of Parks and Recreation                      |            |            |            |              |            |            |            |            |            |            |
| Park/Recreational Sites                            | 15         | 15         | 15         | 15           | 15         | 15         | 15         | 15         | 15         | 15         |
| Park Maintanenace Vehicles/Equipment               | 262        | 291        | 304        | 305          | 305        | 363        | 392        | 364        | 409        | 420        |
| Transportation                                     |            |            |            |              |            |            |            |            |            |            |
| Department of Transportation                       |            |            |            |              |            |            |            |            |            |            |
| Roadway Miles Maintained                           | 8,518      | 8,504      | 8,509      | 8,509        | 8,563      | 8,614      | 8,614      | 8,614      | 8,622      | 8,624      |
| Fleet Vehicles                                     | 3,564      | 3,567      | 3,600      | 3,652<br>441 | 3,664      | 3,726      | 3,740      | 3,541      | 3,406      | 3,386      |
| Heavy Equipment<br>Buildings                       | 471<br>94  | 500<br>123 | 434<br>126 | 441<br>142   | 448<br>158 | 441<br>159 | 445<br>162 | 479<br>164 | 480<br>165 | 489<br>167 |
| Dullulligo   | 54         | 123        | 120        | 142          | 130        | 139        | 102        | 104        | 103        | 107        |

Sources: The State agencies listed above provided the data for their agency

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).

(Expressed In Thousands)

# **Bonding Fund**

|  | <u>2011</u>  | 2012  | <u>2013</u>  | <u>2014</u>  | <u>2015</u>                                  | <u>2016</u>                  | <u>2017</u>                  | <u>2018</u>  | <u>2019</u>    | 2020   |
|--|--|---|--|--|--|------------------------------|------------------------------|--------------|----------------|--------|
| Net Earned Required     Contribution and     Investment Revenues   | \$ 202   | \$ 195  | \$ 140   | \$ 133   | \$ 70  | \$ 173                       | \$ 101                       | \$ 42        | \$ 204         | \$ 183 |
| 2 Unallocated Expenses   | 25   | 28  | 22   | 33   | 36   | 67                           | 26                           | 21           | 25             | 8      |
| 3 Estimated Incurred<br>Claims and Expense,<br>End of Policy Year  | 22   | 4   | (115)  | 39   | 94   | 26                           | 21                           | 87           | 39             | (1)    |
| 4 Paid (Cumulative) as of: End of Policy Year One Year Later Two Years Later Three Years Later Four Years Later Five Years Later Six Years Later Seven Years Later Eight Years Later Nine Years Later                  | (179)<br>(179)<br>(179)<br>(179)<br>(179)<br>(179)<br>(179)<br>(179)<br>(179)<br>(179) | (202)<br>(202)<br>(202)<br>(202)<br>(202)<br>(202)<br>(202)<br>(202)<br>(202) | (157)<br>(157)<br>(157)<br>(157)<br>(157)                            | (32)<br>(32)<br>(32)<br>(32)<br>(32)<br>(32)<br>(32) | (35)<br>(35)<br>(35)<br>(35)<br>(35)<br>(35) | (77)<br>(77)<br>(77)<br>(77) | (86)<br>(86)<br>(86)         | (19)<br>(19) | (106)<br>(106) | (136)  |
| 5 Reestimated Incurred Claims and Expenses: End of Policy Year One Year Later Two Years Later Three Years Later Four Years Later Five Years Later Six Years Later Seven Years Later Eight Years Later Nine Years Later | 22<br>22<br>22<br>22<br>22<br>22<br>22<br>22<br>22<br>22<br>22<br>22                   | 4<br>4<br>4<br>4<br>4<br>4<br>4   | (115)<br>(115)<br>(115)<br>(115)<br>(115)<br>(115)<br>(115)<br>(115) | 39<br>39<br>39<br>39<br>39<br>39                     | 94<br>94<br>94<br>94<br>94                   | 26<br>26<br>26<br>26<br>26   | (21)<br>(21)<br>(21)<br>(21) | 87<br>87     | 39<br>39       | (1)    |
| 6 Increase in Estimated<br>Incurred Claims and<br>Expense From End of<br>Policy Year   | 0  | 0   | 0  | 0  | 0  | 0                            | 0                            | 0            | 0              | 0      |

(Expressed In Thousands)

Fire and Tornado Fund

|  | <u>2011</u>  | 2012   | 2013   | 2014  | <u>2015</u>  | <u>2016</u>                               | 2017                             | <u>2018</u>             | <u>2019</u>    | 2020     |
|--|--|--|--|---|--|---|----------------------------------|-------------------------|----------------|----------|
| Net Earned Required     Contribution and     Investment Revenues   | \$ 4,709   | \$ 3,031   | \$ 4,103   | \$ 5,388  | \$ (2,124)   | \$ 2,908                                  | \$ 4,765                         | \$ 3,567                | \$ 3,845       | \$ 2,704 |
| 2 Unallocated Expenses   | 1,340  | 849  | 768  | 915   | 800  | 912                                       | 1,348                            | 1,118                   | 874            | 541      |
| 3 Estimated Incurred<br>Claims and Expense,<br>End of Policy Year  | 4,663  | 1,162  | 1,501  | 998   | 1,141  | 3,039                                     | 4,750                            | 2,352                   | 2,953          | 2,576    |
| 4 Paid (Cumulative) as of: End of Policy Year One Year Later Two Years Later Three Years Later Four Years Later Five Years Later Six Years Later Seven Years Later Eight Years Later Nine Years Later                  | 2,571<br>4,191<br>4,360<br>4,492<br>4,492<br>4,492<br>4,492<br>4,492<br>4,492<br>4,492 | 958<br>1,225<br>1,318<br>1,691<br>1,691<br>1,691<br>1,691<br>1,691   | 1,106<br>1,871<br>1,905<br>1,905<br>1,905<br>1,905<br>1,905<br>1,905 | 562<br>1,067<br>1,080<br>1,080<br>1,080<br>1,080<br>1,080 | 9,378<br>1,553<br>1,564<br>1,564<br>1,564<br>1,564 | 8,890<br>3,117<br>3,119<br>3,119<br>3,119 | 3,805<br>4,466<br>4,466<br>4,466 | 8,318<br>1,158<br>1,158 | 3,218<br>3,218 | 2,253    |
| 5 Reestimated Incurred Claims and Expenses: End of Policy Year One Year Later Two Years Later Three Years Later Four Years Later Five Years Later Six Years Later Seven Years Later Eight Years Later Nine Years Later | 4,663<br>4,502<br>4,528<br>4,520<br>4,520<br>4,516<br>4,516<br>4,516<br>4,516          | 1,162<br>1,550<br>1,549<br>1,711<br>1,711<br>1,711<br>1,711<br>1,711 | 1,501<br>2,009<br>2,012<br>2,012<br>2,012<br>2,012<br>2,012<br>2,012 | 998<br>1,146<br>1,122<br>1,122<br>1,122<br>1,122<br>1,122 | 1,516<br>1,725<br>1,723<br>1,723<br>1,723<br>1,723 | 3,039<br>3,292<br>3,229<br>3,226<br>3,226 | 4,750<br>4,692<br>4,634<br>4,634 | 2,352<br>3,153<br>3,153 | 3,040<br>3,040 | 2,953    |
| 6 Increase in Estimated<br>Incurred Claims and<br>Expense From End of<br>Policy Year   | (147)  | 549  | 511  | 125   | 582  | 191                                       | (58)                             | 0                       | 87             | 0        |

(Expressed In Thousands)

Workforce Safety & Insurance

|  | 201 | <u> 11</u>  | <u>2012</u>   | <u> </u>  | 2013   | 2  | <u> 2014</u>                                  | <u> 2015</u>                           | 2  | <u> 2016</u>                    | 2  | 017                      | 2  | 018               | 2  | 2019            | 2  | 020 |
|--|-----|---|---|---|--|----|---|--|----|---------------------------------|----|--------------------------|----|-------------------|----|-----------------|----|-----|
| Net Earned Required     Contribution and     Investment Revenues   | \$  | 357   | \$ 341  | \$  | 443  | \$ | 502   | \$<br>408                              | \$ | 377                             | \$ | 396                      | \$ | 343               | \$ | 386             | \$ | 353 |
| 2 Unallocated Expenses   |     | 30  | 33  |   | 52   |    | 41  | 41                                     |    | 43                              |    | 47                       |    | 44                |    | 45              |    | 44  |
| 3 Estimated Incurred<br>Claims and Expense,<br>End Of Policy Year  |     | 192   | 230   |   | 300  |    | 338   | 315                                    |    | 229                             |    | 198                      |    | 193               |    | 187             |    | 177 |
| 4 Paid (Cumulative) as of: End of Policy Year One Year Later Two Years Later Three Years Later Four Years Later Five Years Later Six Years Later Seven Years Later Eight Years Later Nine Years Later                  |     | 39<br>65<br>76<br>85<br>90<br>94<br>96<br>98<br>100         | 44<br>87<br>102<br>111<br>116<br>120<br>123<br>125          |   | 53<br>99<br>117<br>128<br>136<br>142<br>146<br>148   |    | 65<br>111<br>128<br>140<br>148<br>154<br>158  | 61<br>102<br>120<br>132<br>140<br>146  |    | 41<br>74<br>84<br>84<br>88      |    | 40<br>65<br>73<br>78     |    | 42<br>76<br>76    |    | <b>42</b><br>69 |    | 42  |
| 5 Reestimated Incurred Claims and Expenses: End of Policy Year One Year Later Two Years Later Three Years Later Four Years Later Five Years Later Six Years Later Seven Years Later Eight Years Later Nine Years Later |     | 192<br>193<br>187<br>174<br>181<br>174<br>171<br>164<br>155 | 230<br>258<br>344<br>241<br>228<br>221<br>214<br>206<br>198 | 3   1   3   3   4   5   5   6   6   6   6   6   6   6   6 | 300<br>293<br>288<br>272<br>266<br>261<br>253<br>236 |    | 338<br>321<br>299<br>291<br>285<br>277<br>265 | 315<br>283<br>271<br>267<br>265<br>263 |    | 229<br>204<br>191<br>174<br>161 |    | 198<br>177<br>164<br>154 |    | 192<br>179<br>172 |    | 187<br>174      |    | 177 |
| 6 Increase in Estimated<br>Incurred Claims and<br>Expense From End of<br>Policy Year   |     | (37)  | (36   | )   | (63)   |    | (73)  | (52)                                   |    | (68)                            |    | (44)                     |    | (22)              |    | (12)            |    | 0   |

# Schedule 18 Agricultural Production

# Value of Export Shares of Agricultural Commodities - 2018 - 2019

|                                | 2018<br><u>Dollars</u><br>(Mil.) | 2018<br>% of U.S. | 2019<br><u>Dollars</u><br>(Mil.) | 2019<br>% of U.S. |
|--------------------------------|----------------------------------|-------------------|----------------------------------|-------------------|
|                                |                                  |                   |                                  |                   |
| Wheat                          | 950.2                            | 17.63             | 1,077.2                          | 17.29             |
| Soybeans and Products          | 1,153.5                          | 5.20              | 1,119.3                          | 4.86              |
| Other Oil Seeds and Products   | 550.2                            | 26.01             | 563.2                            | 29.67             |
| Vegetables Fresh and Processed | 238.5                            | 3.44              | 208.8                            | 2.90              |
| Grain Products                 | 191.7                            | 4.54              | 176.9                            | 4.42              |
| Vegtable Oils                  | 177.4                            | 6.41              | 174.3                            | 6.33              |
| Feeds and Other Feed Grains    | 241.0                            | 2.65              | 225.0                            | 2.69              |
| Corn                           | 337.7                            | 2.71              | 209.4                            | 2.74              |
| Other Plant Products           | 185.8                            | 1.07              | 132.7                            | 0.73              |
| Beef, Veal and Pork            | 145.5                            | 0.67              | 139.3                            | 0.93              |
| Other Livestock Products       | 44.3                             | 1.47              | 38.0                             | 1.10              |
| Hides and Skins                | 18.0                             | 1.23              | 12.4                             | 1.19              |
| Dairy Products                 | 8.3                              | 0.15              | 9.2                              | 0.16              |
| Poultry Products               | 3.8                              | 0.18              | 2.6                              | 0.13              |
| Total                          | \$ 4,245.9                       | 3.06%             | \$ 4,088.3                       | 3.06%             |

<sup>1/</sup> Includes other nonpoultry meats, animal fat, live farm animals, and other animal parts.

Data sources: USDA Economic Research Service; USDA Foreign Agricultural Service (Global Agricultural Trade System).

Totals may not add due to rounding.

# 2020 Crop Rank Among States

| North Dakota<br>Ranks | Crop Description   | North Dakota Produces           |
|-----------------------|--|---------------------------------|
| 1st                   | Canola Flaxseed Pinto Beans Spring Wheat Sunflower Non-oil Durum Wheat | 85%<br>79%<br>66%<br>52%<br>49% |
|                       | All Dry Edible Beans<br>Honey Production<br>Oats                       | 37%<br>22%<br>19%               |

Source: North Dakota Agricultural Statistics June 2020

<sup>2/</sup> Includes turkey meat, eggs, and other fowl products.

<sup>3/</sup> Includes processed feeds, fodder, barley, oats, rye, and sorghum.

<sup>4/</sup> Includes peanuts (oilstock), other oil crops, corn meal, other oilcake and meal, protein substances, bran and residues.

<sup>5/</sup> Includes sweeteners and products, other horticulture products, planting seeds, cocoa, coffee, and other processed foods.



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