

A bright sun is setting in a clear blue sky, creating a lens flare effect. The sun is positioned in the upper left quadrant of the image.

NORTH Dakota

Be Legendary.

2022 ACFR

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022



Photo Credit: ND Tourism

STATE OF NORTH DAKOTA

Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED

June 30, 2022



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
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This ACFR is also available at our Fiscal Management website:

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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
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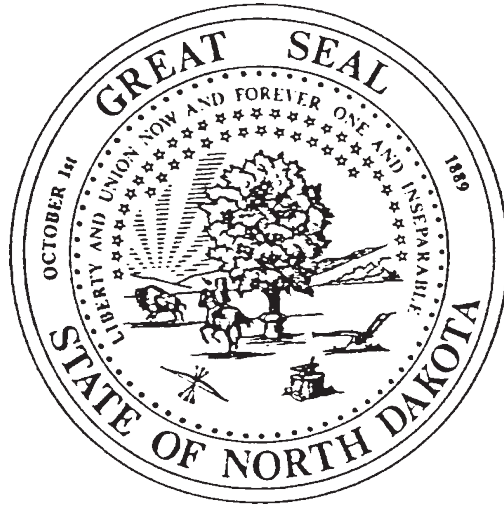
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Introductory Section



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January 13, 2023

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

In accordance with North Dakota Century Code (NDCC) section 54-44-04(14), we are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the state of North Dakota for the fiscal year ended June 30, 2022. This report has been prepared by the Office of Management and Budget. The financial statements contained in the ACFR have been prepared in accordance with generally accepted accounting principles (GAAP) applicable to state and local governments, as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the state's management. To the best of our knowledge and belief, the information contained in the ACFR is accurate in all material respects and reported in a manner that presents fairly the financial position and results of operations of the state's primary government and the component units for which it is financially accountable. All disclosures necessary to enable the reader to gain an understanding of the state of North Dakota's financial affairs have been included.

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

In compliance with state statute, the Office of the State Auditor audited the state's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the state for the fiscal year ended June 30, 2022 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.

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The Office of the State Auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the state's financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report

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

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

PROFILE OF THE GOVERNMENT

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

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

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

LOCAL ECONOMY

Although North Dakota's economy is increasingly diversified, the agricultural industry continues to play a key role in the state's economy. The North Dakota Agricultural Statistics report states: North Dakota led the nation in the production of all dry edible beans, pinto beans, canola, flaxseed, honey, all dry edible peas, durum wheat and spring wheat for 2021. North Dakota also ranked second in the production of pink beans, small red beans, lentils, rye, all 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 third in the nation, behind first-ranked Texas and second-ranked New Mexico. Oil prices have rebounded since the crash of oil prices at the end of fiscal year 2020 when North Dakota producers were receiving prices below \$15 per barrel. Prices are averaging around \$83 per barrel to start off the 2021-23 biennium which is above the estimated price of \$50.00 used for budgeting purposes.

According to the United States Census Bureau, the state's resident population for 2021 was approximately 775,000 people. Health care and social assistance jobs account for the highest percent of employment in the state. Other leading areas of employment are retail trade, accommodation and food services, educational services, construction, and manufacturing. The unemployment rate for the state in September 2022 was 2.2%, compared to 3.5% for the United States.

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

North Dakota exporting stayed flat when comparing 2021 to 2020. The United States Census Bureau showed that North Dakota's exports were about \$5.2 billion for both 2020 and 2021.

LONG-TERM FINANCIAL PLANNING

The long-term financial plan for the state of North Dakota was outlined by Governor Burgum as part of the 2023-25 executive budget address, presented to the legislature in December 2022. The Governor's long-term financial plan includes the following key components:

- Maintaining healthy reserves.
- Providing tax relief.
- Investing in priorities, like technology, education, and behavioral health.
- Ensuring solvency for the state pension fund.

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

prices that drive ups and downs in the state's economy. Other reserve funds include the state general fund balance, the foundation aid stabilization fund, and the legacy fund.

Another component of the state's long-term financial plan is ensuring the solvency of the state's pension fund. The governor supports a responsible approach to closing the state defined benefit plan, ensuring the solvency of the existing plan, and providing a defined contribution plan for newly-hired state team members. To support this approach, the governor has proposed a \$250 million transfer from the general fund to the Public Employees Retirement Plan to help address the state unfunded liability.

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

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

RELEVANT FINANCIAL POLICIES

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

The 2017 legislature established an ongoing allocation of \$75 million per biennium from oil and gas tax revenues to the budget stabilization fund. North Dakota Century Code requires the transfer to the budget stabilization fund of any end-of-biennium general fund balance in excess of \$65 million. Pursuant to Section 54-27.2-01, the fund is limited to no more than 15 percent of current biennium General Fund appropriations. Any deposits or interest that would otherwise be deposited or retained in the fund must instead be deposited in the General Fund once the maximum balance is reached. The current cap on the fund is \$752 million.

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

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

MAJOR INITIATIVES

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

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

INFRASTRUCTURE INVESTMENTS

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

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

TECHNOLOGY UPDATES

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

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

EDUCATION

K-12 education initiatives include:

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

Higher Education initiatives include:

- \$11.2 million in state funding to continue the North Dakota Higher Education Challenge Grant Program, to encourage philanthropy by providing a state match for private contributions to the state's colleges and universities.
- \$64.9 million 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, 2023, there will be a total ending balance of approximately \$3.88 billion in the general fund, budget stabilization fund, foundation aid stabilization fund,

strategic investment and improvements fund, and tax relief fund. The general fund budget for the 2021-23 biennium totals \$5.01 billion.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the state of North Dakota for its ACFR for the fiscal year ended June 30, 2021. This was the 31st consecutive year that North Dakota has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. In addition, the state of North Dakota received the GFOA's Award for Distinguished Budget Presentation for its 2021-2023 budget. In order to qualify for the Distinguished Budget Presentation Award, the state's budget document was judged to be proficient in several categories, including policy documentation, financial planning, and organization. This report was prepared by staff members of the Fiscal Management Division of the Office of Management and Budget. Their dedication and efforts are greatly appreciated. We also extend our gratitude to the numerous individuals from virtually all the state agencies and institutions, especially the Office of the State Auditor, for their assistance.

Sincerely,



Joe Morrissette
Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

State of North Dakota

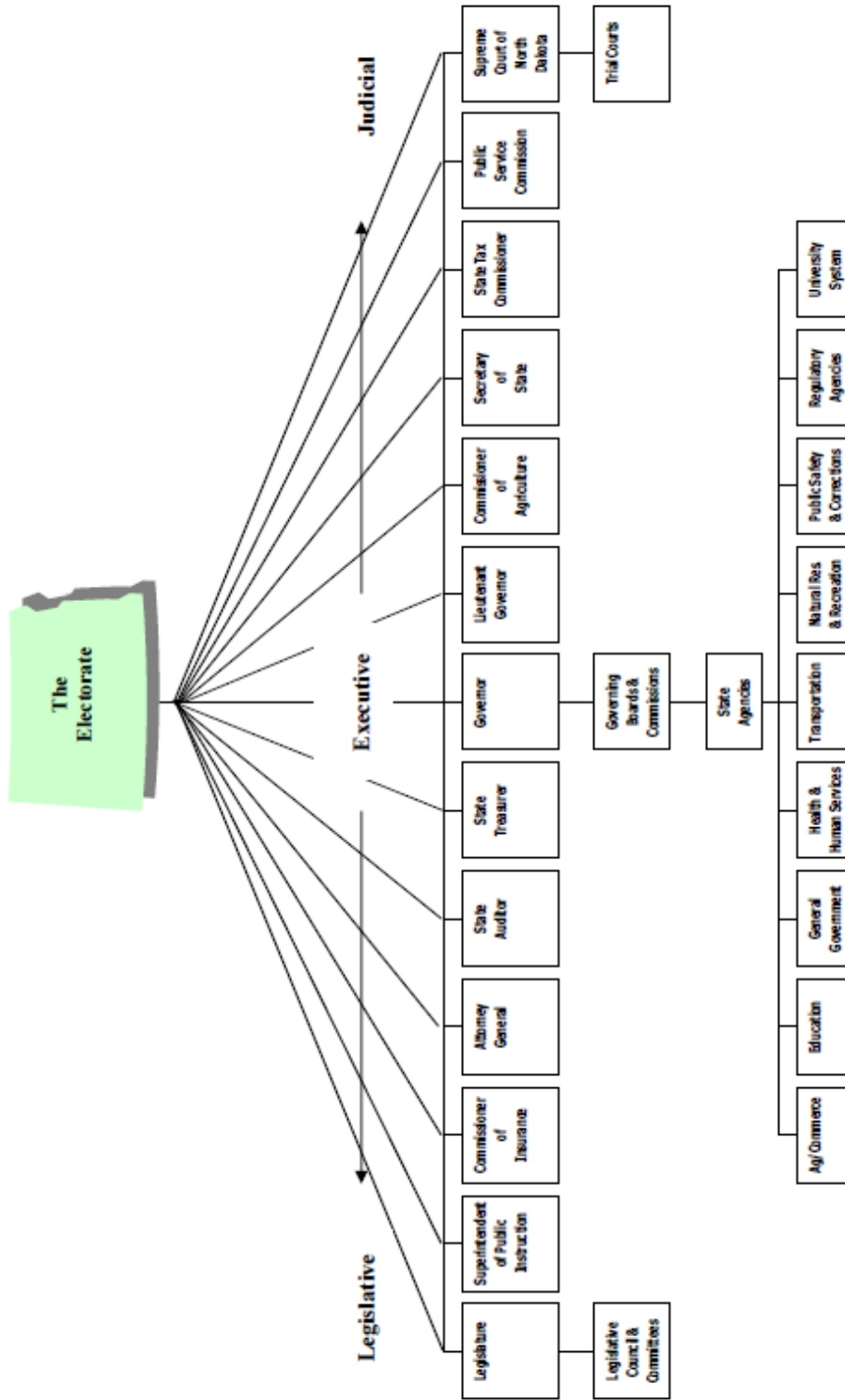
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

STATE OF NORTH DAKOTA ORGANIZATIONAL CHART



NORTH DAKOTA
PRINCIPAL STATE OFFICIALS
June 30, 2022

ELECTED OFFICIALS

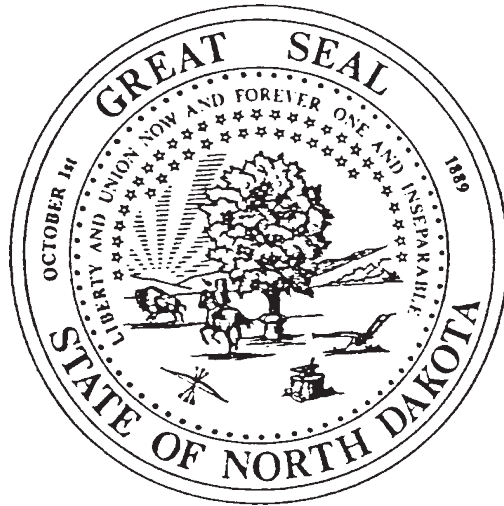
Doug Burgum, Governor
Brent Sanford, Lieutenant Governor
Alvin A. Jaeger, Secretary of State
Drew Wrigley, Attorney General
Julie Fedorchak, Public Service Commissioner
Randel Christmann, Public Service Commissioner
Sheri Haugen-Hoffart, Public Service Commissioner
Doug Goehring, Commissioner of Agriculture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

LEGISLATIVE

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

JUDICIAL

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



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Financial Section



Independent Auditor's Report

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

Members of the Legislative Assembly
of the State of North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of North Dakota as of and for the year ended June 30, 2022, and the related notes to the financial statements which collectively comprise the State's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements are referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of North Dakota, as of June 30, 2022, 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 State of America.

We did not audit the financial statements listed below.

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

The financial statements of the above entities represent total assets, net position or fund balance, and revenues of the government-wide financial statements and fund financial statements as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended as follows:

	<u>Percent of Assets</u>	<u>Percent of Net Position or Fund Balance</u>	<u>Percent of Revenues</u>
<u>Government-Wide Financial Statements</u>			
Governmental Activities	28%	30%	12%
Business-Type Activities	82%	62%	34%
Aggregate Discretely Presented Component Units	88%	100%	98%
<u>Fund Financial Statements</u>			
Major Governmental Funds			
General Fund	1%	1%	0%
Federal Fund	2%	36%	1%
State Special Revenue Fund	75%	78%	24%
Major Enterprise Funds			
Bank of North Dakota	100%	100%	100%
Housing Finance Agency	100%	100%	100%
University System	0%	0%	0%
Workforce Safety and Insurance	100%	100%	100%
Aggregate Remaining Fund Statements	93%	97%	33%

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

Basis for Opinions

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

Emphasis of Matter

The actuary for the North Dakota Public Employees Retirement System has determined that the unfunded actuarial accrued liability is approximately \$1.78 billion as of July 1, 2022. The funding for the actuarial accrued liability is predicted on employer and employee funding rates mandated by the State of North Dakota statutes. The actuary has determined that the current statutory rates are insufficient compared to the actuarial accrued liability. Note 6 identifies the net pension liability as calculated using GASB 67 and 68 requirements. Our opinion is not modified with respect to this matter.

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

As described in Note 21 to the basic financial statements, the State of North Dakota adopted the provisions of GASB 87 *Leases*, GASB 92 *Omnibus 2020*, GASB 93 *Replacement of Interbank Offered Rates*, and GASB 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*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements.

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules and related reconciliations and notes, information about the state of North Dakota's pension plans and other post-retirement benefits, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of North Dakota's basic financial statements. The combining and individual fund financial statements are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of 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 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 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 statements and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

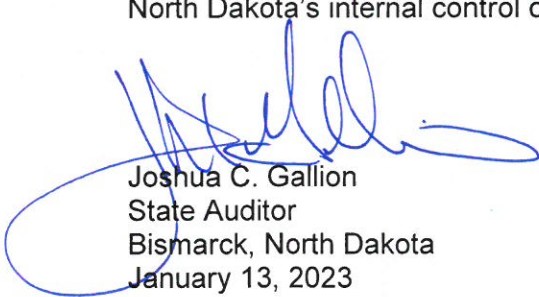
Other Information

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

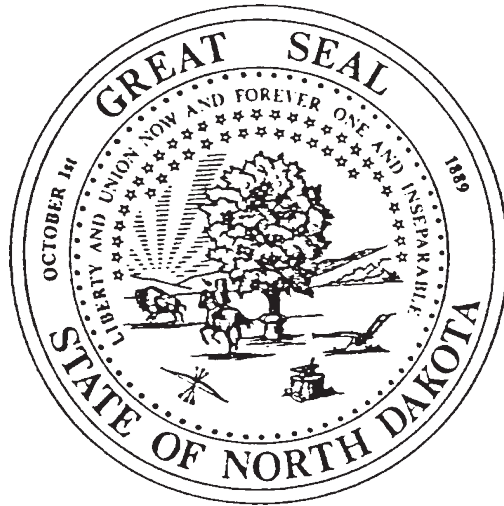
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated.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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2023 on our consideration of the State of North Dakota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of North Dakota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of North Dakota's internal control over financial reporting and compliance.



Joshua C. Gallion
State Auditor
Bismarck, North Dakota
January 13, 2023



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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the State of North Dakota's (the State's) Annual Comprehensive Financial Report presents a discussion and analysis of the State's financial performance, providing an overview of the activities for the fiscal year ended June 30, 2022. 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 \$30.1 billion (reported as net position), an increase of \$497.5 million from the previous year. The net position of governmental activities increased by 1.9% while the net position of the business-type activities showed an increase of 0.3%.

As a result of implementing GASB Statement 68, *Accounting and Financial Reporting for Pensions*, the State recorded \$32 million net pension asset, \$725 million deferred outflows of resources, \$535.0 million net pension liability, and \$1.1 billion deferred inflows of resources for the primary government. The State decreased its net pension liability by \$1.14 billion during the year. The decrease in the pension liability is due to the fact that beginning in FY22 the state is on a path to fully fund the pension plan. As long as the state is on a path to fully fund the pension plan the expected rate of return is used instead of a discounted rate.

Fund Level:

As of the close of fiscal year 2022 the State's governmental funds reported combined ending fund balances of \$20.5 billion, an increase of \$823.5 million. Of this amount, \$142.8 million is non-spendable, primarily for Permanent Trust Funds. Spendable fund balance consists of \$7.9 billion restricted for specific purposes such as common schools, highway projects, and state education aid, \$2.5 billion committed and \$265.4 million assigned for specific functional expenditures such as education and health and human service operations, with the unassigned fund balance making up the remaining amount of \$9.8 billion, which is primarily made up of the legacy fund with a balance of \$8.1 billion.

The enterprise funds reported net position at year-end of \$4.9 billion, an increase of \$16.9 million during the year.

Long-term Debt:

The State's total debt (bonds, certificates of participation, and notes payable) increased approximately (31.7)% during the fiscal year to \$2.8 billion, an increase of \$570 million, which represents the net difference between new issuances and payments. During the year the State issued \$814.4 million in bonds, \$159.7 million in certificates of participation, and \$22.23 million in notes.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Statements

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

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

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

Both statements report three activities:

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

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

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

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

Fund Financial Statements

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

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

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

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

Governmental funds include the General Fund, special revenue, debt service, 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 \$30.1 billion at the end of fiscal year 2022. Net position increased \$497.5 million from the prior fiscal year.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 23,198,437	\$ 22,565,246	\$ 14,902,101	\$ 12,569,352	\$ 38,100,538	\$ 35,134,598
Capital Assets	5,776,444	5,672,796	2,049,599	1,831,512	7,826,043	7,504,308
Total Assets	<u>28,974,881</u>	<u>28,238,042</u>	<u>16,951,700</u>	<u>14,400,864</u>	<u>45,926,581</u>	<u>42,638,906</u>
Deferred Outflows of Resources	580,523	818,346	203,461	324,902	783,985	1,143,249
Long-Term Liabilities						
Outstanding	1,035,960	1,499,474	3,509,904	3,578,253	4,545,865	5,077,728
Other Liabilities	2,460,575	2,643,749	8,432,883	6,162,443	10,893,458	8,802,964
Total Liabilities	<u>3,496,535</u>	<u>4,143,223</u>	<u>11,942,787</u>	<u>9,740,696</u>	<u>15,439,323</u>	<u>13,880,692</u>
Deferred Inflows of Resources	874,434	204,200	267,685	69,260	1,142,119	273,461
Net Position						
Net Investment in						
Capital Assets	5,673,771	5,558,197	1,419,736	1,339,863	7,093,507	6,898,060
Restricted	8,029,841	7,676,069	1,538,720	1,670,770	9,568,561	9,346,839
Unrestricted	11,480,822	11,474,698	1,986,233	1,905,177	13,467,055	13,379,875
Total Net Position	<u>\$ 25,184,434</u>	<u>\$ 24,708,964</u>	<u>\$ 4,944,689</u>	<u>\$ 4,915,810</u>	<u>\$ 30,129,123</u>	<u>\$ 29,624,774</u>

The largest component (44%) of the State's net position is unrestricted net position. Unrestricted net position may be used at the State's discretion, but often have limitations on use based on State statutes. Restricted net position makes up thirty-two percent (32%) of the state's net position. Restricted net position represents resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used.

Twenty-four percent (24%) of the State's net position reflects its investment in capital assets such as land, buildings, equipment, intangibles (software), and infrastructure (roads, bridges and other immovable assets) less any related debt outstanding that was needed to acquire or construct the assets. The State uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 386,691	\$ 354,695	\$ 1,936,459	\$ 2,281,020	\$ 2,323,150	\$ 2,635,715
Operating Grants & Contributions	2,869,390	4,178,132	135,134	855,176	3,004,524	5,033,308
Capital Grants & Contributions	4,091	—	54,601	17,610	58,692	17,610
General Revenues:						
Income Taxes	646,802	581,766	—	—	646,802	581,766
Sales Taxes	1,459,332	1,327,568	—	—	1,459,332	1,327,568
Oil, Gas and Coal Taxes	3,027,334	1,746,983	—	—	3,027,334	1,746,983
Other Taxes	137,742	128,553	—	—	137,742	128,553
Investment Earnings (Losses)	(905,927)	1,676,824	—	—	(905,927)	1,676,824
Tobacco Settlement	23,206	22,586	—	—	23,206	22,586
Other	316,226	185,658	2,724	337	318,950	185,995
Total Revenues	7,964,887	10,202,765	2,128,918	3,154,143	10,093,805	13,356,908
Expenses:						
General Government	1,511,677	1,214,720	—	—	1,511,677	1,214,720
Education	1,537,651	1,440,183	—	—	1,537,651	1,440,183
Health and Human Services	2,527,706	2,429,626	—	—	2,527,706	2,429,626
Regulatory	153,118	262,055	—	—	153,118	262,055
Public Safety and Corrections	259,573	303,434	—	—	259,573	303,434
Agriculture and Commerce	138,348	235,626	—	—	138,348	235,626
Natural Resources	326,713	292,876	—	—	326,713	292,876
Transportation	546,264	518,412	—	—	546,264	518,412
Interest on Long Term Debt	4,973	4,268	—	—	4,973	4,268
Bank of North Dakota	—	—	67,629	93,811	67,629	93,811
Housing Finance	—	—	56,986	60,546	56,986	60,546
Loan Programs	—	—	8,811	11,288	8,811	11,288
State Lottery	—	—	21,962	23,632	21,962	23,632
Unemployment Compensation	—	—	75,427	731,053	75,427	731,053
University System	—	—	1,350,757	1,349,698	1,350,757	1,349,698
Workforce Safety and Insurance	—	—	213,028	208,717	213,028	208,717
Other	—	—	771,219	652,042	771,219	652,042
Total Expenses	\$ 7,006,023	\$ 6,701,200	\$ 2,565,819	\$ 3,130,787	\$ 9,571,842	\$ 9,831,987
Increase (decrease) in Net Position						
Before Contributions, Loss & Transfers						
Transfers	958,860	3,501,565	(436,902)	23,356	521,958	3,524,921
Contributions to Permanent Fund						
Principal	4,870	11,163	—	—	4,870	11,163
Transfers	(483,294)	(365,979)	454,007	334,081	(29,287)	(31,898)
Change in Net Position	480,436	3,146,749	17,105	357,437	497,541	3,504,186
Net Position - Beginning	24,708,964	21,549,057	4,915,810	4,569,703	29,624,774	26,118,760
Prior Period Adjustment *	(4,966)	13,158	11,774	(11,330)	6,808	1,828
Net Position- Ending	\$25,184,434	\$24,708,964	\$ 4,944,689	\$ 4,915,810	\$30,129,123	\$29,624,774

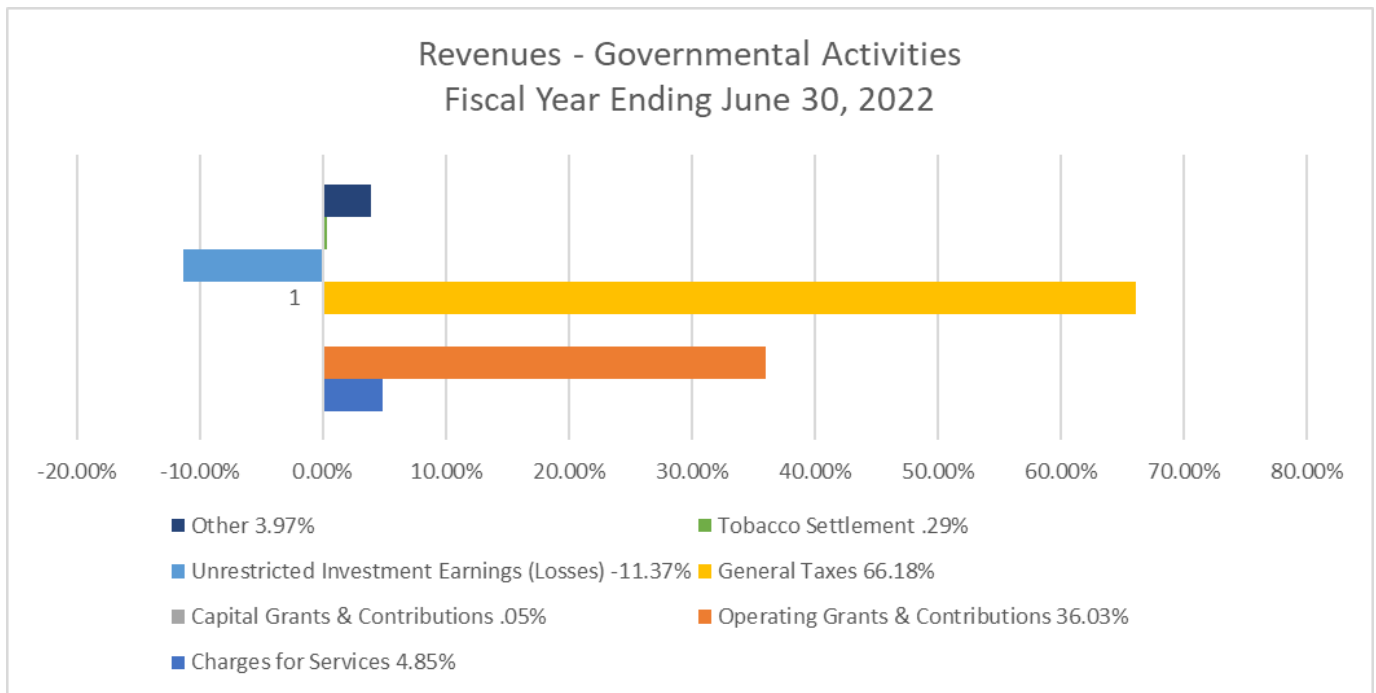
* More detailed information regarding the prior period adjustments can be found in Note 2.

Governmental Activities

Governmental Activities increased the State's net position by \$480.4 million. Revenues decreased 21.9%, with the largest decrease in the State's revenues for fiscal year 2022 coming from Unrestricted Investment Losses which saw a decrease of \$2.6 billion. This is primarily due to low investment returns for the Legacy and Budget Stabilization funds. The investments earnings and losses are unrestricted because it is not for a particular function. Operating grants and contributions also saw a decrease of \$1.3 billion. This decrease was primarily due to the change in fair value of investments which saw decreases due to rising inflation, supply chain disruption and other issues stemming from Russia's invasion into Ukraine and the ongoing pandemic. An accelerated tightening of global monetary policy and falling economic growth estimates led to most major indices ending negatively by June. The State saw increases in Oil, Gas, and Coal Taxes due to high oil prices which can be attributed to increased demand, strong economy, and low reserves.

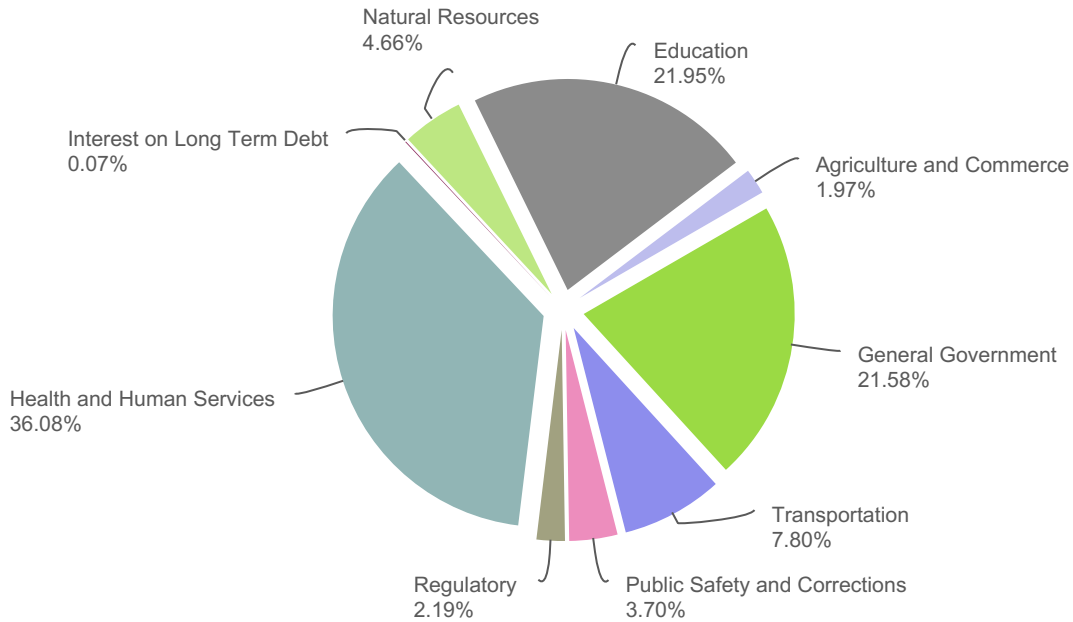
Expenses for governmental activities remained relatively consistent.

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



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

**Expenditures - Governmental Activities
Fiscal Year Ending June 30, 2022**



Business-type Activities

Net position of the business-type activities increased by \$17.1 million during the fiscal year.

Workforce Safety and Insurance's (WSI) net position decreased by \$242.4 million. In fiscal year 2022, WSI's investment portfolio yielded a year to date return of -9.04% (net of fees), with a loss of \$200 million before expenses. WSI's financial position remains stable. Earned premium net of discounts and reinsurance totaled \$163 million, \$176 million, and \$221 million for fiscal years 2022, 2021, and 2020, respectively. The number of total claims filed in fiscal year 2022 is 17,477. This is a decrease of 379 from the previous fiscal year 2021 total of 17,856. The fiscal year 2021 total decreased by 970 from the total claims filed in fiscal year 2020 of 18,826. Net earned premium from fiscal year 2022 of \$163 million is down from the fiscal year 2021 total of \$176 million.

The Bank of North Dakota net position increased \$35.8 million. The loan portfolio decreased by \$68 million to \$4.56 billion at December 31, 2021. Interest-bearing deposits totaled \$7.4 billion at December 31, 2021 compared to \$5 billion at December 31, 2020. The increase in 2021 was primarily attributable to \$1 billion American Rescue Plan Dollars, additional state funds of nearly \$1 billion related to Legacy Fund earnings and additional tax revenue as well as higher correspondent bank deposits. The Bank has a tier one capital leverage ratio of 10.27% as of December 31, 2021. 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 \$129.6 million. The increase in current assets is mainly attributed to increases in cash of \$55.1 million and current investments of \$30.3 million. Current investments increased at NDSU by \$11.0 million. Upon maturity, five-year certificates of deposits have been re-invested to one-year certificates of deposits as interest rates remained low in fiscal year 2022. UND's current investments increased by \$25.0 million due to certificate of participation proceeds for a new student housing project that will be spent in fiscal year 2023. The decrease in current notes receivable, net is related to loan repayments and federal loan programs ending in FY2021.

Housing Finance Authority (HFA) net position increase of \$2.0 million as a result of the year's program operations and financing activities. Operating revenues in FY22 were down as a result of lower mortgage and investment income than in prior years. In addition HFA, had a loss on the sale of investments. This was partially offset with

slightly higher fee income. HFA continues to fund mortgage loans at a fast pace. Mortgage rates, along with the interest rate on mortgage revenue bonds, were raising quickly the last few months of FY22. Operating expenses were down as a result of lower bond interest expense, pension expense, SRP amortization expenses and higher bond admin expenses than what was incurred in the prior year. The decrease in Interest Expense was somewhat offset by the increase in Administrative and Operating Expenses.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

As the State completed the year, its governmental funds reported combined fund balances of \$20.5 billion, an increase of \$823.5 million from the prior fiscal year. Of the \$20.5 billion in net position, \$142.8 million is non-spendable, \$7.9 billion is restricted, \$2.5 billion is committed, \$265.4 million is assigned, and \$9.8 billion is unassigned. These fund balance categories are a result of GASB Statement 54. Note 1U provides definitions for these categories. The following analysis of funds provides the explanation for the overall change in net position for governmental funds.

The General Fund is the chief operating fund of the State. At the end of current fiscal year, unassigned fund balance of the General Fund was \$9.8 billion, non-spendable was \$8.0 million, and \$1.1 billion was committed for expenditure by various governmental functions.

Total General Fund balance increased during the fiscal year by \$202 million. Revenues decreased approximately 39.1%, due to decreases in interest and investment income of \$776.2 million. This decrease was primarily due to low investment returns for the Legacy and Budget Stabilization funds which are part of the general fund in the governmental fund statements. The legacy fund was created by a constitutional amendment in 2010. The amendment provides that 30% of oil and gas gross production and oil extraction taxes on oil produced after June 30, 2011, be transferred to the Legacy fund. The State Investment Board is responsible for the investment of the fund. This fund has a current fund balance of \$8.1 billion. The state also saw a decrease in individual income taxes caused by the recently enacted Tax Relief Credit, this decrease was offset by the increase in Corporate income taxes. The Corporate Income taxes and Sales and Use taxes increased due to a pent-up demand caused by the impacts of the global pandemic and a strong overall economy. Oil, gas and coal taxes saw increases as previously discussed in the Governmental Activities Net Pension increase explanation.

General fund expenditures increased by \$126.6 million or 6.8% with the largest increase in Health and Human Services. However, total expenditures for the general fund and special revenue fund remained relatively consistent from FY21. The increase in Health and Human Services was due to reallocating more expenses to the General Fund in the first year of the biennium.

The State Special Revenue ending fund balance increased by \$311.8 million resulting in \$9.1 billion fund balance. Revenues decreased by 17.6% in the state special revenue fund primarily due to a decrease in interest and investment income. The decrease is primarily due to low investment returns as we saw with investments previously discussed in the Governmental Activities Net Pension decrease explanation. Special fund expenditures increased by 14.8% primarily due to an increase in Education and Health and Human Services spending.

The Federal Fund balance of \$54.7 million consists primarily of non-spendable items such as prepaids and inventory. Revenues decreased by \$101.8 million and expenditures decreased by \$ 72.8 million primarily due to the decrease in federal funding as the additional funds granted during the global pandemic drop off .The federal fund balance increased by \$22.7 million primarily due to funds remaining in the COVID-19 Pace Recovery Program which is set up to assist local financial institutions in providing low interest loans and grants to support North Dakota businesses in their economic recovery due to negative impacts from the COVID-19 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/decreases in the net position of the proprietary funds are discussed under "Business-type Activities" above.

General Fund Budgetary Highlights:

The general fund budgetary revenues and other financing sources were \$2.6 billion or 24.85% higher than the final budget, primarily because of increased revenue from Mineral Leasing Fees and Individual Income Tax. The State has a biennial appropriated budget. The fiscal year ending June 30, 2022, was the first year of the 2021-23 budget cycle. The original budget increased \$88.6 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, \$35.3 million, the Department of Human Services, \$5.7 million, the Department of Commerce, \$9.5 million, the Department of Corrections, \$6 million, Legislative Council and Assembly, \$5.5 million, and Office of Management & Budget, \$21.4 million.

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

There were no expenditures in excess of general fund authority.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: At the end of the fiscal year 2022, the State had invested \$7.1 billion, net of accumulated depreciation, in a broad range of capital assets. Depreciation charges for this fiscal year totaled \$350 million.

(Net of Depreciation, Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Land and Land Improvements	\$ 163,381	\$ 162,417	\$ 26,854	\$ 25,710	\$ 190,235	\$ 188,127
Building & Building Improvements	411,655	424,809	1,299,165	1,203,106	1,710,820	1,627,915
Equipment	190,597	190,739	180,043	170,285	370,640	361,024
Intangibles						
Software	233,932	224,875	1,370	1,380	235,302	226,255
Other	10,223	10,957	13,131	10,264	23,354	21,221
Infrastructure	4,272,039	4,069,885	168,903	168,155	4,440,942	4,238,040
Construction in Progress	455,130	589,115	293,707	231,033	748,837	820,148
Right-to-use leased asset:						
Land	90	—	5,215	—	5,305	—
Building and Improvements	36,327	—	36,055	—	72,382	—
Equipment	3,068	—	22,707	—	25,775	—
Infrastructure	—	—	2,449	—	\$ 2,449	—
Total	\$ 5,776,442	\$ 5,672,797	\$ 2,049,599	\$ 1,809,933	\$ 7,826,041	\$ 7,482,730

* Beginning capital asset balances were adjusted for certain reclassifications for FY2021 in the Business- Type Activities.

The total increase in the State's investments in capital assets for the current fiscal year was 3% 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, 2022.

The State does have a number of revenue bonds outstanding at June 30, 2022. Current state statutes empower certain state agencies and the Building Authority to issue bonds as part of their activities. This debt is not backed by the full faith and credit of the State of North Dakota. The principal and interest on revenue bonds issued by state agencies is payable from designated revenue sources. The Building Authority's bonds generate revenue to finance the construction and improvements of State buildings. Revenues derived from leases on the buildings fund the debt service requirements. Starting in FY 22 the state issued appropriation bonds through the Legacy Bond Program, these are appropriation bonds issued to provide financing to legislative approved state projects and programs. The bonds are direct obligations of the Public Finance Authority and secured by the State of North Dakota's Legacy Fund earnings, capitalized interest CD's and interest earnings pursuant to the applicable bond resolutions.

The Bank of North Dakota has advances from the Federal Home Loan Bank in the amounts of \$108 million. The advances have a fixed rate of interest, ranging from 2.22 % to 3.32 %.

The state had lease additions for equipment and buildings of \$32.4 million for Business Type Activities and \$14.1 million for Governmental Activities.

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenue Bonds	\$ 491,725	\$ 112,488	\$ 1,795,063	\$ 1,692,518	\$ 2,286,788	\$ 1,805,006
Certificate of Participation	—	—	262,218	104,123	262,218	104,123
Notes Payable	17,157	16,406	135,353	207,285	152,510	223,691
Lease Payable	40,409	\$ —	\$ 67,495	\$ —	\$ 107,904	\$ —
Total	<u>\$ 549,291</u>	<u>\$ 128,894</u>	<u>\$ 2,260,129</u>	<u>\$ 2,003,926</u>	<u>\$ 2,809,420</u>	<u>\$ 2,132,820</u>

* Beginning Notes Payable balances were adjusted for certain reclassifications for FY2021 in the Business- Type Activities.

The State's total debt increased approximately (31.7)% 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 2022 publication. The report depicts an economy at risk of a growth recession, which means the economy will grow, but at a very slow rate. The energy industry will help prevent North Dakota from feeling the effects of a recession because the robust drilling is driving employment higher.

North Dakota's outlook is linked tightly to two major industries, energy and agriculture. The rebound in oil prices has stimulated oil drilling and led to high productivity per rig in the Bakken where the current active rig count is 43. The most recent North Dakota average price per barrel of oil was at \$83.14, which is above the estimated price of \$50.00 used for budgeting purposes. On the agriculture side, the Russian invasion of Ukraine caused wheat prices to spike, which is one of North Dakota's major commodities, but prices are stabilizing and the yields are low so that suggests that farming will contribute little to growth this year.

North Dakota's employment growth has increased with the mining and shipping industry being a contributing factor by adding jobs at a more rapid pace than the rest of the nation, but overall our growth still continues to lag the national pace. The unemployment rate in North Dakota has improved to 2.5% from the 3.7% seen during the same time frame last year and is a drastic improvement from the high of 5.8% that was seen in 2020. Anticipation is that the labor force growth will keep the labor market adequately supplied with workers.

Per capita income for North Dakota remains slightly ahead of the national average while the median household income currently lags, but saw a 7.6% increase from 2021 numbers. For 2022, median household income in North Dakota was at \$68,882 compared to \$70,784 for the U.S. Per capita income for 2022 was \$64,524 for North Dakota, while \$64,143 for the U.S.

CONTACTING THE STATE'S OFFICE OF FINANCIAL MANAGEMENT

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

Basic Financial Statements

STATE OF NORTH DAKOTA

Statement of Net Position June 30, 2022

	Primary Government			Component Units (GASB Based)
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 58,192,697	\$ 3,057,741,660	\$ 3,115,934,357	\$ 19,799,273
Investments	15,070,485,233	4,723,877,436	19,794,362,669	250,000
Accounts Receivable - Net	224,458,500	210,905,035	435,363,535	149,976
Taxes Receivable - Net	787,214,330	—	787,214,330	—
Interest Receivable - Net	61,531,874	59,683,410	121,215,284	191,418
Lease Receivable - Net	1,390,035	413,882	1,803,917	—
Intergovernmental Receivable - Net	428,957,514	38,745,308	467,702,822	—
Internal Receivable	6,378,154,997	—	568,645,415	—
Due from Component Units	—	39,776,908	39,776,908	—
Prepaid Items	29,534,663	2,545,595	32,080,258	—
Inventory	37,371,502	49,495,796	86,867,298	—
Loans and Notes Receivable - Net	60,370,304	4,978,892,085	5,039,262,389	9,199,328
Pension Assets	31,759,726	—	31,759,726	—
Other Assets	8,727,000	37,462,631	46,189,631	—
Restricted Assets:				
Cash and Cash Equivalents	20,288,243	296,807,384	317,095,627	86,691,070
Investments	—	72,304,927	72,304,927	980,853,661
Interest Receivable - Net	—	5,147,000	5,147,000	5,508,238
Loans and Notes Receivable - Net	—	1,328,302,000	1,328,302,000	127,771,381
Capital Assets:				
Nondepreciable	618,511,422	320,560,707	939,072,129	1,115,389
Depreciable, Net	5,157,932,199	1,729,038,341	6,886,970,540	145,779
Total Assets	<u>28,974,880,239</u>	<u>16,951,700,105</u>	<u>40,117,070,762</u>	<u>1,231,675,513</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Bond Refunding	607,000	2,985,419	3,592,419	1,741,000
Decrease in Fair Value of Hedging Derivatives	—	5,747,088	5,747,088	—
Financial Derivative Instrument	—	—	—	—
Unrealized Loss on Interest Rate Swap	—	35,780,000	35,780,000	—
Derived from Pensions	569,444,435	155,868,799	725,313,234	289,000
Derived from OPEB	10,471,821	3,080,032	13,551,853	—
Total Deferred Outflows of Resources	<u>580,523,256</u>	<u>203,461,338</u>	<u>783,984,594</u>	<u>2,030,000</u>

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

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Net Position

June 30, 2022

	Primary Government			Component Units (GASB Based)
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Accounts Payable	408,195,259	96,082,948	504,278,207	960,137
Accrued Payroll	76,267,869	45,369,432	121,637,301	—
Securities Lending Collateral	429,647,733	16,847,405	446,495,138	—
Interest Payable	2,237,016	23,117,994	25,355,010	4,922,500
Intergovernmental Payable	273,580,263	1,410,094	274,990,357	—
Tax Refunds Payable	172,243,450	—	172,243,450	—
Internal Payable	—	5,809,509,582	—	—
Due to Component Units	—	28,800,366	28,800,366	—
Contract Retainage Payable	13,249,332	8,885,891	22,135,223	—
Federal Funds Purchased	—	763,250,000	763,250,000	—
Other Deposits	—	1,425,687,216	1,425,687,216	—
Amounts Held In Custody for Others	—	16,172,000	16,172,000	—
Unearned Revenue	1,085,154,284	121,919,318	1,207,073,602	171,622
Financial Derivative Instrument	—	5,747,088	5,747,088	—
Other Liabilities	—	70,083,763	70,083,763	11,164
Long-Term Liabilities				
Due within one year	23,529,532	338,526,885	362,056,417	30,954,950
Due in more than one year	584,553,018	3,035,843,712	3,620,396,730	579,577,000
Net Pension Liability	406,135,199	128,874,609	535,009,808	190,000
Net OPEB Liability	21,742,621	6,659,094	28,401,715	—
Total Liabilities	<u>3,496,535,576</u>	<u>11,942,787,397</u>	<u>9,629,813,391</u>	<u>616,787,373</u>
DEFERRED INFLOWS OF RESOURCES				
Grant Received Prior to Time Requirements	—	128,268	128,268	—
Unrealized Gain on Interest Rate Swap	—	1,330,000	1,330,000	—
Derived from Pensions	863,564,877	259,082,348	1,122,647,225	386,000
Derived from OPEB	9,491,658	3,077,758	12,569,416	—
Financial Derivative Instruments	—	3,688,000	3,688,000	—
Right-to-Use Leases	1,376,998	378,607	1,755,605	—
Total Deferred Inflows of Resources	<u>874,433,533</u>	<u>267,684,981</u>	<u>1,142,118,514</u>	<u>386,000</u>
NET POSITION				
Net Investment in Capital Assets	5,673,770,741	1,419,736,052	7,093,506,793	145,779
Restricted for:				
General Government	19,087,753	—	19,087,753	—
Education	6,421,141,683	—	6,421,141,683	—
Health and Human Services	30,754,590	—	30,754,590	—
Regulatory Purposes	85,728,668	—	85,728,668	—
Public Safety & Corrections	6,509,822	—	6,509,822	—
Agriculture and Commerce	56,082,057	—	56,082,057	—
Cultural and Natural Resources	509,716,597	—	509,716,597	—
Transportation	438,379,353	—	438,379,353	—
Capital Projects	304,117,000	411,042	304,528,042	—
Debt Service	14,239,977	209,943,573	224,183,550	90,409,856
Loan Purposes	—	31,979,002	31,979,002	506,317,491
Pledged Assets	—	964,545,000	964,545,000	—
Unemployment Compensation	—	272,920,944	272,920,944	—
Pension Benefits	31,759,726	—	31,759,726	—
Permanent Fund and University System - Nonexpendable	77,294,364	18,925,192	96,219,556	2,155,492
University System - Expendable	—	24,800,158	24,800,158	—
Other	35,029,798	15,195,132	50,224,930	—
Unrestricted	11,480,822,257	1,986,232,970	13,467,055,227	17,503,522
Total Net Position	<u>\$ 25,184,434,386</u>	<u>\$ 4,944,689,065</u>	<u>\$ 30,129,123,451</u>	<u>\$ 616,532,140</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Activities

For the Fiscal Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 1,511,677,383	\$ 34,801,028	\$ 157,481,792	\$ 4,090,669
Education	1,537,651,374	38,841,000	389,726,372	—
Health and Human Services	2,527,706,456	42,907,917	1,708,118,879	—
Regulatory	153,118,491	45,108,826	62,089,310	—
Public Safety and Corrections	259,572,771	23,597,161	102,820,885	—
Agriculture and Commerce	138,348,393	42,576,324	34,477,291	—
Natural Resources	326,713,061	43,343,120	74,625,326	—
Transportation	546,264,425	115,516,012	340,050,540	—
Interest on Long Term Debt	4,973,283	—	—	—
Total Governmental Activities	7,006,025,637	386,691,388	2,869,390,395	4,090,669
Business-Type Activities:				
Bank of North Dakota	67,629,011	205,560,000	(27,691,000)	—
Housing Finance	56,986,319	44,366,000	14,646,000	—
Loan Programs	8,811,142	13,284,979	126,313	—
State Lottery	21,962,144	29,329,209	4,841	—
Unemployment Compensation	75,427,408	82,240,700	4,151,797	—
University System	1,350,756,645	586,903,796	345,239,222	54,601,115
Workforce Safety & Insurance	213,028,340	169,374,325	(200,042,763)	—
Other	771,218,508	805,400,331	(1,300,819)	—
Total Business-Type Activities	2,565,819,517	1,936,459,340	135,133,591	54,601,115
Total Primary Government	\$ 9,571,845,154	\$ 2,323,150,728	\$ 3,004,523,986	\$ 58,691,784
Component Units (GASB Based):	\$ 33,876,517	\$ 7,594,536	\$ 44,102,202	\$ —

General Revenues:

Taxes:
Individual and Corporate Income Taxes
Sales and Use Taxes
Oil, Gas and Coal Taxes
Business and Other Taxes
Unrestricted Investment Earnings (Losses)
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

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

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Net (Expense) Revenue and Change in Net Position

Primary Government

Primary Government			Component Units (GASB Based)
Governmental Activities	Business-Type Activities	Total	
\$ (1,315,303,894)		\$ (1,315,303,894)	
(1,109,084,002)		(1,109,084,002)	
(776,679,660)		(776,679,660)	
(45,920,355)		(45,920,355)	
(133,154,725)		(133,154,725)	
(61,294,778)		(61,294,778)	
(208,744,615)		(208,744,615)	
(90,697,873)		(90,697,873)	
(4,973,283)		(4,973,283)	
<u>(3,745,853,185)</u>		<u>(3,745,853,185)</u>	
	110,239,989	110,239,989	
	2,025,681	2,025,681	
	4,600,150	4,600,150	
	7,371,906	7,371,906	
	10,965,089	10,965,089	
	(364,012,512)	(364,012,512)	
	(243,696,778)	(243,696,778)	
	32,881,004	32,881,004	
<u>—</u>	<u>(439,625,471)</u>	<u>(439,625,471)</u>	
<u>(3,745,853,185)</u>	<u>(439,625,471)</u>	<u>(4,185,478,656)</u>	
			\$ 17,820,221
646,802,135	—	646,802,135	—
1,459,331,771	—	1,459,331,771	—
3,027,333,528	—	3,027,333,528	—
137,741,934	—	137,741,934	—
(905,927,220)	—	(905,927,220)	—
23,205,519	—	23,205,519	—
316,225,687	2,723,709	318,949,396	—
—	—	—	108,708
4,870,341	—	4,870,341	—
(483,294,196)	454,006,736	(29,287,460)	—
<u>4,226,289,499</u>	<u>456,730,445</u>	<u>4,683,019,944</u>	<u>108,708</u>
480,436,314	17,104,974	497,541,288	17,928,929
<u>24,703,998,072</u>	<u>4,927,584,091</u>	<u>29,631,582,163</u>	<u>598,603,211</u>
<u>\$ 25,184,434,386</u>	<u>\$ 4,944,689,065</u>	<u>\$ 30,129,123,451</u>	<u>\$ 616,532,140</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Net Assets Component Units FASB Basis June 30, 2022

	Major University System Foundation	Nonmajor University System Foundation	State Historical Society Foundation
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 59,708,381	\$ 7,843,789	\$ 430,423
Receivable from Primary Institution	4,818,901	20,000	—
Investments	37,621,301	—	—
Accounts Receivable - Net	3,342,497	6,500	—
Notes receivable	2,368,851	265,556	—
Unconditional Promises to Give - Net	26,191,736	153,696	1,056,183
Net investment in Direct Financing Leases	1,174,212	—	—
Inventory	1,345,316	—	—
Other Assets	6,316,325	15,222	—
Total Current Assets	<u>142,887,520</u>	<u>8,304,763</u>	<u>1,486,606</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	2,301,800	393,836	—
Investments:			
Investments, Net of Current Portion	901,474,302	17,992,059	789,830
Investments, Restricted	4,291,000	—	—
Investments Held In Trust	30,210,824	—	—
Beneficial Interest In Trust	15,737,649	—	—
Charitable Gift Annuity Investments	5,315,399	—	—
Charitable Remainder Trust Account Investments	15,682,470	—	—
Real Estate and Equipment Held for Investment - Net	16,748,927	—	—
Other Long-Term Investments	27,566,043	225,641	—
Contracts for Deed & Notes Receivable, Net of Current Portion	582,400	—	—
Long-Term Pledges Receivable/ Unconditional Promises to Give - Net	85,598,278	3,392,304	—
Other Receivables	—	—	—
Receivable from Primary Institution	26,178,103	—	—
Net investment in Direct Financing Leases, Net of Current Portion	9,359,582	—	—
Other noncurrent assets	3,335,684	1,829,807	89,608
Notes Receivable - Net	8,585,000	—	—
Capital Assets - Net	167,212,766	15,515,351	1,831
Total Noncurrent Assets	<u>1,320,180,227</u>	<u>39,348,998</u>	<u>881,269</u>
Total Assets	<u>1,463,067,747</u>	<u>47,653,761</u>	<u>2,367,875</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	6,315,100	250,824	7,140
Compensated Absences Payable	—	—	11,178
Payable to Primary Institution	6,232,109	61,334	—
Accrued Payroll	1,350,234	6,300	12,186
Gift Annuities & Life Income Agreements	2,942,042	—	—
Unearned Revenue	10,980,937	—	58,617
Deposits Held in Custody for Others	27,293	—	—
Other Liabilities	1,766,107	—	—
Current Portion of Long-Term Liabilities	5,374,757	149,690	—
Total Current Liabilities	<u>34,988,579</u>	<u>468,148</u>	<u>89,121</u>
Noncurrent Liabilities:			
Deposits	20,938,254	—	—
Investments Held on Behalf of Institutions	3,203,925	—	—
Gift Annuities & Life Income Agreements, Net of Current Portion	15,884,945	—	—
Obligations Under Split-Interest Agreement	8,505,636	—	—
Payable to Primary Institution	5,390	—	—
Other Liabilities	2,722,428	—	66,669
Long-Term Liabilities	68,617,322	11,667,370	—
Total Noncurrent Liabilities	<u>119,877,900</u>	<u>11,667,370</u>	<u>66,669</u>
Total Liabilities	<u>154,866,479</u>	<u>12,135,518</u>	<u>155,790</u>
Net Assets			
With Donor Restriction	1,051,711,611	31,498,663	612,755
Without Donor Restriction	256,489,657	4,019,580	1,599,330
Total Net Asset	<u>1,308,201,268</u>	<u>35,518,243</u>	<u>2,212,085</u>
Total Liabilities and Net Assets	<u>\$ 1,463,067,747</u>	<u>\$ 47,653,761</u>	<u>\$ 2,367,875</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Revenues, Expenses and Changes in Fund Net Assets

Component Units

FASB Basis

For the Fiscal Year Ended June 30, 2022

	Major University System Foundation	Nonmajor University System Foundation	State Historical Society Foundation
Support and Revenue			
Gifts and Contributions	\$ 222,881,632	\$ 6,825,489	\$ 1,168,053
Investment Income	14,305,799	3,777,778	62,989
Grant Revenue	1,272,800	—	29,150
Net Realized and Unrealized Losses on Investment Securities	(4,294,408)	(2,288,938)	(201,096)
Program and Event Income	43,297,891	1,794,659	125,726
Other Income	13,942,726	1,770,111	4,286
Total Support and Revenue	<u>291,406,440</u>	<u>11,879,099</u>	<u>1,189,108</u>
EXPENSES			
Program Services	\$ 74,769,814	\$ 2,822,961	\$ 147,583
Supporting Services	50,773,338	3,681,910	330,018
Fund Raising Expense	8,829,334	—	5,273
Total Expenses	<u>134,372,486</u>	<u>6,504,871</u>	<u>482,874</u>
Changes in Net Assets	\$ 157,033,954	\$ 5,374,228	\$ 706,234
Total Net Assets - Beginning of Year, as Restated	<u>\$ 1,151,167,314</u>	<u>\$ 30,144,015</u>	<u>\$ 1,505,851</u>
Total Net Assets - End of Year	<u>\$ 1,308,201,268</u>	<u>\$ 35,518,243</u>	<u>\$ 2,212,085</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Balance Sheet Governmental Funds June 30, 2022

	Special Revenue			Nonmajor Governmental Funds	Total
	General	Federal	State		
ASSETS					
Cash Deposits at the Bank of ND	\$ 2,078,054,074	\$ 881,794,851	\$ 2,473,772,702	\$ 308,644,108	\$ 5,742,265,735
Cash and Cash Equivalents	37,682,712	147,510	19,919,849	141,784	57,891,855
Restricted Cash and Cash Equivalents	567,263	19,515,480	205,500	—	20,288,243
Investments at the Bank of ND	193,008,728	—	411,749,787	14,138,000	618,896,515
Investments	8,517,179,668	—	6,499,844,060	46,675,148	15,063,698,876
Accounts Receivable - Net	20,521,959	49,124,794	152,850,428	4	222,497,185
Taxes Receivable - Net	438,211,153	—	348,875,349	127,828	787,214,330
Interest Receivable - Net	31,695,141	—	29,721,280	60,590	61,477,011
Intergovernmental Receivable - Net	—	419,985,124	7,341,180	—	427,326,304
Due from Other Funds	119,451,212	43,118,560	26,576,961	11	189,146,744
Due from Fiduciary Funds	—	—	—	—	—
Prepaid Items	4,459,289	12,792,366	6,445,056	—	23,696,711
Inventory	3,506,467	24,030,568	9,706,165	—	37,243,200
Loans and Notes Receivable - Net	17,647	184,817	23,970,091	36,197,749	60,370,304
Other Assets	—	—	8,727,000	—	8,727,000
Total Assets	11,444,355,313	1,450,694,070	10,019,705,408	405,985,222	23,320,740,013
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 11,444,355,313	\$ 1,450,694,070	\$ 10,019,705,408	\$ 405,985,222	\$ 23,320,740,013
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	87,659,671	216,576,520	99,025,399	129,371	403,390,961
Accrued Payroll	49,550,399	8,657,456	14,275,922	—	72,483,777
Securities Lending Collateral	86,869,068	—	334,481,533	8,231,482	429,582,083
Interest Payable	109,470	1,861	1,121,683	—	1,233,014
Intergovernmental Payable	2,224,274	31,913,541	239,439,023	—	273,576,838
Tax Refunds Payable	170,386,940	—	1,856,510	—	172,243,450
Due to Other Funds	24,324,816	91,867,375	95,924,387	1,581,877	213,698,455
Contract Retainage Payable	180,129	5,087,096	7,982,107	—	13,249,332
Unearned Revenues	—	1,038,800,219	46,064,662	—	1,084,864,881
Total Liabilities	421,304,767	1,392,904,068	840,171,226	9,942,730	2,664,322,791
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	82,885,393	3,121,583	32,607,422	—	118,614,398
Unpaid Penalty and Interest	—	—	917,824	—	917,824
Total Deferred Inflows of Resources	82,885,393	3,121,583	33,525,246	—	119,532,222
Fund Balances:					
Nonspendable					
Inventory	3,506,467	24,030,568	9,666,804	—	37,203,839
Long - Term Receivables	17,647	—	—	—	17,647
Prepaid Expenditures	4,459,289	12,792,366	11,047,056	—	28,298,711
Permanent Trust Fund	—	—	—	77,294,364	77,294,364
Restricted	567,263	17,845,485	7,540,509,382	318,272,000	7,877,194,130
Committed	1,136,436,411	—	1,319,356,268	476,128	2,456,268,807
Assigned	—	—	265,429,426	—	265,429,426
Unassigned	9,795,178,076	—	—	—	9,795,178,076
Total Fund Balances	10,940,165,153	54,668,419	9,146,008,936	396,042,492	20,536,885,000
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 11,444,355,313	\$ 1,450,694,070	\$ 10,019,705,408	\$ 405,985,222	\$ 23,320,740,013

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

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

June 30, 2022

Total Fund Balances-Governmental Funds		\$ 20,536,885,000
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$9,803,508,683 and the accumulated depreciation is \$4,127,516,972.		
		5,675,991,711
Other assets not available in the current period and therefore are not reported in the governmental funds:		
Net Pension Asset		31,759,726
Deferred outflows of resources are not reported in the governmental funds:		
Loss on bond refunding	607,000	
Related to OPEB	9,659,058	
Related to pensions	534,314,564	
Total Deferred Outflows		544,580,622
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.		
		118,324,995
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.		
		88,846,653
Deferred inflows of resources are not reported in the governmental funds:		
Unpaid penalty and interest	917,824	
Related to OPEB	(8,906,544)	
Related to pensions	(812,351,848)	
Right-to-use leases	1,376,998	(818,963,570)
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	(491,725,000)	
Notes Payable	(15,583,936)	
Accrued Interest on Long-Term Liabilities	(949,397)	
Compensated Absences	(48,027,959)	
Intergovernmental Payable	—	
Leased Assets	(35,554,527)	
Other Post-employment Benefit Obligation	(20,332,063)	
Net Pension Liability	(379,709,369)	
Claims and Judgments	(1,108,500)	
Total Long-Term Liabilities		(992,990,751)
Net Position of Governmental Activities		<u>\$ 25,184,434,386</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

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

For the Fiscal Year Ended June 30, 2022

	General	Special Revenue		Nonmajor Governmental Funds	Total
		Federal	State		
REVENUES					
Individual and Corporate Income Taxes	\$ 659,548,773	\$ —	\$ 5,315,851	\$ 31,323	\$ 664,895,947
Sales and Use Taxes	1,166,033,313	14,178	295,825,050	—	1,461,872,541
Oil, Gas, and Coal Taxes	1,354,249,531	—	1,660,635,903	1,493,992	3,016,379,426
Business and Other Taxes	64,143,069	—	74,842,271	—	138,985,340
Licenses, Permits and Fees	9,909,121	13,338	187,697,881	15,945	197,636,285
Intergovernmental	981,677	2,835,771,215	57,910,318	—	2,894,663,210
Sales and Services	2,345,312	905,778	57,898,993	8,260	61,158,343
Royalties and Rents	41,368,353	281,200	575,956,676	—	617,606,229
Fines and Forfeits	3,969,358	2,592	20,988,436	—	24,960,386
Interest and Investment Income (Loss)	(897,827,062)	708,549	(285,263,661)	(1,173,708)	(1,183,555,882)
Tobacco Settlement	10,809	—	23,194,710	—	23,205,519
Commodity Assessments	—	—	27,563,462	—	27,563,462
Miscellaneous	4,115,938	2,544,213	17,744,192	33,672	24,438,015
Total Revenues	2,408,848,192	2,840,241,063	2,720,310,082	409,484	7,969,808,821
EXPENDITURES					
Current:					
General Government	208,107,489	137,120,930	66,160,902	108,873	411,498,194
Education	790,732,460	367,349,795	361,656,691	—	1,519,738,946
Health and Human Services	774,003,598	1,652,907,780	58,058,686	144,567	2,485,114,631
Regulatory	27,295,844	73,091,800	36,615,926	—	137,003,570
Public Safety and Corrections	122,651,535	95,632,888	17,568,430	—	235,852,853
Agriculture and Commerce	33,689,438	33,273,010	70,514,385	—	137,476,833
Natural Resources	16,384,871	50,171,080	239,738,762	—	306,294,713
Transportation	367,245	207,303,754	189,598,720	—	397,269,719
Intergovernmental - Revenue Sharing	4,207,302	—	1,110,813,567	—	1,115,020,869
Capital Outlay	12,925,269	177,683,500	105,607,547	—	296,216,316
Debt Service:					
Principal	8,003,845	1,037,072	1,021,965	7,185,000	17,247,882
Interest and Other Charges	1,135,807	292,372	148,207	4,842,000	6,418,386
Total Expenditures	1,999,504,703	2,795,863,981	2,257,503,788	12,280,440	7,065,152,912
Revenues over (under) Expenditures	409,343,489	44,377,082	462,806,294	(11,870,956)	904,655,909
OTHER FINANCING SOURCES (USES)					
Bonds and Notes Issued	—	—	120,280	389,842,000	389,962,280
Bond and Note Cost of Issuance	—	—	—	(1,886,000)	(1,886,000)
Lease Acquisitions	7,177,850	5,476,805	1,431,714	—	14,086,369
Sale of Capital Assets	—	—	644	—	644
Transfers In	250,087,754	3,656,533	178,850,473	11,968,000	444,562,760
Transfers Out	(464,265,091)	(30,774,328)	(331,360,031)	(101,461,309)	(927,860,759)
Total Other Financing Sources (Uses)	(206,999,487)	(21,640,990)	(150,956,920)	298,462,691	(81,134,706)
Net Change in Fund Balances	202,344,002	22,736,092	311,849,374	286,591,735	823,521,203
Fund Balances - Beginning of Year, as restated	10,737,821,151	31,932,327	8,834,159,562	109,450,757	19,713,363,797
Fund Balances - End of Year	\$ 10,940,165,153	\$ 54,668,419	\$ 9,146,008,936	\$ 396,042,492	\$ 20,536,885,000

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

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

For the Fiscal Year Ended June 30, 2022

Net Change in Fund Balances-Total Governmental Funds	\$ 823,521,203
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	300,621,280
Depreciation expense	(228,093,784)
Excess of capital outlay over depreciation expense	<u>72,527,496</u>
In the statement of activities, only the gain (loss) on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets sold.	(3,399,723)
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.	2,081,773
Some of the assets acquired this year were financed through leases payable. The amount financed is reported in the governmental funds as a source of financing. However, leases payable are reported as long-term liabilities in the statement of net position.	(12,989,327)
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.	(2,340,367)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of internal service funds is reported with governmental activities.	(7,639,886)
Bonds proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	(387,956,000)
Note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	(120,280)
The pension assets resulting from contributions in excess of annual required contribution are not financial resources and, therefore, are not reported in the funds.	637,726
Deferred outflows of resources do not provide current financial resources	
Amortization of deferred loss on bond refunding	(579,000)
Related to OPEB	(1,267,704)
Related to pension	(220,873,787)
Total deferred outflows	(222,720,491)
Deferred pension inflows are not considered current cash expenses and are not reported as an expenditure in the funds.	
Unpaid penalty and interest	24,190
Related to OPEB	(6,074,308)
Related to pension	(622,836,681)
Total deferred inflows	(628,886,799)
The net OPEB liability relating to retirement plans	9,602,670
The net pension liability relating to retirement plans	816,529,517
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	10,605,000
Note payments	941,954
Lease payments	9,185,549
Total long-term debt repayment	<u>20,732,503</u>
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	(478,097)
Compensated Absences	1,089,417
Claims and Judgments	244,979
Total additional expenditures	856,299
Change in Net Position of Governmental Activities	\$ <u>480,436,314</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Net Position Proprietary Funds June 30, 2022

	Business-Type Activities - Enterprise Funds					Governmental	
	Bank of	Housing	University	Workforce	Other	Internal	
	North Dakota	Finance	System	Safety and Insurance	Enterprise Funds		Total
							Service Funds
ASSETS							
Current Assets:							
Cash Deposits at the Bank of ND	\$ 14,436,000	\$ 311,902,375	\$ 2,838,342	\$ 240,799,817	\$ 569,976,534	\$ 37,443,286	
Cash and Cash Equivalents	—	25,406,615	—	259,303,045	284,709,660	300,842	
Investments at the Bank of ND	—	188,603,748	—	2,000,000	190,603,748	172,087	
Investments	—	71,084	2,062,150,317	49,480,746	2,111,702,147	6,785,997	
Accounts Receivable - Net	1,048,000	37,841,851	19,418,738	152,504,341	210,812,930	1,963,148	
Interest Receivable - Net	27,000	—	9,957,874	3,780,536	13,765,410	53,222	
Lease Receivable - Net	—	413,882	—	—	413,882	—	
Intergovernmental Receivable - Net	260,000	37,917,989	—	567,319	38,745,308	1,631,210	
Due from Other Funds	—	28,258,280	—	902,206	29,160,486	13,913,185	
Due from Fiduciary Funds	—	—	—	92,105	92,105	—	
Due from Component Units	—	17,960,158	—	—	17,960,158	—	
Prepaid Items	85,000	—	260,367	2,200,228	2,545,595	5,837,952	
Inventory	—	7,169,063	—	42,326,733	49,495,796	128,302	
Loans and Notes Receivable - Net	—	2,755,185	—	41,086,119	43,841,304	—	
Other Assets	937,000	7,798,750	—	21,869	8,757,619	—	
Restricted Cash at the Bank of ND	16,172,000	—	—	5,450,069	21,622,069	—	
Restricted Cash and Cash Equivalents	295,726,000	—	—	677,000	296,403,000	—	
Restricted Investments at the Bank of ND	—	—	—	1,000,000	1,000,000	—	
Restricted Interest Receivable - Net	5,147,000	—	—	—	5,147,000	—	
Restricted Loans Receivable - Net	32,457,000	—	—	139,000	32,596,000	—	
Total Current Assets	366,295,000	666,098,980	2,094,625,638	802,331,133	3,929,350,751	68,229,231	
Noncurrent Assets:							
Restricted Cash at the Bank of ND	—	29,594,637	—	—	29,594,637	—	
Restricted Cash and Cash Equivalents	—	404,384	—	—	404,384	—	
Restricted Investments at the Bank of ND	—	22,319,200	—	—	22,319,200	—	
Restricted Investments	70,018,000	2,286,927	—	—	72,304,927	—	
Investments at the Bank of ND	—	88,346,000	—	—	88,346,000	—	
Investments	—	12,168,289	—	—	12,168,289	—	
Due from Component Units	—	21,816,750	—	—	21,816,750	—	
Loans and Notes Receivable - Net	—	11,532,568	—	475,358,213	486,890,781	—	
Restricted Loans Receivable - Net	1,295,706,000	—	—	—	1,295,706,000	—	
Other Noncurrent Assets	10,195,000	100,000	—	2,332,012	12,627,012	—	
Capital Assets:							
Nondepreciable	—	272,576,064	3,437,175	42,098,468	318,111,707	—	
Depreciable, Net	757,000	1,537,001,674	15,283,524	169,211,143	1,722,253,341	100,451,910	
Total Noncurrent Assets	1,376,676,000	1,998,146,493	18,720,699	688,999,836	4,082,543,028	100,451,910	
Bank Related Assets:							
Cash and Cash Equivalents	\$ 2,773,032,000				\$2,773,032,000		
Investments	2,600,007,000				2,600,007,000		
Interest Receivable - Net	45,918,000				45,918,000		
Due from Other Funds	113,927,000				113,927,000		
Loans and Notes Receivable - Net	4,448,160,000				4,448,160,000		
Other Assets	16,078,000				16,078,000		
Capital Assets:							
Nondepreciable	2,449,000				2,449,000		
Depreciable, Net	6,785,000				6,785,000		
Total Bank Related Assets	10,006,356,000				10,006,356,000		
Total Assets	10,006,356,000	1,742,971,000	2,664,245,473	2,113,346,337	1,491,330,969	18,018,249,779	168,681,141
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Loss on Bond Refunding	—	—	2,985,419	—	—	2,985,419	—
Decrease in Fair Value of Hedging Derivatives	—	—	—	—	5,747,088	5,747,088	—
Unrealized Loss on Interest Rate Swap	35,780,000	—	—	—	—	35,780,000	—
Derived from Pensions	12,403,000	3,213,000	109,075,438	16,496,126	14,681,235	155,868,799	35,129,871
Derived from OPEB	212,000	66,000	2,093,190	344,796	364,046	3,080,032	812,763
Total Deferred Outflows of Resources	48,395,000	3,279,000	114,154,047	16,840,922	20,792,369	203,461,338	35,942,634

STATE OF NORTH DAKOTA

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Bank of North Dakota	Housing Finance	University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
LIABILITIES							
Current Liabilities:							
Accounts Payable		1,258,000	39,784,056	6,988,206	48,052,686	96,082,948	4,862,000
Accrued Payroll		—	43,933,030	—	1,436,402	45,369,432	3,784,092
Securities Lending Collateral		—	—	16,670,350	177,055	16,847,405	65,650
Interest Payable		17,971,000	4,038,131	—	120,338	22,129,469	54,605
Intergovernmental Payable		20,000	696,176	—	1,390,094	2,106,270	3,425
Due to Other Funds		403,000	3,235,899	175,223	167,069,245	170,883,367	1,191,832
Due to Component Units		—	4,036,919	—	—	4,036,919	—
Contract Retainage Payable		—	8,885,891	—	—	8,885,891	—
Other Deposits		—	4,756,234	—	—	4,756,234	—
Amounts Held in Custody for Others		16,172,000	—	—	—	16,172,000	—
Claims/Judgments Payable		—	—	119,852,520	1,827,895	121,680,415	741,287
Dividends Payable		—	—	82,406,116	—	82,406,116	—
Compensated Absences Payable		378,000	2,938,871	1,596,536	172,739	5,086,146	315,200
Notes Payable		—	3,935,784	—	—	3,935,784	1,227,884
Leases Payable		—	3,987,779	214,488	7,345,555	11,547,822	1,821,791
Bonds Payable		46,307,000	13,192,426	—	130,000	59,629,426	—
Unearned Revenue		—	31,519,455	90,087,368	312,495	121,919,318	—
Other Current Liabilities		—	—	—	3,432,227	3,432,227	—
Total Current Liabilities		82,509,000	164,940,651	317,990,807	231,466,731	796,907,189	14,067,766
Noncurrent Liabilities:							
Intergovernmental Payable		—	18,034,367	—	—	18,034,367	—
Due to Component Units		—	24,763,447	—	—	24,763,447	—
Claims/Judgments Payable		—	—	878,918,480	—	878,918,480	5,139,814
Compensated Absences Payable		—	32,157,480	259,901	1,214,780	33,632,161	3,458,920
Notes Payable		—	19,409,424	—	—	19,409,424	345,027
Leases Payable		—	24,975,039	171,678	20,394,095	45,540,812	4,422,740
Bonds Payable		1,433,300,000	549,096,454	—	2,155,014	1,984,551,468	—
Financial Derivative Instrument		—	—	—	5,747,088	5,747,088	—
Net Pension Liability		2,418,000	90,645,389	13,923,103	11,497,117	118,483,609	26,425,830
Net OPEB Liability		128,000	4,608,334	766,739	584,021	6,087,094	1,410,558
Other Noncurrent Liabilities		416,000	16,202	—	28,123,334	28,555,536	—
Total Noncurrent Liabilities		1,436,262,000	763,706,136	894,039,901	69,715,449	3,163,723,486	41,202,889
Bank Related Liabilities:							
Interest Payable		988,380	—	—	—	988,380	—
Due to Other Funds		1,005,620	—	—	—	1,005,620	—
Federal Funds Purchased		763,250,000	—	—	—	763,250,000	—
Deposits Held for Other Funds		6,793,777,955	—	—	—	6,793,777,955	—
Other Deposits		1,340,116,045	—	—	—	1,340,116,045	—
Other Liabilities		38,096,000	—	—	—	38,096,000	—
Long Term Liabilities:							
Due within one year		53,545,000	—	—	—	53,545,000	—
Due in more than one year		55,757,000	—	—	—	55,757,000	—
Net Pension Liability		10,391,000	—	—	—	10,391,000	—
Net OPEB Liability		572,000	—	—	—	572,000	—
Total Bank Related Liabilities		9,057,499,000	—	—	—	9,057,499,000	—
Total Liabilities		9,057,499,000	1,518,771,000	928,646,787	1,212,030,708	13,018,129,675	55,270,655
DEFERRED INFLOWS OF RESOURCES							
Grants Received Prior to Time Requirements		—	128,268	—	—	128,268	—
Unrealized Gain on Interest Rate Swap		1,330,000	—	—	—	1,330,000	—
Derived from Pensions		20,305,000	4,810,000	182,983,199	28,594,170	259,082,348	51,213,029
Derived from OPEB		238,000	62,000	2,201,717	346,956	3,077,758	585,114
Financial Derivative Instruments		—	3,688,000	—	—	3,688,000	—
Right-to-Use Leases		—	—	378,607	—	378,607	—
Total Deferred Inflows of Resources		21,873,000	8,560,000	185,691,791	28,941,126	267,684,981	51,798,143
NET POSITION							
Net Investment in Capital Assets		9,234,000	133,000	1,204,076,318	18,720,700	1,419,736,052	99,558,585
Restricted for:							
Capital Projects		—	—	411,042	—	411,042	—
Debt Service		—	201,443,000	7,685,573	815,000	209,943,573	—
Loan Purposes		—	—	26,741,160	5,237,842	31,979,002	—
Pledged Assets		964,545,000	—	—	—	964,545,000	—
Unemployment Compensation		—	—	—	272,920,944	272,920,944	—
University System-Nonexpendable		—	—	18,925,192	—	18,925,192	—
University System-Expendable		—	—	24,800,158	—	24,800,158	—
Other		—	—	13,795,852	1,399,280	15,195,132	—
Unrestricted		1,600,000	17,343,000	367,625,647	870,494,725	1,977,440,366	(2,003,608)
Total Net Position		\$ 975,379,000	\$ 218,919,000	\$ 1,664,060,942	\$ 889,215,425	\$ 1,188,322,094	\$ 4,935,896,461
Reconciliation of the Proprietary Funds Statement of Net Position to the Statement of Net Position							
June 30, 2022							
Total Net Position - Enterprise Funds							4,935,896,461
Amounts reported for business-type activities in the statement of net position are different because:							
Prior year net position restatement and reduction of current year expenses based on the allocation of internal service fund's net income							8,792,604
Net Position of Business-Type Activities							4,944,689,065

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Bank of North Dakota	Housing Finance	University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES							
Sales and Services	\$ 6,381,000	\$ 4,604,000	\$ 103,300,701	\$ 166,977,163	\$ 920,457,669	\$1,201,720,533	\$ 135,697,709
Auxiliary Sales Pledges for Bonds	—	—	101,257,529	—	—	101,257,529	—
Tuition and Fees	—	—	375,134,736	—	—	375,134,736	—
Grants and Contributions	—	—	167,276,552	—	—	167,276,552	—
Royalties and Rents	—	—	—	—	138,283	138,283	—
Fines and Forfeits	—	—	—	943,423	—	943,423	—
Interest and Investment Income	199,179,000	39,762,000	—	—	9,010,698	247,951,698	—
Miscellaneous	—	—	1,063,135	1,453,739	453,940	2,970,814	105,138
Total Operating Revenues	205,560,000	44,366,000	748,032,653	169,374,325	930,060,590	2,097,393,568	135,802,847
OPERATING EXPENSES							
Cost of Sales and Services	—	—	22,294,521	—	343,602,443	365,896,964	926,085
Salaries and Benefits	18,769,000	399,000	806,867,386	25,568,238	28,903,292	880,506,916	49,004,037
Operating	19,387,000	12,146,000	321,570,318	875,035	414,452,806	768,431,159	70,044,336
Claims	—	—	—	111,544,700	77,721,544	189,266,244	2,640,009
Scholarships and Fellowships	—	—	80,981,968	—	—	80,981,968	—
Interest	28,921,000	29,156,000	—	—	111,259	58,188,259	209,515
Depreciation	380,000	216,000	83,619,161	3,238,866	10,056,875	97,510,902	13,761,073
Miscellaneous	—	—	—	—	110,959	110,959	327,476
Total Operating Expenses	67,457,000	41,917,000	1,315,333,354	141,226,839	874,959,178	2,440,893,371	136,912,531
Operating Income (Loss)	138,103,000	2,449,000	(567,300,701)	28,147,486	55,101,412	(343,499,803)	(1,109,684)
NONOPERATING REVENUES (EXPENSES)							
Grants and Contracts	—	15,193,000	116,437,633	—	3,014,696	134,645,329	—
Gifts	—	—	51,742,383	—	—	51,742,383	—
Interest and Investment Income (Loss)	(27,691,000)	(547,000)	9,782,654	(200,042,763)	(56,687)	(218,554,796)	(786,881)
Interest Expense	—	—	(23,456,118)	(4,189,780)	(2,239,996)	(29,885,894)	(54,340)
Dividends Expense	—	—	—	(67,502,602)	—	(67,502,602)	—
Gain (Loss) on Sale of Capital Assets	—	—	(5,444,360)	—	(54,569)	(5,498,929)	1,387,828
Tax Revenue	—	—	6,147,695	—	—	6,147,695	—
Grant Expense	—	(15,065,000)	(16,135,022)	—	—	(31,200,022)	—
Other	—	—	10,604,521	1,231,559	21,203	11,857,283	—
Total Nonoperating Revenues	(27,691,000)	(419,000)	149,679,386	(270,503,586)	684,647	(148,249,553)	546,607
Income (Loss) Before Contributions and Transfers	110,412,000	2,030,000	(417,621,315)	(242,356,100)	55,786,059	(491,749,356)	(563,077)
Capital Grants and Contributions	—	—	54,601,115	—	—	54,601,115	—
Transfers In	—	—	502,236,158	—	82,046,502	584,282,660	—
Transfer Out	(74,605,000)	(22,000)	(9,603,000)	—	(46,045,924)	(130,275,924)	—
Changes in Net Position	35,807,000	2,008,000	129,612,958	(242,356,100)	91,786,637	16,858,495	(563,077)
Total Net Position - Beginning of Year, as restated	939,572,000	216,911,000	1,534,447,984	1,131,571,525	1,096,535,457	4,919,037,966	98,118,054
Total Net Position - End of Year	\$ 975,379,000	\$ 218,919,000	\$ 1,664,060,942	\$ 889,215,425	\$ 1,188,322,094	\$ 4,935,896,461	\$ 97,554,977

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, 2022

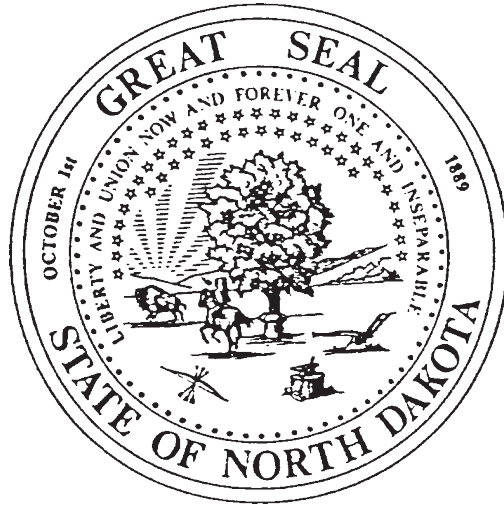
Net Change in Net Position-Total Enterprise Funds \$ 16,858,495

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 246,479

Change in Net Position of Business-Type Activities \$ 17,104,974

The Accompanying Notes are an Integral Part of the Financial Statements



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STATE OF NORTH DAKOTA

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds		
	Bank of North Dakota	Housing Finance	University System
Cash Flows from Operating Activities:			
Receipts from Customers and Users	\$ 7,413,000	\$ 276,942,000	\$ 195,709,040
Receipts from Tuition and Fees	—	—	373,387,624
Interest Income on Loans	—	—	—
Receipts from Loan Principal Repayments	—	—	4,804,401
Receipts from Other Funds	—	—	7,343,000
Receipts from Grants and Contracts	—	—	180,833,850
Receipts from Others	—	—	7,465,852
Payments to Other Funds	—	(147,284,000)	—
Payments for Loan Funds	—	—	(35,965,852)
Payments for Scholarships and Fellowships	—	—	(44,563,827)
Payments to Suppliers	(18,574,000)	(207,854,000)	(364,952,506)
Payments to Employees	(18,239,000)	(4,228,000)	(800,562,885)
Claim Payments	—	—	—
Payments to Others	—	(307,000)	—
Other	—	—	—
Net Cash Provided by (Used for) Operating Activities	(29,400,000)	(82,731,000)	(476,501,303)
Cash Flows from Noncapital Financing Activities:			
Proceeds from Bonds	—	407,828,000	—
Proceeds from Sale of Notes and Other Borrowings	2,002,000	—	—
Principal Payments - Bonds	—	(266,540,000)	—
Principal Payments - Notes and Other Borrowings	(80,012,000)	—	—
Interest Payments - Bonds	—	(28,989,000)	—
Interest Payments - Notes and Other Borrowings	(15,105,000)	—	—
Tax Collections	—	—	6,147,697
Transfers In	—	—	58,620,673
Transfers Out	(74,604,000)	(22,000)	(9,603,000)
Net Decrease in Non-Interest Bearing Deposits	14,459,000	—	—
Net Increase in Interest Bearing Deposits	2,323,963,000	—	—
Payments of Interest on Deposits	(13,315,000)	—	—
Interest Paid on Federal Funds and Reverse Repurchase Agreements	(858,000)	—	—
Net Increase in Federal Funds and Reverse Repurchase Agreements	(11,755,000)	—	—
Collection of Advances Made	2,837,000	—	—
Loan Proceeds from Due To Other Funds	—	—	201,851,482
Principal Payments on Due To Other Funds	—	—	(202,146,007)
Grants and Gifts Received for Other than Capital Purposes	—	15,193,000	162,088,389
State Appropriations	—	—	404,815,923
Grants Given for Other than Capital Purposes	—	(15,065,000)	(16,135,023)
Net Cash Provided by (Used for) Noncapital Financing Activities	2,147,612,000	112,405,000	605,640,134
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(55,000)	(131,000)	(238,465,815)
Proceeds from Sale of Capital Assets	—	—	728,897
Proceeds from Bonds	—	—	—
Proceeds from Sale of Notes and Other Borrowings	—	—	186,861,335
Principal Payments - Bonds	—	—	—
Principal Payments - Notes and Other Borrowings	—	—	(44,274,373)
Interest Payments - Bonds	—	—	—
Interest Payments - Notes and Other Borrowings	—	—	(25,014,172)
Capital Appropriations	—	—	50,614,446
Payment of Bond Issue Costs	—	—	—
Payment on Leases	—	—	—
Interest Payments - Leases	—	—	—
Deposits with capital debt payment trustees	—	—	(25,520,000)
Capital Grants and Gifts Received	—	—	60,627,914
Insurance Proceeds	—	—	1,477,896
Principal Payments on Lease Payable	—	(192,000)	—
Interest Paid on Lease Payable	—	(21,000)	—
Net Cash Provided by (Used for) Capital and Related Financing Activities	(55,000)	(344,000)	(32,963,872)
Cash Flows from Investing Activities:			
Proceeds from Sale and Maturities of Investment Securities	607,690,000	21,122,000	155,975,319
Purchase of Investment Securities	(1,385,778,000)	(42,204,000)	(190,356,217)
Net Increase In Investments	—	—	—
Interest and Dividends on Investments	27,902,000	142,000	11,399,789
Proceeds from Sale of Other Real Estate	1,642,000	—	—
Net Decrease in Loans	61,028,000	—	—
Disbursements for Loans and Loan Purchases	—	—	—
Receipt of Loan Principal Repayments	—	—	—
Proceeds from Collection of Loans and Notes Receivable	—	—	—
Loan Income Received	178,911,000	—	—
Lease Receipts	—	—	—
Net Cash Provided by (Used for) Investing Activities	(508,605,000)	(20,940,000)	(22,981,109)

The Accompanying Notes are an Integral Part of the Financial Statements

Business-Type Activities - Enterprise Funds		Governmental Activities	
Workforce Safety and Insurance	Other Enterprise	Total	Internal Service Funds
\$ 92,957,161	\$ 891,121,571	\$ 1,464,142,772	\$ 4,585,009
—	—	373,387,624	—
—	24,774	24,774	—
—	2,675,567	7,479,968	—
—	415,556	7,758,556	127,476,094
—	—	180,833,850	—
324,563	819,940	8,610,355	—
(2,451,879)	(232,711)	(149,968,590)	(3,557,394)
—	(3,086,812)	(39,052,664)	—
—	—	(44,563,827)	—
—	(823,308,474)	(1,414,688,980)	(69,836,376)
(23,730,078)	(30,538,273)	(877,298,236)	(45,329,894)
(115,709,680)	(68,148,455)	(183,858,135)	(392,364)
(792,035)	(1,642,206)	(2,741,241)	—
—	26,112,321	26,112,321	—
(49,401,948)	(5,787,202)	(643,821,453)	12,945,075
—	—	407,828,000	—
—	65,000,000	67,002,000	—
—	—	(266,540,000)	—
—	(25,653,273)	(105,665,273)	—
—	(9,000)	(28,998,000)	—
—	(1,873,608)	(16,978,608)	—
—	—	6,147,697	—
1,244,206	33,833,993	93,698,872	—
—	(46,269,253)	(130,498,253)	—
—	—	14,459,000	—
—	—	2,323,963,000	—
—	—	(13,315,000)	—
—	—	(858,000)	—
—	—	(11,755,000)	—
—	—	2,837,000	—
—	—	201,851,482	—
—	(3,116,039)	(205,262,046)	—
—	3,286,113	180,567,502	—
—	—	404,815,923	—
—	—	(31,200,023)	—
1,244,206	25,198,933	2,892,100,273	—
(3,466,868)	(28,752,023)	(270,870,706)	(14,539,985)
—	—	728,897	3,226,823
—	35,000,000	35,000,000	—
—	—	186,861,335	—
—	(130,000)	(130,000)	—
—	—	(44,274,373)	(1,118,681)
—	(141,144)	(141,144)	—
—	—	(25,014,172)	—
—	—	50,614,446	—
—	(12,711)	(12,711)	—
(230,736)	—	(230,736)	(158,558)
—	—	—	(40,930)
—	—	(25,520,000)	—
—	—	60,627,914	—
—	—	1,477,896	—
—	(7,972,577)	(8,164,577)	(1,348,359)
—	(562,902)	(583,902)	—
(3,697,604)	(2,571,357)	(39,631,833)	(13,979,690)
55,000,000	172,517,419	1,012,304,738	364,360
(4,003,763)	(170,170,000)	(1,792,511,980)	—
—	1,871,620	1,871,620	—
—	2,037,717	41,481,506	235,538
—	—	1,642,000	—
—	(15,000,000)	46,028,000	—
—	(40,395,650)	(40,395,650)	—
—	19,332,000	19,332,000	—
—	19,658,343	19,658,343	—
—	8,605,862	187,516,862	—
360,166	—	360,166	—
51,356,403	(1,542,689)	(502,712,395)	599,898

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Cash Flows Proprietary Funds (Continued) For the Fiscal Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds		
	Bank of North Dakota	Housing Finance	University System
Net Change In Cash:			
Net Increase (Decrease) in Cash and Cash Equivalents	1,609,552,000	8,390,000	73,193,850
Cash and Cash Equivalents at June 30, 2021	1,163,480,000	317,944,000	294,114,161
Cash and Cash Equivalents at June 30, 2022	<u>\$ 2,773,032,000</u>	<u>\$ 326,334,000</u>	<u>\$ 367,308,011</u>
Reconciliation:			
Current:			
Cash Deposits at the Bank of North Dakota	—	14,436,000	311,902,375
Cash and Cash Equivalents	2,773,032,000	—	25,406,615
Restricted Cash Deposits at the Bank of North Dakota	—	16,172,000	—
Restricted Cash and Cash Equivalents	—	295,726,000	—
Noncurrent:			
Restricted Cash Deposits At The Bank of North Dakota	—	—	29,594,637
Restricted Cash and Cash Equivalents	—	—	404,384
Cash and Cash Equivalents	<u>\$ 2,773,032,000</u>	<u>\$ 326,334,000</u>	<u>\$ 367,308,011</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	138,103,000	2,449,000	(567,300,701)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	380,000	216,000	83,619,161
Amortization/Accretion	—	(4,967,000)	—
Reclassification of Interest Revenue/Expense	(170,258,000)	28,973,000	—
(Gain) Loss on Sale of Real Estate	(466,000)	—	—
Net Increase in Fair Value of Investments	—	4,591,000	—
Interest Received on Program Loans	—	—	—
Dividend Credit Applied to Receivable	—	—	—
Provision for Losses	4,750,000	—	—
Reduction In Provision for Loan Loss	—	—	—
Other	—	—	9,788,111
Deferred Outflows	—	868,000	60,363,367
Deferred Inflows	—	3,649,000	135,337,002
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	—	(109,099,000)	(582,164)
(Increase) Decrease in Interest Receivable	—	534,000	—
(Increase) Decrease in Student Loans Receivable	—	—	—
(Increase) Decrease in Due From	2,854,000	—	—
(Increase) Decrease in Intergovernmental Receivable	—	(44,000)	—
(Increase) Decrease in Notes Receivable	—	—	17,938,941
(Increase) Decrease in Prepaid Items	—	(18,000)	—
(Increase) Decrease in Inventories	—	—	(974,071)
(Increase) Decrease in Other Assets	32,540,000	(2,408,000)	(2,619,360)
Increase (Decrease) in Accounts Payable	—	—	(21,376,973)
Increase (Decrease) in Interest Payable	—	—	—
Increase (Decrease) in Claims/Judgments Payable	—	—	—
Increase (Decrease) in Intergovernmental Payable	—	(48,000)	—
Increase (Decrease) in Accrued Payroll	—	—	3,600,977
Increase (Decrease) in Compensated Absences Payable	—	16,000	(72,466)
Increase (Decrease) in Amounts Held for Others	—	(3,256,000)	—
Increase (Decrease) in Other Deposits	—	—	(766,029)
Increase (Decrease) in Due To	(155,000)	50,000	—
Increase (Decrease) in Unavailable Revenue	—	—	267,627
Increase (Decrease) in Net Pension Liability	—	(4,405,000)	(191,189,388)
Increase (Decrease) in Net OPEB Liability	—	—	(2,535,337)
Increase (Decrease) in Other Liabilities	(37,148,000)	168,000	—
Increase (Decrease) in Dividends Payable	—	—	—
Increase (Decrease) in Lease Liability	—	—	—
Total Adjustments	(167,503,000)	(85,180,000)	90,799,398
Net Cash Provided by (Used for) Operating Activities	<u>\$ (29,400,000)</u>	<u>\$ (82,731,000)</u>	<u>\$ (476,501,303)</u>
Noncash Transactions:			
Net Change in Fair Value of Investments	(27,691,000)	(5,278,000)	(823,013)
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 Lease	—	—	461,283
Assumption of Notes Payable	—	—	—
Assets Acquired Through Special Assessments	—	—	19,250
Expenses Paid by Lease	—	—	(263,912)
Gifts of Capital Assets	—	—	(220,936)
Transfer of non-cash assets from Small Employer Loan Fund	—	—	—
Interest Revenue on Prize Reserves	—	—	—
Loans transferred in from State Water Commission RLF	—	—	—
Total Noncash Transactions	<u>\$ (27,691,000)</u>	<u>\$ (5,278,000)</u>	<u>\$ (827,328)</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Business-Type Activities - Enterprise Funds			Governmental Activities
Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
(498,943)	15,297,685	1,705,934,592	(434,717)
3,337,285	490,932,246	2,269,807,692	38,178,845
<u>\$ 2,838,342</u>	<u>\$ 506,229,931</u>	<u>\$ 3,975,742,284</u>	<u>\$ 37,744,128</u>
2,838,342	240,799,817	569,976,534	37,443,286
—	259,303,045	3,057,741,660	300,842
—	5,450,069	21,622,069	—
—	677,000	296,403,000	—
—	—	29,594,637	—
—	—	404,384	—
<u>\$ 2,838,342</u>	<u>\$ 506,229,931</u>	<u>\$ 3,975,742,284</u>	<u>\$ 37,744,128</u>
28,147,486	55,101,412	(343,499,803)	(1,109,684)
3,238,866	10,056,875	97,510,902	13,761,073
—	8,039,792	3,072,792	—
—	(6,664,991)	(147,949,991)	—
—	—	(466,000)	—
—	5,910	4,596,910	—
—	393,674	393,674	—
(67,502,602)	(2,275,000)	(69,777,602)	—
—	—	4,750,000	—
—	3,175,160	3,175,160	—
(672,294)	214,814	9,330,631	—
9,990,598	286,346	71,508,311	15,102,407
21,821,975	4,529,834	165,337,811	39,944,627
(2,330,707)	(75,769,873)	(187,781,744)	(1,012,737)
—	(1,934)	532,066	—
—	133,000	133,000	—
66,963	(91,446)	2,829,517	(1,788,875)
—	569,123	525,123	(995,499)
—	803,397	18,742,338	—
286,748	(788,576)	(519,828)	(726,699)
—	(10,149,291)	(11,123,362)	(4,597)
—	(54,860)	27,457,780	—
334,222	13,533,564	(7,509,187)	(179,792)
—	—	—	2,375,257
(1,328,000)	(115,015)	(1,443,015)	(1,330,179)
—	(2,428,735)	(2,476,735)	3,425
—	(33,819)	3,567,158	351,959
(11,844)	(81,709)	(150,019)	(121,630)
—	—	(3,256,000)	—
—	—	(766,029)	—
(4,276)	8,890	(100,386)	368,200
(1,952,442)	—	(1,684,815)	—
(29,635,199)	(4,116,864)	(229,346,451)	(51,096,896)
(381,402)	(66,666)	(2,983,405)	(595,285)
—	(214)	(36,980,214)	—
(9,766,804)	—	(9,766,804)	—
296,764	—	296,764	—
<u>(77,549,434)</u>	<u>(60,888,614)</u>	<u>(300,321,650)</u>	<u>14,054,759</u>
<u>\$ (49,401,948)</u>	<u>\$ (5,787,202)</u>	<u>\$ (643,821,453)</u>	<u>\$ 12,945,075</u>
(284,733,174)	(3,708,488)	(322,233,675)	(1,042,737)
—	(372,658)	(372,658)	—
—	30,650	30,650	—
10,381,993	—	10,381,993	37,240
(84,608,212)	—	(84,608,212)	—
77,269,406	—	77,269,406	—
(77,269,406)	—	(77,269,406)	—
—	175,632	636,915	6,244,531
—	—	—	1,572,911
—	—	19,250	—
—	—	(263,912)	—
—	—	(220,936)	—
—	26,196,016	26,196,016	—
—	1,822	1,822	—
—	22,134,000	22,134,000	—
<u>\$ (358,959,393)</u>	<u>\$ 44,456,974</u>	<u>\$ (348,298,747)</u>	<u>\$ 6,811,945</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Fiduciary Net Position Fiduciary Funds June 30, 2022

	Pension and Other Employee Funds Benefit Trust	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
ASSETS				
Cash Deposits at the Bank of ND	\$ 44,565,759	\$ —	\$ 6,236,261	\$ 39,235,436
Cash and Cash Equivalents	103,993	—	840,394	347,193
Receivables:				
Contributions Receivable	46,381,800	—	—	—
Accounts Receivable - Net	—	—	153,836	1,375,249
Taxes Receivable for Other Governments - Net	—	—	—	42,288,779
Interest Receivable - Net	19,863,996	525,488	5,333	25
Due from Other Funds	199	—	—	1,544
Due from Fiduciary Funds	824	—	—	—
Due from Component Units	—	—	—	774
Total Receivables	<u>66,246,819</u>	<u>525,488</u>	<u>159,169</u>	<u>43,666,371</u>
Investments, at Fair Value:				
Investments at the Bank of ND	—	—	—	50,000
Equities	1,584,149,652	149,164,021	—	—
Equity Pool	2,158,621,201	—	—	—
Fixed Income Pool	1,782,900,885	93,418,797	1,324,232	—
Cash and Cash Pool	57,095,047	1,884,661	—	—
Real Estate Pool	1,315,031,798	50,816,703	—	—
Mutual Funds	177,257,701	—	647,375,545	—
Total Investments	<u>7,075,056,284</u>	<u>295,284,182</u>	<u>648,699,777</u>	<u>50,000</u>
Invested Securities Lending Collateral	<u>43,692,275</u>	<u>1,772,216</u>	<u>53,655</u>	<u>—</u>
Capital Assets (Net of Depreciation)	1,036,413	—	—	—
Total Assets	<u>7,230,701,543</u>	<u>297,581,886</u>	<u>655,989,256</u>	<u>83,299,000</u>
DEFERRED OUTFLOWS OF RESOURCES				
Derived from Pensions	1,113,188	—	—	—
Total deferred outflows of resources	<u>1,113,188</u>	<u>—</u>	<u>—</u>	<u>—</u>
LIABILITIES				
Accounts Payable	7,113,846	138,094	1,115,572	5,901,378
Accrued Payroll	182,274	—	—	101,299
Securities Lending Collateral	43,692,275	1,772,216	53,655	—
Due to Local Governments	—	—	—	66,677,285
Tax Refunds Payable	—	—	—	77,826
Due to Other Funds	140,709	—	—	548,152
Amounts Held in Custody for Others	2,000	—	—	—
Other Deposits	—	—	—	20,937
Compensated Absences Payable	140,727	—	—	—
Total Liabilities	<u>51,271,831</u>	<u>1,910,310</u>	<u>1,169,227</u>	<u>73,326,877</u>
DEFERRED INFLOWS OF RESOURCES				
Derived from Pensions	1,498,287	—	—	—
Unavailable Revenue	—	—	—	4,172,197
Total deferred inflows of resources	<u>1,498,287</u>	<u>—</u>	<u>—</u>	<u>4,172,197</u>
NET Position				
Net Position Restricted for:				
Pension Benefits	7,178,546,022	—	—	—
Other Employee Benefits	498,591	—	—	—
External Investment Pool Participants	—	295,671,576	—	—
Individuals, Organizations, and Other Governments	—	—	—	5,799,924
Other Purposes	—	—	654,820,029	2
Total Net Position Restricted for Pension Benefits and Other Purposes	<u>7,179,044,613</u>	<u>295,671,576</u>	<u>654,820,029</u>	<u>5,799,926</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Changes in Fiduciary Net Position Fiduciary Funds For the Fiscal Year Ended June 30, 2022

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS				
Contributions:				
Child Support Collections	\$ —	\$ —	\$ —	\$ 134,986,380
Collections for District Courts	—	—	—	2,664,791
Employer	212,717,765	—	—	—
Employee	206,541,229	—	—	—
From Participants	—	—	53,659,608	8,930
Student, Patient, and Inmate Accounts	—	—	—	6,095,140
Tax Collections for Local Governments	—	—	—	332,299,158
Transfers from Other Funds	713,705	—	—	—
Transfers from Other Plans	1,737,082	—	—	—
Donations	—	—	—	2,471,704
Total Contributions	<u>421,709,781</u>	<u>—</u>	<u>53,659,608</u>	<u>478,526,103</u>
Investment Income:				
Net Change in Fair Value of Investments	(641,379,223)	(28,960,878)	39,079,307	—
Interest and Dividends	133,951,752	5,985,025	14,072,317	25
Less Investment Expense	<u>17,322,250</u>	<u>746,405</u>	<u>2,361</u>	<u>—</u>
Net Investment Income (Loss)	<u>(524,749,721)</u>	<u>(23,722,258)</u>	<u>53,149,263</u>	<u>25</u>
Securities Lending Activity:				
Securities Lending Income	268,419	13,653	211	—
Less Securities Lending Expense	<u>26,870</u>	<u>2,729</u>	<u>—</u>	<u>—</u>
Net Securities Lending Income	<u>241,549</u>	<u>10,924</u>	<u>211</u>	<u>—</u>
Repurchase Service Credit	12,882,932	—	—	—
Miscellaneous Income	<u>1,098,871</u>	<u>—</u>	<u>618,810</u>	<u>1,019,934</u>
Total Additions	<u>(88,816,588)</u>	<u>(23,711,334)</u>	<u>107,427,892</u>	<u>479,546,062</u>
DEDUCTIONS				
Benefits Paid to Participants	507,658,347	—	—	4,777
Child Support Distributions	—	—	—	134,986,380
Distributions to District Courts	—	—	—	4,052,814
Distributions of Taxes to Local Governments	—	—	—	330,824,216
Student, Patient, and Inmate Accounts	—	—	—	6,093,671
Refunds	22,911,062	—	—	38,956
Prefunded Credit Applied	13,743,479	—	—	—
Transfer to Other Plans	713,705	—	—	1
Payments in Accordance with Trust Agreements	—	—	55,492,765	—
Administrative Expenses	<u>6,770,320</u>	<u>—</u>	<u>4,175,390</u>	<u>4,800,135</u>
Total Deductions	<u>551,796,913</u>	<u>—</u>	<u>59,668,155</u>	<u>480,800,950</u>
Redemption of Units at \$1.00 Per Unit	—	(10,226,051)	—	—
Net increase (decrease) in Fiduciary Net Position	<u>(640,613,501)</u>	<u>(33,937,385)</u>	<u>47,759,737</u>	<u>(1,254,888)</u>
Net Position - Beginning of Year, as Restated	<u>7,819,658,114</u>	<u>329,608,961</u>	<u>607,060,292</u>	<u>7,054,814</u>
Net Position - End of Year	<u>\$ 7,179,044,613</u>	<u>\$ 295,671,576</u>	<u>\$ 654,820,029</u>	<u>\$ 5,799,926</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Combining Statement of Net Position Component Units - Proprietary Funds (Excludes FASB Based Component Units) June 30, 2022

	CHAND	Public Finance Authority	ND Development Fund	State Fair Foundation	Transmission Authority	Total
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 1,375,889	\$ —	\$ 18,178,825	\$ 244,559	\$ —	\$ 19,799,273
Accounts Receivable - Net	74,976	—	—	75,000	—	149,976
Interest Receivable - Net	—	—	191,418	—	—	191,418
Due from Primary Government	—	—	—	—	—	—
Loans and Notes Receivable - Net	—	—	1,163,848	—	—	1,163,848
Restricted Cash and Cash Equivalents	—	84,723,000	—	12,077	1,955,993	86,691,070
Restricted Investments	—	55,074,000	—	—	21,305,661	76,379,661
Restricted Interest Receivable - Net	—	5,447,000	—	—	61,238	5,508,238
Restricted Loans Receivable - Net	—	—	—	—	4,900,000	4,900,000
Total Current Assets	1,450,865	145,244,000	19,534,091	331,636	28,222,892	194,783,484
Noncurrent Assets:						
Restricted Investments	—	904,474,000	—	—	—	904,474,000
Investments	—	—	250,000	—	—	250,000
Loans and Notes Receivable - Net	—	—	8,000,480	35,000	—	8,035,480
Restricted Loans Receivable - Net	—	—	—	—	122,871,381	122,871,381
Capital Assets:						
Nondepreciable	—	—	—	1,115,389	—	1,115,389
Depreciable, Net	—	—	145,779	—	—	145,779
Total Noncurrent Assets	—	904,474,000	8,396,259	1,150,389	122,871,381	1,036,892,029
Total Assets	1,450,865	1,049,718,000	27,930,350	1,482,025	151,094,273	1,231,675,513
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on bond refunding	—	1,741,000	—	—	—	1,741,000
Derived from Pensions	—	289,000	—	—	—	289,000
Total Deferred Outflows of Resources	—	2,030,000	—	—	—	2,030,000
LIABILITIES						
Current Liabilities:						
Accounts Payable	479,405	460,000	20,522	210	—	960,137
Interest Payable	—	4,035,000	—	—	887,500	4,922,500
Notes Payable	—	—	—	64,950	—	64,950
Bonds Payable	—	25,990,000	—	—	4,900,000	30,890,000
Unearned Revenue	23,705	—	—	—	147,917	171,622
Other Current Liabilities	—	—	—	164	11,000	11,164
Total Current Liabilities	503,110	30,485,000	20,522	65,324	5,946,417	37,020,373
Noncurrent Liabilities:						
Notes Payable	—	—	—	—	—	—
Bonds Payable	—	434,477,000	—	—	145,100,000	579,577,000
Net Pension Liability	—	190,000	—	—	—	190,000
Total Noncurrent Liabilities	—	434,667,000	—	—	145,100,000	579,767,000
Total Liabilities	503,110	465,152,000	20,522	65,324	151,046,417	616,787,373
DEFERRED INFLOWS OF RESOURCES						
Derived from Pensions	—	386,000	—	—	—	386,000
Total Deferred Inflows of Resources	—	386,000	—	—	—	386,000
Net Position						
Net Investment in Capital Assets	—	—	145,779	—	—	145,779
Restricted for:						
Debt Service	—	90,362,000	—	—	47,856	90,409,856
Loan Purposes	—	493,870,000	12,447,491	—	—	506,317,491
Endowment Funds-Nonexpendable	—	—	—	2,155,492	—	2,155,492
Unrestricted	947,755	1,978,000	15,316,558	(738,791)	—	17,503,522
Total Net Position	\$ 947,755	\$ 586,210,000	\$ 27,909,828	\$ 1,416,701	\$ 47,856	\$ 616,532,140

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Combining Statement of Activities
Component Units - Proprietary Funds
 (Excludes FASB Based Component Units)
 For the Fiscal Year Ended June 30, 2022

Functions/Programs	Program Revenues			General Revenues			Net Position Beginning of Year	Net Position End of Year
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue	Payments from State of North Dakota	Change in Net Position		
CHAND	\$ 3,271,964	\$ 1,630,334	\$ 1,501,249	\$ (140,381)	\$ —	\$ (140,381)	\$ 1,088,136	\$ 947,755
Public Finance Authority	24,724,000	4,139,000	41,312,000	20,727,000	—	20,727,000	565,483,000	586,210,000
ND Development Fund	4,602,550	1,727,934	19,378	(2,855,238)	108,708	(2,746,530)	30,656,358	27,909,828
State Fair Foundation	167,542	97,268	111,258	40,984	—	40,984	1,375,717	1,416,701
Transmission Authority	1,110,461	—	1,158,317	47,856	—	47,856	—	47,856
Total Component Units	\$ 33,876,517	\$ 7,594,536	\$ 44,102,202	\$ 17,820,221	\$ 108,708	\$ 17,928,929	\$ 598,603,211	\$ 616,532,140

The Accompanying Notes are an Integral Part of the Financial Statements

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STATE OF NORTH DAKOTA

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

BLENDED COMPONENT UNITS

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

Building Authority (Debt Service Fund and Capital Projects Fund) - The Building Authority was created by the Legislature as a separate instrumentality of the State. Its purpose is to promote the general welfare of the citizens of the State by providing financing for use by the State in altering, repairing, maintaining or constructing buildings and making any improvements connected to State buildings. The Industrial Commission, which consists of the governor, the attorney general, and the commissioner of agriculture, is the governing board of the Building Authority. The funds of the Building Authority were audited by other independent auditors for the fiscal year ended June 30, 2022, and their report has been previously issued under a separate cover.

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

DISCRETELY PRESENTED COMPONENT UNITS

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

MAJOR COMPONENT UNITS

Comprehensive Health Association (Proprietary Fund Type) – The Association was established by the Legislature with participating membership consisting of those insurance companies, licensed or authorized to do business in the State. It provides low cost access to health insurance coverage for residents of the State who are denied adequate health insurance and are considered uninsurable. Under North Dakota Century Code, the Majority Leader of the Senate appoints one member of the Senate and the House of Representatives appoints one member of the House to the eight-member board. The Association was audited by other independent auditors for the calendar year ended December 31, 2021, and their report has been previously issued under a separate cover.

STATE OF NORTH DAKOTA

Public Finance Authority (Proprietary Fund Type) – The Finance Authority was created by the Legislature as a separate agency of the State. The purpose of the Finance Authority is to make funds available for borrowing by North Dakota political subdivisions through the issuance of its bonds and the purchase of municipal securities of the political subdivisions. The Finance Authority has been granted all powers required in order to accomplish this purpose and is under the control and management of the Industrial Commission. The Fund was audited by other independent auditors for the calendar year ended December 31, 2021, and their report has been previously issued under a separate cover.

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

North Dakota Development Fund, Inc. (Proprietary Fund Type) – The Development Fund was established as a statewide nonprofit development corporation with the authority to take equity positions in; to provide loans to; or to use other innovative financing mechanisms to provide capital for new or expanding businesses in North Dakota or relocating businesses to North Dakota. A board of directors consisting of eight members, all of whom are appointed by the governor, manages the corporation. The deputy director of the Department of Commerce (a State agency) is the corporation's chief executive officer. The director of the Department of Commerce (governor-appointed cabinet position) is responsible for developing rules, subject to the approval of the board of directors, necessary to implement the administration of the corporation. The Fund was audited by other independent auditors for the fiscal year ended June 30, 2022, 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, 2021, 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, 2022, 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:

STATE OF NORTH DAKOTA

Building Authority
600 E. Boulevard Ave., 14th Floor
Bismarck, ND 58505-0840

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

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

North Dakota Development Fund, Inc.
1600 E. Century Ave., #2
Bismarck, ND 58503

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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 and right-to-use leased capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes, lease liabilities and other debt that are attributed to the acquisition, construction, or improvement of those assets.

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

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

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

FUND FINANCIAL STATEMENTS

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

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

STATE OF NORTH DAKOTA

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.

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

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

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

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

PROPRIETARY FUND TYPES

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

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

FIDUCIARY FUND TYPES

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

Investment Trust Funds account for the transactions, assets, liabilities, and fund equity of the external pool participants (City of Bismarck, City of Grand Forks, City of Grand Forks Park District, ND Association of Counties, City of Fargo Fargodome, North Dakota State Board of Medicine, Petroleum Tank Release Compensation Fund, Lewis and Clark Interpretive Center Endowment Fund, Veteran's Cemetery Trust Fund and Retirement and Investment Office Investments). The State Investment Board (SIB) provides administrative services for the external pool participants. SIB issues a publicly available financial report that may be obtained by writing to the Retirement and Investment Office, 1600 East Century Avenue, Suite 3, Bismarck, North Dakota 58503. Investment Trust Funds are accounted for in essentially the same manner as Proprietary Funds.

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

Custodial Funds account for assets held by the State as an agent for other governmental units, or other organizations. Examples of funds in this category include state custodial funds for bonding, tax collection, child support disbursement, and funds held for others.

D. GENERAL BUDGETARY POLICIES AND PROCEDURES

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

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

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

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

During the 2021-2023 biennium, there were general, federal and other funds supplemental appropriations totaling \$2,074,846,299.

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, 2022.

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.

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

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

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

G. SECURITIES LENDING

GASB Statement No. 28 "Accounting and Financial Reporting for Securities Lending Transactions," establishes accounting and financial reporting standards for securities lending transactions. The standard requires governmental entities to report securities lent as assets in their balance sheet. Cash received as collateral and investments made with that cash must also be reported as 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, 2022, for collateral in the form of cash, U.S. government securities and irrevocable letters of credit. U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus accrued interest. Non-U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus accrued interest.

Non-cash collateral cannot be pledged or sold unless the borrower defaults. All securities can be terminated on demand by either the lender or the borrower, although the average term of the State's loans was approximately 98 days as of June 30, 2022. 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.

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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.

J. BOND PREMIUMS / DISCOUNTS

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

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

K. CAPITAL ASSETS

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

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

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

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

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

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

<u>Assets</u>	<u>Years</u>	<u>Assets</u>	<u>Years</u>
Buildings	10-50	Right-to-use Land	20-30
Infrastructure	10-50	Right-to-use Buildings and Improvements	2-52
Furniture, Automobiles, and Equipment	3-20	Right-to-use Furniture, Automobiles, and Equipment	2-7
Intangibles	3-99	Right-to-use Infrastructure	2-30

L. DEFERRED OUTFLOWS OF RESOURCES

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

M. LEASES

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

N. FEDERAL FUNDS PURCHASED

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

O. CLAIMS/JUDGMENTS PAYABLE

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

P. COMPENSATED ABSENCES

ANNUAL LEAVE

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

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

SICK LEAVE

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

Q. DEPOSITS

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

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

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

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

R. NET PENSION LIABILITY (ASSET)

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

S. NET OTHER POST EMPLOYMENT BENEFITS LIABILITY

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

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

T. DEFERRED INFLOWS OF RESOURCES

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

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

U. NET POSITION/FUND BALANCE

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

CLASSIFICATIONS

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

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

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

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

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

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

BUDGET STABILIZATION FUND

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

NDCC section 54-27.2-03 states that if general fund revenue projections for the biennium will be at least two and one-half percent less than estimated by the most recently adjourned special or regular session of the legislative assembly, and if the governor orders a transfer, which must be reported to the budget section of the legislative management, the state treasurer shall transfer the appropriate funds from the budget stabilization fund to the state general fund to offset the decrease in general fund revenues. The amount transferred upon order of the governor may not exceed the difference between an amount two and one-half percent below the general fund revenue projections for the biennium. The Budget Stabilization Fund, fund balance at June 30, 2022 was \$717,359,225.

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

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would normally be classified as non-operating should be classified as operating. Examples of this would include interest and investment income. All other revenues that do not meet the above criteria should be classified as non-operating.

W. ESTIMATES

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

NOTE 2 - RESTATEMENTS

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

	Government-wide Governmental Activities	Government- wide Business Type Activities	Governmental Fund - Special Revenue - State Fund	Proprietary Funds - University Systems
June 30, 2021, net position, as previously reported	\$ 24,708,964	\$ 4,915,810	\$ 8,840,071	\$ 1,522,674
Prior period adjustments:				
GASB 87	945	11,691	—	11,691
Correction of errors	(5,911)	83	(5,911)	83
June 30, 2021, net position, as restated	<u>\$ 24,703,998</u>	<u>\$ 4,927,584</u>	<u>\$ 8,834,160</u>	<u>\$ 1,534,448</u>

A. GASB 87 IMPLEMENTATION

The above prior period adjustment for the implementation of GASB Statement No. 87, *Leases* reflects the removal of assets capitalized under leases and along with the lease liability. In addition, the State also recognized the right-to-use leases assets and leased liabilities of \$28.7 million.

B. CORRECTION OF ERRORS

Correction of errors include writing off uncollectible loans of the HOME program of \$10.6 million and properly recording a transfer of \$4.7 million which resulted in a decrease to fund balance and net position of \$5.9 million.

NOTE 3 - DETAILED NOTES ON ACCOUNT BALANCES

A. DEPOSITS

CUSTODIAL CREDIT RISK

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

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

At June 30, 2022, the bank balance of the primary government's deposits was \$2,750,716,469. Of the bank amount, \$2,536,607,000 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, 2022. Their uninsured and uncollateralized deposits totaled \$2.5 billion and \$34 thousand, and their bank deposits totaled \$2.5 billion and \$27.8 million, respectively.

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At June 30, 2022, the bank balance of the major component units' deposits was \$106,490,343. Of the bank amount, \$104,857,818 was uncollateralized and uninsured.

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

B. INVESTMENTS

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

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

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

The State Investment Board's investment policy allows investment managers to use derivative securities to hedge or replicate underlying exposures but not for speculation. All derivatives are considered investment derivative investments. The SIB had four types of derivative securities at June 30, 2022: 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

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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, 2022, the following tables show the debt securities of the primary government and major component units by investment type and maturity (expressed in thousands).

Primary Government (includes Pension and Investment Trust Funds)

Investment Type	Total Fair Value	Less Than 1 Year	1 - 6 Years	6 - 10 Years	More Than 10 Years	Maturity Undetermined
Asset Backed Securities	\$ 586,866	\$ 302	\$ 209,052	\$ 200,459	\$ 177,053	\$ —
Bank Loans	10,950	—	5,990	4,960	—	—
Collateralized Bonds	2,446	—	—	2,446	—	—
Commercial Mortgage-Backed	1,473,185	176	1,101,149	13,686	358,174	—
Commercial Paper	27,977	27,977	—	—	—	—
Corporate Bonds	2,474,593	76,992	1,371,001	526,360	500,240	—
Corporate Convertible Bonds	23,994	74	10,657	353	12,910	—
Government Agencies	604,485	12,607	579,436	7,273	5,169	—
Government Bonds	1,962,501	60,310	1,407,257	81,070	413,864	—
Government Issued CMB	13,960	1	3,398	9,465	1,096	—
Government Mortgage-Backed	859,592	646	7,700	12,478	838,768	—
Repurchase Agreements	37,100	37,100	—	—	—	—
Index-Linked Government Bonds	820,198	25,351	358,250	312,598	123,999	—
Municipal/Provincial Bonds	115,313	23,895	62,717	8,671	20,030	—
Government-Backed CMOs	155,554	1,368	6,525	21,288	126,373	—
Short Term Bills and Notes	45,293	45,293	—	—	—	—
Pooled Investments	1,656,863	1,915	1,016,699	366,067	272,182	—
Funds - Other Fixed Income	552,122	(67,060)	197,484	137,406	88,364	195,928
Funds - Short Term	122,728	122,678	—	—	—	50
Funds - Corporate Bonds	73	—	—	—	—	73
Funds - Gov' Agencies	11	—	—	—	—	11
Total Debt Securities	\$ 11,545,804	\$ 369,625	\$ 6,337,315	\$ 1,704,580	\$ 2,938,222	\$ 196,062
Limited Partnership	\$ 864,502	\$ 116,644	\$ 521,758	\$ 88,951	\$ 42,831	\$ 94,318

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Major Component Units

Investment Type	Total Fair Value	Less Than 1 Year	1 - 6 Years	6 - 10 Years	More Than 10 Years
Commercial Paper	\$ 1,549	\$ 1,549	\$ —	\$ —	\$ —
Corporate Notes	5,848	793	5,055	—	—
Government Agencies	9,829	1,042	8,787	—	—
Government Bonds	33,751	26,418	7,333	—	—
Short Term Bills and Notes	470	470	—	—	—
Total Debt Securities	<u>\$ 51,447</u>	<u>\$ 30,272</u>	<u>\$ 21,175</u>	<u>\$ —</u>	<u>\$ —</u>

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

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

Interest-only (IO) and principal-only (PO) strips are transactions which involve the separation of the interest and principal components of a security. They are highly sensitive to prepayments by mortgagors, which may result from a decline in interest rates. The State held PO's valued at \$4.9 million and held IOs valued at \$21.4 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, 2022 (expressed in thousands):

	Amount	Percent
Federal Agency		
U.S. Treasury Securities	\$ 961,389	37.2 %
Federal Home Loan Bank	216,652	8.4 %
Small Business Administration	144,730	5.6 %
Farm Credit	119,229	4.6 %
Freddie Mac	13,412	0.5 %
Fannie Mae	34,666	1.3 %
Mortgage-backed		
Fannie Mae	607,473	23.5 %
Freddie Mac	485,438	18.8 %
Others less than 5%	3,405	0.1 %
	<u>\$ 2,586,394</u>	<u>100.0 %</u>

CREDIT RISK

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

As of June 30, 2022, the following tables present the debt securities of the primary government and major component units and their respective ratings (expressed in thousands).

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

	Total Fair Value	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Not Rated
Asset Backed Securities	586,866	\$ 311,891	\$ 67,993	\$ 51,586	\$ 43,328	\$ 3,615	\$ 1,396	\$ 2,589	\$ 1,336	\$—	\$ 690	\$ 102,442
Bank Loans	10,949	—	—	—	—	2,721	6,396	—	—	—	—	1,832
Collateralized Bonds	2,446	2,446	—	—	—	—	—	—	—	—	—	—
Commercial Mortgage-Backed	1,473,185	1,361,133	14,871	10,267	7,395	12,384	4,054	1,727	86	11	—	61,257
Commercial Paper	27,977	—	—	—	—	—	—	—	—	—	—	27,977
Corporate Bonds	2,473,562	24,652	83,707	626,291	1,315,243	271,613	107,508	23,753	267	178	201	20,149
Corporate Convertible Bonds	25,026	—	—	193	4,300	5,496	6,591	2,584	—	—	—	5,862
Government Agencies	602,406	550,340	23,956	7,068	13,696	1,708	—	336	—	—	—	5,302
Government Bonds	1,643,594	1,572,382	5,670	2,713	36,725	14,473	2,120	2,700	—	—	—	6,811
Government Mortgage Backed	631,001	—	590,051	10,212	18,217	7,865	4,570	—	—	—	—	86
Government Issued CMB	13,865	1,762	11,252	—	851	—	—	—	—	—	—	—
Municipal/Provincial Bonds	114,312	30,980	54,607	15,706	3,486	868	—	416	—	—	—	8,249
Non-Government Backed CMOs	155,554	42,146	9,457	18,205	17,844	7,805	1,606	481	906	35	—	57,069
Repurchase Agreements	37,100	37,100	—	—	—	—	—	—	—	—	—	—
Short-Term Investment Funds	9,626	—	1,809	7,817	—	—	—	—	—	—	—	—
Funds - Other Fixed Income	552,122	—	—	—	—	—	—	—	—	—	—	552,122
Funds - Short Term Investment	122,727	—	—	—	—	—	—	—	—	—	—	122,727
Funds - Corporate Bond	73	—	—	—	—	—	—	—	—	—	—	73
Funds - Municipal / Prov. Bonds	11	—	—	—	—	—	—	—	—	—	—	11
Pooled Investments	1,578,442	461,824	271,148	682,937	82,301	17,553	30,030	—	—	—	—	32,649
Total Credit Risk Debt Securities	10,060,844	<u>\$4,396,656</u>	<u>\$1,134,521</u>	<u>\$1,432,995</u>	<u>\$1,543,386</u>	<u>\$346,101</u>	<u>\$164,271</u>	<u>\$34,586</u>	<u>\$ 2,595</u>	<u>\$224</u>	<u>\$ 891</u>	<u>\$1,004,618</u>
US Gov't & Agencies**	1,225,027											
Mutual Funds	<u>12,115,414</u>											
Total Debt Securities	<u>\$23,401,285</u>											

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Major Component Units

	Total Fair Value	AA	A	BBB
Commercial Paper	\$ 1,549	\$ —	\$ 1,549	0
Short Term Bills & Notes	712	242	470	—
Government Agencies	9,587	9,587	—	—
Corporate Notes	5,848	893	3,479	1,476
Total Credit Risk Debt Securities	17,696	<u>\$ 10,722</u>	<u>\$ 5,498</u>	<u>\$ 1,476</u>
US Gov't & Agencies	<u>12,445</u>			
Total Debt Securities	<u>\$ 30,141</u>			

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

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

FOREIGN CURRENCY RISK

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

At June 30, 2022, foreign currency risk exposure on investments managed by the Department of Trust Lands and State Investment Board were as follows (expressed in thousands).

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Primary Government (includes Pension and Investment Trust Funds)

Currency	Short-Term	Debt	Equity	Real Estate	Total
Argentine peso	\$ 176	\$ 177	\$ —	\$ —	\$ 353
Australian dollar	(5,078)	—	116,115	—	111,037
Brazilian real	204	524	18,818	—	19,546
British pound sterling	(43,460)	44,155	308,601	—	309,296
Canadian dollar	(283)	301	137,327	—	137,345
Chilean peso	(254)	—	925	—	671
Chinese renminbi	—	—	7,699	—	7,699
Chinese yuan	—	—	34,771	—	34,771
Columbian peso	—	—	343	—	343
Czech koruna	—	—	1,584	—	1,584
Danish krone	(99)	379	72,225	—	72,505
Egyptian pound	—	—	(42)	—	(42)
Euro	(5,557)	4,538	581,103	533	580,617
Greed drachma	—	—	52	—	52
Hong Kong Off-Shore-Chinese yuan remnibi	(4,700)	—	—	—	(4,700)
Hong Kong dollar	1,369	—	94,871	—	96,240
Hungarian forint	(365)	—	2,486	—	2,121
Indian rupee	—	—	2,772	—	2,772
Indonesian rupiah	50	—	5,254	—	5,304
Israeli shekel	—	—	10,938	—	10,938
Japanese yen	18,329	(15,315)	351,150	—	354,164
Kuwaiti dinar	—	—	1,559	—	1,559
Malaysian ringgit	—	—	703	—	703
Mexican peso	(682)	1,368	1,909	—	2,595
Moroccan dirham	—	—	(36)	—	(36)
New Israeli shekel	—	—	2,805	—	2,805
New Taiwan dollar	391	—	8,398	—	8,789
New Zealand dollar	177	—	5,434	—	5,611
Norwegian krone	(145)	—	21,700	—	21,555
Peruvian nuevo sol	184	—	46	—	230
Philippine peso	(1,016)	793	278	—	55
Polish zloty	—	—	453	—	453
Qatari riyal	(439)	—	910	—	471
Romanian New Leu	—	—	55	—	55
Saudi Arabian riyal	—	—	3,694	—	3,694
Singapore dollar	—	—	19,954	—	19,954
South African rand	142	—	3,596	—	3,738
South Korean won	(2)	—	39,519	—	39,517
Swedish krona	(59)	—	79,076	—	79,017
Swiss franc	175	—	156,346	—	156,521
Taiwan dollar	525	—	24,687	—	25,212
Thai baht	—	—	6,954	—	6,954
Turkish lira	102	—	2,132	—	2,234
UAE dirham	20	—	2,068	—	2,088
International commingled funds (various currencies)	—	—	1,433,227	33,273	1,466,500
Total international investment securities	<u>\$ (40,295)</u>	<u>\$ 36,920</u>	<u>\$ 3,562,459</u>	<u>\$ 33,806</u>	<u>\$ 3,592,890</u>

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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, 2022, 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 \$(68.4) million for the year ended June 30, 2022. At June 30, 2022, the State investment portfolio had the notional futures shown below (expressed in thousands).

Futures	Notional Value
Cash and cash equivalent derivative futures	
Long	\$ 590,720
Short	(83,089)
Commodity Derivatives Futures	
Long	—
Short	(12,092)
Equity derivative futures	
Long	501,730
Short	—
Fixed income derivative futures	
Long	1,050,219
Short	(915,728)
Total futures	\$ 1,131,760

Options – Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. Options are traded on organized exchanges (exchange traded) thereby minimizing the States’ counterparty credit risk. The option’s price is usually a small percentage of the underlying asset’s value. As a seller of a financial option, the State, through its investment manager, receives a premium at the beginning of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a buyer of a financial option, the State, through its investment manager, pays a premium at the beginning of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. Gains and losses on options are determined based on fair values and recorded with the net change in fair value of investments in the Statement of Changes in Fiduciary Net Position and totaled \$0.6 million. At June 30, 2022, the State had the following option balances (expressed in thousands):

Options	Fair Value
Cash & Other Options	
Call	\$ (1,033)
Put	(2,834)
Equity Options	
Call	1,074
Fixed Income Options	
Call	(325)
Put	(269)
Total options	\$ (3,387)

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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 \$(19.5) million for the year ended June 30, 2022. The maximum loss that would be recognized at June 30, 2022, if all counterparties failed to perform as contracted is \$3 million. Swap fair values are determined by a third party pricing source.

At June 30, 2022, the States’ investment portfolio had the swap fair value balances as shown below (expressed in thousands).

Credit Default Swaps

Counterparty/Moody’s Rating	Notional Amount	Expiration Date	Fair Value
Bank of America / Aa2 (2 contracts)	\$ (1,105)	2022	\$ 2
Barclays Capital Inc / A1 (2 contracts)	(10,659)	2027	(262)
BNP Paribas Sa Paris / Aa4 (1 contract)	(100)	2027	(8)
Citibank / Aa3 (24 contracts)	130	2023	(22)
Citibank / A1 (2 contracts)	(400)	2024 - 2027	(27)
Citigroup Global Markets / A1 (15 contracts)	2,160	2022 - 2028	(143)
Credit Suisse First Boston / A1 (1 contract)	(775)	2023	(24)
Goldman Sachs / A2 (6 contracts)	(2,400)	2023 - 2027	(143)
Morgan Stanley / A1 (2 contracts)	(800)	2024 - 2027	(58)
Wells Fargo Bank / Aa2 (13 contracts)	18,733	2022 - 2028	(14)
Total credit default swaps	<u>\$ 4,784</u>		<u>\$ (699)</u>

Interest Rate Swaps

Counterparty/Moody’s Rating	Notional Amount	Expiration Date Range	Fair Value
Citigroup Global Markets / A1 (58 contracts)	\$ 175,583	2022 - 2052	\$ 470
Credit Suisse First Boston / A1 (4 contracts)	7,026	2027 - 2029	—
JP Morgan Chase / Aa2 (14 contracts)	13,445	2023 - 2034	794
Morgan Stanley / A1 (2 contracts)	82,500	2024 - 2025	(3,419)
Wells Fargo Bank / (23 contracts)	369,345	2023 0 2052	(414)
Total Interest Rate Swaps	<u>\$ 647,899</u>		<u>\$ (2,569)</u>

Currency Forwards – Currency forwards represent forward exchange contracts that are entered into in order to manage the exposure to changes in currency exchange rates on the currency denominated portfolio holdings. A forward exchange contract is a commitment to purchase (positive) or sell (negative) a currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in the net change in fair value of investments in the Statement of Changes in Fiduciary Net Position and totaled \$17.9million. At June 30, 2022, the States’ investment portfolio included the currency forwards balances shown below (expressed in thousands).

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Currency	Cost	Purchases	Sales	Fair Value
Australian dollar	\$ (5,270)	\$ 9,464	\$ (14,734)	\$ (5,364)
Brazilian real	(66)	4,909	(4,975)	(165)
British pound sterling	(47,093)	39,399	(86,492)	(45,640)
Canadian dollar	(322)	—	(322)	(316)
Chilean peso	(285)	12	(297)	(253)
Chinese offshore	(9,047)	—	(9,047)	(9,050)
Danish krone	(629)	318	(947)	(601)
Euro	(91,162)	91,483	(182,645)	(88,896)
Great Britain pound sterling	(243)	—	(243)	(243)
Hungarian forint	603	603	—	555
Japanese yen	(24,366)	1,053	(9,740)	(8,206)
Mexican peso	471	775	(304)	463
New Israeli shekel	(3,520)	—	(3,520)	(3,315)
New Zealand dollar	710	710	—	653
Norwegian krone	631	9,973	(9,342)	399
Peruvian nuevo sol	(908)	1,095	(2,003)	(1,016)
Poland zloty	689	689	—	665
South African rand	(906)	—	(906)	(861)
South Korean won	(352)	—	(352)	(346)
United States dollar	165,392	325,875	(160,483)	165,392
Total forwards subject to currency risk				<u>\$ 3,855</u>

Derivative Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the value of an interest rate-based derivative investment. The State does not have a formal investment policy regarding such derivative investments. At June 30, 2022, the tables below show the States' derivative investments subject to interest rate risk (expressed in thousands).

	Total Notional Value	3 Months or Less	3 to 6 Months	6 to 12 Months	1-5 Years	Greater Than 5 Years
Futures-interest rate contracts	\$ 642,122	\$ (681,760)	\$ 1,065,168	\$ 151,913	\$ 106,801	\$ —
Futures-commodity contracts	(12,092)	—	(12,092)	—	—	—
Total	<u>\$ 630,030</u>	<u>\$ (681,760)</u>	<u>\$ 1,053,076</u>	<u>\$ 151,913</u>	<u>\$ 106,801</u>	<u>\$ —</u>

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	Total Fair Value	3 Months or Less	3 to 6 Months	6 to 12 Months	1-5 Years	5-10 Years	Greater Than 10 Years
Options - Interest rate contracts	\$ (466)	\$ (357)	\$ —	\$ —	\$ (109)	\$ —	\$ —
Options on futures	(3,853)	(570)	(2,687)	(295)	(301)	—	—
Options - foreign exchange contracts	(142)	(142)	—	—	—	—	—
Swaps - interest rate contracts	(2,569)	—	—	13	(4,471)	(4,701)	6,590
Swaps - credit contracts	(699)	2	3	(52)	(483)	(169)	—
Total	\$ (7,729)	\$ (1,067)	\$ (2,684)	\$ (334)	\$ (5,364)	\$ (4,870)	\$ 6,590

Mill and Elevator Derivative Financial Instruments – The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2022, and the changes in fair value of such derivative instruments for the year then ended as reported in the State's financial statements are \$5,747,088, classified as derivative instrument (one contract equals 5,000 bushels) and \$5,747,088, 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, 2022.

Month	# of Contracts Long (Short)	Average Cost	Fair Value	Average Cost	Market Value
Sept 2022	31	\$ 10.7337	\$ 9.9000	\$ 1,676,600	\$ 1,534,500
Dec 2022	737	11.4551	10.0325	42,141,225	36,969,763
Mar 2023	121	10.8364	10.1725	6,482,500	6,154,363
May 2023	69	10.5530	10.2475	3,640,775	3,535,388
				<u>\$ 53,941,100</u>	<u>\$ 48,194,014</u>

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

The Mill is exposed to rollover risk on grain futures trades whenever the hedge 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, 2022, the table below shows the hedge ratio by futures month going forward:

Period	Hedge Ratio
Sept 2022	1.0
Dec 2022	1.0
Mar 2023	1.0
May 2023	0.9
Net Position	1.0

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C. SECURITIES LENDING

The following represents the balances relating to the securities lending transactions at June 30, 2022 (expressed in thousands).

Primary Government (includes Pension and Investment Trust Funds)

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for cash collateral:			
US agency securities	\$ 8,022	\$ —	\$ 8,211
US government securities	202,245	19,528	205,833
US corporate fixed income securities	151,098	4,211	155,577
US equities	102,928	5,851	106,571
Global agency securities	187	—	197
Global corporate fixed income securities	8,052	—	8,554
Global government securities	2,214	—	2,346
Global equities	4,547	—	5,171
Lent for non-cash collateral:			
Fair value of securities on loan against non-cash collateral	180,794	157,369	—
Total	\$ 660,087	\$ 186,959	\$ 492,460

D. ENDOWMENT FUNDS

UNIVERSITY SYSTEMS

The endowment funds reported herein are institutional funds under the terms of the gift instrument and are not wholly expendable by the institution. NDCC Section 59-21, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) applies to the investment of endowments governed by a gift instrument. NDUS SBHE policy 810 stipulates endowment funds shall be invested according to the intent of the donor provided such intent is consistent with applicable laws. Absent terms expressing donor intent in a gift instrument, NDUS institution officers initially shall deposit the funds in institution accounts at the Bank of North Dakota. Thereafter, the funds may be invested according to NDCC 59-21. Subject to the intent of the donor, NDUS institution officers are delegated authority to manage and invest these institutional funds as provided by UPMIFA. NDCC Section 59-21-02.5a(7) applies to standard of conduct in the administration of powers to make and retain investments. It states that in managing and investing an institutional fund, the needs of the institution and the fund to make distributions and to preserve capital must be considered. Given the flexibility in NDCC 59-21-02, institutions have differing policies with respect to spending investment income and net appreciation on endowment funds. For UND, distributions for spending endowments each year will be calculated once annually with the quarter ended December 31 unitized fair value and is based on the set spending rate, currently 3.75 percent, applied to the average fair value for the preceding twelve quarter average. All endowment in existence at December 31 for one year will receive a distribution spending allocation. The available amount will be forecast to UND for planning purposes by February 1, and these distributions will be available for spending in the upcoming fiscal year. NDSU determines the spending of endowment earnings based on an annual evaluation.

Net appreciation on investments are available for expenditure and consist of the following at June 30, 2022:

		<u>Reflected in net position as:</u>
North Dakota State University	\$ 439,776	Expendable scholarships & fellowships
University of North Dakota	626,947	Non-expendable scholarships & fellowships
Total NDUS	<u>\$ 1,066,723</u>	

Endowment funds reported herein do not include the Federal Land Grant Fund held by the State Department of Trust Lands. The annual proceeds from assets held by the Commissioner of the State Department of Trust Lands and are deposited into each college/university's operating fund at the State Treasury and are used for current operating purposes. Bismarck State College, Lake Region State College and Williston State College do not participate in the proceeds allocated by the State Land Department. Total assets held by the State Land Department and proceeds for the fiscal year ended June 30, 2022 are approximately \$223.7 million and \$8.2 million respectively.

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NORTH DAKOTA STATE FAIR FOUNDATION

The North Dakota State Fair Association Foundation had the following activity in their endowment as of September 30, 2021.

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

E. RECEIVABLES

Receivables at June 30, 2022, consist of the following (expressed in thousands):

	General	Federal	State	Other Governmental Funds	Bank of North Dakota	Housing Finance
Receivables:						
Accounts	\$ 32,015	\$ 63,346	\$ 388,461	\$ —	\$ —	\$ 1,048
Less Allowance	(11,493)	(14,221)	(235,610)	—	—	—
Taxes	554,304	—	375,973	128	—	—
Less Allowance	(116,093)	—	(27,098)	—	—	—
Interest	31,695	—	40,585	61	45,918	5,174
Less Allowance	—	—	(10,863)	—	—	—
Intergovernmental	—	419,985	7,341	—	—	260
Less Allowance	—	—	—	—	—	—
Current Loans and Notes	—	24	7,331	36,198	697,863	32,457
Less Allowance	—	—	(746)	—	—	—
Noncurrent Loans and Notes	18	160	17,385	—	3,858,344	1,295,706
Less Allowance	—	—	—	—	(108,047)	—
Net Receivables	<u>\$ 490,446</u>	<u>\$ 469,294</u>	<u>\$ 562,759</u>	<u>\$ 36,387</u>	<u>\$ 4,494,078</u>	<u>\$ 1,334,645</u>
	University System	Workforce Safety & Insurance	Other Enterprise Funds	Internal Service Funds	Major Component Units	Total
Receivables:						
Accounts	\$ 45,366	\$ 25,419	\$ 179,871	\$ 1,963	\$ 153	\$ 737,641
Less Allowance	(7,524)	(6,000)	(27,366)	—	(3)	(302,218)
Taxes	—	—	—	—	—	930,405
Less Allowance	—	—	—	—	—	(143,190)
Interest	—	9,958	3,781	53	5,700	142,924
Less Allowance	—	—	—	—	—	(10,863)
Intergovernmental	37,918	—	567	1,631	—	467,703
Less Allowance	—	—	—	—	—	—
Current Loans and Notes	3,076	—	41,225	—	9,199	827,374
Less Allowance	(321)	—	—	—	—	(1,067)
Noncurrent Loans and Notes	13,137	—	485,788	—	152,422	5,822,960
Less Allowance	(1,605)	—	(10,429)	—	(24,651)	(144,732)
Net Receivables	<u>\$ 90,047</u>	<u>\$ 29,377</u>	<u>\$ 673,437</u>	<u>\$ 3,647</u>	<u>\$ 142,820</u>	<u>\$ 8,326,937</u>

STATE OF NORTH DAKOTA

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

Year ending:	<u>Principal</u>	<u>Interest</u>
2023	\$ 458	\$ 40
2024	341	23
2025	265	9
2026	8	1
2027	8	—
Thereafter	4	—
Total	<u>\$ 1,084</u>	<u>\$ 73</u>

F. REVERSE REPURCHASE AGREEMENTS

State statutes permit the State to enter into reverse repurchase agreements, that is, the sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The fair value of the securities underlying reverse repurchase agreements normally exceeds the cash received, providing the dealers a margin against a decline in fair value of the securities. All sales of investments under these agreements are for fixed terms. In investing the proceeds of these agreements, State policy is for the term to maturity of the investment to be the same as the term of the agreement. Such matching existed at year end. These agreements are secured by Fed book-entry securities held in the State's name. At June 30, 2022, the State had an average daily balance of \$3,000 of repurchase agreements with a 0.00% interest rate and a 0.00% weighted average interest rate paid during the year.

G. INTERFUND ACCOUNTS AND TRANSFERS

DUE FROM OTHER FUNDS/DUE TO OTHER FUNDS

Interfund balances at June 30, 2022 of the following (expressed in thousands):

Due To General Fund From:	
Federal Fund	\$ 59,011
State Fund	30,371
Bank of North Dakota	1,274
Nonmajor Enterprise Funds	28,255
All Others	541
Total Due To General Fund	<u>\$ 119,452</u>

Included in the Nonmajor Enterprise Funds amount is a loan to the Rebuilder's Loan Program for \$15,650,134. This is not expected to be repaid within one year.

Due To Federal Fund From:		Due To State Fund From:	
General Fund	\$ 5,782	General Fund	\$ 1,467
State Fund	36,771	Federal Fund	23,672
All Others	566	Internal Service Funds	450
Total Due To Federal Fund	<u>\$ 43,119</u>	Nonmajor Enterprise Funds	740
		All Others	249
		Total Due To State Fund	<u>\$ 26,578</u>

Due To Internal Service Funds From:		Due To Bank of North Dakota From:	
General Fund	\$ 1,303	State Fund	\$ 13,554
State Fund	5,233	Nonmajor Enterprise Funds	88,360
University System	907	University System	1,895
Federal Fund	5,778	All Others	10,118
All Others	692	Total Due To Bank of North Dakota	<u>\$ 113,927</u>
Total Due To Internal Service Funds	<u>\$ 13,913</u>		

Included in the Nonmajor Enterprise Funds amount is a loan to the Rebuilder's Loan Program for \$519,851 which is expected to be repaid within one year.

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Due To University System From:	
General Fund	\$ 11,116
Federal Fund	6,758
State Fund	8,194
Bank of North Dakota	599
Building Authority	1,415
All Others	176
Total Due To University System	<u>\$ 28,258</u>

Due To All Other Funds From:	
All Other	<u>\$ 996</u>

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

These balances are a result of a time lag between the dates that (1) services are provided and goods received or reimbursable expenditures occur, (2) the payments are made, (3) the transactions are entered into the accounting system, and (4) because of transactions occurring between funds with a fiscal year other than June 30, 2022.

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

Due From's	\$ 346,241
General Fund/Bank of ND	1,243
Bank of ND/ Mill and Elevator	(16,144)
Bank of ND/Rebuilder's Loan	1,629
Bank of ND/University System	1,895
Bank of ND/Guaranteed Student Loan	232
Governmental Agencies/Bank of ND	(9,994)
Bank of ND/Enterprise Funds	<u>(20,089)</u>
Total Differences	<u>(41,228)</u>
Due To's	<u>\$ 387,469</u>

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

INTERFUND TRANSFERS

A summary of interfund transfers for the fiscal year ended June 30, 2022, follows (expressed in thousands):

	General	Special Revenue Federal	Special Revenue State	Bank Of North Dakota	University System	Housing Finance	Non- major Governmental	Non- major Enterprise	Internal Service Fund	Total
Transfers Out										
General	\$ —	\$ 339	\$ 36,588	\$ —	\$ 415,303	\$ —	\$ 1,764	\$ 10,271	\$ —	\$ 464,265
Special Revenue-Federal	292	—	30,292	—	—	—	191	—	—	30,775
Special Revenue-State	237,224	3,394	3,240	—	45,054	—	387	42,061	—	331,360
Non-major Governmental	—	—	76,153	—	25,284	—	24	—	—	101,461
Bank of North Dakota	35,000	—	23,010	—	16,595	—	—	—	—	74,605
Housing Finance	—	—	22	—	—	—	—	—	—	22
University System	—	—	—	—	—	—	9,603	—	—	9,603
Non-Major Enterprise	12,572	—	4,854	1,050	—	—	—	27,570	—	46,046
Total	<u>\$ 285,088</u>	<u>\$ 3,733</u>	<u>\$ 174,159</u>	<u>\$ 1,050</u>	<u>\$ 502,236</u>	<u>\$ —</u>	<u>\$ 11,968</u>	<u>\$ 79,903</u>	<u>\$ —</u>	<u>\$1,058,137</u>

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

Transfers are used for the following purposes:

STATE OF NORTH DAKOTA

- 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, 2022, legislatively-mandated transfers were made to the general fund of \$205,000,000 from Strategic Investment and Improvement Fund, \$5,600,000 from the State Lottery, \$6,971,950 from Mill and Elevator, \$6,339,550 from the Insurance Regulatory Trust Fund, \$10,221,598 from the Multistate Audit Fund, \$1,064,863 from the Health & Consolidated Lab Fund, and \$12,835,616 from the Securities Dept. Special Fund

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

	\$ (1,028,846)
Differences:	
General Fund / Bank of North Dakota	(35,000)
Spec. Rev. / Legacy Bond Program	2,692
Bank of North Dakota / Spec. Rev. PACE	4,800
Spec. Rev. Ag Pace / Bank of North Dakota	(1,000)
Spec. Rev. Industrial Commission / Bank of North Dakota	(60)
Spec. Rev. Ag Pace / Spec Rev. Beginning Farmers Loan	(3,240)
Spec. Rev. Beginning Farmer / Ag Pace	1,500
School Construction Assistance Loan Fund / Bank of North Dakota	(1,050)
Infrastructure Revolving Loan Fund / Legacy Bond Program	2,144
Federal fund	(77)
Total Differences	(29,291)
Transfers Out	<u><u>\$ (1,058,137)</u></u>

The above timing differences of (29,291,263) result from transactions between agencies that have different fiscal year ends. The Bank of North Dakota (BND) has a different fiscal year end, they have a December year end. This difference is also the total net transfers on the Government-wide Statement of Activities.

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H. CAPITAL ASSETS

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

Primary Government

Description	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 162,417	\$ 1,136	\$ (172)	\$ 163,381
Construction in Progress	589,115	183,928	(317,913)	455,130
Total Capital Assets Not Being Depreciated	751,532	185,064	(318,085)	618,511
Capital Assets Being Depreciated:				
Buildings and Improvements	782,161	8,626	(533)	790,254
Equipment	376,568	29,942	(18,441)	388,069
Intangibles				
Software	400,709	37,464	(2,925)	435,248
Other	41,435	651	(1,581)	40,505
Infrastructure	7,328,340	358,753	(27)	7,687,066
Right-to-use leased asset:				
Land	115	—	—	115
Buildings and Improvements	34,347	12,622	—	46,969
Equipment	664	2,860	—	3,524
Total Capital Assets Being Depreciated	8,964,339	450,918	(23,507)	9,391,750
Less Accumulated Depreciation for:				
Buildings and Improvements	(357,353)	(21,246)	—	(378,599)
Equipment	(185,829)	(26,422)	14,779	(197,472)
Intangibles				
Software	(175,835)	(28,145)	2,664	(201,316)
Other	(30,479)	(490)	687	(30,282)
Infrastructure	(3,258,454)	(156,573)	—	(3,415,027)
Right-to-use leased asset:				
Land	—	(25)	—	(25)
Buildings and Improvements	—	(10,642)	—	(10,642)
Equipment	—	(456)	—	(456)
Total Accumulated Depreciation	(4,007,950)	(243,999)	18,130	(4,233,819)
Total Capital Assets Being Depreciated, Net	4,956,389	206,919	(5,377)	5,157,931
Governmental Activities Capital Assets, Net	<u>\$ 5,707,921</u>	<u>\$ 391,983</u>	<u>\$ (323,462)</u>	<u>\$ 5,776,442</u>

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Description	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Business-Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 25,710	\$ 1,144	\$ —	\$ 26,854
Construction in Progress	231,033	213,199	(150,525)	293,707
Total Capital Assets Not Being Depreciated	256,743	214,343	(150,525)	320,561
Capital Assets Being Depreciated:				
Buildings and Improvements	1,937,746	148,459	(14,363)	2,071,842
Equipment	576,087	52,377	(37,379)	591,085
Intangibles				
Software	29,880	492	(1,221)	29,151
Other	30,986	6,714	(131)	37,569
Infrastructure	301,537	9,642	(47)	311,132
Right-to-use leased asset:				
Leased Land	—	5,767	—	5,767
Leased Buildings	1,016	40,465	(3)	41,478
Leased Equipment	—	31,142	(636)	30,506
Leased Infrastructure	—	3,081	—	3,081
Total Capital Assets Being Depreciated	2,877,252	298,139	(53,780)	3,121,611
Less Accumulated Depreciation for:				
Buildings and Improvements	(734,640)	(45,742)	7,705	(772,677)
Equipment	(405,802)	(32,332)	27,092	(411,042)
Intangibles				
Software	(28,501)	(442)	1,162	(27,781)
Other	(20,721)	(3,841)	124	(24,438)
Infrastructure	(133,382)	(8,854)	7	(142,229)
Right-to-use leased asset:				
Leased Land	—	(552)	—	(552)
Leased Buildings	(94)	(5,331)	3	(5,422)
Leased Equipment	—	(8,435)	636	(7,799)
Leased Infrastructure	—	(633)	—	(633)
Total Accumulated Depreciation	(1,323,140)	(106,162)	36,729	(1,392,573)
Total Capital Assets Being Depreciated, Net	1,554,112	191,977	(17,051)	1,729,038
Business-Type Activities Capital Assets, Net	\$ 1,810,855	\$ 406,320	\$ (167,576)	\$ 2,049,599

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Major Component Units

Description	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Capital Assets Not Being Depreciated				
Land	\$ 14,948	\$ 201	\$ —	\$ 15,149
Construction in Progress	3,363	17,584	(421)	20,526
Total Capital Assets Not Being Depreciated	18,311	17,785	(421)	35,675
Capital Assets Being Depreciated:				
Buildings and Improvements	208,307	2,018	(14,378)	195,947
Equipment	56,661	2,337	(5,948)	53,050
Intangibles	203	—	—	203
Infrastructure	1,878	11	—	1,889
Total Capital Assets Being Depreciated	267,049	4,366	(20,326)	251,089
Less Accumulated Depreciation for:				
Buildings and Improvements	(85,223)	(5,930)	55	(91,098)
Equipment	(26,020)	(3,877)	3,473	(26,424)
Intangibles	(18)	\$ (39)	—	(57)
Infrastructure	(710)	—	—	(710)
Total Accumulated Depreciation	(111,971)	(9,846)	3,528	(118,289)
Total Capital Assets Being Depreciated, Net	155,078	(5,480)	(16,798)	132,800
Major Component Unit Capital Assets, Net	<u>\$ 173,389</u>	<u>\$ 12,305</u>	<u>\$ (17,219)</u>	<u>\$ 168,475</u>

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

Governmental Activities:	
General Government	\$ 13,287
Education	1,583
Health and Human Services	31,847
Regulatory	2,368
Public Safety and Corrections	16,801
Agriculture and Commerce	441
Natural Resources	18,998
Transportation	158,674
Total Governmental Activities Depreciation Expense	<u>\$ 243,999</u>

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

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Project Description:

Governmental Activities	Amount Expended		Balance Authorized
	Amount Authorized	Through June 30, 2022	
Secretary of State	\$ 1,869	\$ 1,454	\$ 415
Office of Management and Budget	7,748	439	7,309
Attorney General	1,761	911	850
Department of Health	4,098	1,021	3,077
Environmental Quality	296	226	70
Veterans Home	669	639	30
Department of Human Services	94,993	14,369	80,624
Corrections and Rehabilitation	2,203	1,639	564
Adjutant General	34,587	32,589	1,998
State Historical Society	1,203	434	769
Game and Fish	179	—	179
Parks & Recreation	20,674	1,643	19,031
Department of Transportation	593,044	397,816	195,228
Total Governmental Activities	\$ 763,324	\$ 453,180	\$ 310,144

Business-Type Activities	Amount Expended		Balance Authorized
	Amount Authorized	Through June 30, 2022	
Mill and Elevator	\$ 49,523	\$ 26,142	\$ 23,381
University System	536,336	258,749	277,587
Workforce Safety and Insurance	34,100	11,900	22,200
Total Business-Type Activities	\$ 619,959	\$ 296,791	\$ 323,168

I. DEFERRED OUTFLOWS OF RESOURCES

FINANCIAL DERIVATIVE INSTRUMENT

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

DEFERRED LOSS ON BOND REFUNDING

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

J. LONG-TERM DEBT

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

1. REVENUE BONDS

Bonds payable at June 30, 2022, 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.

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

Primary Government

Building Authority

The 2010 Series A and B, the 2012 Series A, the 2017 Series A bonds and the 2020 Series A have interest payable semiannually on June 1 and December 1 of each year. The 2010 Series A bonds are subject to optional redemption in whole or in part. The 2010 Series B, the 2012 Series A, the 2017 Series A bonds and the 2020 Series A are not subject to optional and/or extraordinary optional redemption prior to maturity upon the occurrence of certain events. The Authority shall issue bonds to refund the note on or before maturity. All bonds are independently secured by the funds, certain mortgaged property, and all rights, titles, and interests of the Building Authority as lessor, including all basic rent payments, investment earnings on the funds and any other income derived by the Building Authority with respect to the lease. Total net revenue pledges for fiscal year 2022 were \$11.97 million. For fiscal year 2022, principal and interest paid by the Authority on the bonds was \$12.03 million. The total principal and interest remaining to be paid as of June 30, 2022, is \$141.1 million payable through December 2040.

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

Legacy Bond Program

The appropriation bonds have been issued to provided financing to legislative approved state projects and programs. The bonds are direct obligations of the Public finance Authority and secured by the State of North Dakota's Legacy Fund earnings, capitalized interest CD's and interest earnings pursuant to the applicable bond resolutions. The total principal and interest remaining to be paid as of June 30, 2022 is \$586.4 million through June 2041.

Student Loan Trust

Interest is payable semiannually on June 1 and December 1 of each year. The 2004 Series A Bonds are variable rate bonds. The rate of interest is determined based on one-month 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 2022, revenue pledged and total principal and interest paid by Student Loan Trust were \$21,000 and \$9,000, respectively.

Housing Finance

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

Revenues Pledged – The agency has homeownership bonds outstanding in the amount of \$1.48 billion maturing at various times from July 1, 2022 through January 1, 2053. 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 \$266.5 million and \$29.0 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.

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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 2022 were \$20.6 million. Principal and interest paid for the current fiscal year were \$20.6 million, with total remaining principal and interest of \$380.2 million payable through fiscal year 2050.

State Fair Association

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

Major Component Units

Public Finance Authority

The bonds of the Public Finance Authority were issued to provide financing to purchase municipal securities in order to provide local political subdivisions with funds to finance local projects. The bonds are direct obligations of the Public Finance Authority and are secured by municipal securities purchased under the applicable resolutions, interest earnings and certain accounts established pursuant to the applicable bond resolutions. Net pledged revenues for fiscal year 2022 were \$19.9 million. Principal and interest paid for the current fiscal year were \$50.2 million, with total remaining principal and interest of \$510.9 million payable through June 2045.

Transmission Authority

The bonds of the Transmission Authority were issued to provide facilitate the purchase of a transmission line. The bonds are direct obligations of the Transmission Authority and are secured by Nexus Line, LLC. Net pledged revenues for fiscal year 2022 were \$223,000. Principal and interest paid for the current fiscal year was \$887,500, with total remaining principal and interest of \$212.6 million payable through June 2042.

Revenue Bonds outstanding (expressed in thousands):

Primary Government

	Maturities	Interest Rates	Balance 6/30/22
Governmental-Type Activities:			
Building Authority	2022-2041	1.50-6.25	\$ 101,883
Legacy Bond Fund	2022-2041	0.87-3.20	389,842
Business-Type Activities:			
Student Loan Trust	6/1/2029	1.11	1,000 ¹⁾
Housing Finance:			
Homeownership	2023-2053	0.10-4.92	1,479,607 ¹⁾
University System:			
BSC—Bismarck	2023-2033	2.00-4.00	6,240 ²⁾
Dakota College at Bottineau	2023-2047	2.00-5.00	2,605
MaSU—Mayville	2023-2030	1.25-6.63	2,254
MiSU—Minot	2023-2041	0.40-3.00	7,655
NDSCS—Wahpeton	2023-2037	3.00	6,496
NDSU—Fargo	2023-2047	1.50-5.00	112,746
UND—Grand Forks	2023-2050	0.75-5.00	165,219
VCSU—Valley City	2023-2046	3.35-4.00	4,826
Williston State College	2023-2041	3.10	5,130
State Fair Association	2023-2029	3.00	1,285
Total Revenue Bonds Payable— Primary Government			<u>\$ 2,286,788</u>

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

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- 2) At June 30, 2022, NDSU had pledged \$10.6 million of assets as collateral for bonds payable issued at the Research I and Research II buildings.

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

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

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

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

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

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.

Major Component Units

	Maturities	Interest Rates	Balance 6/30/22
Public Finance Authority	2022-2045	0.24-5.00	\$ 460,467
Transmission Authority	2023-2042	3.55	150,000
University System Foundation	2023-2039	0.75-7.33	48,111
Total Revenue Bonds Payable— Major Component Units			<u>\$ 658,578</u>

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

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Primary Government

Governmental Activities			Business-type Activities		
	Principal	Interest		Principal	Interest
2023	\$ 5,625	\$ 13,269	2023	\$ 53,192	\$ 46,725
2024	22,610	13,518	2024	66,525	52,791
2025	20,525	13,142	2025	67,153	51,217
2026	20,560	12,767	2026	65,792	49,586
2027	20,975	12,349	2027	70,535	47,883
2028 - 2032	112,625	53,764	2028 - 2032	285,256	214,310
2033 - 2037	128,845	36,702	2033 - 2037	293,073	173,144
2038 - 2042	142,909	14,124	2038 - 2042	299,204	127,175
2043 - 2047	—	—	2043 - 2047	336,169	75,958
2048 - 2052	—	—	2048 - 2052	227,523	19,748
2053 - 2057	—	—	2053 - 2057	8,020	183
Bond Premium	17,051	(17,051)	Bond Premium	22,622	(22,622)
Total	<u>\$491,725</u>	<u>\$152,584</u>	Total	<u>\$1,795,064</u>	<u>\$836,098</u>

Major Component Units

	Principal	Interest
2023	\$ 31,565	\$ 26,009
2024	35,845	24,919
2025	35,730	23,415
2026	36,790	22,150
2027	36,299	20,190
2028 - 2032	185,704	74,718
2033 - 2037	166,854	36,692
2038 - 2042	78,423	10,091
2043 - 2047	8,851	871
Bond Premium	42,517	(42,517)
Total	<u>\$ 658,578</u>	<u>\$ 196,538</u>

Refunding and Defeased Bonds

Minot State University

MiSU refinanced \$7.7 million of Wellness Fund Bonds with an interest rate of 6.389 percent. The bonds were used to recall \$7.4 million of outstanding 2010 Wellness Fund Bonds. The bonds were refunded to reduce total debt service payments over the next nineteen years by \$2.9 million. The economic gain realized as a result of the refunding was \$2.3 million.

North Dakota State College of Science

NDSCS refinanced \$6.7 million of Housing Facilities Bonds with an interest rate of 3.76 percent. The bonds were used to recall \$6.7 million of outstanding 2012 Housing Facilities Bonds. The bonds were refunded to reduce total debt service payments over the next nineteen years by \$1.5 million. The economic gain realized as a result of the refunding was \$439,000.

University of North Dakota

UND issued certificates of participation to advance refund the 2012 Housing and Auxiliary bonds of \$11.4 million and the 2013 Housing and Auxiliary bonds of \$5.9 million with an interest rate of 4.24 percent and 3.86 percent, respectively. The total debt service payments will be reduced by \$1.4 million and \$548,000, respectively over the next twelve years. The economic gain realized on the advance refunding was \$1.39 million and \$385,000, respectively.

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2. NOTES PAYABLE

The following is a schedule of notes payable outstanding at June 30, 2022 (expressed in thousands):

Primary Government

	Maturities	Interest Rates	6/30/2022
<u>Governmental Activities:</u>			
Office of Management and Budget	2023-2034	2.43	\$ 10,056
Department of Human Services	2023-2035	2.05-3.00	2,305
School for the Blind	2023-2037	2.60	120
Health Department	2023-2035	3.65	563
Environmental Quality	2023-2035	3.65	461
Attorney General's Office	2023-2035	2.05	270
Veteran's Home	2023-2036	2.05	656
Corrections	2023-2036	2.05	980
Historical Foundation	2023-2033	2.05	173
Information Technology Department	2023-2026	0.00-3.20	1,573
<u>Proprietary Activities:</u>			
Bank of North Dakota	2022-2024	2.22-3.32	108,000 ¹⁾
University System	2023-2035	1.00-5.15	27,343
Total Revenue Bonds Payable— Primary Government			<u>\$ 152,500</u>

Major Component Units

	Maturities	Interest Rates	Balance 6/30/22
University System Foundation	2023-2036	1.00-4.35	\$ 24,146
State Fair Foundation	2022	4.22	65
Total Revenue Bonds Payable— Major Component Units			<u>\$ 24,211</u>

- 1) These notes payable represent FHLB long-term advances. The advances must be secured by minimum qualifying collateral maintenance levels. Residential, agriculture and commercial loans with carrying values of \$1.1 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 \$17.3 million as of June 30, 2022. In addition, borrowings are collateralized by \$61 million of loans receivable and \$146,000 of cash and investments.

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

Primary Government

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 2,296	\$ 2,116	\$ 57,496	\$ 2,640
2024	1,250	364	45,512	1,364
2025	1,260	333	18,643	551
2026	1,262	305	3,052	371
2027	1,205	274	3,750	350
2028 - 2032	6,673	899	5,891	753
2033 - 2037	3,211	134	1,009	211
2037 - 2041	—	—	—	—
Total	<u>\$ 17,157</u>	<u>\$ 4,425</u>	<u>\$ 135,353</u>	<u>\$ 6,240</u>

Major Component Units

	Principal	Interest
2023	\$ 109	\$ 212
2024	6,524	508
2025	1,774	426
2026	2,049	384
2027	6,012	292
2028 - 2032	3,338	215
2033 - 2037	4,276	556
2038 - 2042	129	12
Total	<u>\$ 24,211</u>	<u>\$ 2,605</u>

3. CERTIFICATES OF PARTICIPATION

Primary Government

University System

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

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

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

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

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

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The Series 2021A certificates were issued at a par value of \$133.0 million, with a net premium of \$9.0 million. The certificates have interest rates ranging from 3.00 to 5.0 percent and are subject to annual appropriations by the North Dakota Legislature as part of the general operating appropriations.

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

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. WSC will make an interest semi-annual principal and interest payment beginning FY2021 through FY2048.

The following is a schedule of certificates of participation outstanding at June 30, 2022 (expressed in thousands):

Primary Government

	Maturities	Interest Rates	Balance 6/30/22
<u>Proprietary Activities:</u>			
University System	2023-2062	3.55 – 5.00	<u>\$262,217</u>

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

Primary Government

	Business-type Activities			Principal	Interest
	Principal	Interest			
2023	\$1,490	\$9,215	2033 - 2037	\$14,633	\$40,845
2024	9,555	9,202	2038 - 2042	22,113	37,381
2025	1,678	8,786	2043 - 2047	28,916	32,240
2026	1,794	8,760	2048 - 2052	47,783	24,743
2027	2,629	10,599	2053 - 2057	76,333	14,224
2028 - 2032	11,411	42,803	2058 - 2062	43,882	3,118
			Total	<u>\$262,217</u>	<u>\$241,916</u>

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4. LEASES PAYABLE

Primary Government

Governmental Activities			Business-type Activities		
	Principal	Interest		Principal	Interest
2023	\$ 10,091	\$ 1,516	2023	\$ 12,561	\$ 1,935
2024	7,232	928	2024	9,849	1,568
2025	6,780	464	2025	7,477	1,364
2026	3,347	330	2026	5,456	1,154
2027	2,109	294	2027	3,679	1,058
2028 - 2032	9,602	2,086	2028 - 2032	12,155	3,697
2033 - 2037	1,082	—	2033 - 2037	8,918	2,307
2038 - 2042	99	—	2038 - 2042	1,868	1,403
2043 - 2047	67	—	2043 - 2047	2,578	929
2048 - 2052	—	—	2048 - 2052	2,924	342
2053 - 2057	—	—	2053 - 2057	30	4
Total	<u>\$ 40,409</u>	<u>\$ 5,618</u>		<u>\$ 67,465</u>	<u>\$ 15,761</u>

Major Component Units

	Principal	Interest
2023	\$ 74,359	\$ 53,259
2024	78,017	49,601
2025	81,854	45,764
2026	85,881	41,737
2027	90,105	37,513
2028 - 2032	521,533	116,555
2033 - 2037	182,485	8,941
Total	<u>\$ 1,114,234</u>	<u>\$ 353,370</u>

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Changes in General Long-Term Liabilities

Changes in Long-Term Liabilities for the year ended June 30, 2022, are summarized as follows (expressed in thousands):

Primary Government

	Beginning Balance	Additions	Reductions*	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Notes Payable	\$ 16,406	2,812	(2,061)	\$ 17,157	\$ 2,233
Bonds Payable	112,488	389,842	(10,605)	491,725	5,195
Leases Payable	36,906	14,086	(10,583)	40,409	10,091
Compensated Absences	53,013	41,320	(42,531)	51,802	4,346
Claims/Judgments Payable	8,565	2,640	(4,215)	6,990	1,664
Total Long-Term Liabilities	\$ 227,378	\$ 450,700	\$ (69,995)	\$ 608,083	\$ 23,529
Business-Type Activities:					
Notes Payable	\$ 207,285	\$ 19,418	\$ (91,350)	\$ 135,353	\$ 57,289
Bonds Payable	1,692,518	424,603	(322,058)	1,795,063	59,524
Certificates of Participation	104,123	159,652	(1,557)	262,218	1,490
Leases Payable	49,106	32,395	(14,006)	67,495	12,561
Intergovernmental Payable	20,085	—	(1,355)	18,730	696
Compensated Absences	40,426	3,614	(4,020)	40,020	5,631
Dividends Payable	92,173	82,406	(92,173)	82,406	82,406
Claims/Judgments Payable	1,002,042	106,287	(107,730)	1,000,599	121,680
Total Long-Term Liabilities	\$ 3,207,758	\$ 828,375	\$ (634,249)	\$ 3,401,884	\$ 341,277

Major Component Units

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Notes Payable	\$ 25,003	\$ 3,000	\$ (3,792)	\$ 24,211	\$ 2,260
Bonds Payable	531,855	163,630	(36,906)	658,579	33,955
Leases Payable	1,185	—	(71)	1,114	74
Intergovernmental Payable	562	95	(36)	621	40
Compensated Absences	—	—	—	—	—
Total Long-Term Liabilities	\$ 558,605	\$ 166,725	\$ (40,805)	\$ 684,525	\$ 36,329

* Bonds payable reductions include amortization of premium and discount of \$1,710,000.

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

	Business-Type Activities		Major Component Units	
	Total	Current	Total	Current
Notes Payable	\$ 4,007	\$ 353	\$ 24,146	\$ 2,260
Bonds Payable	13,100	1,385	48,111	3,065
Leases Payable	10,406	1,013	1,114	74
Intergovernmental Payable	—	—	621	40
Total	\$ 27,513	\$ 2,751	\$ 73,992	\$ 5,439

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, internal service funds included in the above amounts consist of \$1,572,911 of notes payable, \$6,244,531 of leases payable, \$3,774,121 of compensated absences and \$5,881,101 of claims and judgments. In addition, payments on long term debt (notes payable and leases payable) for internal service funds of \$2.5 million is included above along with additions to notes payable and leases payable for internal service funds of \$3.8 million.

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Other governmental activities compensated absences generally have been liquidated by the General Fund (63.4%), the Highway Fund (10.0%), the Federal Fund (14.5%), and other various funds. Other governmental activities claims and judgments have all been liquidated by the Petroleum Release Compensation Fund.

K. ARBITRAGE REBATE PAYABLE

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

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

The State had no arbitrage rebate payable to the federal government as of June 30, 2022.

L. DEFERRED INFLOWS OF RESOURCES

GRANTS RECEIVED PRIOR TO TIME REQUIREMENTS

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

INCREASE IN FAIR VALUE OF HEDGING DERIVATIVES

This amount represents the changes in fair value of futures.

M. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

FAIR VALUE HIERARCHY

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

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

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

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

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

DETERMINATION OF FAIR VALUE

In accordance with GASB Statement No. 72, fair values are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the State's policy to 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.

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

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

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

Distressed Debt — These include investments in the debt instruments of companies which may be publicly traded or privately held that are financially distressed and are either in bankruptcy or likely candidates for bankruptcy. Typical holdings are senior and subordinated debt instruments, mortgages and bank loans. The State is including these types of investments in its global fixed income allocations. As of June 30, 2022, all unfunded commitments in the State distressed debt portfolios had been released.

Equity Long/Short — This strategy is a combination of long and short positions, primarily in publicly traded equities. The State utilizes this strategy, through a limited partnership structure, within its global equity allocations. This is an open-ended fund with monthly liquidity with a notice period of 15 days. There was no unfunded commitment as of June 30, 2022.

Mezzanine Debt — This strategy is a hybrid of debt and equity financing. It is essentially debt capital that gives the lender the rights to convert to an ownership or equity interest in the company if the loan is not paid back in time and in full. It is generally subordinated to senior debt. The State utilizes this strategy, through a limited partnership structure, in its global fixed income allocation. The two funds in this category are not eligible for redemptions, have remaining lives of 1-2 years, and unfunded commitments of \$8.5 million as of June 30, 2022.

Private Credit – These investments include loans to private companies, privately placed debt of public companies, or loans backed by real assets. Loan repayment can be derived from either cash flows from an operating company or cash flows generated by a physical or esoteric asset. Private debt is typically secured and has various protections/covenants in place. The debt is customized to the borrower's requirement, thus rendering it illiquid. The State includes these strategies within its global fixed income allocation through limited partnership-type structures. Private credit issuers may be investment grade but are typically below-investment grade and similar in some respect to the syndicated bank loan and high yield markets. The State participates in two senior private credit funds, commonly referred to as direct lenders, which are structured as custom managed accounts that are not eligible for redemptions during remaining investment lives, and the unfunded commitments totaled \$130.7 million as of June 30, 2022.

Private Equity - Private Equity investments are typically private interests in corporations across different areas of the capital structure and in different stages of the corporations' development via limited partnership vehicles. Private Equity investments are illiquid and long term in nature (10-12 years), typically held until maturity. Private Equity portfolios generally have a "J-Curve Effect" whereby there are low to negative returns in the initial years due to the payment of investment management fees and initial funding of investments made by the General Partner during a period when investments are typically carried at cost and returns have not been realized. To diversify the program, Private Equity investments are made across business cycles, vintage years, and different strategies. The State has a dedicated sub-asset class for private equity investments within its global equity allocation in the pension pool. The State does not have the option to request redemptions from its private equity funds. The General Partner distributes earnings and proceeds from the sale of the underlying investments as transactions occur. The State has \$768.7 million in unfunded private equity commitments as of June 30, 2022.

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.

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

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

Real Estate – includes investments in private vehicles through limited partnerships or commingled vehicles that have an ownership interest in direct real estate properties. The investment strategies may include “value added” strategies, which derive their return from both income and appreciation, “opportunistic”, which derive their return primarily through appreciation, and “alternative” which invest in less traditional types of property. Both domestic and international real estate funds are utilized. The State has a dedicated sub-asset class for these types of investments within global real assets. There are currently 11 different real estate funds in the portfolio. Five of those funds are open-ended vehicles that accept redemption requests quarterly with a 30-90 day notification period. There were no unfunded commitments in the open-ended funds as of June 30, 2022. The remaining six funds are closed-ended limited partnerships that are not eligible for redemptions. Those six funds have a combined unfunded commitment of \$250.5 million as of June 30, 2022.

Timberland – includes investments in limited liability companies that have an ownership interest in properties where the value of the property is derived mainly from income-producing timber but also from the “higher and better use” value of the underlying land. The State includes these assets within its global real asset allocations. There are three funds in the portfolio and they have no unfunded commitments. The funds are not eligible for redemption other than distributions of income and/or proceeds as determined by the investment manager. The funds have remaining lives of 1-4 years.

Infrastructure – includes investments in limited partnerships that have an ownership interest in transportation assets such as toll roads, tunnels and bridges; and regulated assets such as electricity transmission, gas and oil distribution and wastewater collection. Other possible investments would include communication assets and social infrastructure. The State includes these assets within its global real assets allocations. The infrastructure investments in the portfolio as of June 30, 2022, include both open and closed-ended funds. The three open-ended funds have no unfunded commitments and are eligible for redemptions quarterly with 90 days notice. The 17 closed-ended funds have unfunded commitments of \$412.4 million at June 30, 2022 and are not eligible for redemptions.

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

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

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Fair Value

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

Primary Government

INVESTMENTS MEASURED AT FAIR VALUE	Fair Value 6/30/22	Level 1	Level 2	Level 3
Short term securities:				
Commercial paper	\$ 27,977	\$ —	\$ 27,977	\$ —
Short term bills and notes	45,293	—	45,293	—
Total short term securities	73,270	—	73,270	—
Fixed income investments:				
Asset backed securities	577,124	—	577,124	—
Bank loans	25,956	—	25,956	—
Collateralized bonds	2,446	—	2,446	—
Collateralized mortgage obligations	10,690	—	10,690	—
Commercial mortgage-backed	377,868	—	377,868	—
Corporate bonds	2,456,535	—	2,455,222	1,313
Corporate convertible bonds	19,220	—	19,220	—
Funds - Fixed Income ETF	135,215	16,841	118,374	—
Government Agencies	1,550,133	1,490,077	60,056	—
Government Bonds	1,077,882	105	1,077,777	—
Government MBS	1,970,664	—	1,970,664	—
Government - issued Commercial Mortgage-Backed	13,960	—	13,960	—
Index Linked Government Bonds	650,572	—	650,572	—
Municipal / Provincial Bonds	27,577	—	27,577	—
Non- Government Backed C.M.O.s	140,879	—	140,879	—
Sukak	2,530	—	2,530	—
Other Fixed Income	793	—	793	—
Collateralized Debt	9,742	—	9,742	—
Total fixed income investments	9,049,786	1,507,023	7,541,450	1,313
Equity Investments:				
Common stock	4,971,859	4,971,456	1	402
Convertible equity	11,207	6,432	4,744	31
Funds - Equities ETF	124,956	124,299	655	2
Preferred stock	5,521	3,220	2,301	—
Rights / Warrants	1	1	—	—
Miscellaneous	624	624	—	—
Stapled securities	1,311	1,311	—	—
Total equity investments	5,115,479	5,107,343	7,701	435
Other Investments:				
Currency	5,597	5,597	—	—
FX Contracts	7	7	—	—
Global Tactical Asset Allocation MF	652,140	—	652,140	—
Master Limited Partnership	2,551	2,551	—	—
REITs	12,223	12,223	—	—
Real Estate	11,194	—	—	11,194
Swap	1,330	—	1,330	—
Total other investments	685,042	20,378	653,470	11,194
Derivative Investments:				
Exchange cleared swaps	(2,988)	—	(2,988)	—
Options	(3,387)	(2,921)	(466)	—
Swaps	(32,373)	—	(32,373)	—
Grain future contracts	5,747	5,747	—	—

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Total derivative investments	(33,001)	2,826	(35,827)	—
Total investments measured at fair value	\$ 14,890,576	\$ 6,637,570	\$ 8,240,064	\$ 12,942

INVESTMENTS MEASURED AT THE NET ASSET VALUE (NAV)	Fair Value 6/30/22	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Commingled Funds - Debt	\$ 1,559,743	\$ —	Daily, monthly	1 - 15 days
Commingled Funds - Equities	3,412,972	—	Daily, monthly	1 - 15 days
Commingled Funds - Fixed Income	21,240	—	Daily	< 5 days
Distressed Debt	211,353	—	Quarterly, not eligible	60 days
Long / short	284,678	—	Monthly	15 days
Mezzanine Debt	169	8,499	Not eligible	Not eligible
Private Credit	1,372,454	350,600	Not eligible	Not eligible
Private Equity	811,623	1,002,244	Not eligible	Not eligible
Real Assets	3,504,035	692,888	Quarterly, not eligible	30 - 90 days
Hedge Fund	61,860	240,000	N/A	N/A
Private Infrastructure	177,725	105,000	N/A	N/A
Total investments measured at the NAV	11,417,852	\$ 2,399,231		
Total investments	\$ 26,308,428			

Major Component Units

INVESTMENTS MEASURED AT FAIR VALUE	Fair Value 6/30/22	Level 1	Level 2	Level 3
Short term securities				
Certificates of deposit	\$ 470	\$ —	\$ 470	\$ —
Short term bills and notes	7,397	—	7,397	—
Total short term securities	7,867	—	7,867	—
Fixed income investments:				
Gov't Agencies	22,274	22,274	—	—
Total fixed income investments	22,274	22,274	—	—
Total investments	\$ 30,141	\$ 22,274	\$ 7,867	\$ —

NOTE 4 - NET POSITION

The government-wide Governmental Activities Statement of Net Position reports \$8,029,841,388 of restricted net position, of which \$1,074,607,167 is restricted by enabling legislation.

NOTE 5 - FUND BALANCE

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

Included in the General Fund, unassigned fund balance is \$8,126,184,841 for the North Dakota Legacy Fund. The Legacy Fund was established with thirty percent of total revenue derived from taxes on oil and gas production or extraction. The principal and earnings of the Legacy Fund may not be spent until after June 30, 2017, and an expenditure of principal after that date requires a vote of at least two-thirds of the members elected of each house of the legislative assembly. No more than fifteen percent of the principal of the Legacy Fund can be expended during a biennium.

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Governmental Fund Balances - By Purpose (Expressed in Thousands)

	Special Revenue			Nonmajor Governmental	Total
	General	Federal	State		
Fund Balances:					
Nonspendable:					
Inventory	\$ 3,506	\$ 24,031	\$ 9,667	\$ —	\$ 37,204
Long - Term Receivables	18	—	—	—	18
Prepaid Expenditures	4,459	12,792	11,047	—	28,298
Permanent Trust Fund for Veteran's Postwar	—	—	—	6,998	6,998
Permanent Trust Fund for Coal Dev.	—	—	—	70,296	70,296
Total Nonspendable	7,983	36,823	20,714	77,294	142,814
Restricted for:					
Distribution to Common Schools	—	—	5,971,958	—	5,971,958
State Education Aid	—	—	439,998	—	439,998
Lignite Research	—	—	30,389	—	30,389
Water Projects and Energy Conservation	—	—	469,098	—	469,098
Well Plugging and Site Reclamation	—	—	17,686	—	17,686
Agriculture & Commerce	—	—	56,495	—	56,495
Natural Resources	—	—	28,956	—	28,956
Highway Projects	—	—	398,214	—	398,214
Transportation	—	—	36,033	—	36,033
Petroleum Tank Release Compensation	—	—	6,040	—	6,040
Debt Service	—	—	—	314,155	314,155
Capital Improvement Projects	567	—	—	4,117	4,684
Other	—	—	85,641	—	85,641
Total Restricted	567	17,845	7,540,508	318,272	7,877,192
Committed to:					
Strategic Investments & Improvements	—	—	976,860	—	976,860
Oil and Gas Impact Grants	—	—	409	—	409
Buydown Interest Programs	—	—	78,222	—	78,222
Human Services & Health Operations	—	—	61,785	—	61,785
Clean Sustainable Energy Fund	19,503	—	—	—	19,503
Outdoor Heritage Grants	—	—	38,278	—	38,278
Charitable Gaming Operating Fund	—	—	27,687	—	27,687
Water Development & Management Projects	—	—	1,456	—	1,456
Oil, Gas, and Energy Research	—	—	37,463	—	37,463
Judicial & Legal	—	—	12,193	—	12,193
Public Safety & Corrections	21,787	—	3,385	—	25,172
Agriculture & Commerce	7,450	—	12,209	—	19,659
State Rail and Special Roads	—	—	17,499	—	17,499
Insurance Regulatory Operations	—	—	6,950	—	6,950
Parks and Recreation Operations	—	—	11,527	—	11,527
Economic Assistance & Social Services	13,294	—	—	—	13,294
Tax Relief	294,799	—	—	—	294,799
Stabilization	717,413	—	—	—	717,413
Theodore Roosevelt Presidential Library & Museum	52,344	—	—	—	52,344
Veteran's Postwar	—	—	—	309	309
Other	9,846	—	33,433	167	43,446
Total Committed	1,136,436	—	1,319,356	476	2,456,268

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	Special Revenue			Nonmajor Governmental	Total
	General	Federal	State		
Assigned to:					
Education	\$ —	\$ —	\$ 4,562	\$ —	\$ 4,562
Human Services & Health Operations	—	—	145,170	—	145,170
Judicial & Legal	—	—	10,475	—	10,475
Correction and Rehabilitation Operations	—	—	7,476	—	7,476
Strategic Investments & Improvements	—	—	68,349	—	68,349
Agriculture & Commerce	—	—	5,366	—	5,366
Environmental Quality	—	—	1,836	—	1,836
Securities Regulations	—	—	1,972	—	1,972
Other	—	—	20,224	—	20,224
Total Assigned	—	—	265,430	—	265,430
Unassigned	9,795,178	—	—	—	9,795,178
Total Fund Balances	<u>\$ 10,940,164</u>	<u>\$ 54,668</u>	<u>\$ 9,146,008</u>	<u>\$ 396,042</u>	<u>\$ 20,536,882</u>

NOTE 6 - RETIREMENT SYSTEMS

A. DESCRIPTION OF PLANS

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

NORTH DAKOTA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

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

At June 30, 2022 number of participating political subdivisions in PERS was:

Cities	97
Counties	51
School Districts	131
Other	94
Total Participating Local Political Subdivisions	<u>373</u>

Administration

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

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

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

Benefits

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

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

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

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

Death and Disability Benefits

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

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

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

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

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Refunds of Member Contributions

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

Contributions

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

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

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

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

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

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

NORTH DAKOTA HIGHWAY PATROLMEN'S RETIREMENT SYSTEM (NDHPRS)

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

Administration

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

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

Benefits

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

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

Death and Disability Benefits

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

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

Refunds of Member Contributions

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

Contributions

Contribution rates for NDHPRS are set by state statute and are a percentage of covered compensation. The State is paying 4.0% of the member contribution. The member contribution rate is 13.8% and the employer rate is 20.2%. Both the member and the employer contribution rate will increase by 0.5% in January 2023, 2024 and 2025.

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

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

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

Administration

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

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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, 1600 East Century Avenue, Suite 3, P.O. Box 7100, Bismarck, North Dakota 58507-7100.

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At June 30, 2022, the number of participating employer units in TFFR was:

Type	Number
Public School Districts	171
County Superintendents	4
Special Education Units	19
Vocational Education Units	4
Other	9
Total	207

Administration

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

Benefits

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

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

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

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

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

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

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

Death and Disability Benefits

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

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

Contributions

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

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

EMPLOYEE MEMBERSHIP DATA

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

	<u>PERS</u>	<u>NDHPRS</u>	<u>JSND</u>	<u>TFFR</u>
Retirees and beneficiaries currently receiving benefits:	14,204	135	175	9,438
Terminated Employees:				
Vested	8,673	35	—	1,827
Inactive	7,610	20	—	1,423
Active Employees:				
Vested	17,247	70	1	8,326
Nonvested	7,532	81	—	3,476
Total plan membership	<u>55,266</u>	<u>341</u>	<u>176</u>	<u>24,490</u>
Date of annual valuation	July 1, 2022	July 1, 2022	July 1, 2022	July 1, 2022

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.

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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, 2022:

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

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

INVESTMENT RATE OF RETURN

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return on pension plan and OPEB plan investments, net of pension plan and OPEB plan investment expense, was as follows for June 30, 2022:

PERS	(6.32)%
NDHPRS	(6.50)%
JSND	(5.55)%
TFFR	(6.17)%
RHIC*	(14.48)%

*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

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transactions are accounted for on a trade date basis. Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date. The fair value for stable value option within the deferred compensation and defined contributions plans is measured at contract value.

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, 2022, the following are the net realized gains (losses):

PERS	\$170,740,373
NDHPRS	4,337,609
JSND	2,461,462
TFFR	127,985,911
Retiree Health Insurance Credit (RHIC)	17,279,324
Defined Contribution Plan	195,667
Deferred Compensation Plan	13,843,422

C. FUNDING STATUS AND PROGRESS

NET PENSION LIABILITY OF THE PLANS

The components of the net pension liability of the Plans at June 30, 2022 were as follows (expressed in thousands):

	PERS	NDHPRS	JSND	TFFR
Total pension liability	\$ 6,607,469	\$ 170,663	\$ 70,493	\$ 4,479,973
Plan fiduciary net position	(3,635,772)	(92,324)	(86,178)	(3,023,920)
Net pension liability (asset)	<u>\$ 2,971,697</u>	<u>\$ 78,339</u>	<u>\$ (15,685)</u>	<u>\$ 1,456,053</u>
Plan fiduciary net position as a percentage of the total pension liability	55.03 %	54.10 %	122.25 %	67.50 %

ACTUARIAL ASSUMPTIONS

PERS

The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions:

Actuarial Cost Method: Entry Age Normal

Asset Valuation Method: 5-Year smoothed marked

Inflation: 2.25%

Salary Increase: 3.50% to 17.75% including inflation

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

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

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

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

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

HPRS

The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions:

Actuarial Cost Method: Entry Age Normal

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

Inflation: 2.25%

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

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

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

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

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

The employer rate to the System is the statutory contribution rate of 20.20% of payroll. The statutory employer and employee contributions will each increase by 0.5% of pay every year from January 1, 2023 to January 1, 2025, ultimately increasing both by 1.5% of pay.

JSND

The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions:

Actuarial Cost Method: Entry Age Normal

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

Inflation: 2.25%

Salary Increase: 3.50%

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

Investment Rate of Return: 3.00%

Cost of Living Adjustment: 2.25%

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

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

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

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

TFFR

The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions:

Actuarial Cost Method: Entry Age

Asset Valuation Method: Level percentage of payroll, closed

Inflation: 2.30%

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

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

Investment Rate of Return: 7.25%, net of investments expenses, including inflation

Cost of Living Adjustment: None

Mortality Rates: For the July 1, 2022, valuation, the post-retirement healthy mortality table was updated to 104% of the PubT-2010 Retiree table for retirees and to 95% of the PubT-2010 Contingent Survivor table for beneficiaries, both projected with generational improvement using Scale MP-2019. The disabled mortality was updated to the PubNS-2010 Non-Safety Disabled Mortality table projected with generational improvement using Scale MP-2019. The pre-retirement mortality table was updated to the Pub T-2010 Employee table projected with generational improvement using Scale MP- 2019. The actuarial assumptions used were based on the results of an experience study dated March 19, 2020.

INVESTMENT RATE OF RETURN

The long-term expected rate of return on investments was determined using a building-block method in which best- estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates to return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the pension plan's target asset allocation as of July 1, 2022 is summarized in the following tables:

PERS and NDHPRS Asset Class	Long-Term Expected Real Rate of Return	JSND Asset Class	Long-Term Expected Real Rate of Return	TFFR Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	5.75 %	Domestic equities	5.37 %	Global equity	6.60 %
International equity	6.45 %	Core fixed income	1.31 %	Global fixed income	0.40 %
Private equity	9.20 %	Limited duration fixed income	0.59 %	Global real assets	4.60 %
Domestic fixed income	0.34 %	Global equity	5.74 %	Cash equivalents	(1.10)%
International fixed income	0.00 %	Diversified short-term fixed income	1.86 %		
Global real assets	4.56 %	Short-term corporate fixed income	0.53 %		
Cash equivalents	0.00 %	US high yield	4.22 %		
		Emerging market debt	4.96 %		

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DISCOUNT RATE

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.69%; and the resulting Single Discount Rate is 5.10%.

For HPRS, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.69%; and the resulting Single Discount Rate is 5.02%.

For JSND, the discount rate was 3.00% as of June 30, 2022. 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, 2022 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, 2022. 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, 2022.

For TFFR, the discount rate was 7.25% as of June 30, 2022. 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, 2022 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, 2022. 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, 2022.

SENSITIVITY OF NET PENSION LIABILITY

The following presents the net pension liability of the Plans as of June 30, 2022, calculated using the discount rate of 5.10% for PERS, 5.02% for NDHPRS, 3.00% for JSND and 7.25% for TFFR, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (expressed in thousands):

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Net Pension Liability (Asset) As of June 30, 2022	1% Decrease (4.10%)	Current Discount Rate (5.10%)	1% Increase (6.10%)
PERS	\$ 3,942,553	\$ 2,971,697	\$ 2,175,743
Net Pension Liability (Asset) As of June 30, 2022	1% Decrease (4.02%)	Current Discount Rate (5.02%)	1% Increase (6.02%)
NDHPRS	\$ 40,085	\$ 23,295	\$ 9,514
Net Pension Liability (Asset) As of June 30, 2022	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
JSND	\$ (8,404)	\$ (15,685)	\$ (21,896)
Net Pension Liability (Asset) As of June 30, 2022	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
TFFR	\$ 2,000,483	\$ 1,456,053	\$ 1,004,517

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D. SINGLE EMPLOYER PENSION PLANS

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

**Single-employer Plans
Changes in Net Pension Liability
Increases (Decreases)
For the Year June 30, 2022***

	JSND	NDHPRS
Total pension liability (asset)		
Service cost	\$ 58	\$ 6,693
Interest	2,629	7,305
Change of benefit terms	—	(135)
Difference between expected and actual experience	(201)	(2,197)
Changes of assumptions	2,898	(60,572)
Benefit payments, including refund of employee contributions	(4,669)	(5,952)
Net change in total pension liability (asset)	715	(54,858)
Total pension liability (asset) - beginning	64,129	178,229
Total pension liability (asset) - ending (a)	<u>\$ 64,844</u>	<u>\$ 123,371</u>
Plan fiduciary net position		
Contributions - employer	\$ —	\$ 2,294
Contributions - employee	14	1,548
Contributions - service credit repurchase	—	401
Transfers and other income	—	—
Net investment income	6,025	19,638
Benefit payments, including refund of employee contributions	(4,669)	(5,952)
Administrative expense	(17)	(37)
Net change in plan fiduciary net position	1,353	17,892
Plan fiduciary net position - beginning	95,251	82,184
Plan fiduciary net position - ending (b)	<u>\$ 96,604</u>	<u>\$ 100,076</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (31,760)</u>	<u>\$ 23,295</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	148.98 %	81.12 %
Covered payroll	\$ 175	\$ 11,516
Plan net pension liability (asset) as a percentage of covered payroll	-18130.00 %	202.28 %

*The 2022 information presented has a measurement date of June 30, 2021. Information is expressed in thousands.

JOB SERVICE NORTH DAKOTA (JSND)

Net Pension Asset

At June 30, 2022, the State recorded a net pension asset of \$31,759,726 for all of the Job Service North Dakota pension plan. The net pension asset was measured as of June 30, 2021 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date.

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Deferred Inflows and Outflows of Resources

For the year ended June 30, 2022 the State recognized pension expense of \$1,812,767. At June 30, 2022 the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Discrete Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ —	\$ —	\$ —
Changes of assumptions	—	—	—	—
Net difference between projected and actual earnings on pension plan investments	—	(746,794)	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	—	—	—	—
Employer contributions subsequent to the measurement date	—	—	—	—
Total	\$ —	\$ (746,794)	\$ —	\$ —

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

Year ended June 30:

	Primary Government	Component Units
2023	\$ 102,443	\$ —
2024	(396,831)	—
2025	(37,331)	—
2026	(415,075)	—
Total	\$ (746,794)	\$ —

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

The following presents the State's proportionate share of the net pension asset calculated using the discount rate of 3.75 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 (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
State's proportionate share of the net pension asset	(25,184,835)	(31,759,726)	(37,379,068)

NORTH DAKOTA HIGHWAY PATROLMEN'S RETIREMENT SYSTEM (NDHPRS)

Net Pension Liability

At June 30, 2022, the State recorded a net pension liability of \$23,295,192 for all of the North Dakota Highway Patrolmen's Retirement System pension plan. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

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Deferred Inflows and Outflows of Resources

For the year ended June 30, 2022 the State recognized pension expense of \$5,237,670. At June 30, 2022 the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Discrete Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 515,653	\$ (2,033,963)	\$ —	\$ —
Changes of assumptions	44,346,775	(49,086,426)	—	—
Net difference between projected and actual earnings on pension plan investments	—	(8,630,224)	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	—	—	—	—
Employer contributions subsequent to the measurement date	2,478,861	—	—	—
Total	\$ 47,341,289	\$ (59,750,613)	\$ —	\$ —

\$2,478,861 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, 2023.

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

Year ended June 30:

	Primary Government	Component Units
2023	\$ (678,385)	\$ —
2024	(1,072,294)	—
2025	(1,540,533)	—
2026	(8,340,448)	—
2027	(3,256,525)	—
Total	\$ (14,888,185)	\$ —

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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's proportionate share of the net pension liability	\$ 40,084,617	\$ 23,295,192	\$ 9,514,031

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E. COST SHARING EMPLOYER PENSION PLANS

NORTH DAKOTA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Proportionate Share of Net Pension Liability

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

At June 30, 2022, the State recorded a net pension liability of \$505,713,200 for all of the PERS system. The net pension liability was measured as of June 30, 2021 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, 2021 the State's proportion was 48.51894235 percent, which is a decrease of 1.2631366 percent from the prior year.

The State's discrete component unit, North Dakota Public Finance Authority, also participates in the PERS system. At June 30, 2022, the discrete component units recorded a net pension liability of \$190,000 for all of the PERS system. The net pension liability was measured as of June 30, 2021 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, 2021 the discrete component unit's proportion was 0.018251 percent, which is an increase of 0.016881 percent from the prior year.

Deferred Inflows and Outflows of Resources

For the year ended June 30, 2022 the State recognized pension expense of \$76,140,919 and the component unit recognized pension expense of \$38,000. At June 30, 2022 the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Discrete Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,930,272	\$ (53,359,088)	\$ 3,000	\$ (19,000)
Changes of assumptions	587,101,777	(765,239,023)	210,000	(274,000)
Net difference between projected and actual earnings on pension plan investments	—	(199,213,776)	—	(71,000)
Changes in proportion and differences between employer contributions and proportionate share of contributions	34,436,292	(40,429,716)	63,000	(22,000)
Employer contributions subsequent to the measurement date	42,740,834	—	13,000	—
Total	\$ 676,209,175	\$ (1,058,241,603)	\$ 289,000	\$ (386,000)

\$42,740,834 and \$13,000 reported as deferred outflows of resources related to pensions resulting from State and component unit contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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

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Year ended June 30:

	Primary Government	Component Units
2023	\$ (68,853,744)	\$ (13,000)
2024	(96,502,475)	(24,000)
2025	(79,106,072)	(17,000)
2026	(179,767,871)	(56,000)
2027	(278,252)	—
Thereafter	(264,848)	—
Total	<u>\$ (424,773,262)</u>	<u>\$ (110,000)</u>

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

The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's proportionate share of the net pension liability	\$ 818,939,462	\$ 505,713,200	\$ 244,814,802
Component's proportionate share of the net pension liability	303,000	190,000	97,000

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, 2022, the State recorded a net pension liability of \$6,001,425 for all of the TFFR. The net pension liability was measured as of June 30, 2021 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, 2021 the State's proportion was 0.56958 percent, which is a decrease of 0.0226786 percent from the prior year.

Deferred Inflows and Outflows of Resources

For the year ended June 30, 2022 the State recognized pension expense of \$110,588. At June 30, 2022 the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Discrete Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41,696	\$ (253,095)	\$ —	\$ —
Changes of assumptions	210,797	—	—	—
Net difference between projected and actual earnings on pension plan investments	—	(1,758,504)	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	993,494	(1,896,613)	—	—
Employer contributions subsequent to the measurement date	516,783	—	—	—
Total	<u>\$ 1,762,770</u>	<u>\$ (3,908,212)</u>	<u>\$ —</u>	<u>\$ —</u>

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\$516,783 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, 2023.

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

Year ended June 30:

	Primary Government	Component Units
2023	\$ (624,663)	\$ —
2024	(563,776)	—
2025	(599,062)	—
2026	(730,036)	—
2027	(75,863)	—
Thereafter	(68,825)	—
Total	<u>\$ (2,662,225)</u>	<u>\$ —</u>

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
State's proportionate share of the net pension liability	\$ 9,011,362	\$ 6,001,425	\$ 3,501,978

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, 2022.

Pension Plan	Net Pension Asset	Deferred Outflows of Resources Pension	Net Pension Liability	Deferred Inflows of Resources Pension	Pension Expense
Job Service ND	\$ (31,759,726)	\$ —	\$ —	\$ 746,794	\$ 1,812,767
ND Highway Patrolmen's Retirement System	—	47,341,289	23,295,192	59,750,613	5,237,670
ND Public Employees' Retirement System	—	676,209,175	505,713,191	1,058,241,603	76,140,919
ND Teachers' Fund for Retirement	—	1,762,770	6,001,425	3,908,212	110,588
Total	<u>\$ (31,759,726)</u>	<u>\$ 725,313,234</u>	<u>\$ 535,009,808</u>	<u>\$ 1,122,647,222</u>	<u>\$ 83,301,944</u>

G. DEFINED CONTRIBUTION PLAN

The North Dakota Defined Contribution Retirement Plan was established on January 1, 2000, and is administered in accordance with chapter 54-52.6 of the North Dakota Century Code. The Defined Contribution Plan was available to state employees who are in positions not classified by the Human Resource Management Services division of the State of North Dakota. Employees under the judicial branch or the Board of Higher Education and State Institutional under jurisdiction of the Board of Higher Education are not eligible to participate in the plan. The 2013 Legislative Assembly passed legislation to expand eligibility to the plan to include all new state employees hired on or after October 1, 2013 through July 31, 2017. The Defined Contribution Plan had 88 participants as of June 30, 2022.

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

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Benefits

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

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

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

Death and Disability Benefits

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

Contributions

Contributions are set by state statute and are a percentage of covered compensation. The State is paying 4% of the member contribution. The member contribution rate is 7.00% and the employer rate is 7.12% for members first enrolled prior to January 1, 2020. For members first enrolled after January 1, 2020 the member contribution rate is 7.00% and the employer rate is 8.26%. Pension expense totaled \$503,267 for the year ended June 30, 2022.

H. TEACHERS' INSURANCE ANNUITY ASSOCIATION

The Teachers' Insurance and Annuity Association (TIAA-CREF), a privately-administered defined contribution retirement plan, provides individual retirement fund contracts for eligible employees as defined by the Board of Higher Education in its approved TIAA-CREF retirement resolution. Further information can be obtained by writing to North Dakota University System, 600 E. Blvd, Bismarck, North Dakota 58505.

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

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

Plan contributions are made on a tax-deferred basis in accordance with section 414(h)(2) of the Internal Revenue Code. All contributions are applied as premiums to retirement annuity contracts owned by the participant. The State has no further liability once annual contributions are made. The State contributed \$45.2 million to TIAA-CREF during the fiscal year ending June 30, 2022.

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NOTE 7 - POST-RETIREMENT

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

The Retiree Health Insurance Credit Fund, a cost-sharing multiple-employer other post-employment plan, is administered by the North Dakota Retirement Board (the Board) to provide members that were first enrolled in the plan prior to January 1, 2020 and are receiving retirement benefits from the Public Employees Retirement System, the Highway Patrolmen's Retirement System and judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit will also be available to apply towards monthly premiums under the state dental, vision and long term care plan and any other health insurance. Effective August 1, 2019, the credit is expanded to also include any dental, vision, and long term care plan. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis. PERS issues a publicly available financial report that may be obtained by writing to North Dakota Public Employees Retirement System, 400 East Broadway, Suite 505, Bismarck, North Dakota 58501.

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

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

Employee membership is as follows:

Retirees receiving benefit	14,290
Active participants	19,018
Total Membership	<u>33,308</u>

OPEB Contributions

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

OPEB Benefits

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

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

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Net OPEB Liability of the Plan

The components of the net OPEB liability of the plan at June 30, 2022 is as follows (expressed in thousands):

	RHIC
Total OPEB liability	\$ 263,968
Plan fiduciary net position	(154,483)
Net OPEB liability (asset)	<u>\$ 109,485</u>
	<hr/>
RHIC fiduciary net position as a percentage of the total OPEB liability	58.52 %

Actuarial Assumptions

Actuarial Cost Method: Entry Age Normal

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

RHIC Inflation: 2.25%

Salary Increase: Not applicable

Investment Rate of Return: 5.75%.

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

Other Notes: RHIC is for the most part a closed plan. There were no benefit changes during the year. The investment return assumption was decreased from 6.50% to 5.75% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions were adopted by the Board based on an experience study covering the period July 1, 2015, through June 30, 2019. The employer rate to the System is the statutory contribution rate of 1.14% of payroll.

Investment Rate of Return

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of RHIC investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2022 is summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	5.75 %
Small Cap Domestic Equities	— %
International equities	6.00 %
Core-Plus Fixed Income	0.22 %

Discount Rate

For the purpose of this valuation, the expected rate of return on OPEB plan investments is 5.75%; the municipal bond rate is 3.69%; and the resulting Single Discount Rate is 5.39%. 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, 2022 PERS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long

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

Sensitivity of Net OPEB Liability

The following presents the net OPEB liability of the Plan as of June 30, 2022, calculated using the single discount rate of 5.39%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (expressed in thousands):

Net OPEB Liability (Asset) As of June 30, 2022	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
RHIC	\$ 153,212	\$ 120,031	\$ 92,176

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, 2022, the State reported a liability of \$27,400,643 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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, 2021, the State's proportion was 35.114882 percent, which is a decrease of 16.807508 percent from the prior year.

Deferred Inflows and Outflows of Resources

For the year ended June 30, 2022 the State recognized OPEB expense of \$3,445,238. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Discrete Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,573,391	\$ (745,869)	\$ —	\$ —
Changes of assumptions	4,243,891	—	—	—
Net difference between projected and actual earnings on OPEB plan investments	—	(9,325,827)	—	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,655,536	(2,497,720)	—	—
Employer contributions subsequent to the measurement date	6,079,035	—	—	—
Total	<u>\$ 13,551,853</u>	<u>\$ (12,569,416)</u>	<u>\$ —</u>	<u>\$ —</u>

\$6,079,035 reported as deferred outflows of resources related to OPEB resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022.

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

Year ended June 30:

	Primary Government	Component Units
2023	\$ (826,628)	\$ —
2024	(900,140)	—
2025	(1,352,800)	—
2026	(2,131,762)	—
2027	114,732	—
Total	\$ (5,096,598)	\$ —

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, 2022, calculated using the discount rate of 6.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
State's proportionate share of the net OPEB liability	\$ 35,965,380	\$ 27,400,643	\$ 20,097,474

C. JOB SERVICE NORTH DAKOTA – MET LIFE INSURANCE BENEFIT

MET LIFE INSURANCE BENEFIT

Job Service North Dakota engaged an actuary to determine the Agency's liability for post-employment benefits other than pensions as of July 1, 2022. The actuary determined the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense the Agency has to record as of June 30, 2022. This plan document, as amended, is authorized by the Plan Administrator, who is the Executive Director of the agency. JSND issues a publicly available financial report that may be obtained by writing to Job Service North Dakota, PO Box 5507, Bismarck, North Dakota 58506-5507..

Plan Description

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

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

Retirees and beneficiaries currently receiving benefits	144
Terminated employees entitled to benefits but not yet receiving them	—
Current vested employees	4
Total	<u>148</u>

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

The Employer reported a liability of \$1,001,072 at June 30, 2022 for its net OPEB liability. The net OPEB liability was measured as of July 1, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2022, the Employer recognized OPEB expense of \$(125,204). The Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following:

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

Actuarial Assumptions

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

	<u>July 1, 2022</u>
Inflation	none
Salary increases	5%
Discount rate	4.09% per annum

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

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

The following presents the net OPEB liability of the Plans as of June 30, 2022, calculated using the discount rate of 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.09 percent) or 1-percentage-point higher (5.09 percent) than the current rate (expressed in thousands):

Net OPEB Liability As of June 30, 2022	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
Met Life	\$ 1,095	\$ 1,001	\$ 920

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Schedule of Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at 7/1/21	\$ 1,215,321	\$ —	\$ 1,215,321
Changes for the Year:			
Service cost	281	—	281
Interest	29,966	—	29,966
Benefit changes	—	—	—
Experience losses (gains)	(17,503)	—	(17,503)
Changes of assumptions	(137,948)	—	(137,948)
Contributions - Employer	—	89,045	89,045
Benefits paid	(89,045)	(89,045)	(178,090)
Administrative expenses	—	—	—
Net changes	<u>(214,249)</u>	<u>—</u>	<u>(214,249)</u>
Balances at 6/30/22	<u>\$ 1,001,072</u>	<u>\$ —</u>	<u>\$ 1,001,072</u>

The plan provisions used in the measurement of the net OPEB liability are the same as those used in the Actuarial Valuation as of July 1, 2022.

D. OPEB SUMMARY

The following is a summary of the OPEB related items for all plans of the State as of and for the year ended June 30, 2022.

OPEB Plan	Deferred Outflows of Resources - OPEB	Net OPEB Liability	Deferred Inflows of Resources - OPEB	OPEB Expense
ND Public Employees' Retirement System	\$ 13,551,853	\$ 27,400,643	\$ 12,569,416	\$ 3,445,238
JSND Met Life Insurance Benefit	—	1,001,072	—	(125,204)
Total	<u>\$ 13,551,853</u>	<u>\$ 28,401,715</u>	<u>\$ 12,569,416</u>	<u>\$ 3,320,034</u>

NOTE 8 - DEFERRED COMPENSATION PLAN

The ND Public Employees Retirement System was given authority by Chapter 54-52.2 to administer an employee deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan allows employees of the State of North Dakota or any of its political subdivisions, institutions, departments, or agencies to participate, providing that the employee has signed a participation agreement, which permits them to defer a portion of their current salary until future years. Each participant may defer the lesser of \$20,500 or 100% of gross annual compensation for calendar year 2022. 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 15,567 active participants as of June 30, 2022.

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

Plan Participation By:		
State of North Dakota	\$ 150,768	90 %
Other Jurisdictions	16,550	10 %
Total Value	<u>\$ 167,318</u>	<u>100 %</u>

NOTE 9 - PERS UNIFORM GROUP INSURANCE PROGRAM

The PERS Uniform Group Insurance Program, an enterprise fund, contracts with Sanford Health Plan to provide health care insurance to the employees of the State of North Dakota, or any of its political subdivision, institutions, departments or agencies. The contract for the 2019-2021 biennium provides for an accounting of premiums paid and claims incurred during the biennium. The final gain or loss is determined two years after the end of the biennium, which for the 2019-2021 biennium will occur in 2023 with an initial settlement coming in 2022. In the event of a loss, the system does not have any risk. For this period premiums exceeded claims, therefore, a gain of \$26.1 million was returned to the State.

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

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NOTE 10 - SEGMENT INFORMATION

North Dakota Housing Finance Agency maintains two separate funds which account for general agency operations and provide loans to finance construction of rental residential housing and single-family ownership. The two funds are accounted for in a single fund, but investors in home ownership bonds rely solely on the revenue generated by the mortgage loans and assets acquired for repayment. Segment information for the year ended June 30, 2022, was as follows (expressed in thousands):

	Home-Ownership Bond Funds
Condensed Statement of Net Position	
Current assets – other	\$ 334,649
Noncurrent assets – other	1,365,379
Total Assets	1,700,028
Current liabilities – other	65,285
Noncurrent liabilities – other	1,429,612
Total Liabilities	1,494,897
Net position – restricted	201,443
Total Net Position	\$ 201,443
 Condensed Statement of Revenues, Expenses and Change in Fund Net Position	
Operating revenues	\$ 39,737
Operating expenses	(39,305)
Operating income	432
Change in net position	432
Total net position, beginning of year	201,116
Equity transfer out	(105)
Total net position, end of year	\$ 201,443
 Condensed Statement of Cash Flows	
Net cash provided by operating activities	\$ (80,405)
Net cash used for noncapital financing activities	112,661
Net cash used for investing activities	(21,445)
Net change in cash and cash equivalents	10,811
Cash and cash equivalents, beginning of year	284,851
Cash and cash equivalents, end of year	\$ 295,662

NOTE 11 - MAJOR COMPONENT UNIT TRANSACTIONS

BISMARCK STATE COLLEGE AND BISMARCK STATE COLLEGE FOUNDATION

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

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

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

	BSC	BSC Foundation
NECE Building	\$ 9,548,989	\$ 10,846,116
Accumulated Depreciation	(3,280,043)	(3,754,335)
Net Value of NECE Building	<u>\$ 6,268,946</u>	<u>\$ 7,091,781</u>

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

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

MiSU DEVELOPMENT FOUNDATION (MiSUDF)

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

NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION (NDSCSF)

For the year ended June 30, 2022, NDSCS paid NDSCSF \$174,000 for the rental of NDSCS Fargo building and \$11,000 for parking lots.

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

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

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

During fiscal year 2017, NDSU and NDSU RTP entered into renewed agreements, whereby NDSU leases the Research Buildings I and II through May 1, 2022 and May 1, 2023. On May 1, 2022, NDSU and NDSU RTP entered into an annual service agreement for Research Building I to continue the services provided as the bonds related to Research Building I have been paid in full and NDSU exercised its option to terminate the Research Building I Lease and purchase Research Building I. During fiscal year 2022, total annual rent of \$327,000 was paid by NDSU for these two buildings, in addition to the \$1.39 million of principal and interest paid by NDSU directly to the bond trustee. The annual rent will be re-adjusted by mutual agreement every two years. These agreements are subject to funding and legislative appropriations.

NDSU FOUNDATION

Renaissance Hall

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

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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 \$413,156 in fiscal year 2022 for debt service under this agreement. As of June 30, 2022, the outstanding balance on the bonds are reflected as "Due to Component Units" by NDSU, is \$3.0 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 2022, NDSU paid \$775,000 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, 2022, the outstanding balance on the bonds, reflected as "Due to Component Units" by NDSU, is \$7.3 million.

Other Transactions

The Foundation provides meeting space rental and database support service to NDSU for an annually negotiated fee. NDSU paid the foundation \$837,000 for the fiscal year ending December 31, 2021.

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 \$129,000 during the fiscal year ending December 31, 2021.

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, 2022.

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 \$8.7 million in fiscal year 2022. 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 \$5.1 million in fiscal year 2022, 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.

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As of June 30, 2022, the UND AF had recorded accounts payable to UND of \$2.0 million for reimbursable costs and services. As of June 30, 2022, the UND AF had recorded accounts receivable from UND of approximately \$798,000, 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 noncancellable sublease with UND, UND AF will receive future minimum rentals of \$1.6 million over the next five years.

UNIVERSITY OF NORTH DAKOTA AND RE ARENA, INC.

RE Arena Inc. and UND, enter into an annual operating agreement from July 1, 2020 to September 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 2022, gross tickets sales were \$5.2 million of which RE Arena, Inc. recognized revenue of \$2.7 million.

Gross tickets sales for the next athletic season year are recorded in deferred revenue at gross by REA for a total of \$3.1 million.

REA recognized net sponsorship (advertising) revenue of \$846,031 and net paid to UND in sponsorship (advertising) income of \$476,000. REA allocated \$500,000 of net income to UND athletic department for the year ended May 31, 2022. REA expensed \$1.2 million to UND for utilities, maintenance staff, phone service and other.

At the end of the fiscal year REA owed UND \$87,000 for monthly services.

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

UNIVERSITY OF NORTH DAKOTA AND UNIVERSITY OF NORTH DAKOTA FOUNDATION

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

During the year ended June 30, 2022, UND provided approximately \$1.6 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 \$286,000 in investment management fees during the year ended June 30, 2022.

During the year ended June 30, 2022, the Organization paid \$27.3 million to the University of North Dakota for building projects..

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 2022 was \$4,500.

On July 24, 2002, the UND Foundation issued \$8.6 million of tax-exempt lease revenue bonds to finance the construction of an office building and the renovation of an existing building for the EERC of UND. The UND Foundation recorded a receivable from UND of \$8.6 million due under the direct-financing lease arrangement. On October 18, 2012, the UND Foundation issued Taxable Refunding Lease Revenue Bonds, Series 2012 in the amount of \$6.4 million to refund its outstanding Lease Revenue Bonds, Series 2002.

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The UND Foundation also amended the related lease agreement with UND. Interest accrues on the bonds at rates from 0.75 percent to 4.20 percent depending upon maturity. Annual principal and semiannual interest payments are due through fiscal year 2027 and as of June 30, 2022 were \$2.5 million. The bonds are secured by a lease with UND.

On October 24, 2003, the UND Foundation issued \$4.4 million of tax-exempt lease revenue bonds to finance the purchase of land and the construction of a facility for occupancy by the Minot Center for Family Practice in Minot, North Dakota. The center is a department of the School of Medicine & Health Sciences at UND. The UND Foundation recorded a receivable from UND of \$4.4 million due under the direct-financing lease agreement. In June 2008, the \$3.7 million remaining balance of the 2003 bonds was refinanced with Lease Revenue Refunding Bonds, Series 2008. In April 2018, the \$2.2 million remaining balance of the 2008 bonds was refinanced with Lease Revenue Refunding Bonds, Series 2018. During fiscal year 2022, the Series 2018 bonds were paid in full.

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

BANK OF NORTH DAKOTA

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

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

	Contract Amount (in thousands)
Commitments to extend credit	\$ 1,486,164
Financial standby letters of credit	517,094
Guarantees provided	7,601

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

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

Letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party which require this type of facility. The maturities for these letters range from one month to ten years, and the likelihood of funding any of these letters of credit is considered to be remote. The Bank holds collateral supporting those commitments. The Bank also has letters of credit with the North Dakota Public Finance Authority with maturities ranging from seventeen months to twenty nine years. If the letters issued to Public Finance Authority were ever drawn upon, Public Finance Authority is legally obligated to reimburse the Bank from funds legally available, or from any appropriation made available to the Legislative Assembly after 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, 2021 were \$31,321,000.

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

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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, 2021 were \$8,220,000.

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 \$300,785,000 at December 31, 2021. 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, 2021.

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 \$40,342,000 at June 30, 2022.

MEDICAL FACILITY INFRASTRUCTURE LOAN FUND

The Fund's exposure to loan loss is represented by the contractual amount of these commitments. There were two pending loan commitments totaling \$8,150,000 as of June 30, 2022.

INNOVATION TECHNOLOGY LOAN FUND

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 \$4,249,000 at June 30, 2022.

WATER INFRASTRUCTURE REVOLVING LOAN FUND

In the normal course of business, the Loan Fund makes various commitments that are not reflected in the financial statements. These commitments include nine loan commitments for \$40.3 million at June 30, 2022

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 \$142,728,000 at June 30, 2022.

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 \$202,118,000 at June 30, 2022.

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 \$152,155,000 at December 31, 2021.

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NOTE 13 - INTEREST RATE SWAP

BANK OF NORTH DAKOTA

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

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

Either the Bank or its counterparties may terminate the interest rate swap if the other party fails to perform under the terms of the contract. Termination could result in the Bank being required to make a payment of the fair value of the swap to counterparty.

The following table summarizes the derivative financial instrument utilized at December 31, 2021:

Swap	National Amount	Fair Value		Changes in Fair Value	
		Classification	Amount	Classification	Amount
June 2014	\$ 50,000,000	Other assets	\$ (5,924,000)	Deferred outflow	\$ 3,537,000
April 2015	50,000,000	Other assets	(2,691,000)	Deferred outflow	3,026,000
August 2016	50,000,000	Other assets	(337,000)	Deferred outflow	2,937,000
April 2017	50,000,000	Other assets	(4,666,000)	Deferred outflow	3,557,000
June 2017	50,000,000	Other assets	(3,355,000)	Deferred outflow	3,137,000
March 2018	50,000,000	Other assets	(6,035,000)	Deferred outflow	3,474,000
June 2018	50,000,000	Other assets	(6,380,000)	Deferred outflow	3,515,000
April 2019	50,000,000	Other assets	(5,806,000)	Deferred outflow	3,442,000
Sept 2019	50,000,000	Other assets	1,330,000	Deferred inflow	2,618,000
Oct 2019	50,000,000	Other assets	(68,000)	Deferred outflow	2,783,000
Dec 2019	45,000,000	Other assets	(519,000)	Deferred outflow	1,027,000

At December 31, 2021, the Bank was not exposed to material credit risk because each counterparty is required to fully collateralize the fair value of the swaps within \$250 of daily mark-to-market valuations by depositing funds with the other counterparty.

The Bank is exposed to interest rate risk on its swap agreements. On its pay-fixed, receive variable interest rate swaps, the Bank's net payment increases as the USD-FEDERAL FUNDS-H.15 and USD-1 MONTH SFOR interest rates decrease.

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Using rates as of December 31, 2021, 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 SFOR interest expense and the net swap payments will vary.

Year Ended December 31:	Pay Fixed	Receive Variable		Interest Rate Swap, net
	Contract Interest	Federal Fund Interest	1-Month LIBOR Interest	
2022	\$ 10,857,000	\$ 356,000	\$ 100,000	\$ 10,401,000
2023	10,707,000	347,000	100,000	10,260,000
2024	10,259,000	320,000	100,000	9,839,000
2025	10,259,000	320,000	100,000	9,839,000
2026	10,259,000	320,000	100,000	9,839,000
2027-2031	45,761,000	4,690,000	483,000	40,588,000
2032-2034	10,619,000	2,294,000	17,000	8,308,000
	<u>\$ 108,721,000</u>	<u>\$ 8,647,000</u>	<u>\$ 1,000,000</u>	<u>\$ 99,074,000</u>

NORTH DAKOTA HOUSING FINANCE AGENCY

As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance, the Agency entered into several cash flow hedges or swaps in connection with various variable-rate housing bond series. The Agency cash flow hedges are pay-fixed. All Agency cash flow hedges are pay-fixed. The intention of these swaps was to effectively change the Agency's interest rate on the bonds to a fixed rate. The Agency also has cash flow hedges that were entered into in connection with variable-rate housing bond series that no longer have bonds outstanding as those bonds have been called. The cash flow hedges that are not connected to a specific bond series hedge the risk related to the Agency's other variable-rate housing bonds that are unhedged.

The bonds and the related swap agreements have a stated issuance and maturity date. Some of the swaps have optional termination dates. Under the swaps, the Agency pays the counterparty a fixed payment and receives a variable payment computed as a percent of the London Interbank Offered Rate (LIBOR) plus a fixed percentage on the swap notional amount. On the other hand, the bond's variable-rate coupons are determined by the remarketing agent. If for any reason the remarketing agent fails to act, the rate shall be the lesser of (i) the TBMA Index plus 0.25% or (ii) the Maximum Rate as defined within the applicable series resolution.

As of June 30, 2022, the Agency had eight swaps with a positive fair value totaling \$4,569. Of the swaps with negative fair value, the Agency is not exposed to credit risk. However, the swap exposes the Agency to basis risk should the relationship between LIBOR and TBMA converge, changing the synthetic rate on bonds. The swap counterparty has guaranteed all payments and is rated AAa/AA+/AAA by Moody's Investor Services, Standard & Poor's, and Fitch, respectively. To mitigate potential credit risk, the counterparty has entered into Credit Support Agreements with Royal Bank of Canada and Wells Fargo as a credit enhancement.

The Agency has entered into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements netting provisions permit each party to net the transactions' fair values so that a single sum will be owed by, or owed to, the other party. At June 30, 2022, the Agency owed the swap providers a fixed rate on the notional amount of the swaps of \$5,476,000 and the swap providers owed the Agency a variable rate on the notional amounts of \$3,160,000 making the net payment that the Agency owed the swap providers \$2,316,000.

Due to the difference in the variable rate indices, the swaps had a net positive fair value of \$3,668,000 as of June 30, 2022. Accordingly, the financial derivative instrument is reported as a liability and the accumulated changes in fair value of the swaps are reported as a deferred inflow at June 30, 2022. 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, 2022. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized.

STATE OF NORTH DAKOTA

The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination event." That is, the swap may be terminated if counterparty's credit quality rating falls below "A3" as issued by Moody's Investors Service or "A-" as issued by Fitch Ratings or Standard & Poor's. The swap may be terminated at any time by the Agency or the counterparty with 30 days written notice up to limits specified in the swap agreement. If the swap or swaps were terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Agency would be liable to the counterparty for payment equal to the swap's fair value, but in the event the fair value is positive, the counterparty would be liable to the Agency.

The Agency is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the Agency will be re-exposed to the risks being hedged by the hedging derivative instrument. The Agency also is exposed to rollover risk on the swaps that mature and the Agency does not call the related variable rate debt.

The terms of the interest rate swaps at June 30, 2022 are as follows:

1. Bond Series	2015 C		2015 E		2015 F		2017 C	
2. Issuance Date	6/23/2015		5/1/2016		12/8/2015		5/10/2017	
3. Maturity Date	1/1/2046		7/1/2036		1/1/2047		7/1/2047	
4. Notional Amount	\$	12,690,000	\$	19,800,000	\$	15,765,000	\$	20,545,000
5. Variable-rate Bonds	\$	12,690,000	\$	19,800,000	\$	15,765,000	\$	20,545,000
6. Fixed Rate	2.486 %		2.257 %		2.320 %		2.783 %	
7. LIBOR Percentage	66.20 %		66.40 %		100.00 %		100.00 %	
8. Additional Percentage	0.10 %		0.22 %		0.00 %		0.00 %	
9. Bonds Variable-rate	0.91000 %		0.91000 %		1.65000 %		2.73904 %	
10. Fair Value	\$	325,000	\$	259,000	\$	732,000	\$	523,000
11. Percentage of LIBOR	1.28280 %		1.40638 %		1.78671 %		1.78671 %	
12. Synthetic Rate	2.11320 %		1.76062 %		2.18329 %		3.73483 %	
13. Actual Synthetic Rate	2.99321 %		2.04854 %		2.30369 %		2.75609 %	
14. Change in Fair Value	\$	624,000	\$	1,003,000	\$	1,598,000	\$	2,593,000
15. Optional Termination Date	N/A		N/A		1/1/2025		7/1/2027	

1. Bond Series	2017 H		2018 C		2019 B		2019E	
2. Issuance Date	12/21/2017		6/14/2018		2/13/2019		6/25/2019	
3. Maturity Date	7/1/2039		1/1/2049		1/1/2043		1/1/2050	
4. Notional Amount	\$	28,250,000	\$	9,355,000	\$	25,000,000	\$	12,265,000
5. Variable-rate Bonds	\$	28,250,000	\$	9,355,000	\$	25,000,000	\$	12,265,000
6. Fixed Rate	2.266 %		3.515 %		2.693 %		3.171 %	
7. LIBOR Percentage	66.40 %		100.00 %		70.00 %		100.00 %	
8. Additional Percentage	0.09 %		0.00 %		0.00 %		0.00 %	
9. Bonds Variable-rate	0.90000 %		1.60000 %		1.11000 %		1.60000 %	
10. Fair Value	\$	498,000	\$	(161,000)	\$	511,000	\$	517,000
11. Percentage of LIBOR	1.27638 %		1.78671 %		1.25070 %		1.78671 %	
12. Synthetic Rate	1.88962 %		3.32829 %		2.55180 %		2.98429 %	
13. Actual Synthetic Rate	2.22646 %		3.50048 %		3.05666 %		3.18844 %	
14. Change in Fair Value	\$	2,185,000	\$	1,290,000	\$	1,906,000	\$	2,009,000
15. Optional Termination Date	7/1/2023		7/1/2027		1/1/2024		7/1/2028	

STATE OF NORTH DAKOTA

1. Bond Series	2022C	2022E
2. Issuance Date	4/28/2022	6/14/2022
3. Maturity Date	7/1/2052	1/1/2053
4. Notional Amount	\$ 30,000,000	\$ 25,000,000
5. Variable-rate Bonds	\$ 30,000,000	\$ 25,000,000
6. Fixed Rate	2.640 %	3.808 %
7. LIBOR Percentage	100.00 %	100.00 %
8. Additional Percentage	0.05 %	0.05 %
9. Bonds Variable-rate	1.60000 %	1.60000 %
10. Fair Value	\$ 1,204,000	\$ (720,000)
11. Percentage of LIBOR	1.83671 %	1.83671 %
12. Synthetic Rate	2.40729 %	3.57129 %
13. Actual Synthetic Rate	2.78025 %	4.09642 %
14. Change in Fair Value	\$ 1,204,000	\$ (720,000)
15. Optional Termination Date	1/1/2032	1/1/2032

Using rates as of June 30, 2022, 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, 2022. As rates vary, variable-rate bond interest payments and net swap payments will vary. (Expressed in thousands.)

Fiscal Year Ending June 30	Variable-Rate Bond			Total
	Principal	Interest	Interest Rate Swap, Net	
2023	\$ 780	\$ 2,870	\$ 2,314	\$ 5,964
2024	1,470	2,845	2,306	6,621
2025	2,385	2,808	2,294	7,487
2026	3,175	2,733	2,267	8,175
2027	4,960	2,650	2,230	9,840
2028-2032	36,325	11,737	10,325	58,387
2033-2037	51,370	8,427	8,106	67,903
2038-2042	45,300	5,256	5,315	55,871
2043-2047	22,805	3,048	3,276	29,129
2048-2052	26,815	1,179	1,384	29,378
2053-2057	3,285	6	8	3,299
	<u>\$ 198,670</u>	<u>\$ 43,559</u>	<u>\$ 39,825</u>	<u>\$ 282,054</u>

NOTE 14 - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

Most of the State's business is with customers within the state. Concentrations of credit are present in the construction and operation of community water facilities, loans to medical facilities for health care construction, loans to students for post-secondary education, loans to owners of homes damaged in the 2011 floods in Barnes, Benson, Burleigh, McHenry, Morton, Ramsey, Renville, Richland and Ward counties, loans to political subdivisions in the state for infrastructure, single-family and multifamily mortgage loans, loans to assist local financial institutions in providing loans to assist very small businesses in their recovery from the impacts caused by the COVID-19 pandemic, loans to provide financing for commercialization of intellectual technology within the State and the agricultural industry. Due to the pervasive nature of agriculture in the economy of the state, all loans, regardless of type, are impacted by agriculture.

NOTE 15 - RISK MANAGEMENT

Several funds accumulate assets to cover risks that the State may incur. Specifically, the State assumes a portion or substantially all risks associated with the following:

STATE OF NORTH DAKOTA

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 2022, a total of \$111,544,700 in claims was recognized. The liability of \$998,771,000 is the present value of the unpaid claim liability discounted at 4% as determined by the actuarial.

RISK MANAGEMENT FUND

Due to the loss of sovereign immunity, the 1995 Legislature established the Risk Management Fund (RMF) to pay money damages for tort claims for which the State is liable. The statutory liability of the State is limited to a total of \$250,000 per person and \$1,000,000 per occurrence. The State purchases commercial insurance for claims in excess of coverage provided by the Fund and continues to transfer liabilities for medical malpractice and aviation to private insurance carriers. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

Revenues to the RMF are generated from contributions required from state agencies, boards and commissions, and the University System. The need for and amount of funding is determined using a projected cost allocation approach. The premise of this plan is that the agencies with greater expected loss costs should contribute more to the funding of the RMF than those agencies with lesser costs. The underlying logic is that contributions should roughly equal loss costs plus the expenses of administering the program over the long term.

The RMF liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Unpaid claim liabilities are based on an actuarial study of the outstanding loss reserve need for the fund and a forecast of ultimate loss and loss expense. These liabilities were determined on an undiscounted expected level of ultimate loss. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrines, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities will be re-evaluated periodically to take in consideration settled claims, the frequency of claims, and other economic and social factors.

The following table presents the changes in claims liabilities balance for the fiscal years ending June 30, 2022 and 2021:

Fiscal Year	Beginning Balance	Current Year Claims and Changes In Estimates	Claims Payments	Ending Balance
2022	\$ 3,748,309	\$ 520,593	\$ (417,908)	\$ 3,850,994
2021	3,746,363	641,476	(639,530)	3,748,309

STATE OF NORTH DAKOTA

The Risk Management Workers Compensation Program (WCP) was established to consolidate all state entities under one workers compensation account, allowing for transitional duty between entities. The statutory liability of the fund is limited to \$100,000 per claim with Workforce Safety & Insurance, providing excess insurance for claims that exceed the \$100,000 cap. WCP pays separately for this coverage. Since the inception of WCP on July 1, 2001, fifty claims exceeded coverage by \$15,068,511.

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, 2022 and 2021:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims and Changes In Estimates</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2022	\$ 3,462,971	\$ 1,930,118	\$ (3,362,982)	\$ 2,030,107
2021	4,938,728	1,248,167	(2,723,924)	3,462,971

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 1,205 policies to participating entities for a total building and content coverage of \$18.8 billion. The Bonding Fund is used to provide fidelity bonding of public employees and officials. The Fund has issued 1,608 policies to participating entities. The total coverage for the Bonding Fund is \$879.7 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, 2022 that would reduce the fund's liability.

STATE OF NORTH DAKOTA

WORKFORCE SAFETY & INSURANCE

Workforce Safety & Insurance (WSI), an Enterprise Fund, is a state insurance fund and a “no fault” insurance system covering the State’s employers and employees. At June 30, 2022, coverage extended to the following employers:

Annual Premium	
\$250 - \$5,000	20,474
\$5,001 - \$50,000	4,327
\$50,001 - \$100,000	354
Over \$100,000	297
Total Employers	25,452

WSI is financed by premiums assessed to the employers doing business in North Dakota. The premiums are available primarily for the payment of claims to employees injured in the course of employment.

The operations of WSI are accounted for on the accrual basis. Liability for incurred loss and loss adjustment expense (LAE) is estimated by WSI’s actuary. The estimate is developed by WSI’s actuary, taking into consideration past experience of WSI in paying claims, and general conditions of the environment in which WSI operates. The liability is based on the estimated ultimate costs to settle both reported and incurred but not report (IBNR) losses and LAE, and includes the effects of inflation and other societal and economic factors. The actuarial computations also include a 4% discount to report this liability at its present value.

Management believes the estimated liability for losses and loss adjustment expense is sufficient to cover the ultimate net cost of incurred losses, but such loss reserves are necessarily based on estimates and the ultimate liability may be greater or less than the amounts estimated. As adjustments to this estimated liability become necessary, such adjustments are reflected in current operations.

For the year ended June 30, 2022, the consulting actuaries presented an estimate in the form of a range to emphasize the uncertainty for a “long-tailed” liability insurer such as workers’ compensation. These ranges are as follows (expressed in thousands):

	Low	Central Value	High
Full value basis, undiscounted	\$ 1,394,635	\$ 1,501,671	\$ 1,602,757
Present value basis, discounted at 4%	925,389	998,771	1,050,261

WSI has adjusted the estimated liability for unpaid loss and loss adjustment expense to the actuary’s 4 percent discounted expected value of \$998,771,000 at June 30, 2022.

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 2022 calendar year has two coverage levels, with retention limits of \$10 million and \$20 million. For the year ended June 30, 2022 WSI recorded ceded losses of \$1,679,305 and ceded premiums of \$650,841.

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):

STATE OF NORTH DAKOTA

	Fire And Tornado		Bonding		Workforce Safety & Ins	
	2022	2021	2022	2021	2022	2021
Unpaid claims and claims adjustment expenses at the beginning of the year	\$ 1,808	\$ 1,031	\$ 134	\$ 134	\$1,000,099	\$1,029,792
Incurring claims and claims adjustment expenses:						
Provision for current fiscal year	1,674	3,511	(3)	59	136,741	144,856
Change in provision for prior fiscal year	1,151	(2,645)	—	—	(30,454)	(141,790)
Payments and claims and adjustment expenses attributable to:						
Current fiscal year insured events	(2,939)	(3,705)	(131)	(193)	(34,397)	(32,823)
Prior fiscal years' insured events	—	—	134	134	(78,476)	(91,783)
Total Payments	<u>(2,939)</u>	<u>(3,705)</u>	<u>3</u>	<u>(59)</u>	<u>(112,873)</u>	<u>(124,606)</u>
Change in provision for discount	—	—	—	—	5,258	91,847
Total unpaid claims and claims adjustment expenses at the end of the year	<u>\$ 1,694</u>	<u>\$ (1,808)</u>	<u>\$ 134</u>	<u>\$ 134</u>	<u>\$ 998,771</u>	<u>\$1,000,099</u>

NOTE 17 - BANK OF NORTH DAKOTA

GASB Statement No. 34 requires assets and liabilities of enterprise funds be presented in a classified format to distinguish between current and long-term assets and liabilities. The Bank of North Dakota is the only government-owned bank in the United States. Banks do not present a classified statement of net position because current assets are not matched with current liabilities. Presentation of a classified statement of net position would give the false impression that there is a liquidity problem at the bank. Presentation of a classified statement of net position for the Bank of North Dakota would be misleading to the extent that the financial statements may be materially misstated. Therefore, the statement of net position of the Bank of North Dakota presents assets and liabilities in order of their relative liquidity, rather than in a classified format.

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, 2022, the total outstanding balance on these contracts was \$109.7 million.

JUDICIARY SYSTEM

As of June 30, 2022, the Judiciary System had commitments to for juvenile court contracts totaling \$1.8 million, of which \$1.2 millions is left to be paid.

MILL AND ELEVATOR

As of June 30, 2022, the Mill had commitments to purchase 5,507,731 bushels of spring wheat and 784,946 bushels of durum.

JOB SERVICE NORTH DAKOTA

As of June 30, 2022, the Agency has commitments to pay \$713,457 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, 2022, the Fund had six outstanding commitments for \$50.8 million.

STATE OF NORTH DAKOTA

HOUSING INCENTIVE FUND

The Fund makes various commitments relating to construction projects to meet unmet housing needs across North Dakota. The Fund had \$8,575,157 of signed commitments for construction projects as of June 30, 2022. The Fund had \$12,498,261 of HIF funds awarded for construction projects as of June 30, 2022. The total paid on these commitments as of June 30, 2022 was \$3,923,104.

DEPARTMENT OF HUMAN SERVICES

As of June 30, 2022, the Department of Human Services had significant commitments for the purchase of various types of services totaling \$737,769,538.

NORTH DAKOTA LOTTERY

The Lottery contracts with a third party to provide an online gaming system and related services through June 30, 2024. Total payment for these services during the year ended June 30, 2022 were \$3.04 million based on 9.573% of ticket sales. The Lottery's future obligation through June 30, 2024 is based on 9.573% of ticket sales. Additionally, the Lottery pays an annual minimum fee of \$325,000 to provide the Player's Club Points for Prizes program.

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION

At June 30, 2022, the North Dakota Department of Transportation (Special Revenue Fund) had non-construction contract commitments of approximately \$139.1 million, of which \$0.1 million represents federal programs which are cost reimbursable. Construction commitments at June 30, 2022 totaled approximately \$407 million, of which \$324 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, 2022, for which funds have not been disbursed or written agreements entered into in the amount of \$7.3 million.

NORTH DAKOTA SOYBEAN COUNCIL

As of June 30, 2022, 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, 2022, the State Water Commission had long-term commitments of \$349.4 million for various water projects.

UNIVERSITY SYSTEMS

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

	<u>Original Issue</u>	<u>Paid To Date</u>	<u>Amount To Be Paid</u>
BSC	\$ 38,000	\$ 271	\$ 37,729
DCB	3,769	2,709	1,060
DSU	7,021	174	6,847
LRSC	—	—	—
MaSU	1,903	632	1,271
MiSU	4,333	730	3,603
NDSUS	661	642	19
NDSU	170,869	69,358	101,511
UND	285,509	229,067	56,442
VCSU	27,763	26,059	1,704
Total	<u>\$ 539,828</u>	<u>\$ 329,642</u>	<u>\$ 210,186</u>

STATE OF NORTH DAKOTA

OTHER CONSTRUCTION COMMITMENTS

That State has entered into construction commitments. As of June 30, 2022, the following commitment exists on other construction contracts, in thousands:

Office of Management and Budget	\$	719
Secretary of State		566
Attorney General		625
Health Department		3,076
Veterans Homes		30
Department of Human Services		80,624
State Historical Society		1,385
Game and Fish		172
Department of Transportation		195,578

B. LITIGATION

The estimated loss in all of the litigation against the State in which a loss to the State that is reasonably possible to result in an unfavorably outcome is estimated to be \$266,000.

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, 2020, was completed and issued in March of 2021. As a result of this audit, approximately \$178,000 of identifiable questioned costs were noted. Also, there were several findings which had potentially significant, unknown, questioned costs. The State is cooperating with the federal government to resolve the findings and is optimistic these findings will not have a material impact on the State.

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 \$563.1 million as of June 30, 2022. The State recognized revenue of \$23.3 million of tobacco settlement revenue during the year ended June 30, 2022. The amount of the annual payment is subject to a number of modifications, including adjustments for inflation and usage volumes. Some of the adjustments may result in increases in the payments (inflation, for example), or other adjustments will likely cause decreases in the payments (e.g., volume adjustments). The net effect of these adjustments on future payments is unclear.

NOTE 20 - SUBSEQUENT EVENTS

BANK OF NORTH DAKOTA

Subsequent to year end, the bank paid off its entire debt balance of \$186 million.

The bank had unrealized losses of \$277 million as of October 31, 2022. The bank strategically increased its portfolio exposure by 2 billion in 2022 as the rising rate environment offered sound investment options. The mark to market variances of some of the available-for-sale portfolios are offset by the pickup the bank has on SWAP gains. As of October 31, 2022, derivative gains are recorded at \$73.5 million.

STATE OF NORTH DAKOTA

PUBLIC FINANCE AUTHORITY

Subsequent to year end, the Authority issued \$320.9 million of legacy fund infrastructure program bonds payable. The bonds have a net interest rate of 4.58% and mature between 2023 and 2041.

HOUSING FINANCE AUTHORITY

The Agency issued Series 2022F Homeownership Revenue Bonds totaling \$75 million in August 2022. The bonds have an interest rate ranging from 1.55% to 5.00% and mature between July 1, 2023 and January 1, 2053. Subsequent events have been evaluated through October 5, 2022, the date these financial statements were available to be issued.

MILL AND ELEVATOR

Subsequent to year end, the Mill and Elevator entered into a contract for \$33 million for the construction of a storage and handling facility.

NORTH DAKOTA DEVELOPMENT FUND

The fund approved loans subsequent to year end totaling \$4,025,000.

UNIVERSITY SYSTEMS

NDSU Foundation has drawn down \$9.8 million on the construction loan for the Nodak Insurance Football Performance Complex subsequent to the audit report date of April 29, 2022. NDSU Foundation has experienced endowment pool losses of 13 percent or \$57 million since April 29, 2022.

NOTE 21 - NEW PRONOUNCEMENTS

The State implemented the following new pronouncement for fiscal year 2022:

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. 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. 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

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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.

The State will implement the following new pronouncements for fiscal years ending after 2022. Management has not yet determined the effect these Statements will have on the State's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement provides definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like 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. 99, *Omnibus 2022*, provides guidance on the following accounting matters:

- a. Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- b. Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- c. Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- d. Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.

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- e. Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- f. Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- g. Disclosures related to nonmonetary transactions.
- h. Pledges of future revenues when resources are not received by the pledging government.
- i. Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statement.
- j. Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- k. Terminology used in Statement 53 to refer to resource flows statements.

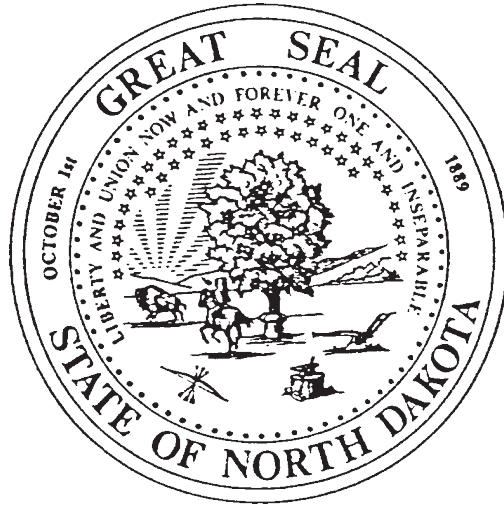
The requirements of this statement are effective as follows:

- a. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to State[1]ment 53 and Statement 63 are effective upon issuance.
- b. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- c. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, provides guidance on accounting and financial reporting requirements for accounting changes and error corrections. Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences*, provides guidance on the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Required Supplementary Information



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STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule General Fund

For the Fiscal Year Ended June 30, 2022

	Approved Budget 2021-2023 Biennium	Appropriation Adjustments 2021-2023 Biennium	Adjusted Budget 2021-2023 Biennium	Actual Biennium To Date Thru 6-30-22	Difference Uncollected/ Unspent Thru 6-30-22
Budgetary Fund Balance, July 1	\$ 710,259,973	\$ —	\$ 710,259,973	\$ 1,877,183,365	\$ 1,166,923,392
Resources (Inflows):					
Sales and Use Tax	1,765,334,000	—	1,765,334,000	976,113,737	(789,220,263)
Income Tax	1,003,000,000	—	1,003,000,000	669,424,802	(333,575,198)
Oil And Gas Production Tax	238,369,403	—	238,369,403	266,112,633	27,743,230
Oil Extraction Tax	161,630,597	—	161,630,597	133,887,367	(27,743,230)
Insurance Premium Tax	101,573,801	—	101,573,801	63,732,191	(37,841,610)
Cigarette, Cigar and Tobacco Tax	43,775,200	—	43,775,200	23,372,772	(20,402,428)
Wholesale Liquor Tax	16,932,000	—	16,932,000	9,799,661	(7,132,339)
Coal Conversion Tax	—	—	—	1,743,191	1,743,191
Gaming Tax	9,753,592	—	9,753,592	301,316	(9,452,276)
Lottery	14,600,000	—	14,600,000	5,600,000	(9,000,000)
Department Fees and Collections	78,075,658	—	78,075,658	38,533,152	(39,542,506)
Mineral Leasing Fees	35,000,000	—	35,000,000	40,089,968	5,089,968
Motor Vehicle Excise Tax	260,864,000	—	260,864,000	137,876,350	(122,987,651)
Interest on Public Funds	20,000,000	—	20,000,000	4,392,750	(15,607,250)
Gas Tax Administration	1,873,744	—	1,873,744	936,872	(936,872)
Transfers In	595,500,000	—	595,500,000	223,372,177	(372,127,823)
Total Revenue Inflows	4,346,281,995	—	4,346,281,995	2,595,288,939	(1,750,993,056)
Amounts Available for Appropriation	5,056,541,968	—	5,056,541,968	4,472,472,304	(584,069,664)
Charges to Appropriations (Outflows):					
General Government:					
Governor's Office	4,587,944	29,172	4,617,116	2,196,641	2,420,475
Secretary of State	5,263,621	490,287	5,753,908	2,802,801	2,951,107
Secretary of State Public Printing	257,931	—	257,931	228,041	29,890
Office of Management and Budget	34,026,399	21,232,083	55,258,482	34,977,336	20,281,146
Information Technology	28,975,953	19,909	28,995,862	15,345,073	13,650,789
State Auditor	9,119,110	—	9,119,110	4,380,029	4,739,081
State Treasurer	1,705,918	15,000	1,720,918	850,995	869,923
Attorney General	42,646,718	143,531	42,790,249	21,454,988	21,335,261
Tax Department	64,241,316	—	64,241,316	28,791,388	35,449,928
Legislative Assembly	19,692,464	869,899	20,562,363	5,711,005	14,851,358
Legislative Council	16,370,410	4,665,515	21,035,925	7,355,253	13,680,672
Supreme Court	112,312,790	—	112,312,790	52,360,922	59,951,868
Legal Counsel for Indigents	19,294,363	—	19,294,363	9,343,086	9,951,277
Ethics Commission	623,984	—	623,984	272,773	351,211
Education:					
Public Instruction	1,658,396,873	250,001	1,658,646,874	781,218,302	877,428,572
Land Department	—	2,520	2,520	—	2,520
State Library	5,831,721	—	5,831,721	2,486,472	3,345,249
School for the Deaf	7,406,556	125,783	7,532,339	3,599,610	3,932,729
School for the Blind	4,761,879	—	4,761,879	2,236,088	2,525,791
Vocational Education	41,735,063	—	41,735,063	20,994,272	20,740,791
Health & Human Services:					
Dept. of Health	44,103,431	—	44,103,431	16,882,407	27,221,024
Dept. of Environmental Quality	13,661,075	—	13,661,075	6,071,430	7,589,645
Veteran's Home	5,805,643	—	5,805,643	2,936,524	2,869,119
Indian Affairs Commission	1,095,715	—	1,095,715	411,258	684,457
Veteran's Affairs	1,570,624	53,095	1,623,719	665,313	958,406
Dept. of Human Services-Management	97,670,503	3,334,797	101,005,300	40,204,788	60,800,512
Dept. of Human Services-Program and Policy	1,294,065,172	8,375,722	1,302,440,894	518,750,495	783,690,399
Dept. of Human Services-Centers	98,529,055	(5,845,850)	92,683,205	49,660,159	43,023,046
Dept. of Human Services-Institutions	87,515,749	(150,646)	87,365,103	39,859,269	47,505,834
Dept. of Human Services-County Social Service	1,240,391	—	1,240,391	157	1,240,234
Protection and Advocacy	3,139,350	—	3,139,350	1,368,828	1,770,522
Job Service	410,229	—	410,229	211,505	198,724
Regulatory:					
Industrial Commission	51,595,873	—	51,595,873	37,164,398	14,431,475
Labor Commission	2,394,186	—	2,394,186	810,512	1,583,674
Public Service Commission	6,431,087	—	6,431,087	2,832,810	3,598,277
Public Safety and Corrections:					
Highway Patrol	36,327,762	50,530	36,378,292	13,849,059	22,529,233
Corrections & Rehab	218,165,809	6,267,438	224,433,247	90,134,674	134,298,573
Adjutant General	24,862,232	1,541,612	26,403,844	11,752,049	14,651,795
Agriculture & Commerce:					
Department of Commerce	34,667,572	9,396,086	44,063,658	24,372,191	19,691,467
Department of Agriculture	23,959,712	—	23,959,712	16,596,347	7,363,365
State Fair	542,833	—	542,833	271,417	271,416
Racing Commission	407,894	7,560	415,454	205,323	210,131
Natural Resources:					
Historical Society	19,411,350	1,181,603	20,592,953	9,046,945	11,546,008
Council on the Arts	1,662,766	13,874	1,676,640	671,282	1,005,358
Parks and Recreation	13,573,491	1,126,520	14,700,011	7,374,352	7,325,659
Transportation:					
Aeronautics Commission	475,000	—	475,000	344,204	130,796
Department of Transportation	—	41,400	41,400	23,041	18,359
Transfers Out	832,421,813	35,316,970	867,738,783	431,058,954	436,679,829
Total Charges to Appropriations	4,992,957,330	88,554,411	5,081,511,741	2,320,134,766	2,761,376,975
Ending Budgetary Fund Balance	\$ 63,584,638	\$ (88,554,411)	\$ (24,969,773)	\$ 2,152,337,538	\$ 2,177,307,311

STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule Budget to GAAP Reconciliation General Fund For the Fiscal Year Ended June 30, 2022

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	2,595,288,939
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	(21,752,184)
Funds considered General funds for GAAP but not for Budget	99,652,500
Certain due from other funds are recorded under GAAP, but not Budget	91,125
Reimbursement activity between state agencies is eliminated only for GAAP	(277,909)
Proceeds are recorded for new leases on GAAP, but not for Budget	7,177,850
Repayment received on loan receivable are revenue for Budget to GAAP	(14,066,525)
Total revenues, lease acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 2,666,113,796</u>

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	2,320,134,766
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	1,316,814
Funds considered General funds for GAAP but not for Budget	128,353,628
New leases are recorded as expenditures for GAAP, but not for Budget	7,177,850
Certain due to other funds are recorded under GAAP, but not for Budget	6,786,712
Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 2,463,769,770</u>

STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule Federal Fund For the Fiscal Year Ended June 30, 2022

	Approved Budget 2021-2023 Biennium	Appropriation Adjustments 2021-2023 Biennium	Adjusted Budget 2021-2023 Biennium	Actual Biennium To Date Thru 6-30-22	Difference Uncollected/ Unspent Thru 6-30-22
Budgetary Fund Balance, July 1	\$ —	\$ —	\$ —	\$ —	\$ —
Resources (Inflows):					
Other Budgeted Income	5,794,903,920	1,508,015,669	7,302,919,589	2,775,046,443	(4,527,873,146)
Total Revenue Inflows	5,794,903,920	1,508,015,669	7,302,919,589	2,775,046,443	(4,527,873,146)
Amounts Available for Appropriation	5,794,903,920	1,508,015,669	7,302,919,589	2,775,046,443	4,527,873,146
Charges to Appropriations (Outflows):					
General Government:					
Secretary of State	3,121,865	4,021,430	7,143,295	1,346,012	5,797,283
Office of Management and Budget	500,000	12,660,333	13,160,333	1,869,395	11,290,938
Information Technology	14,078,179	46,988,081	61,066,260	7,871,379	53,194,881
State Auditor	1,472,960	(100,000)	1,372,960	500,806	872,154
State Treasurer	50,160,000	95,402,288	145,562,288	118,921,616	26,640,672
Attorney General	14,650,990	3,566,188	18,217,178	5,767,301	12,449,877
Tax Department	125,000	—	125,000	6,347	118,653
Administrative Hearings	—	20,000	20,000	2,800	17,200
Legislative Assembly	—	152,140	152,140	144,591	7,549
Legislative Council	—	61,373	61,373	61,373	—
Supreme Court	914,563	2,380,000	3,294,563	1,247,250	2,047,313
Education:					
Public Instruction	674,653,996	145,079,304	819,733,300	353,098,365	466,634,935
State Library	4,443,884	—	4,443,884	1,079,792	3,364,092
School for the Deaf	423,109	(300,000)	123,109	63,923	59,186
School for the Blind	97,500	5,000	102,500	98,919	3,581
Vocational Education	81,814,843	18,916,228	100,731,071	6,080,909	94,650,162
Health & Human Services:					
Dept. of Health	193,256,901	143,117,704	336,374,605	143,916,249	192,458,356
Dept. of Environmental Quality	25,585,277	2,965,000	28,550,277	11,487,772	17,062,505
Veteran's Home	1,300,000	2,240,374	3,540,374	1,397,110	2,143,264
Veteran's Affairs	1,803,650	647,000	2,450,650	690,711	1,759,939
Dept. of Human Services-Management	137,298,878	25,396,995	162,695,873	52,645,527	110,050,346
Dept. of Human Services-Program and Policy	2,617,845,768	428,985,011	3,046,830,779	1,424,500,520	1,622,330,259
Dept. of Human Services-Centers	44,666,940	10,900	44,677,840	16,161,717	28,516,123
Dept. of Human Services-Institutions	25,788,340	4,961,002	30,749,342	23,663,122	7,086,220
Dept. of Human Services-County Social Service	1,176,874	88,000	1,264,874	55,274	1,209,600
Protection and Advocacy	4,263,590	—	4,263,590	1,917,638	2,345,952
Job Service	64,389,161	—	64,389,161	26,333,583	38,055,578
Regulatory:					
Insurance Department	1,264,642	—	1,264,642	321,138	943,504
Industrial Commission	238,004	181,635,352	181,873,356	7,718,591	174,154,765
Labor Commission	516,868	—	516,868	255,567	261,301
Public Service Commission	11,196,971	20,000	11,216,971	3,689,268	7,527,703
Public Safety and Corrections:					
Highway Patrol	17,989,627	2,858,000	20,847,627	13,086,612	7,761,015
Corrections & Rehab	39,462,078	23,817,334	63,279,412	37,584,512	25,694,900
Adjutant General	142,927,728	93,477,819	236,405,547	63,820,429	172,585,118
Agriculture & Commerce:					
Department of Commerce	112,320,270	61,155,470	173,475,740	31,975,080	141,500,660
Department of Agriculture	14,635,914	5,500,000	20,135,914	6,985,790	13,150,124
Natural Resources:					
Historical Society	7,141,953	1,122,450	8,264,403	1,771,941	6,492,462
Council on the Arts	2,537,982	—	2,537,982	1,542,517	995,465
Game and Fish	41,456,533	1,040,097	42,496,630	17,567,695	24,928,935
Parks and Recreation	21,595,895	15,948,630	37,544,525	1,835,368	35,709,157
Water Commission	61,066,031	75,043,250	136,109,281	47,865,572	88,243,709
Transportation:					
Aeronautics Commission	845,000	5,000,000	5,845,000	780,006	5,064,994
Department of Transportation	1,355,876,156	104,132,916	1,460,009,072	337,316,356	1,122,692,716
Total Charges to Appropriations	5,794,903,920	1,508,015,669	7,302,919,589	2,775,046,443	4,527,873,146
Ending Budgetary Fund Balance	\$ —	\$ —	\$ —	\$ —	\$ —

STATE OF NORTH DAKOTA

Required Supplemental Information
Budgetary Comparison Schedule
Budget to GAAP Reconciliation
Federal Fund
For the Fiscal Year ended June 30, 2022

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	2,775,046,443
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	74,327,958
Total revenues, lease acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 2,849,374,401</u>

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	2,775,046,443
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	361,091,946
New Loans issued are expenditures for Budget but not for GAAP	(4,835,830)
GAAP, but not Budget expenditures are reduced by year end inventory balances	20,195,791
Intrafund activity eliminated for GAAP	(326,188,314)
Certain due to other funds are recorded under GAAP, but not for Budget	1,328,271
Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 2,826,638,307</u>

STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule State Fund For the Fiscal Year Ended June 30, 2022

	Approved Budget 2021-23 Biennium	Appropriation Adjustments 2021-23 Biennium	Adjusted Budget 2021-23 Biennium	Actual Biennium To Date Thru 6-30-22	Difference Uncollected/ Unspent Thru 6-30-22
Budgetary Fund Balance, July 1	\$ —	\$ —	\$ —	\$ —	\$ —
Resources (Inflows):					
Other Budgeted Income	3,040,184,209	478,276,219	3,518,460,428	1,224,002,680	(2,294,457,748)
Total Revenue Inflows	3,040,184,209	478,276,219	3,518,460,428	1,224,002,680	(2,294,457,748)
Amounts Available for Appropriation	3,040,184,209	478,276,219	3,518,460,428	1,224,002,680	(2,294,457,748)
Charges to Appropriations (Outflows):					
General Government:					
Governor's Office	—	244,246	244,246	191,350	52,896
Secretary of State	5,183,709	448,018	5,631,727	1,172,148	4,459,579
Office of Management & Budget	15,023,413	286,461	15,309,874	5,284,510	10,025,364
Information Technology	232,091,926	80,000,000	312,091,926	128,832,780	183,259,146
State Auditor	4,353,192	100,000	4,453,192	1,674,004	2,779,188
State Treasurer	20,000,000	—	20,000,000	19,999,900	100
Attorney General	34,508,138	911,287	35,419,425	14,040,547	21,378,878
Administrative Hearings	2,881,529	—	2,881,529	1,045,147	1,836,382
Legislative Council	70,000	—	70,000	25,934	44,066
Supreme Court	502,500	—	502,500	227,600	274,900
Legal Counsel for Indigents	1,994,850	—	1,994,850	743,585	1,251,265
Education:					
Public Instruction	603,279,754	10,319,360	613,599,114	309,060,211	304,538,903
Land Department	10,402,999	17,676,151	28,079,150	6,261,377	21,817,773
State Library	87,259	—	87,259	33,270	53,989
School for the Deaf	3,086,419	369,585	3,456,004	933,529	2,522,475
School for the Blind	1,379,178	—	1,379,178	727,494	651,684
Vocational Education	3,204,974	1,500,000	4,704,974	1,228,767	3,476,207
Health & Human Services:					
Dept. of Health	31,361,873	—	31,361,873	9,598,268	21,763,605
Dept. of Environmental Quality	21,384,653	2,056,000	23,440,653	9,676,723	13,763,930
Veteran's Home	19,724,040	248,225	19,972,265	8,394,402	11,577,863
Dept. of Human Services-Management	2,631,764	5,438,680	8,070,444	2,894,969	5,175,475
Dept. of Human Services-Program and Policy	131,394,944	2,468,600	133,863,544	13,057,479	120,806,065
Dept. of Human Services-Centers	26,588,030	(1)	26,588,029	7,104,343	19,483,686
Dept. of Human Services-Institutions	17,229,985	559,907	17,789,892	6,324,996	11,464,896
Dept. of Human Services-County Social Service	187,500,121	785,000	188,285,121	90,945,309	97,339,812
Job Service	606,102	—	606,102	49,551	556,551
Regulatory:					
Insurance Department	30,209,538	250,000	30,459,538	14,409,717	16,049,821
Industrial Commission	24,131,181	472,004	24,603,185	12,376,772	12,226,413
Public Service Commission	2,264,724	(20,000)	2,244,724	614,103	1,630,621
Financial Institutions	9,106,507	275,000	9,381,507	4,215,736	5,165,771
Securities Commission	2,808,984	—	2,808,984	1,353,076	1,455,908
Public Safety and Corrections:					
Highway Patrol	12,494,025	66,431	12,560,456	6,464,532	6,095,924
Corrections & Rehab	27,185,537	—	27,185,537	9,561,821	17,623,716
Adjutant General	27,978,503	1,950,848	29,929,351	3,758,606	26,170,745
Agriculture & Commerce:					
Department of Commerce	39,458,285	1,188,986	40,647,271	9,548,336	31,098,935
Department of Agriculture	19,874,861	2,500,000	22,374,861	9,286,032	13,088,829
Racing Commission	166,601	—	166,601	70,732	95,869
Natural Resources:					
Historical Society	287,999	75,000	362,999	16,646	346,353
Council of Arts	10,000	269,000	279,000	187,413	91,587
Game and Fish	50,911,601	2,245,699	53,157,300	21,147,128	32,010,172
Parks and Recreation	13,536,498	3,796,286	17,332,784	6,313,093	11,019,691
Water Commission	479,733,098	285,217,547	764,950,645	174,947,726	590,002,919
Transportation:					
Aeronautics Commission	29,896,987	2,360,661	32,257,648	11,263,416	20,994,232
Department of Transportation	893,657,928	54,217,238	947,875,166	298,939,602	648,935,564
Total Charges to Appropriations	3,040,184,209	478,276,219	3,518,460,428	1,224,002,680	2,294,457,748
Ending Budgetary Fund Balance	\$ —	\$ —	\$ —	\$ —	\$ —

STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule Budget to GAAP Reconciliation State Fund For the Fiscal Year ended June 30, 2022

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	1,224,002,680
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	1,676,710,513
Total revenues, lease acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 2,900,713,193</u>

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	1,224,002,680
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	1,969,711,870
New Loans issued are expenditures for Budget but not for GAAP	20,422,403
GAAP, but not Budget expenditures are reduced by year end inventory balances	750,273
Intrafund activity eliminated for GAAP	(618,633,936)
Certain due to other funds are recorded under GAAP, but not for Budget	(7,389,473)
Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 2,588,863,817</u>

STATE OF NORTH DAKOTA

Note To Required Supplemental Information - Budgetary Reporting For the Fiscal Year Ended June 30, 2022

The Budgetary Comparison Schedules present comparisons of the original and revised legally adopted budgets with actual data on a budgetary basis for major funds. The only major fund with a legally adopted budget is the General Fund. All other funds are budgeted together as "Other Budgeted Funds." A budgetary schedule has been done for these other funds because they include budgeted amounts for the Federal Fund and State Funds, which are major special revenue funds. These amounts are reported on the schedules entitled "Federal Funds" and "State Funds".

North Dakota's Appropriation Acts include a dual legal level of budgetary control - one at the General Fund versus Other Budget Income level for each agency and one at the line item level for each agency. Line items are not separate between General Fund and Other Budgeted Income so that control is not presented in our budgetary comparison schedule for major funds. The legal level of control for all agencies is reported in a publication titled "State of North Dakota 2021-2023 Biennium Budget and Actual Detail (Budgetary Basis) For the Fiscal Year Ended June 30, 2022." This budget information is available through the Office of Management and Budget, 600 East Boulevard Ave Dept. 110, Bismarck, ND 58505. For the 2021-2023 biennium there were general, federal, and special fund supplemental appropriations of \$2,074,846,299.

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, 2022, for the General Fund, Federal Fund, and State Fund is on the previous pages.

STATE OF NORTH DAKOTA

Required Supplementary Information Schedule of State's Share of Net Pension Liability North Dakota Public Employee Retirement System Last 10 Fiscal Years*

(Dollars in thousands)

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Plan fiduciary net position	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	48.518942%	\$ 505,713	\$ 619,117	\$ 1,916,364	81.68%	79.13%
2021	49.782079%	1,566,155	589,042	1,570,261	265.88%	49.44%
2020	48.640060%	570,358	569,875	1,506,252	100.08%	72.53%
2019	50.378759%	859,160	569,979	1,496,340	150.74%	63.53%
2018	51.879909%	833,182	588,960	1,415,199	141.47%	62.65%
2017	53.421343%	520,338	566,915	1,290,070	91.78%	71.10%
2016	54.824190%	365,845	494,732	1,300,271	73.95%	77.70%
2015	55.154588%	348,760	477,406	1,258,398	73.05%	78.17%

*Complete data for this schedule is not available prior to 2015. Amounts presented for each fiscal year have a measurement date of the previous fiscal year end.

Required Supplementary Information Schedule of State's Contributions North Dakota Public Employee Retirement System Last 10 Fiscal Years*

(Dollars in thousands)

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2022	\$ 43,631	\$ (43,632)	\$ (1)	\$ 633,498	6.89 %
2021	42,920	(42,906)	14	619,117	6.93%
2020	40,941	(41,030)	(89)	589,042	6.95%
2019	40,036	(40,022)	14	569,875	7.02%
2018	39,824	(39,815)	9	569,979	6.99%
2017	41,089	(41,034)	55	588,960	6.98%
2016	39,895	(40,330)	(435)	566,915	7.11%
2015	37,076	(37,571)	(495)	494,732	7.59%

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

STATE OF NORTH DAKOTA

Required Supplementary Information
Schedule of State's Share of Net Pension Liability
North Dakota Highway Patrolmen's Retirement System
Last 10 Fiscal Years*
(Dollars in thousands)

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Plan fiduciary net position	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	100.00%	\$ 23,295	\$ 11,637	\$ 100,076	202.28%	81.12%
2021	100.00%	96,045	11,038	82,184	841.78%	46.11%
2020	100.00%	24,900	10,608	81,416	240.48%	76.58%
2019	100.00%	19,457	10,929	78,929	181.21%	80.22%
2018	100.00%	20,711	10,934	73,336	189.42%	77.98%
2017	100.00%	22,111	10,527	65,811	210.04%	74.85%
2016	100.00%	13,436	10,146	66,676	132.43%	83.23%
2015	100.00%	9,766	9,348	65,667	104.47%	87.05%

*Complete data for this schedule is not available prior to 2015. Amounts presented for each fiscal year have a measurement date of the previous fiscal year end.

Required Supplementary Information
Schedule of State's Contributions
North Dakota Highway Patrolmen's Retirement System
Last 10 Fiscal Years*
(Dollars in thousands)

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2022	\$ 2,479	\$ (2,479)	\$ —	\$ 12,402	19.99 %
2021	2,293	(2,293)	—	11,637	19.70 %
2020	2,175	(2,175)	—	11,038	19.70 %
2019	2,091	(2,091)	—	10,608	19.71 %
2018	2,153	(2,153)	—	10,929	19.70 %
2017	2,154	(2,154)	—	10,934	19.70 %
2016	2,127	(2,127)	—	10,527	20.21 %
2015	2,002	(2,002)	—	10,146	19.73 %

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

STATE OF NORTH DAKOTA

Required Supplementary Information
Schedule of State's Share of Net Pension Liability
Retirement Plan for the Employees of Job Service North Dakota
Last 10 Fiscal Years*
(Dollars in thousands)

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Plan fiduciary net position	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	100.00%	\$ (31,760)	\$ 200	\$ 96,604	(18,130.18)%	148.98 %
2021	100.00%	(31,122)	386	95,251	(9,892.34)%	148.53 %
2020	100.00%	(31,006)	417	97,203	(7,443.56)%	146.84 %
2019	100.00%	(27,459)	471	95,588	(6,590.37)%	140.30 %
2018	100.00%	(33,636)	563	97,265	(5,974.42)%	152.86 %
2017	100.00%	(35,329)	565	96,534	(6,252.92)%	157.72 %
2016	100.00%	(32,893)	674	96,283	(4,880.27)%	151.89 %
2015	100.00%	(32,650)	753	97,697	(4,335.99)%	150.20 %

*Complete data for this schedule is not available prior to 2015. Amounts presented for each fiscal year have a measurement date of the previous fiscal year end.

Required Supplementary Information
Schedule of State's Contributions
Retirement Plan for the Employees of Job Service North Dakota
Last 10 Fiscal Years*
(Dollars in thousands)

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2022	\$ —	\$ —	\$ —	\$ 133	0.00%
2021	—	—	—	200	0.00%
2020	—	—	—	386	0.00%
2019	—	—	—	417	0.00%
2018	—	—	—	471	0.00%
2017	—	—	—	563	0.00%
2016	—	—	—	565	0.00%
2015	—	—	—	674	0.00%

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

STATE OF NORTH DAKOTA

Required Supplementary Information Schedule of State's Share of Net Pension Liability North Dakota Teachers' Fund for Retirement Last 10 Fiscal Years* (Dollars in thousands)

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Plan fiduciary net position	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.569581%	\$ 6,001	\$ 4,260	\$ 18,696	140.87%	75.70%
2021	0.592257%	9,065	4,196	15,698	216.04%	63.40%
2020	0.626693%	8,631	4,252	16,395	202.99%	65.50%
2019	0.665791%	8,874	4,397	16,849	201.82%	65.50%
2018	0.652945%	8,968	4,294	15,413	208.85%	63.20%
2017	0.666339%	9,762	4,329	14,155	225.50%	59.20%
2016	0.678409%	8,873	4,173	14,531	212.63%	62.10%
2015	0.616525%	6,460	3,576	12,891	180.65%	66.60%

*Complete data for this schedule is not available prior to 2015. Amounts presented for each fiscal year have a measurement date of the previous fiscal year end.

Required Supplementary Information Schedule of State's Contributions North Dakota Teachers' Fund for Retirement Last 10 Fiscal Years* (Dollars in thousands)

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2022	\$ 517	\$ (517)	\$ —	4,053	12.75%
2021	543	(543)	—	4,260	12.75%
2020	535	(535)	—	4,196	12.75%
2019	542	(542)	—	4,252	12.75%
2018	561	(561)	—	4,397	12.75%
2017	547	(547)	—	4,294	12.75%
2016	528	(528)	—	4,329	12.75%
2015	532	(532)	—	4,173	12.75%

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

STATE OF NORTH DAKOTA

Required Supplementary Information
Schedule of State's Share of OPEB Liability
Retiree Health Insurance Credit
Last 10 Fiscal Years*
(Dollars in thousands)

	Employer's proportion of the net OPEB (asset)	Employer's proportionate share of the net OPEB liability (asset)	Employer's covered payroll	Plan fiduciary net position	Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2022	35.114882 %	\$ 27,401	\$ 571,568	\$ 64,027	4.79 %	76.63 %
2021	51.922391 %	40,900	571,617	75,610	7.16 %	63.38 %
2020	49.778349 %	39,178	561,580	68,451	6.98 %	63.13 %
2019	50.731122 %	39,954	563,479	64,888	7.09 %	61.89 %
2018	51.545839 %	40,877	574,972	60,615	7.11 %	59.78 %

*Complete data for this schedule is not available prior to 2018. Amounts presented for each fiscal year have a measurement date of the previous fiscal year end.

Required Supplementary Information
Schedule of State's Contributions
Retiree Health Insurance Credit
Last 10 Fiscal Years*
(Dollars in thousands)

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
2022	\$ 6,257	\$ (6,253)	\$ 4	\$ 553,794	1.13 %
2021	6,563	(6,549)	14	571,568	1.15 %
2020	6,631	(6,626)	5	571,617	1.16 %
2019	6,425	(6,413)	12	561,580	1.14 %
2018	6,434	(6,424)	10	563,479	1.14 %

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

STATE OF NORTH DAKOTA

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
North Dakota Public Employee Retirement System
Last 10 Fiscal Years*
(Dollars in thousands)

	2022	2021	2020	2019
Total pension liability (asset)				
Service cost	\$ 143,197	\$ 242,751	\$ 135,139	\$ 172,184
Interest	345,662	296,285	317,129	294,701
Change of benefit terms	—	—	—	—
Difference between expected and actual experience	3,714	47,336	213,457	(210,896)
Changes of assumptions	1,375,419	(1,743,329)	1,663,289	(464,473)
Benefit payments, including refund of employee contributions	(252,066)	(231,300)	(218,554)	(197,758)
Net change in total pension liability (asset)	1,615,926	(1,388,257)	2,110,460	(406,242)
Total pension liability (asset) - beginning	4,991,543	6,379,800	4,269,340	4,675,582
Total pension liability (asset) - ending (a)	\$ 6,607,469	\$ 4,991,543	\$ 6,379,800	\$ 4,269,340
Plan fiduciary net position				
Contributions - employer	\$ 96,631	\$ 91,266	\$ 85,504	\$ 81,588
Contributions - employee	89,634	85,915	81,478	78,213
Contributions - service credit repurchase	10,249	7,129	10,819	7,220
Contributions - other	—	—	—	—
Net investment income	(256,072)	844,933	101,106	159,824
Transfers from other plans	14	(2)	(3)	(5)
Benefit payments, including refund of employee contributions	(252,066)	(231,300)	(218,554)	(197,758)
Administrative expense	(2,341)	(2,569)	(2,730)	(2,531)
Net change in plan fiduciary net position	(313,951)	795,372	57,620	126,551
Plan fiduciary net position - beginning	3,949,723	3,154,351	3,096,731	2,970,180
Plan fiduciary net position - ending (b)	\$ 3,635,772	\$ 3,949,723	\$ 3,154,351	\$ 3,096,731
Net pension liability (asset) - ending (a) - (b)	\$ 2,971,697	\$ 1,041,820	\$ 3,225,449	\$ 1,172,609
Plan fiduciary net position as a percentage of the total pension liability (asset)	55.03%	79.13%	49.44%	72.53%
Covered payroll	\$ 1,248,308	\$ 1,213,676	\$ 1,167,768	\$ 1,098,416
Plan net pension liability (asset) as a percentage of covered payroll	85.84%	85.84%	276.21%	106.75%

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

STATE OF NORTH DAKOTA

	2018	2017	2016	2015	2014
\$	164,018	\$ 113,148	\$ 126,444	\$ 104,158	\$ 94,611
	279,835	269,771	243,285	236,420	218,719
	—	—	—	2	—
	(65,346)	(3,612)	15,915	4,396	25,783
	125,225	741,492	108,139	(76,152)	—
	(182,522)	(162,992)	(149,664)	(134,930)	(119,886)
	321,210	957,807	344,119	133,894	219,227
	4,354,372	3,396,565	3,052,446	2,918,552	2,699,325
\$	<u>4,675,582</u>	<u>\$ 4,354,372</u>	<u>\$ 3,396,565</u>	<u>\$ 3,052,446</u>	<u>\$ 2,918,552</u>
\$	80,727	\$ 78,934	\$ 77,080	\$ 70,842	\$ 61,661
	77,486	76,007	74,219	68,392	59,394
	19,985	11,805	9,179	6,652	8,325
	—	—	—	—	—
	249,165	311,761	11,334	81,537	316,630
	(24)	32	23,575	—	—
	(182,522)	(162,992)	(149,664)	(134,930)	(119,886)
	(2,473)	(2,607)	(2,538)	(2,365)	(2,211)
	242,344	312,940	43,185	90,128	323,913
	2,727,836	2,414,896	2,371,711	2,281,583	1,957,670
\$	<u>2,970,180</u>	<u>\$ 2,727,836</u>	<u>\$ 2,414,896</u>	<u>\$ 2,371,711</u>	<u>\$ 2,281,583</u>
\$	<u>1,705,402</u>	<u>\$ 1,626,536</u>	<u>\$ 981,669</u>	<u>\$ 680,735</u>	<u>\$ 636,969</u>
	63.53%	62.65%	77.70%	77.70%	78.18%
\$	1,075,958	\$ 1,063,372	\$ 973,536	\$ 973,536	\$ 888,452
	158.50%	152.96%	69.92%	69.92%	71.69%

STATE OF NORTH DAKOTA

Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios North Dakota Highway Patrolmen's Retirement System Last 10 Fiscal Years*

(Dollars in thousands)

	2022	2021	2020	2019
Total pension liability (asset)				
Service cost	\$ 3,281	\$ 6,693	\$ 2,878	\$ 2,818
Interest	8,548	7,305	7,869	7,527
Change of benefit terms	—	(135)	—	—
Difference between expected and actual experience	1,844	(2,197)	729	(68)
Changes of assumptions	39,467	(60,572)	66,142	3,043
Benefit payments, including refund of employee contributions	(5,848)	(5,952)	(5,704)	(5,391)
Net change in total pension liability (asset)	<u>47,292</u>	<u>(54,858)</u>	<u>71,914</u>	<u>7,929</u>
Total pension liability (asset) - beginning	123,371	178,229	106,315	98,386
Total pension liability (asset) - ending (a)	<u>\$ 170,663</u>	<u>\$ 123,371</u>	<u>\$ 178,229</u>	<u>\$ 106,315</u>
Plan fiduciary net position				
Contributions - employer	\$ 2,687	\$ 2,294	\$ 2,177	\$ 2,091
Contributions - employee	1,826	1,548	1,470	1,412
Contributions - service credit repurchase	160	401	205	168
Contributions - other	—	—	—	—
Net investment income	(6,510)	19,638	2,667	4,251
Benefit payments, including refund of employee contributions	(5,848)	(5,952)	(5,705)	(5,391)
Administrative expense	(66)	(37)	(46)	(44)
Net change in plan fiduciary net position	<u>(7,751)</u>	<u>17,892</u>	<u>768</u>	<u>2,487</u>
Plan fiduciary net position - beginning	100,076	82,184	81,416	78,929
Plan fiduciary net position - ending (b)	<u>\$ 92,325</u>	<u>\$ 100,076</u>	<u>\$ 82,184</u>	<u>\$ 81,416</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 78,338</u>	<u>\$ 23,295</u>	<u>\$ 96,045</u>	<u>\$ 24,899</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	54.10%	81.12%	46.11%	76.58%
Covered payroll	\$ 12,267	\$ 11,516	\$ 11,410	\$ 10,354
Plan net pension liability (asset) as a percentage of covered payroll	638.60%	202.28%	841.78%	240.48%

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

STATE OF NORTH DAKOTA

	2018	2017	2016	2015	2014
\$	2,738	\$ 2,701	\$ 2,226	\$ 2,038	\$ 1,894
	7,203	6,951	6,311	6,008	5,750
	—	—	—	—	—
	(621)	22	40	984	(300)
	—	1,257	3,946	395	—
	(4,981)	(4,806)	(4,713)	(4,746)	(3,784)
	4,339	6,125	7,810	4,679	3,560
	94,047	87,922	80,112	75,433	71,873
\$	<u>98,386</u>	<u>\$ 94,047</u>	<u>\$ 87,922</u>	<u>\$ 80,112</u>	<u>\$ 75,433</u>
\$	2,153	\$ 2,156	\$ 2,127	\$ 2,002	\$ 1,865
	1,453	1,456	1,436	1,352	1,243
	282	249	—	97	87
	—	—	—	—	—
	6,716	8,500	317	2,335	9,240
	(4,981)	(4,806)	(4,713)	(4,746)	(3,784)
	(30)	(30)	(32)	(31)	(28)
	5,593	7,525	(865)	1,009	8,623
	73,336	65,811	66,676	65,667	57,044
\$	<u>78,929</u>	<u>\$ 73,336</u>	<u>\$ 65,811</u>	<u>\$ 66,676</u>	<u>\$ 65,667</u>
\$	<u>19,457</u>	<u>\$ 20,711</u>	<u>\$ 22,111</u>	<u>\$ 13,436</u>	<u>\$ 9,766</u>
	80.22%	77.98 %	74.85 %	83.23 %	87.05 %
\$	10,737	\$ 10,629	\$ 10,527	\$ 10,146	\$ 9,348
	181.21%	194.84 %	210.04 %	132.44 %	104.47 %

STATE OF NORTH DAKOTA

Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios Retirement Plan for the Employees of Job Service North Dakota Last 10 Fiscal Years*

(Dollars in thousands)

	2022	2021	2020	2019
Total pension liability (asset)				
Service cost	\$ 42	\$ 58	\$ 57	\$ 70
Interest	2,342	2,629	3,038	3,130
Change of benefit terms	—	—	—	—
Difference between expected and actual experience	3,413	(201)	(1,122)	(505)
Changes of assumptions	4,717	2,899	540	—
Benefit payments, including refund of employee contributions	(4,865)	(4,669)	(4,582)	(4,627)
Net change in total pension liability (asset)	<u>5,649</u>	<u>716</u>	<u>(2,069)</u>	<u>(1,932)</u>
Total pension liability (asset) - beginning	<u>64,844</u>	<u>64,128</u>	<u>66,197</u>	<u>68,129</u>
Total pension liability (asset) - ending (a)	<u>\$ 70,493</u>	<u>\$ 64,844</u>	<u>\$ 64,128</u>	<u>\$ 66,197</u>
Plan fiduciary net position				
Contributions - employer	\$ —	\$ —	\$ —	\$ —
Contributions - employee	9	14	27	29
Contributions - service credit repurchase	—	—	—	—
Contributions - other	—	—	—	—
Net investment income	(5,551)	6,025	2,621	6,230
Benefit payments, including refund of employee contributions	(4,866)	(4,669)	(4,582)	(4,627)
Administrative expense	(18)	(17)	(19)	(17)
Net change in plan fiduciary net position	<u>(10,426)</u>	<u>1,353</u>	<u>(1,953)</u>	<u>1,615</u>
Plan fiduciary net position - beginning	96,603	95,250	97,203	95,588
Plan fiduciary net position - ending (b)	<u>\$ 86,177</u>	<u>\$ 96,603</u>	<u>\$ 95,250</u>	<u>\$ 97,203</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (15,684)</u>	<u>\$ (31,759)</u>	<u>\$ (31,122)</u>	<u>\$ (31,006)</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	122.25 %	148.98 %	148.53 %	146.84 %
Covered payroll	\$ 175	\$ 175	\$ 315	\$ 417
Plan net pension liability (asset) as a percentage of covered payroll	-25573.44%	-18130.18%	-9892.34%	-7443.56%

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

STATE OF NORTH DAKOTA

2018	2017	2016	2015	2014
\$ 80	\$ 56	\$ 71	\$ 128	\$ 88
3,501	4,130	4,281	5,026	5,107
—	—	—	—	—
(310)	(1,648)	(2,007)	(1,806)	(1,607)
5,812	4,421	70	(310)	—
(4,583)	(4,534)	(4,601)	(4,694)	(4,595)
4,500	2,425	(2,186)	(1,656)	(1,007)
63,629	61,204	63,390	65,046	66,053
<u>\$ 68,129</u>	<u>\$ 63,629</u>	<u>\$ 61,204</u>	<u>\$ 63,390</u>	<u>\$ 65,046</u>

\$ —	\$ —	\$ —	\$ —	\$ —
33	39	44	50	56
—	—	—	—	—
—	—	—	—	—
2,919	5,239	4,840	3,260	11,888
(4,583)	(4,534)	(4,601)	(4,694)	(4,595)
(46)	(13)	(32)	(30)	(31)
(1,677)	731	251	(1,414)	7,318
97,265	96,534	96,283	97,697	90,379
<u>\$ 95,588</u>	<u>\$ 97,265</u>	<u>\$ 96,534</u>	<u>\$ 96,283</u>	<u>\$ 97,697</u>

<u>\$ (27,459)</u>	<u>\$ (33,636)</u>	<u>\$ (35,330)</u>	<u>\$ (32,893)</u>	<u>\$ (32,651)</u>
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140.30 %	152.86 %	157.72 %	151.89 %	150.20 %
\$ 417	\$ 499	\$ 567	\$ 791	\$ 843
-6590.37%	-6746.56 %	-6256.45 %	-4160.24 %	-3874.93 %

STATE OF NORTH DAKOTA

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
North Dakota Teachers' Fund for Retirement
Last 10 Fiscal Years*
(Dollars in thousands)

	2022	2021	2020	2019
Total pension liability (asset)				
Service cost	\$ 92,336	\$ 87,088	\$ 80,591	\$ 77,756
Interest	311,929	300,698	306,791	296,876
Change of benefit terms	—	—	—	—
Difference between expected and actual experience	(8,505)	8,366	(20,732)	(23,495)
Changes of assumptions	—	—	51,813	—
Benefit payments, including refund of employee contributions	(251,847)	(241,128)	(230,851)	(221,228)
Net change in total pension liability (asset)	<u>143,913</u>	<u>155,024</u>	<u>187,612</u>	<u>129,909</u>
Total pension liability (asset) - beginning	<u>4,336,060</u>	<u>4,181,036</u>	<u>3,993,424</u>	<u>3,863,515</u>
Total pension liability (asset) - ending (a)	<u><u>\$ 4,479,973</u></u>	<u><u>\$ 4,336,060</u></u>	<u><u>\$ 4,181,036</u></u>	<u><u>\$ 3,993,424</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 100,331	\$ 98,264	\$ 93,032	\$ 89,445
Contributions - employee	92,462	90,557	85,735	82,429
Contributions - service credit repurchase	2,017	2,559	2,175	1,917
Contributions - other	25	126	159	159
Net investment income	(198,881)	684,173	86,206	135,043
Benefit payments, including refund of employee contributions	(251,847)	(241,128)	(230,851)	(221,228)
Administrative expense	(2,592)	(2,678)	(2,095)	(2,251)
Net change in plan fiduciary net position	<u>(258,485)</u>	<u>631,873</u>	<u>34,361</u>	<u>85,514</u>
Plan fiduciary net position - beginning	<u>3,282,405</u>	<u>2,650,532</u>	<u>2,616,171</u>	<u>2,530,657</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 3,023,920</u></u>	<u><u>\$ 3,282,405</u></u>	<u><u>\$ 2,650,532</u></u>	<u><u>\$ 2,616,171</u></u>
Net pension liability (asset) - ending (a) - (b)	<u><u>\$ 1,456,053</u></u>	<u><u>\$ 1,053,655</u></u>	<u><u>\$ 1,530,504</u></u>	<u><u>\$ 1,377,253</u></u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	67.50 %	75.70 %	63.40 %	65.50 %
Covered payroll	\$ 786,912	\$ 770,700	\$ 729,661	\$ 701,528
Plan net pension liability (asset) as a percentage of covered payroll	185.00 %	136.70 %	209.80 %	196.10 %

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

**Restated in 2015 due to GASB 68 implementation.

STATE OF NORTH DAKOTA

2018	2017	2016	2015	2014
\$ 78,041	\$ 75,476	\$ 68,239	\$ 60,618	\$ 56,752
287,375	276,412	265,440	249,064	237,821
—	—	—	—	—
(27,939)	(10,749)	(8,093)	2,209	9,347
—	—	—	171,325	—
(207,979)	(196,516)	(185,969)	(172,239)	(162,259)
<u>129,498</u>	<u>144,623</u>	<u>139,617</u>	<u>310,977</u>	<u>141,661</u>
3,734,017	3,589,394	3,449,777	3,138,800	2,997,139
<u>\$ 3,863,515</u>	<u>\$ 3,734,017</u>	<u>\$ 3,589,394</u>	<u>\$ 3,449,777</u>	<u>\$ 3,138,800</u>
\$ 86,676	\$ 86,059	\$ 82,840	\$ 78,422	\$ 62,355
79,878	79,309	76,343	72,268	56,555
2,181	2,553	2,768	1,601	2,034
194	236	45	172	48
211,345	266,688	8,239	73,205	294,246
(207,979)	(196,516)	(185,969)	(172,239)	(162,259)
(2,129)	(2,173)	(1,852)	(1,923)	(1,586)
<u>170,166</u>	<u>236,156</u>	<u>(17,586)</u>	<u>51,506</u>	<u>251,393</u>
<u>2,360,491</u>	<u>2,124,335</u>	<u>2,141,921</u>	<u>2,090,415</u>	<u>1,839,584</u>
<u>\$ 2,530,657</u>	<u>\$ 2,360,491</u>	<u>\$ 2,124,335</u>	<u>\$ 2,141,921</u>	<u>\$ 2,090,977</u>
<u>\$ 1,332,858</u>	<u>\$ 1,373,526</u>	<u>\$ 1,465,059</u>	<u>\$ 1,307,856</u>	<u>\$ 1,047,823</u>
65.50 %				
\$ 679,809	63.20 %	59.20 %	62.10 %	66.60 %
196.10 %	\$ 674,971	\$ 649,725	\$ 615,105	\$ 580,053
	203.50 %	225.50 %	212.60%	180.60 %

STATE OF NORTH DAKOTA

Required Supplementary Information Schedule of Changes in Net Other Post Employment Benefit Liability and Related Ratios Retiree Health Insurance Credit Fund Last 10 Fiscal Years*

(Dollars in thousands)

	2022	2021	2020	2019
Total OPEB liability (asset)				
Service cost	\$ 4,004	\$ 4,273	\$ 4,042	\$ 3,828
Interest	15,155	14,658	15,498	15,217
Change of benefit terms	—	—	—	—
Difference between expected and actual experience	616	2,165	315	(1,374)
Changes of assumptions	30,533	—	4,372	5,002
Benefit payments, including refund of employee contributions	(13,746)	(12,885)	(12,317)	(11,505)
Net change in total OPEB liability (asset)	<u>36,562</u>	<u>8,211</u>	<u>11,910</u>	<u>11,168</u>
Total OPEB liability (asset) - beginning	237,952	229,741	217,831	206,663
Total OPEB liability (asset) - ending (a)	<u>\$ 274,514</u>	<u>\$ 237,952</u>	<u>\$ 229,741</u>	<u>\$ 217,831</u>
Plan fiduciary net position				
Contributions - employer	\$ 12,566	\$ 13,111	\$ 13,392	\$ 12,977
Contributions - employee	12	16	16	16
Contributions - service credit repurchase	457	375	557	377
Net investment income	(26,757)	36,527	6,905	8,178
Benefit payments, including refund of employee contributions	(13,746)	(12,885)	(12,317)	(11,505)
Administrative expense	(383)	(431)	(454)	(437)
Other	—	—	10	—
Net change in plan fiduciary net position	<u>(27,851)</u>	<u>36,713</u>	<u>8,109</u>	<u>9,606</u>
Plan fiduciary net position - beginning	182,334	145,621	137,512	127,906
Plan fiduciary net position - ending (b)	<u>\$ 154,483</u>	<u>\$ 182,334</u>	<u>\$ 145,621</u>	<u>\$ 137,512</u>
Net OPEB liability (asset) - ending (a) - (b)	<u>\$ 120,031</u>	<u>\$ 55,618</u>	<u>\$ 84,120</u>	<u>\$ 80,319</u>
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	56.28 %	76.63 %	63.38 %	63.13 %
Covered payroll	\$ 1,032,405	\$ 1,090,258	\$ 1,139,971	\$ 1,115,858
Plan net OPEB liability (asset) as a percentage of covered employee payroll	11.63 %	5.10 %	7.38 %	7.20 %

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

STATE OF NORTH DAKOTA

2018	2017
\$ 3,767	\$ 3,430
14,485	14,327
—	—
2,732	(2,231)
—	8,861
<u>(11,016)</u>	<u>(10,014)</u>
9,968	14,373
196,695	182,322
<u>\$ 206,663</u>	<u>\$ 196,695</u>

\$ 12,834	\$ 12,576
16	16
747	464
8,211	12,074
(11,016)	(10,014)
(480)	(443)
—	—
<u>10,312</u>	<u>14,673</u>
<u>117,594</u>	<u>102,921</u>
<u>\$ 127,906</u>	<u>\$ 117,594</u>
<u>\$ 78,757</u>	<u>\$ 79,101</u>

61.89 %	59.78 %
\$ 1,094,217	\$ 1,081,841
7.20 %	7.31 %

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

STATE OF NORTH DAKOTA

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

	2022	2021	2020	2019
Total OPEB liability (asset)				
Service cost	\$ —	\$ —	\$ —	\$ 4
Interest	30	32	37	42
Change of benefit terms	—	—	—	—
Difference between expected and actual experience	(17)	—	(192)	—
Changes of assumptions	(138)	—	46	—
Benefit payments, including refund of employee contributions	(89)	(83)	(78)	(84)
Net change in total OPEB liability (asset)	(214)	(51)	(187)	(38)
Total OPEB liability (asset) - beginning	1,215	1,266	1,453	1,491
Total OPEB liability (asset) - ending (a)	<u>\$ 1,001</u>	<u>\$ 1,215</u>	<u>\$ 1,266</u>	<u>\$ 1,453</u>
Plan fiduciary net position				
Contributions - employer	\$ 89	\$ 83	\$ 78	\$ 84
Contributions - employee	—	—	—	—
Contributions - service credit repurchase	—	—	—	—
Contributions - other	—	—	—	—
Net investment income	—	—	—	—
Benefit payments, including refund of employee contributions	(89)	(83)	(78)	(84)
Administrative expense	—	—	—	—
Net change in plan fiduciary net position	—	—	—	—
Plan fiduciary net position - beginning	—	—	—	—
Plan fiduciary net position - ending (b)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Net OPEB liability (asset) - ending (a) - (b)	<u>\$ 1,001</u>	<u>\$ 1,266</u>	<u>\$ 1,266</u>	<u>\$ 1,453</u>
Plan fiduciary net position as a percentage of the total OPEB	0.00 %	0.00 %	0.00 %	0.00 %
Covered payroll	n/a	n/a	n/a	n/a
Plan net OPEB liability (asset) as a percentage of covered payroll	n/a	n/a	n/a	n/a

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

STATE OF NORTH DAKOTA

2018

\$	4
	43
	—
	—
	—
	(80)
	<u>(33)</u>

	1,524
\$	<u>1,491</u>

\$	80
	—
	—
	—
	—
	(80)
	<u>—</u>
	—
	—
\$	<u>—</u>

\$	<u>1,491</u>
----	--------------

0.00 %
n/a
n/a

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

STATE OF NORTH DAKOTA

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

ND Public Employees Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$157,390	\$157,543	\$140,537	\$127,129	\$125,714	\$116,564	\$124,336	\$107,514	\$107,864	\$97,985
Contribution in relation to the actuarially determined contribution	96,631	91,266	85,504	81,588	80,727	78,934	77,081	70,843	61,661	48,847
Contribution deficiency (excess)	<u>\$60,759</u>	<u>\$66,277</u>	<u>\$55,033</u>	<u>\$45,541</u>	<u>\$44,987</u>	<u>\$37,630</u>	<u>\$47,255</u>	<u>\$36,671</u>	<u>\$46,203</u>	<u>\$49,138</u>
Covered payroll	1,248,308	1,213,676	1,167,768	1,098,416	1,075,958	1,063,372	1,048,548	973,536	888,452	800,878
Contributions as a percentage of covered payroll	7.74 %	7.52 %	7.32 %	7.43 %	7.50 %	7.42 %	7.35 %	7.28 %	6.94 %	6.10 %

Highway Patrolmen's Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 3,921	\$ 4,081	\$ 3,256	\$ 2,936	\$ 2,949	\$ 3,060	\$ 2,307	\$ 2,201	\$ 2,348	\$ 2,191
Contribution in relation to the actuarially determined contribution	2,687	2,293	2,177	2,091	2,153	2,156	2,127	2,002	1,865	1,586
Contribution deficiency (excess)	<u>\$ 1,234</u>	<u>\$ 1,788</u>	<u>\$ 1,079</u>	<u>\$ 845</u>	<u>\$ 796</u>	<u>\$ 904</u>	<u>\$ 180</u>	<u>\$ 199</u>	<u>\$ 483</u>	<u>\$ 605</u>
Covered payroll	12,267	11,516	11,410	10,354	10,737	10,629	10,527	10,146	9,348	8,167
Contributions as a percentage of covered payroll	21.90 %	19.91 %	19.08 %	20.20 %	20.05 %	20.28 %	20.21 %	19.73 %	19.95 %	19.42 %

Job Service North Dakota

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Contribution in relation to the actuarially determined contribution	—	—	—	—	—	—	—	—	—	—
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	133	200	386	417	417	499	565	674	843	1,011
Contributions as a percentage of covered payroll	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

STATE OF NORTH DAKOTA

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

ND Teachers' Fund for Retirement

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$97,341	\$101,655	\$93,688	\$90,778	\$88,307	\$89,231	\$84,724	\$71,168	\$59,513	\$52,396
Contribution in relation to the actuarially determined contribution	100,331	98,264	93,032	89,445	86,676	86,059	82,840	78,422	62,355	59,301
Contribution deficiency (excess)	<u>\$(2,990)</u>	<u>\$ 3,391</u>	<u>\$ 656</u>	<u>\$ 1,333</u>	<u>\$ 1,631</u>	<u>\$ 3,172</u>	<u>\$ 1,884</u>	<u>\$(7,254)</u>	<u>\$(2,842)</u>	<u>\$(6,905)</u>
Covered payroll	786,912	770,700	729,661	701,528	679,809	674,971	649,725	615,105	580,053	551,656
Contributions as a percentage of covered payroll	12.75 %	12.75 %	12.75 %	12.75 %	12.75 %	12.75 %	12.75 %	12.75 %	10.75 %	10.75 %

Retiree Health Insurance Credit Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$12,414	\$13,340	\$12,145	\$12,707	\$12,252	\$11,696	\$ 7,544	\$ 6,439	\$ 7,014	\$ 7,411
Contribution in relation to the actuarially determined contribution	12,566	13,111	13,392	12,977	12,835	12,575	12,350	11,479	10,710	9,960
Contribution deficiency (excess)	<u>\$ (152)</u>	<u>\$ 229</u>	<u>\$(1,247)</u>	<u>\$ (270)</u>	<u>\$ (583)</u>	<u>\$ (879)</u>	<u>\$(4,806)</u>	<u>\$(5,040)</u>	<u>\$(3,696)</u>	<u>\$(2,549)</u>
Covered payroll	1,032,405	1,090,258	1,139,971	1,115,858	1,094,217	1,081,841	1,142,375	1,052,657	1,001,204	914,368
Contributions as a percentage of covered payroll	1.22 %	1.20 %	1.17 %	1.16 %	1.17 %	1.16 %	1.08 %	1.09 %	1.07 %	1.09 %

STATE OF NORTH DAKOTA

Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2022

ND Public Employees Retirement System

Benefit Changes	There were no benefit changes during the year..
Changes of Assumptions	The investment return assumption was lowered from 7.00 to 6.50 percent for the July 1, 2022 valuation.

Highway Patrolmen's Retirement System

Benefit Changes	There were no benefit changes during the year.
Changes of Assumptions	The investment return assumption was lowered from 7.00 to 6.50 percent for the July 1, 2022 valuation.

Job Service North Dakota

Benefit Changes	There were no changes made in the plan provisions since the prior valuation.
Changes of Assumptions	<p>The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2022 actuarial valuation:</p> <ul style="list-style-type: none">• The investment return assumption was lowered from 3.75 to 3.00 percent for the July 1, 2022 valuation. <p>All other actuarial assumptions used in the July 1, 2022 are the same as the last actuarial valuation as of July 1, 2021.</p>

ND Teachers' Fund for Retirement

Changes of Assumptions	<p>In 2020, amounts reported as changes of assumptions resulted primarily from a decrease in the investment return assumption from 7.75% to 7.25%, the inflation assumption lowered from 2.75% to 2.30%, lower individual salary increases, and an updated mortality improvement scale.</p> <p>In 2015, amounts reported as changes of assumptions resulted primarily from a decrease in the investment return assumption from 8% to 7.75% and an updated mortality improvement scale.</p>
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Retiree Health Insurance Credit Plan

Benefit Changes	Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC.
Changes of Assumptions	<p>The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2022 actuarial valuation:</p> <ul style="list-style-type: none">• The investment return assumption was lowered from 6.50 to 5.75 percent for the July 1, 2022 valuation. <p>All other actuarial assumptions used in the July 1, 2022 are the same as the last actuarial valuation as of July 1, 2021.</p>

STATE OF NORTH DAKOTA

Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2022

Schedule of Employer Contributions

PERS

Valuation Date	July 1, 2021
Actuarial Cost Method	Entry Age Normal Method
Amortization Method	Level Percentage of Payroll, Open Period Assumed annual payroll growth of 3.50% (3.00% for Judges)
Remaining Amortization Period	20 Years
Asset Valuation Method	5-Year smoothed marked
Inflation	2.25%
Salary Increases	3.50% to 17.75% including inflation
Investment Rate of Return	7.0%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	Sex-distinct Pub-2010 tables for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.
Other Notes	<p>The interest rate on member contributions decreased from 7.00% to 6.50% effective January 1, 2021.</p> <p>The benefit accrual rate for members first enrolled on or after January 1, 2020 in the Main and Public Safety Systems is 1.75% (compared to 2.00% for members enrolled before January 1, 2020).</p> <p>The benefit accrual rate for members first enrolled on or after January 1, 2020 in the Main and Public Safety Systems is 1.75% (compared to 2.00% for members enrolled before January 1, 2020).</p> <p>The investment return assumption was updated from 7.50% to 7.00% beginning with the actuarial valuation as of July 1, 2020. Other updates to actuarial assumptions since the July 1, 2019 valuation include changes to mortality tables used for the valuation as well as changes to rates of annual salary increases, separation for active membership, disability, and retirement. The actuarial assumptions were based on an experience review for the period from July 1, 2014 to July 1, 2019</p> <p>The employer rates to the System are the statutory/Board approved contribution rates of 7.12% of payroll for the Main System (8.26% for members enrolled on or after January 1, 2020), 17.52% for the Judges System, 9.81% for Public Safety with prior Main System service System and 7.93% for Public Safety without prior Main System service System.</p>

STATE OF NORTH DAKOTA

Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2022

HPRS

Valuation Date	July 1, 2022
Actuarial Cost Method	Entry Age Normal Method
Amortization Method	Level Percentage of Payroll, Open Period Assumed annual payroll growth of 3.50%
Remaining Amortization Period	20 Years
Asset Valuation Method	5-Year smoothed marked
Inflation	2.25%
Salary Increases	Service-based table for members with less than five years of service and age-based table for members with more than five years of service.
Investment Rate of Return	7.0%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.
Other Notes	<p>There were no benefit changes during the year.</p> <p>The economic assumptions were updated beginning with the actuarial valuation as of July 1, 2020 based on a review performed by GRS. The investment return assumption was decreased from 7.50% to 7.00% beginning with the actuarial valuation as of July 1, 2020. All other actuarial assumptions were adopted by the Board based on an experience study covering the period July 1 2014 through June 30 2019.</p> <p>The employer rate to the System is the statutory contribution rate of 19.70% of payroll. The statutory employer and employee contributions will each increase by 0.5% of pay every January 1, 2022 to January 1, 2025 ultimately increasing both by 2.0% of pay.</p>

STATE OF NORTH DAKOTA

Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2022

JSND

Valuation Date	July 1, 2022
Actuarial Cost Method	Frozen Initial Liability (Aggregate since no initial Liability remains)
Amortization Method	Not Applicable
Asset Valuation Method	5-Year smoothed marked
Inflation	2.25%
COLA	2.25%
Salary Increases	3.50%
Investment Rate of Return	3.75%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Healthy Retiree Mortality table (for General Employees), sex distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.
Other Notes	<p>There were no benefit changes during the year.</p> <p>The assumptions were updated beginning with the actuarial valuation as of July 1, 2020 based on an experience study covering the period July 1, 2014 through July 1, 2019. The Board approved lowering the investment return assumption from 4.25% to 3.75%, first effective July 1, 2021.</p> <p>The System has assets in excess of the present value of future benefits. Therefore, no employer contributions are being made.</p>

STATE OF NORTH DAKOTA

Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2022

TFFR:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization Period	22 years
Asset valuation method	5-year smoothed market
Inflation	2.30%; decrease from 2.75% prior to 7/1/2020 and from 3% prior to 7/1/2015.
Salary increases	3.80% - 14.80% including inflation and productivity; 4.25% - 14.5% prior to 7/1/2020; 4.5% - 14.75% prior to 7/1/2015.
Investment rate of return	7.25%, net of investment expenses, including inflation; rate decreased from 7.75 beginning 7/1/2020 and decreased from 8% beginning 7/1/2015.
Retirement age	In the 2020 and 2015 valuation, rates of retirement were changed to better reflect anticipated future experience.
Mortality	<p>In the 2020 valuation, the PubT-2010 pre-retirement, retiree and contingent survivor tables were adopted and for disabled members, PubNS-2010 tables were adopted; all with generational improvement.</p> <p>In the 2015 valuation, assumed life expectancies were adjusted as a result of adopting the RP-2014 mortality tables with generational improvement. In prior years, those assumptions were based on percentages of GRS post termination non-disabled tables and RP-2000 disabled-life tables.</p>

STATE OF NORTH DAKOTA

Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2022

RHIC

Valuation Date	July 1, 2022
Actuarial Cost Method	Entry Age Normal Method
Amortization Method	N/A
Asset Valuation Method	5-Year smoothed marked
Inflation	2.25%
Salary Increases	Not Applicable
Investment Rate of Return	6.50%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Healthy Retiree Mortality table (for General Employees), sex distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.
Other Notes	<p>Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.</p> <p>The investment return assumption was decreased from 7.25% to 6.5% beginning with the actuarial valuation as of July 1, 2020. All other actuarial assumptions were adopted by the Board based on an experience study covering the period July 1, 2015, through June 30, 2019.</p> <p>The determination of the actuarial rate was changed effective July 1, 2019 to equal the rate needed to pay off the unfunded liability and future NC contributions at the end of 20 years as a level percent of closed group (decreasing) payroll</p> <p>The employer rate to the System is the statutory contribution rate of 1.14% of payroll.</p>

Schedule of Investment Returns

	Public Employees Retirement System	Highway Patrolmen's Retirement System	Job Service North Dakota	Teachers' Fund for Retirement	Retiree Health Insurance Credit Fund
2022	(6.32)%	(6.50)%	(5.55)%	(6.17)%	(14.48)%
2021	27.43 %	23.90 %	6.81 %	26.36 %	25.58 %
2020	3.57 %	3.28 %	3.09 %	3.37 %	5.37 %
2019	5.69 %	5.39 %	7.00 %	5.46 %	6.75 %
2018	9.21 %	9.16 %	3.32 %	9.15 %	7.01 %
2017	13.01 %	12.93 %	5.85 %	12.81 %	11.75 %
2016	0.49 %	0.48 %	5.14 %	0.39 %	0.83 %
2015	3.61 %	3.66 %	3.41 %	3.56 %	0.00 %
2014	16.29 %	16.20 %	13.46 %	16.35 %	0.00 %
2013	13.52 %	13.38 %	12.07 %	13.60 %	0.00 %

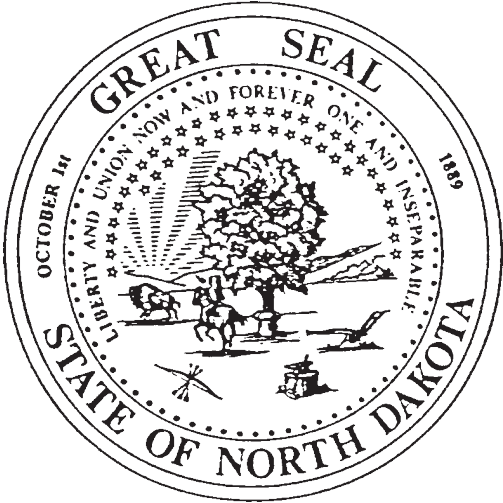
This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

STATE OF NORTH DAKOTA

Required Supplementary Information Information About the State's Pension and Other Post Employment Benefit Plans For the Fiscal Year Ended June 30, 2022

Met Life Insurance Plan:

Actuarial Cost Method	Entry age normal actuarial cost method was used in the valuation.
Changes of Assumptions	<p>The following changes were made to the actuarial assumptions and methods effecting July 1, 2022:</p> <ul style="list-style-type: none">• The discount rate is 4.09 percent based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2022, compared to the prior discount rate of 2.66%.• Mortality was updated from table RP-2014 adjusted to 2006 and projected using scale MP-2019 to table PubG-2010 Headcount Weighted with improvement scale MP-2021.



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Combining Financial Statements

Nonmajor Governmental Funds

Permanent Fund

A permanent fund is used to report resources that are legally restricted to the extent than only earnings, and not principal, may be used to for the benefit of the government or its citizens.

956-Coal Development Permanent Fund

The Coal Development Fund reports resources that are constitutionally committed for distribution to other state funds and for making loans to energy impacted entities and school districts.

410-Veterans' Postwar Trust Fund

The Veterans' Postwar Trust Fund reports resources that are constitutionally committed to be utilized for programs which must be of benefit and service to veterans, who are defined by legislative enactment, or their dependents.

Capital Projects Fund

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

960-Building Authority

Account for the acquisition or construction of buildings primarily for use by the State and making any improvements connected to those buildings.

935-Legacy Bond Program

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

Debt Service Funds

A debt service fund is used to account for accumulation for resources for, and the payment of, principal and interest on long-term debt.

919-Building Authority Debt Service Fund

Account for accumulation of resources for, and the payment of, principal and interest on bonds issued by the North Dakota Building Authority.

STATE OF NORTH DAKOTA

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2022

	Perm Trust Fund			Debt Service Funds			Capital Proj. Fund	Total Nonmajor Governmental Funds
	Coal Development Trust Fund	Veteran's Postwar Trust Fund	Total	Building Authority	Legacy Bond Program	Total	Building Authority	
ASSETS								
Cash Deposits at the Bank of ND	\$ 2,695,490	\$ 188,618	\$ 2,884,108	\$ 30,000	\$ 300,198,000	\$ 300,228,000	\$ 5,532,000	\$ 308,644,108
Cash and Cash Equivalents	—	141,784	141,784	—	—	—	—	141,784
Investments at the Bank of ND	—	90,000	90,000	663,000	13,385,000	14,048,000	—	14,138,000
Investments	39,798,078	6,877,070	46,675,148	—	—	—	—	46,675,148
Accounts Receivable - Net	—	4	4	—	—	—	—	4
Taxes Receivable - Net	127,364	464	127,828	—	—	—	—	127,828
Interest Receivable - Net	46,992	13,598	60,590	—	—	—	—	60,590
Due from Other Funds	—	11	11	—	—	—	—	11
Loans and Notes Receivable - Net	36,197,749	—	36,197,749	—	—	—	—	36,197,749
Total Assets	78,865,673	7,311,549	86,177,222	693,000	313,583,000	314,276,000	5,532,000	405,985,222
DEFERRED OUTFLOWS OF RESOURCES								
Total Deferred Outflows of Resources	—	—	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 78,865,673	\$ 7,311,549	\$ 86,177,222	\$ 693,000	\$ 313,583,000	\$ 314,276,000	\$ 5,532,000	\$ 405,985,222
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	4,134	4,237	8,371	—	121,000	121,000	—	129,371
Accrued Payroll	—	—	—	—	—	—	—	—
Securities Lending Collateral	8,231,482	—	8,231,482	—	—	—	—	8,231,482
Due to Other Funds	166,877	—	166,877	—	—	—	1,415,000	1,581,877
Total Liabilities	8,402,493	4,237	8,406,730	—	121,000	121,000	1,415,000	9,942,730
DEFERRED INFLOWS OF RESOURCES								
Total Deferred Inflows of Resources	—	—	—	—	—	—	—	—
Fund Balances:								
Nonspendable	70,296,156	6,998,208	77,294,364	—	—	—	—	77,294,364
Restricted	—	—	—	693,000	313,462,000	314,155,000	4,117,000	318,272,000
Committed	167,024	309,104	476,128	—	—	—	—	476,128
Total Fund Balances	70,463,180	7,307,312	77,770,492	693,000	313,462,000	314,155,000	4,117,000	396,042,492
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 78,865,673	\$ 7,311,549	\$ 86,177,222	\$ 693,000	\$ 313,583,000	\$ 314,276,000	\$ 5,532,000	\$ 405,985,222

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2022

	Perm Trust Fund			Debt Service Funds			Capital Proj. Fund	Total Nonmajor Governmental Funds
	Coal Development Trust Fund	Veteran's Postwar Trust Fund	Total	Building Authority	Legacy Bond Program	Total	Building Authority	
REVENUES								
Individual and Corporate Income Taxes	\$ —	\$ 31,323	\$ 31,323	\$ —	\$ —	\$ —	\$ —	\$ 31,323
Oil, Gas, and Coal Taxes	1,493,992	—	1,493,992	—	—	—	—	1,493,992
Licenses, Permits and Fees	—	15,945	15,945	—	—	—	—	15,945
Sales and Services	—	8,260	8,260	—	—	—	—	8,260
Interest and Investment Income (Loss)	(455,261)	(747,802)	(1,203,063)	2,000	6,000	8,000	21,355	(1,173,708)
Miscellaneous	—	33,672	33,672	—	—	—	—	33,672
Total Revenues	1,038,731	(658,602)	380,129	2,000	6,000	8,000	21,355	409,484
EXPENDITURES								
Current:								
General Government	39,913	68,960	108,873	—	—	—	—	108,873
Health and Human Services	—	144,567	144,567	—	—	—	—	144,567
Regulatory	—	—	—	—	—	—	—	—
Capital Outlay	—	—	—	—	—	—	—	—
Debt Service:								
Principal	—	—	—	7,185,000	—	7,185,000	—	7,185,000
Interest and Other Charges	—	—	—	4,842,000	—	4,842,000	—	4,842,000
Total Expenditures	39,913	213,527	253,440	12,027,000	—	12,027,000	—	12,280,440
Revenues over (under) Expenditures	998,818	(872,129)	126,689	(12,025,000)	6,000	325,424,000	21,355	(11,870,956)
OTHER FINANCING SOURCES (USES)								
Bonds and Notes Issued	—	—	—	—	389,842,000	389,842,000	—	389,842,000
Bond and Note Cost of Issuance	—	—	—	—	(1,886,000)	(1,886,000)	—	(1,886,000)
Transfers In	—	—	—	11,968,000	—	11,968,000	—	11,968,000
Transfers Out	(1,653,309)	—	(1,653,309)	—	(74,500,000)	(74,500,000)	(25,308,000)	(101,461,309)
Total Other Financing Sources (Uses)	(1,653,309)	—	(1,653,309)	11,968,000	313,456,000	325,424,000	(25,308,000)	298,462,691
Net Change in Fund Balances	(654,491)	(872,129)	(1,526,620)	(57,000)	313,462,000	313,405,000	(25,286,645)	286,591,735
Fund Balances - Beginning of Year	71,117,671	8,179,441	79,297,112	750,000	—	750,000	29,403,645	109,450,757
Fund Balances - End of Year	<u>\$ 70,463,180</u>	<u>\$ 7,307,312</u>	<u>\$ 77,770,492</u>	<u>\$ 693,000</u>	<u>\$ 313,462,000</u>	<u>\$ 314,155,000</u>	<u>\$ 4,117,000</u>	<u>\$ 396,042,492</u>

STATE OF NORTH DAKOTA

Nonmajor Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the State is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the State has decided that periodic determination of net income is appropriate for accountability purposes.

BANK OF NORTH DAKOTA

907 – School Construction Assistance Revolving Loan Fund

Fund used to provide low-interest school construction loans.

909 – Small Employer Loan Fund (SELF)

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

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

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

934 – Infrastructure Revolving Loan Fund

Fund used to provide loans to political subdivisions for essential infrastructure projects.

954 - Addiction Counselor Internship Loan Program

Fund used to provide loans to qualified individuals participating in a paid or unpaid internship at a licensed substance abuse treatment facility in North Dakota in order to obtain licensure as an addiction counselor.

984 – Medical Facility Infrastructure Loan Program

Fund used to make loans to medical facilities to conduct construction that improves the health care infrastructure in the state or improves access to existing nonprofit health care providers in the state.

985 – Rebuilders Permanent Loan Fund

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

961-Clean Sustainable Energy Loan Fund

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

900-Agriculture Diversification and Development Fund

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

BONDING

210 (924) - State Bonding Fund

Fund used to maintain the bonding of public employees and officials of the state, county, city or other unit of local government.

COMMUNITY WATER FACILITY LOAN

974 - Water Infrastructure Revolving Loan Fund

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

FIRE AND TORNADO

211 (923) - State Fire and Tornado Fund

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

GUARANTEED STUDENT LOAN

969 - North Dakota Guaranteed Student Loan

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

HIT PLANNING LOAN FUND

987 – HIT Planning Loan Fund

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

INFORMATION TECHNOLOGY DEPARTMENT

408 (903) - Edutech Fund

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

476 (908) – SW Interoperable Radio Network Fund

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

MILL AND ELEVATOR

970 – Mill and Elevator

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

PERS UNIFORM GROUP INSURANCE

980 - Public Employees Retirement System Group Insurance

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

ROUGH RIDER INDUSTRIES

926 - Roughrider Industries

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

STATE FAIR

601 (977) - State Fair

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

STATE LOTTERY FUND

966 (292) - State Lottery Fund

Accounts for operations of the North Dakota lottery.

STUDENT LOAN

975 - North Dakota Student Loan Trust

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

STATE OF NORTH DAKOTA

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2022

	Addiction Counselor Internship Loan	Agriculture Diversification Development Fund	Bonding	Clean Sustainable Energy Loan Fund	Edutech	Fire and Tornado	Guaranteed Student Loan
ASSETS							
Current Assets:							
Cash Deposits at the Bank of ND	\$ 105,698	\$ 9,625,000	\$ 1,047,657	\$ 67,000	\$ 637,549	\$ 1,576,237	\$ 51,724,906
Cash and Cash Equivalents	—	—	685,065	—	—	802,187	—
Investments at the Bank of ND	—	—	—	—	—	—	—
Investments	—	—	1,976,323	—	—	17,135,502	—
Accounts Receivable - Net	—	—	159,601	—	9,817	38	—
Interest Receivable - Net	1,370	—	24,060	12,000	—	138,890	—
Intergovernmental Receivable - Net	—	—	—	—	—	—	—
Due from Other Funds	—	—	—	—	—	—	217,058
Due from Fiduciary Funds	—	—	—	—	—	—	—
Prepaid Items	—	—	—	—	—	342,065	—
Inventory	—	—	—	—	—	—	—
Loans and Notes Receivable - Net	3,938	—	—	—	—	—	—
Other Assets	—	—	—	—	—	—	—
Restricted Cash at the Bank of ND	—	—	—	—	210,000	—	2,227
Restricted Cash and Cash Equivalents	—	—	—	—	—	—	—
Restricted Investments at the Bank of ND	—	—	—	—	—	—	—
Restricted Loans Receivable - Net	—	—	—	—	—	—	—
Total Current Assets	111,006	9,625,000	3,892,706	79,000	857,366	19,994,919	51,944,191
Noncurrent Assets:							
Loans and Notes Receivable - Net	74,128	—	—	14,250,000	—	—	—
Other Noncurrent Assets	—	—	—	—	—	—	—
Capital Assets:							
Nondepreciable	—	—	—	—	—	—	—
Depreciable, Net	—	—	—	—	—	—	—
Total Noncurrent Assets	74,128	—	—	14,250,000	—	—	—
Total Assets	185,134	9,625,000	3,892,706	14,329,000	857,366	19,994,919	51,944,191
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	—	—	261	—	26,686	352	—
Accrued Payroll	—	—	—	—	21,556	—	—
Securities Lending Collateral	—	—	22,829	—	—	154,226	—
Interest Payable	—	—	1,382	94,000	—	7,506	—
Intergovernmental Payable	—	—	—	—	—	3,859	—
Due to Other Funds	—	—	—	15,019,000	14,399	—	5,000
Claims/Judgments Payable	—	—	134,068	—	—	1,693,827	—
Compensated Absences Payable	—	—	—	—	—	—	—
Leases Payable	—	—	—	—	—	—	—
Bonds Payable	—	—	—	—	—	—	—
Unearned Revenue	—	—	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	—	3,432,227
Total Current Liabilities	—	—	158,540	15,113,000	62,641	1,859,770	3,437,227
Noncurrent Liabilities:							
Compensated Absences Payable	—	—	—	—	—	—	—
Leases Payable	—	—	—	—	—	—	—
Bonds Payable	—	—	—	—	—	—	—
Financial Derivative Instrument	—	—	—	—	—	—	—
Net Pension Liability	—	—	—	—	—	—	—
Net Pension OPEB	—	—	—	—	—	—	—
Other Noncurrent Liabilities	—	—	—	—	—	—	28,123,334
Total Noncurrent Liabilities	—	—	—	—	—	—	28,123,334
Total Liabilities	—	—	158,540	15,113,000	62,641	1,859,770	31,560,561
DEFERRED INFLOWS OF RESOURCES							
Derived from Pensions	—	—	—	—	—	—	—
Derived from OPEB	—	—	—	—	—	—	—
Total Deferred Inflows of Resources	—	—	—	—	—	—	—
Net Position							
Net Investment in Capital Assets	—	—	—	—	—	—	—
Restricted for:							
Debt Service	—	—	—	—	—	—	—
Loan Purposes	—	—	—	—	—	—	—
Unemployment Compensation	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	2,227
Unrestricted	185,134	9,625,000	3,734,166	(784,000)	794,725	18,135,149	20,381,403
Total Net Position	\$ 185,134	\$ 9,625,000	\$ 3,734,166	\$ (784,000)	\$ 794,725	\$ 18,135,149	\$ 20,383,630

HIT Planning Loan Fund	Infrastructure Revolving Loan Fund	Interoperable Radio Network Fund	Innovation Loan Fund	Medical Facility Infrastructure Loan Fund	Mill and Elevator	PERS Uniform Group Insurance	Rebuilders Permanent Loan Program	Roughrider Industries	School Construction Assistance Loan Fund
\$ —	\$ 20,804,000	\$ 21,582,006	\$ 12,029,000	\$ 7,043,000	\$ 316,382	\$ 1,452,713	\$ 6,555,508	\$ 11,659,599	\$ 50,227,000
—	—	—	—	—	—	1,635,593	—	500	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	30,368,921	—	—	—
—	—	415,672	—	—	100,614,091	26,258,022	—	958,825	—
712	777,000	—	—	25,000	—	—	37,264	—	1,517,000
—	—	—	—	—	—	—	—	—	—
—	—	625,520	—	—	—	—	—	50,628	—
—	—	—	—	—	—	92,105	—	—	—
—	—	—	—	—	—	1,755,016	—	31,708	—
—	—	—	—	—	—	39,864,086	—	2,462,647	—
662,393	5,992,000	—	5,524,000	2,041,000	—	—	4,424,788	—	19,674,000
5,237,842	—	—	—	—	—	20,668	—	1,201	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
5,900,947	27,573,000	22,623,198	17,553,000	9,109,000	142,549,575	59,828,022	11,017,560	15,165,108	71,418,000
478,928	103,033,000	—	11,297,000	41,386,000	—	—	33,300,157	—	238,751,000
—	—	—	—	—	934,959	—	—	—	—
—	—	13,431,592	—	—	27,925,374	—	—	—	—
—	—	15,423,326	—	—	131,020,462	123,759	—	1,345,066	—
478,928	103,033,000	28,854,918	11,297,000	41,386,000	159,880,795	123,759	33,300,157	1,345,066	238,751,000
6,379,875	130,606,000	51,478,116	28,850,000	50,495,000	302,430,370	59,951,781	44,317,717	16,510,174	310,169,000
—	—	—	—	—	5,747,088	—	—	—	—
—	—	—	—	—	10,794,194	—	—	1,852,380	—
—	—	—	—	—	289,684	—	—	43,362	—
—	—	—	—	—	16,830,966	—	—	1,895,740	—
1,887	—	2,280,310	—	—	37,474,270	159,293	6,513	176,760	—
—	—	19,923	—	—	820,481	90,779	—	397,766	—
—	—	—	—	—	—	—	—	—	—
—	—	17,450	—	—	—	—	—	—	—
—	—	2,416	—	—	—	—	—	—	—
—	138,000	20,092,132	20,000	56,000	109,453,776	25,473	16,169,985	24,418	332,000
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	95,369	7,370	—	—	—
—	—	41,583	—	—	7,262,977	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
1,887	138,000	22,453,814	20,000	56,000	155,106,873	282,915	16,176,498	598,944	332,000
—	—	—	—	—	1,044,049	76,284	—	—	—
—	—	5,245,505	—	—	15,013,953	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	5,747,088	—	—	—	—
—	—	—	—	—	8,474,445	—	—	1,435,467	—
—	—	—	—	—	427,768	—	—	77,197	—
—	—	—	—	—	—	—	—	—	—
—	—	5,245,505	—	—	30,707,303	76,284	—	1,512,664	—
1,887	138,000	27,699,319	20,000	56,000	185,814,176	359,199	16,176,498	2,111,608	332,000
—	—	—	—	—	16,388,877	—	—	2,769,541	—
—	—	—	—	—	158,289	—	—	30,540	—
—	—	—	—	—	16,547,166	—	—	2,800,081	—
—	—	28,854,918	—	—	136,668,905	123,759	—	1,345,066	—
5,237,842	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
1,140,146	130,468,000	(5,076,121)	28,830,000	50,439,000	(19,768,911)	59,468,823	28,141,219	12,149,164	309,837,000
\$ 6,377,988	\$ 130,468,000	\$ 23,778,797	\$ 28,830,000	\$ 50,439,000	\$ 116,899,994	\$ 59,592,582	\$ 28,141,219	\$ 13,494,230	\$ 309,837,000

STATE OF NORTH DAKOTA

Combining Statement of Net Position Nonmajor Enterprise Funds (Continued) June 30, 2022

	Small Employer Loan Fund	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Water Infrastructure Revolving Loan Fund	Total
ASSETS							
Current Assets:							
Cash Deposits at the Bank of ND	\$ —	\$ 7,748,171	\$ 7,361,549	\$ —	\$ 571,842	\$ 28,665,000	\$ 240,799,817
Cash and Cash Equivalents	—	—	537,526	—	255,642,174	—	259,303,045
Investments at the Bank of ND	—	2,000,000	—	—	—	—	2,000,000
Investments	—	—	—	—	—	—	49,480,746
Accounts Receivable - Net	—	28,676	271,758	—	23,787,841	—	152,504,341
Interest Receivable - Net	—	—	—	—	1,021,240	226,000	3,780,536
Intergovernmental Receivable - Net	—	—	—	—	567,319	—	567,319
Due from Other Funds	—	—	—	9,000	—	—	902,206
Due from Fiduciary Funds	—	—	—	—	—	—	92,105
Prepaid Items	—	59,729	11,710	—	—	—	2,200,228
Inventory	—	—	—	—	—	—	42,326,733
Loans and Notes Receivable - Net	—	—	—	—	—	2,764,000	41,086,119
Other Assets	—	—	—	—	—	—	21,869
Restricted Cash at the Bank of ND	—	—	—	—	—	—	5,450,069
Restricted Cash and Cash Equivalents	—	—	—	677,000	—	—	677,000
Restricted Investments at the Bank of ND	—	—	—	1,000,000	—	—	1,000,000
Restricted Loans Receivable - Net	—	—	—	139,000	—	—	139,000
Total Current Assets	—	9,836,576	8,182,543	1,825,000	281,590,416	31,655,000	802,331,133
Noncurrent Assets:							
Loans and Notes Receivable - Net	—	—	—	409,000	—	32,379,000	475,358,213
Other Noncurrent Assets	—	—	1,397,053	—	—	—	2,332,012
Capital Assets:							
Nondepreciable	—	741,502	—	—	—	—	42,098,468
Depreciable, Net	—	21,114,179	184,351	—	—	—	169,211,143
Total Noncurrent Assets	—	21,855,681	1,581,404	409,000	—	32,379,000	688,999,836
Total Assets	—	31,692,257	9,763,947	2,234,000	281,590,416	64,034,000	1,491,330,969
DEFERRED OUTFLOWS OF RESOURCES							
Decrease in Fair Value of Hedging Derivatives	—	—	—	—	—	—	5,747,088
Derived from Pensions	—	1,255,306	779,352	—	—	—	14,681,235
Derived from OPEB	—	13,624	17,376	—	—	—	364,046
Total Deferred Outflows of Resources	—	1,268,930	796,728	—	—	—	20,792,369
LIABILITIES							
Current Liabilities:							
Accounts Payable	—	73,759	618,684	—	7,233,911	—	48,052,686
Accrued Payroll	—	—	85,897	—	—	—	1,436,402
Securities Lending Collateral	—	—	—	—	—	—	177,055
Interest Payable	—	—	—	—	—	—	120,338
Intergovernmental Payable	—	—	—	—	1,383,819	—	1,390,094
Due to Other Funds	—	—	5,620,320	3,000	51,742	44,000	167,069,245
Claims/Judgments Payable	—	—	—	—	—	—	1,827,895
Compensated Absences Payable	—	70,000	—	—	—	—	172,739
Leases Payable	—	—	40,995	—	—	—	7,345,555
Bonds Payable	—	130,000	—	—	—	—	130,000
Unearned Revenue	—	—	312,495	—	—	—	312,495
Other Current Liabilities	—	—	—	—	—	—	3,432,227
Total Current Liabilities	—	273,759	6,678,391	3,000	8,669,472	44,000	231,466,731
Noncurrent Liabilities:							
Compensated Absences Payable	—	34,683	59,764	—	—	—	1,214,780
Leases Payable	—	—	134,637	—	—	—	20,394,095
Bonds Payable	—	1,155,014	—	1,000,000	—	—	2,155,014
Financial Derivative Instrument	—	—	—	—	—	—	5,747,088
Net Pension Liability	—	956,363	630,842	—	—	—	11,497,117
Net Pension OPEB	—	44,093	34,963	—	—	—	584,021
Other Noncurrent Liabilities	—	—	—	—	—	—	28,123,334
Total Noncurrent Liabilities	—	2,190,153	860,206	1,000,000	—	—	69,715,449
Total Liabilities	—	2,463,912	7,538,597	1,003,000	8,669,472	44,000	301,182,180
DEFERRED INFLOWS OF RESOURCES							
Derived from Pensions	—	2,008,252	1,223,309	—	—	—	22,389,979
Derived from OPEB	—	25,910	14,346	—	—	—	229,085
Total Deferred Inflows of Resources	—	2,034,162	1,237,655	—	—	—	22,619,064
Net Position							
Net Investment in Capital Assets	—	20,570,667	8,719	—	—	—	187,572,034
Restricted for:							
Debt Service	—	—	—	815,000	—	—	815,000
Loan Purposes	—	—	—	—	—	—	5,237,842
Unemployment Compensation	—	—	—	—	272,920,944	—	272,920,944
Other	—	—	1,397,053	—	—	—	1,399,280
Unrestricted	—	7,892,446	378,651	416,000	—	63,990,000	720,376,994
Total Net Position	\$ —	\$ 28,463,113	\$ 1,784,423	\$ 1,231,000	\$ 272,920,944	\$ 63,990,000	\$ 1,188,322,094



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STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Enterprise Funds For the Fiscal Year Ended June 30, 2022

	Addiction Counselor Internship Loan	Agriculture Diversification Development Fund	Bonding	Clean Sustainable Energy Loan Fund	Edutech	Fire and Tornado	Guaranteed Student Loan
OPERATING REVENUES							
Sales and Services	\$ —	\$ —	\$ 51,838	\$ —	\$ 616,197	\$ 1,947,706	\$ 3,953,206
Royalties and Rents	—	—	—	—	—	—	—
Interest and Investment Income	2,938	—	—	79,000	—	—	—
Miscellaneous	—	—	—	—	—	—	—
Total Operating Revenues	2,938	—	51,838	79,000	616,197	1,947,706	3,953,206
OPERATING EXPENSES							
Cost of Sales and Services	—	—	—	—	—	—	—
Salaries and Benefits	—	—	—	—	201,455	—	—
Operating	6,010	375,000	—	769,000	566,761	597,855	4,133,848
Claims	—	—	3,460	—	—	2,290,676	—
Interest	—	—	—	94,000	—	—	—
Depreciation	—	—	—	—	—	—	—
Miscellaneous	—	—	4,985	—	—	105,974	—
Total Operating Expenses	6,010	375,000	8,445	863,000	768,216	2,994,505	4,133,848
Operating Income (Loss)	(3,072)	(375,000)	43,393	(784,000)	(152,019)	(1,046,799)	(180,642)
NONOPERATING REVENUES (EXPENSES)							
Grants and Contracts	—	—	—	—	—	—	—
Interest and Investment Income (Loss)	72	—	(236,700)	—	—	(2,426,912)	42,070
Interest Expense	—	—	(3,621)	—	—	(34,962)	—
Gain (Loss) on Sale of Capital Assets	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
Total Nonoperating Revenues (Expenses)	72	—	(240,321)	—	—	(2,461,874)	42,070
Income (Loss) Before Contributions and Transfers	(3,000)	(375,000)	(196,928)	(784,000)	(152,019)	(3,508,673)	(138,572)
Transfers In	—	10,000,000	—	—	—	—	—
Transfer Out	—	—	—	—	—	—	—
Change in Net Position	(3,000)	9,625,000	(196,928)	(784,000)	(152,019)	(3,508,673)	(138,572)
Total Net Position - Beginning of Year, as Restated	188,134		3,931,094	—	946,744	21,643,822	20,522,202
Total Net Position - End of Year	\$ 185,134	\$ 9,625,000	\$ 3,734,166	\$ (784,000)	\$ 794,725	\$ 18,135,149	\$ 20,383,630

HIT Planning Loan Fund	Infrastructure Revolving Loan Fund	Interoperable Radio Network Fund	Innovation Loan Fund	Medical Facility Infrastructure Loan Fund	Mill and Elevator	PERS Uniform Group Insurance	Rebuilders Permanent Loan Program	Roughrider Industries
\$ —	\$ —	9,562,781	\$ —	\$ —	392,463,149	\$ 383,959,307	\$ —	9,783,869
—	—	—	—	—	—	—	—	138,283
23,769	2,196,000	—	—	455,000	—	—	440,991	—
—	—	—	—	—	—	1,977	345,198	106,765
23,769	2,196,000	9,562,781	—	455,000	392,463,149	383,961,284	786,189	10,028,917
—	—	—	—	—	337,669,537	—	—	5,932,906
—	—	235,953	—	—	21,980,915	1,078,063	—	2,499,703
9,055	648,000	11,033,591	391,000	234,000	9,972,377	357,549,342	324,664	904,560
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	2,148,115	—	—	6,446,563	28,632	—	191,248
—	—	—	—	—	—	—	—	—
9,055	648,000	13,417,659	391,000	234,000	376,069,392	358,656,037	324,664	9,528,417
14,714	1,548,000	(3,854,878)	(391,000)	221,000	16,393,757	25,305,247	461,525	500,500
—	—	—	—	—	—	—	—	—
—	13,000	17,254	9,000	5,000	3,298	(1,690,154)	3,048	—
—	—	(278,810)	—	—	(1,842,941)	—	(30,650)	—
—	—	—	—	—	(60,479)	—	—	5,910
—	—	—	—	—	184,154	(162,500)	—	—
—	13,000	(261,556)	9,000	5,000	(1,715,968)	(1,852,654)	(27,602)	5,910
14,714	1,561,000	(4,116,434)	(382,000)	226,000	14,677,789	23,452,593	433,923	506,410
—	2,144,000	—	15,000,000	—	—	—	27,570,085	—
(3,000,000)	—	—	—	—	(7,705,839)	—	—	—
(2,985,286)	3,705,000	(4,116,434)	14,618,000	226,000	6,971,950	23,452,593	28,004,008	506,410
9,363,274	126,763,000	27,895,231	14,212,000	50,213,000	109,928,044	36,139,989	137,211	12,987,820
\$ 6,377,988	\$ 130,468,000	\$ 23,778,797	\$ 28,830,000	\$ 50,439,000	\$ 116,899,994	\$ 59,592,582	\$ 28,141,219	\$ 13,494,230

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Enterprise Funds (Continued) For the Fiscal Year Ended June 30, 2022

	School Construction Assistance Loan Fund	Small Employer Loan Fund	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Water Infrastructure Revolving Loan Fund	Total
OPERATING REVENUES								
Sales and Services	\$ —	\$ —	\$ 6,549,707	\$ 29,329,209	\$ —	\$ 82,240,700	\$ —	\$ 920,457,669
Royalties and Rents	—	—	—	—	—	—	—	138,283
Interest and Investment Income	4,843,000	—	—	—	35,000	—	935,000	9,010,698
Miscellaneous	—	—	—	—	—	—	—	453,940
Total Operating Revenues	4,843,000	—	6,549,707	29,329,209	35,000	82,240,700	935,000	930,060,590
OPERATING EXPENSES								
Cost of Sales and Services	—	—	—	—	—	—	—	343,602,443
Salaries and Benefits	—	—	1,845,024	1,062,179	—	—	—	28,903,292
Operating	1,346,000	915	4,295,707	20,856,121	15,000	—	424,000	414,452,806
Claims	—	—	—	—	—	75,427,408	—	77,721,544
Interest	—	—	—	7,259	10,000	—	—	111,259
Depreciation	—	—	1,205,732	36,585	—	—	—	10,056,875
Miscellaneous	—	—	—	—	—	—	—	110,959
Total Operating Expenses	1,346,000	915	7,346,463	21,962,144	25,000	75,427,408	424,000	874,959,178
Operating Income (Loss)	3,497,000	(915)	(796,756)	7,367,065	10,000	6,813,292	511,000	55,101,412
NONOPERATING REVENUES (EXPENSES)								
Grants and Contracts	—	—	3,014,696	—	—	—	—	3,014,696
Interest and Investment Income (Loss)	29,000	—	17,699	4,841	1,000	4,151,797	—	(56,687)
Interest Expense	—	—	(49,012)	—	—	—	—	(2,239,996)
Gain (Loss) on Sale of Capital Assets	—	—	—	—	—	—	—	(54,569)
Other	—	—	(451)	—	—	—	—	21,203
Total Nonoperating Revenues (Expenses)	29,000	—	2,982,932	4,841	1,000	4,151,797	—	684,647
Income (Loss) Before Contributions and Transfers	3,526,000	(915)	2,186,176	7,371,906	11,000	10,965,089	511,000	55,786,059
Transfers In	—	—	271,417	—	—	—	27,061,000	82,046,502
Transfer Out	(1,050,000)	(27,570,085)	—	(6,720,000)	—	—	—	(46,045,924)
Change in Net Position	2,476,000	(27,571,000)	2,457,593	651,906	11,000	10,965,089	27,572,000	91,786,637
Total Net Position - Beginning of Year, as Restated	307,361,000	27,571,000	26,005,520	1,132,517	1,220,000	261,955,855	36,418,000	1,096,535,457
Total Net Position - End of Year	\$ 309,837,000	\$ —	\$ 28,463,113	\$ 1,784,423	\$ 1,231,000	\$ 272,920,944	\$ 63,990,000	\$ 1,188,322,094



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STATE OF NORTH DAKOTA

Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Fiscal Year Ended June 30, 2022

	Addiction Counselor Internship Loan	Agriculture Diversification Development Fund	Bonding	Clean Sustainable Energy Loan Fund	Edutech	Fire and Tornado	Guaranteed Student Loan
Cash Flows from Operating Activities:							
Receipts from Customers and Users	\$ —	\$ —	\$ 38,471	\$ —	\$ 613,739	\$ 1,953,417	\$ 3,733,839
Interest Income on Loans	—	—	—	—	—	—	—
Receipts from Loan Principal Repayments	—	—	—	—	—	—	1,872,170
Receipts from Other Funds	—	—	—	—	—	—	—
Receipts from Others	—	—	—	—	—	—	—
Payments to Other Funds	—	—	—	—	—	(556)	—
Payments for Loan Funds	—	—	—	—	—	—	(3,086,812)
Payments to Suppliers	—	—	(5)	—	(579,011)	(597,902)	(850,474)
Payments to Employees	—	—	382	—	(195,282)	—	—
Claim Payments	—	—	(3,460)	—	—	(2,511,665)	—
Payments to Others	(6,010)	(375,000)	—	—	—	—	—
Other	—	—	—	—	—	—	—
Net Cash Provided by (Used for) Operating Activities	(6,010)	(375,000)	35,388	—	(160,554)	(1,156,706)	1,668,723
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	—	10,000,000	—	—	—	—	—
Transfers Out	—	—	—	—	—	—	—
Principal Payments on Due To Other Funds	—	—	—	—	—	—	—
Grants Received	—	—	—	—	—	—	—
Net Cash Provided by (Used for) Noncapital Financing Activities	—	10,000,000	—	—	—	—	—
Cash Flows from Capital and Related Financing Activities:							
Acquisition and Construction of Capital Assets	—	—	—	—	—	—	—
Proceeds from Bonds	—	—	—	15,000,000	—	—	—
Principal Payments - Bonds	—	—	—	—	—	—	—
Interest Payments - Bonds	—	—	—	—	—	—	—
Payment of Bond Issue Costs	—	—	—	—	—	—	—
Principal Payments on Lease Payable	—	—	—	—	—	—	—
Interest Paid on Lease Payable	—	—	—	—	—	—	—
Net Cash Provided by (Used for) Capital and Related Financing Activities	—	—	—	15,000,000	—	—	—
Cash Flows from Investing Activities:							
Proceeds from Sale and Maturities of Investment Securities	—	—	—	—	—	—	—
Purchase of Investment Securities	—	—	—	—	—	—	—
Net Increase (Decrease) In Investments	—	—	142,308	—	—	3,419,466	—
Interest and Dividends on Investments	72	—	(242,041)	—	—	(2,479,834)	42,070
Net Increase (Decrease) In Loans	—	—	—	(15,000,000)	—	—	—
Disbursements for Loans and Loan Purchases	(7,500)	—	—	—	—	—	—
Receipt of Loan Principal Repayments	—	—	—	—	—	—	—
Proceeds from Collection of Loans and Notes Receivable	21,497	—	—	—	—	—	—
Loan Income Received	1,717	—	—	67,000	—	—	—
Net Cash Provided by (Used for) Investing Activities	15,786	—	(99,733)	(14,933,000)	—	939,632	42,070
Net Change in Cash:							
Net Increase (Decrease) in Cash and Cash Equivalents	9,776	9,625,000	(64,345)	67,000	(160,554)	(217,074)	1,710,793
Cash and Cash Equivalents at June 30, 2021	95,922	—	1,797,067	—	1,008,103	2,595,498	50,016,340
Cash and Cash Equivalents at June 30, 2022	\$ 105,698	\$ 9,625,000	\$ 1,732,722	\$ 67,000	\$ 847,549	\$ 2,378,424	\$ 51,727,133
Reconciliation:							
Current:							
Cash Deposits at the Bank of North Dakota	105,698	9,625,000	1,047,657	67,000	637,549	1,576,237	51,724,906
Cash and Cash Equivalents	—	—	685,065	—	—	802,187	—
Restricted Cash Deposits at the Bank of North Dakota	—	—	—	—	210,000	—	2,227
Restricted Cash and Cash Equivalents	—	—	—	—	—	—	—
Cash and Cash Equivalents	\$ 105,698	\$ 9,625,000	\$ 1,732,722	\$ 67,000	\$ 847,549	\$ 2,378,424	\$ 51,727,133

HIT Planning Loan Fund	Infrastructure Revolving Loan Fund	Interoperable Radio Network Fund	Innovation Loan Fund	Medical Facility Infrastructure Loan Fund	Mill and Elevator	PERS Uniform Group Insurance	Rebuilders Permanent Loan Program	Roughrider Industries	School Construction Assistance Loan Fund
\$ —	\$ —	\$ 9,503,726	\$ —	\$ —	\$ 425,418,084	\$ 331,765,065	\$ —	\$ 9,535,838	\$ —
24,774	—	—	—	—	—	—	—	—	—
803,397	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	415,556	—
—	—	—	—	—	—	—	(226,692)	(5,463)	—
—	—	—	—	—	—	—	—	—	—
(10,205)	—	(15,864,973)	—	—	(411,798,619)	(357,574,251)	—	(7,012,360)	(1,347,000)
—	—	(235,428)	—	—	(21,541,515)	(1,069,811)	—	(2,387,267)	—
—	(543,000)	—	(171,000)	(235,000)	—	—	(102,380)	—	—
—	—	—	—	—	—	26,113,236	—	—	—
817,966	(543,000)	(6,596,675)	(171,000)	(235,000)	(7,922,050)	(765,761)	(329,072)	546,304	(1,347,000)
—	—	—	—	—	65,000,000	—	—	—	—
—	—	—	—	—	(25,653,273)	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	(1,873,608)	—	—	—	—
—	2,144,000	1	15,000,000	—	—	—	1,807,992	—	—
(3,000,000)	—	—	—	—	(7,066,668)	(162,500)	—	—	(1,050,000)
—	—	—	—	—	—	—	(3,116,039)	—	—
—	—	—	—	—	—	—	—	—	—
(3,000,000)	2,144,000	1	15,000,000	—	30,406,451	(162,500)	(1,308,047)	—	(1,050,000)
—	—	(12,802,705)	—	—	(15,720,219)	(59,550)	—	(169,549)	—
—	—	20,000,000	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	(92,132)	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	(60,620)	—	—	(7,911,957)	—	—	—	—
—	—	(169,228)	—	—	(393,674)	—	—	—	—
—	—	6,875,315	—	—	(24,025,850)	(59,550)	—	(169,549)	—
—	—	—	—	—	—	170,517,419	—	—	—
—	—	—	—	—	—	(168,170,000)	—	—	—
—	—	—	—	—	—	(1,690,154)	—	—	—
—	13,000	17,254	9,000	5,000	3,298	—	3,048	—	29,000
—	—	—	—	—	—	—	—	—	—
—	(14,584,000)	—	(7,823,000)	—	—	—	(150)	—	(15,418,000)
—	—	—	—	—	—	—	—	—	16,214,000
—	6,833,000	—	3,500,000	2,019,000	—	—	7,284,846	—	—
—	2,169,000	—	—	459,000	—	—	462,145	—	4,722,000
—	(5,569,000)	17,254	(4,314,000)	2,483,000	3,298	657,265	7,749,889	—	5,547,000
(2,182,034)	(3,968,000)	295,895	10,515,000	2,248,000	(1,538,151)	(330,546)	6,112,770	376,755	3,150,000
7,419,876	24,772,000	21,286,111	1,514,000	4,795,000	1,854,533	3,418,852	442,738	11,283,344	47,077,000
\$ 5,237,842	\$ 20,804,000	\$ 21,582,006	\$ 12,029,000	\$ 7,043,000	\$ 316,382	\$ 3,088,306	\$ 6,555,508	\$ 11,660,099	\$ 50,227,000
—	20,804,000	21,582,006	12,029,000	7,043,000	316,382	1,452,713	6,555,508	11,659,599	50,227,000
5,237,842	—	—	—	—	—	1,635,593	—	500	—
—	—	—	—	—	—	—	—	—	—
\$ 5,237,842	\$ 20,804,000	\$ 21,582,006	\$ 12,029,000	\$ 7,043,000	\$ 316,382	\$ 3,088,306	\$ 6,555,508	\$ 11,660,099	\$ 50,227,000

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows Nonmajor Enterprise Funds (Continued) For the Fiscal Year Ended June 30, 2022

	Small Employer Loan Fund	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Water Infrastructure Revolving Loan Fund	Total
Cash Flows from Operating Activities:							
Receipts from Customers and Users	\$ —	\$ 6,632,562	\$ 21,209,399	\$ 165,000	\$ 80,552,431	\$ —	\$ 891,121,571
Interest Income on Loans	—	—	—	—	—	—	24,774
Receipts from Loan Principal Repayments	—	—	—	—	—	—	2,675,567
Receipts from Other Funds	—	—	—	—	—	—	415,556
Receipts from Others	—	—	—	—	819,940	—	819,940
Payments to Other Funds	—	—	—	—	—	—	(232,711)
Payments for Loan Funds	—	—	—	—	—	—	(3,086,812)
Payments to Suppliers	—	(4,251,902)	(13,399,144)	(15,000)	(9,853,628)	(154,000)	(823,308,474)
Payments to Employees	—	(1,783,428)	(1,053,096)	—	(2,272,828)	—	(30,538,273)
Claim Payments	—	—	—	—	(65,633,330)	—	(68,148,455)
Payments to Others	—	—	(34,906)	—	(174,910)	—	(1,642,206)
Other	(915)	—	—	—	—	—	26,112,321
Net Cash Provided by (Used for) Operating Activities	(915)	597,232	6,722,253	150,000	3,437,675	(154,000)	(5,787,202)
Cash Flows from Noncapital Financing Activities:							
Proceeds from Sale of Notes and Other Borrowings	—	—	—	—	—	—	65,000,000
Principal Payments - Notes and Other Borrowings	—	—	—	—	—	—	(25,653,273)
Interest Payments - Bonds	—	—	—	(9,000)	—	—	(9,000)
Interest Payments - Notes and Other Borrowings	—	—	—	—	—	—	(1,873,608)
Transfers In	—	—	—	—	—	4,882,000	33,833,993
Transfers Out	(27,570,085)	—	(7,420,000)	—	—	—	(46,269,253)
Principal Payments on Due To Other Funds	—	—	—	—	—	—	(3,116,039)
Grants Received	—	3,286,113	—	—	—	—	3,286,113
Net Cash Provided by (Used for) Noncapital Financing Activities	(27,570,085)	3,286,113	(7,420,000)	(9,000)	—	4,882,000	25,198,933
Cash Flows from Capital and Related Financing Activities:							
Acquisition and Construction of Capital Assets	—	—	—	—	—	—	(28,752,023)
Proceeds from Bonds	—	—	—	—	—	—	35,000,000
Principal Payments - Bonds	—	(130,000)	—	—	—	—	(130,000)
Interest Payments - Bonds	—	(49,012)	—	—	—	—	(141,144)
Payment of Bond Issue Costs	—	(12,711)	—	—	—	—	(12,711)
Principal Payments on Lease Payable	—	—	—	—	—	—	(7,972,577)
Interest Paid on Lease Payable	—	—	—	—	—	—	(562,902)
Net Cash Provided by (Used for) Capital and Related Financing Activities	—	(191,723)	—	—	—	—	(2,571,357)
Cash Flows from Investing Activities:							
Proceeds from Sale and Maturities of Investment Securities	—	—	—	2,000,000	—	—	172,517,419
Purchase of Investment Securities	—	—	—	(2,000,000)	—	—	(170,170,000)
Net Increase (Decrease) In Investments	—	—	—	—	—	—	1,871,620
Interest and Dividends on Investments	—	17,698	3,065	1,000	4,596,087	20,000	2,037,717
Net Increase (Decrease) In Loans	—	—	—	—	—	—	(15,000,000)
Disbursements for Loans and Loan Purchases	—	—	—	—	—	(2,563,000)	(40,395,650)
Receipt of Loan Principal Repayments	—	—	—	—	—	3,118,000	19,332,000
Proceeds from Collection of Loans and Notes Receivable	—	—	—	—	—	—	19,658,343
Loan Income Received	—	—	—	—	—	725,000	8,605,862
Net Cash Provided by (Used for) Investing Activities	—	17,698	3,065	1,000	4,596,087	1,300,000	(1,542,689)
Net Change in Cash:							
Net Increase (Decrease) in Cash and Cash Equivalents	(27,571,000)	3,709,320	(694,682)	142,000	8,033,762	6,028,000	15,297,685
Cash and Cash Equivalents at June 30, 2021	27,571,000	4,038,851	8,593,757	535,000	248,180,254	22,637,000	490,932,246
Cash and Cash Equivalents at June 30, 2022	\$ —	\$ 7,748,171	\$ 7,899,075	\$ 677,000	\$ 256,214,016	\$ 28,665,000	\$ 506,229,931
Reconciliation:							
Current:							
Cash Deposits at the Bank of North Dakota	—	7,748,171	7,361,549	—	571,842	28,665,000	240,799,817
Cash and Cash Equivalents	—	—	537,526	—	255,642,174	—	259,303,045
Restricted Cash Deposits at the Bank of North Dakota	—	—	—	—	—	—	5,450,069
Restricted Cash and Cash Equivalents	—	—	—	677,000	—	—	677,000
Cash and Cash Equivalents	\$ —	\$ 7,748,171	\$ 7,899,075	\$ 677,000	\$ 256,214,016	\$ 28,665,000	\$ 506,229,931

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Fiscal Year Ended June 30, 2022**

	Addiction Counselor Internship Loan	Agriculture Diversification Development Fund	Bonding	Clean Sustainable Energy Loan Fund	Edutech	Fire and Tornado	Guaranteed Student Loan
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:							
Operating Income (Loss)	\$ (3,072)	\$ (375,000)	\$ 43,393	\$ (784,000)	\$ (152,019)	\$ (1,046,799)	\$ (180,642)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:							
Income to Net Cash Provided by Operating Activities:							
Depreciation	—	—	—	—	—	—	—
Amortization\Accretion	—	—	—	—	—	—	—
Reclassification of Interest Revenue\Expense	—	—	—	—	—	—	—
Net Depreciation In Fair Value of Investments	—	—	—	—	—	—	—
Interest Expense Paid on Lease Activities	—	—	—	—	—	—	—
Interest Received on Program Loans	—	—	—	(79,000)	—	—	—
Provision for Losses	—	—	—	750,000	—	—	2,215,358
Other	—	—	—	—	—	—	—
Deferred Outflows	—	—	108	—	—	—	—
Deferred Inflows	—	—	274	—	—	—	—
Change in Assets and Liabilities:							
(Increase) Decrease in Accounts Receivable	—	—	(8,382)	—	(7,087)	5,711	(217,058)
(Increase) Decrease in Interest Receivable	(2,938)	—	—	—	—	—	—
(Increase) Decrease in Student Loans Receivable	—	—	—	—	—	—	—
(Increase) Decrease in Due From	—	—	—	—	—	—	—
(Increase) Decrease in Intergovernmental Receivable	—	—	—	—	4,628	—	—
(Increase) Decrease in Notes Receivable	—	—	—	—	—	—	—
(Increase) Decrease in Prepaid Items	—	—	—	—	—	—	—
(Increase) Decrease in Inventories	—	—	—	—	—	—	—
(Increase) Decrease in Other Assets	—	—	—	—	—	—	—
Increase (Decrease) in Accounts Payable	—	—	(5)	—	18,998	(47)	—
Increase (Decrease) in Claims\Judgments Payable	—	—	—	—	—	(115,015)	—
Increase (Decrease) in Intergovernmental Payable	—	—	—	—	—	(556)	—
Increase (Decrease) in Accrued Payroll	—	—	—	113,000	6,173	—	—
Increase (Decrease) in Compensated Absences Payable	—	—	—	—	—	—	—
Increase (Decrease) in Due To	—	—	—	—	(31,247)	—	(146,626)
Increase (Decrease) in Net Pension Liability	—	—	—	—	—	—	—
Increase (Decrease) in Net OPEB Liability	—	—	—	—	—	—	—
Increase (Decrease) in Other Liabilities	—	—	—	—	—	—	(2,309)
Total Adjustments	(2,938)	—	(8,005)	784,000	(8,535)	(109,907)	1,849,365
Net Cash Provided by (Used for) Operating Activities	\$ (6,010)	\$ (375,000)	\$ 35,388	\$ —	\$ (160,554)	\$ (1,156,706)	\$ 1,668,723
Noncash Transactions:							
Net Change in Fair Value of Investments	\$ —	\$ —	(263,920)	\$ —	\$ —	(3,444,568)	\$ —
Reduction in pension and OPEB liability	—	—	—	—	—	(372,658)	—
Reinstatement of Debt Expense	—	—	—	—	—	—	—
Transfer of non-cash assets from Small Employer Loan Fund	—	—	—	—	—	—	—
Interest Revenue on Prize Reserves	—	—	—	—	—	—	—
Lease for building	—	—	—	—	—	—	—
Loans transferred in from State Water Commission RLF	—	—	—	—	—	—	—
Total Noncash Transactions	\$ —	\$ —	(263,920)	\$ —	\$ —	(3,817,226)	\$ —

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows Nonmajor Enterprise Funds (Continued) For the Fiscal Year Ended June 30, 2022

	HIT Planning Loan Fund	Infrastructure Revolving Loan Fund	Interoperable Radio Network Fund	Innovation Loan Fund	Medical Facility Infrastructure Loan Fund	Mill and Elevator
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:						
Operating Income (Loss)	\$ 14,714	\$ 1,548,000	\$ (3,854,878)	\$ (391,000)	\$ 221,000	\$ 16,393,757
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	—	—	2,148,115	—	—	6,446,563
Amortization\Accretion	—	—	—	—	—	8,039,792
Reclassification of Interest Revenue\Expense	—	—	—	—	(455,000)	—
Net Depreciation In Fair Value of Investments	—	—	—	—	—	—
Interest Expense Paid on Lease Activities	—	—	—	—	—	393,674
Interest Received on Program Loans	—	(2,196,000)	—	—	—	—
Provision for Losses	—	95,000	—	216,000	—	—
Other	—	—	—	—	—	214,814
Deferred Outflows	—	—	—	—	—	(1,041,722)
Deferred Inflows	—	—	—	—	—	—
Change in Assets and Liabilities:						
(Increase) Decrease in Accounts Receivable	—	—	54,909	—	—	(47,810,255)
(Increase) Decrease in Interest Receivable	1,004	—	—	—	—	—
(Increase) Decrease in Student Loans Receivable	—	—	—	—	—	—
(Increase) Decrease in Due From	—	10,000	(113,964)	—	(1,000)	—
(Increase) Decrease in Intergovernmental Receivable	—	—	—	—	—	—
(Increase) Decrease in Notes Receivable	803,397	—	—	—	—	—
(Increase) Decrease in Prepaid Items	—	—	—	—	—	(774,523)
(Increase) Decrease in Inventories	—	—	—	—	—	(9,930,072)
(Increase) Decrease in Other Assets	—	—	—	—	—	(113,768)
Increase (Decrease) in Accounts Payable	(1,149)	—	(4,525,114)	—	—	18,822,058
Increase (Decrease) in Claims\Judgments Payable	—	—	—	—	—	—
Increase (Decrease) in Intergovernmental Payable	—	—	(398,084)	—	—	—
Increase (Decrease) in Accrued Payroll	—	—	525	—	—	85,919
Increase (Decrease) in Compensated Absences Payable	—	—	—	—	—	(80,805)
Increase (Decrease) in Due To	—	—	91,816	4,000	—	—
Increase (Decrease) in Net Pension Liability	—	—	—	—	—	1,476,009
Increase (Decrease) in Net OPEB Liability	—	—	—	—	—	—
Increase (Decrease) in Other Liabilities	—	—	—	—	—	(43,491)
Total Adjustments	803,252	(2,091,000)	(2,741,797)	220,000	(456,000)	(24,315,807)
Net Cash Provided by (Used for) Operating Activities	\$ 817,966	\$ (543,000)	\$ (6,596,675)	\$ (171,000)	\$ (235,000)	\$ (7,922,050)
Noncash Transactions:						
Net Change in Fair Value of Investments	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Reduction in pension and OPEB liability	—	—	—	—	—	—
Reinstatement of Debt Expense	—	—	—	—	—	—
Transfer of non-cash assets from Small Employer Loan Fund	—	—	—	—	—	—
Interest Revenue on Prize Reserves	—	—	—	—	—	—
Lease for building	—	—	—	—	—	—
Loans transferred in from State Water Commission RLF	—	—	—	—	—	—
Total Noncash Transactions	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

STATE OF NORTH DAKOTA

PERS Uniform Group Insurance	Rebuilders Permanent Loan Program	Roughrider Industries	School Construction Assistance Loan Fund	Small Employer Loan Fund	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Water Infrastructure Revolving Loan Fund	Total
\$ 25,305,247	\$ 461,525	\$ 500,501	\$ 3,497,000	\$ (915)	\$ (796,756)	\$ 7,367,064	\$ 10,000	\$ 6,813,292	\$ 511,000	\$ 55,101,412
28,632	—	191,248	—	—	1,205,732	36,585	—	—	—	10,056,875
—	—	—	—	—	—	—	—	—	—	8,039,792
—	(440,991)	—	(4,843,000)	—	—	—	9,000	—	(935,000)	(6,664,991)
—	—	5,910	—	—	—	—	—	—	—	5,910
—	—	—	—	—	—	—	—	—	—	393,674
—	—	—	—	—	—	—	—	—	—	(2,275,000)
—	(345,198)	—	—	—	—	—	—	—	244,000	3,175,160
—	—	—	—	—	—	—	—	—	—	214,814
—	—	668,648	—	—	307,336	351,976	—	—	—	286,346
—	—	2,166,574	—	—	1,413,538	949,448	—	—	—	4,529,834
(26,075,610)	—	(186,148)	—	—	82,855	(126,911)	—	(1,481,897)	—	(75,769,873)
—	—	—	—	—	—	—	—	—	—	(1,934)
—	—	—	—	—	—	—	133,000	—	—	133,000
(92,105)	—	108,623	—	—	—	—	(3,000)	—	—	(91,446)
—	—	—	—	—	—	—	—	564,495	—	569,123
—	—	—	—	—	—	—	—	—	—	803,397
—	—	(7,491)	—	—	(4,852)	(1,710)	—	—	—	(788,576)
—	—	(219,219)	—	—	—	—	—	—	—	(10,149,291)
84,732	—	—	—	—	—	(25,824)	—	—	—	(54,860)
(36,902)	(4,408)	36,001	—	—	48,657	(496,329)	—	(328,196)	—	13,533,564
—	—	—	—	—	—	—	—	—	—	(115,015)
11,993	—	—	—	—	—	—	—	(2,042,088)	—	(2,428,735)
4,981	—	(237,767)	—	—	—	(6,650)	—	—	—	(33,819)
3,271	—	—	—	—	13,990	(18,165)	—	—	—	(81,709)
—	—	239,188	(1,000)	—	—	(86,310)	1,000	(87,931)	26,000	8,890
—	—	(2,689,219)	—	—	(1,649,927)	(1,253,727)	—	—	—	(4,116,864)
—	—	(29,526)	—	—	(23,341)	(13,799)	—	—	—	(66,666)
—	—	(1,019)	—	—	—	46,605	—	—	—	(214)
(26,071,008)	(790,597)	45,803	(4,844,000)	—	1,393,988	(644,811)	140,000	(3,375,617)	(665,000)	(60,888,614)
\$ (765,761)	\$ (329,072)	\$ 546,304	\$ (1,347,000)	\$ (915)	\$ 597,232	\$ 6,722,253	\$ 150,000	\$ 3,437,675	\$ (154,000)	\$ (5,787,202)
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (3,708,488)
—	—	—	—	—	—	—	—	—	—	(372,658)
—	30,650	—	—	—	—	—	—	—	—	30,650
—	26,196,016	—	—	—	—	—	—	—	—	26,196,016
—	—	—	—	—	—	1,822	—	—	—	1,822
—	—	—	—	—	—	175,632	—	—	—	175,632
—	—	—	—	—	—	—	—	—	22,134,000	22,134,000
\$ —	\$ 26,226,666	\$ —	\$ —	\$ —	\$ —	\$ 177,454	\$ —	\$ —	\$ 22,134,000	\$ 44,456,974

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the State and to other government units, on a cost reimbursement basis.

790 (927) - Central Services

Accounts for the revenues and expenditures associated with central printing and office supply services to state agencies and the Legislative Assembly; a surplus property program for the acquisition, distribution, and disposition of federal and state surplus property and procurement services for all state agencies not exempt by statute.

700 (918) - Fleet Services

Accounts for costs of operating and maintaining State-owned vehicles. Costs are billed to user agencies and include depreciation on equipment.

780 (929) - Information Technology Department

Accounts used for the procurement and maintenance of data processing equipment and supplies and telecommunications equipment and supplies to provide data processing and telecommunications services to state departments and agencies.

288\275 (912) - Risk Management Fund

Fund provides insurance coverage and loss prevention to all state agencies and the University System for tort liability and employee injury claims. Coverage is provided using an optional combination of self-insurance and private excess insurance.

STATE OF NORTH DAKOTA

Combining Statement of Net Position Internal Service Funds June 30, 2022

	Central Services	Fleet Services	Information Technology Department	Risk Management	Total
ASSETS					
Current Assets:					
Cash Deposits at the Bank of ND	\$ 1,240,657	\$ 24,540,497	\$ 9,961,915	\$ 1,700,217	\$ 37,443,286
Cash and Cash Equivalents	4,887	—	—	295,955	300,842
Investments at the Bank of ND	—	—	—	172,087	172,087
Investments	—	—	—	6,785,997	6,785,997
Accounts Receivable - Net	17,785	1,661,163	221,506	62,694	1,963,148
Interest Receivable - Net	—	—	—	53,222	53,222
Intergovernmental Receivable - Net	57,142	51,503	1,522,565	—	1,631,210
Due from Other Funds	175,887	2,887,221	10,842,686	7,391	13,913,185
Prepaid Items	11,460	37,892	5,640,748	147,852	5,837,952
Inventory	128,302	—	—	—	128,302
Total Current Assets	1,636,120	29,178,276	28,189,420	9,225,415	68,229,231
Noncurrent Assets:					
Capital Assets:					
Nondepreciable	—	—	—	—	—
Depreciable, Net	1,095,116	90,137,808	9,082,349	136,637	100,451,910
Total Noncurrent Assets	1,095,116	90,137,808	9,082,349	136,637	100,451,910
Total Assets	2,731,236	119,316,084	37,271,769	9,362,052	168,681,141
DEFERRED OUTFLOWS OF RESOURCES					
Derived from Pensions	736,297	1,629,128	32,349,222	415,224	35,129,871
Derived from OPEB	16,743	34,433	743,223	18,364	812,763
Total Deferred Outflow of Resources	753,040	1,663,561	33,092,445	433,588	35,942,634
LIABILITIES					
Current Liabilities:					
Accounts Payable	135,861	1,191,441	3,506,438	28,260	4,862,000
Accrued Payroll	87,614	228,453	3,430,912	37,113	3,784,092
Securities Lending Collateral	—	—	—	65,650	65,650
Interest Payable	1,567	—	50,454	2,584	54,605
Intergovernmental Payable	—	3,425	—	—	3,425
Due to Other Funds	49,239	429,316	678,319	34,958	1,191,832
Claims/Judgments Payable	—	—	—	741,287	741,287
Compensated Absences Payable	5,743	7,337	298,075	4,045	315,200
Notes Payable	—	—	1,227,884	—	1,227,884
Leases Payable	166,349	—	1,655,442	—	1,821,791
Total Current Liabilities	446,373	1,859,972	10,847,524	913,897	14,067,766
Noncurrent Liabilities:					
Claims/Judgments Payable	—	—	—	5,139,814	5,139,814
Compensated Absences Payable	62,786	80,211	3,267,419	48,504	3,458,920
Notes Payable	—	—	345,027	—	345,027
Leases Payable	726,975	—	3,695,765	—	4,422,740
Net Pension Liability	583,201	1,330,547	24,184,258	327,824	26,425,830
Net OPEB Liability	30,212	73,814	1,263,520	43,012	1,410,558
Total Noncurrent Liabilities	1,403,174	1,484,572	32,755,989	5,559,154	41,202,889
Total Liabilities	1,849,547	3,344,544	43,603,513	6,473,051	55,270,655
DEFERRED INFLOWS OF RESOURCES					
Derived from Pensions	1,144,734	2,655,340	46,773,329	639,626	51,213,029
Derived from OPEB	13,812	34,422	517,813	19,067	585,114
Total Deferred Inflow of Resources	1,158,546	2,689,762	47,291,142	658,693	51,798,143
NET POSITION					
Net Investment in Capital Assets	201,791	90,137,809	9,082,348	136,637	99,558,585
Unrestricted	274,392	24,807,530	(29,612,789)	2,527,259	(2,003,608)
Total Net Position	476,183	114,945,339	(20,530,441)	2,663,896	97,554,977

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Internal Service Funds For the Fiscal Year Ended June 30, 2022

	Central Services	Fleet Services	Information Technology Department	Risk Management	Total
OPERATING REVENUES					
Sales and Services	\$ 2,542,559	\$ 35,193,729	\$ 93,596,361	\$ 4,365,060	\$ 135,697,709
Miscellaneous	—	105,138	—	—	105,138
Total Operating Revenues	2,542,559	35,298,867	93,596,361	4,365,060	135,802,847
OPERATING EXPENSES					
Cost of Sales and Services	926,085	—	—	—	926,085
Salaries and Benefits	1,116,271	2,693,097	44,694,381	500,288	49,004,037
Operating	396,707	19,140,234	50,024,501	482,894	70,044,336
Claims	—	—	—	2,640,009	2,640,009
Interest	—	—	209,515	—	209,515
Depreciation	242,319	9,235,064	4,243,699	39,991	13,761,073
Miscellaneous	—	327,476	—	—	327,476
Total Operating Expenses	2,681,382	31,395,871	99,172,096	3,663,182	136,912,531
Operating Income (Loss)	(138,823)	3,902,996	(5,575,735)	701,878	(1,109,684)
NONOPERATING REVENUES					
Interest and Investment Income (Loss)	—	—	—	(786,881)	(786,881)
Interest Expense	(40,930)	—	—	(13,410)	(54,340)
Gain on Sale of Capital Assets	—	1,340,468	47,360	—	1,387,828
Other	—	—	—	—	—
Total Nonoperating Revenues (Expenses)	(40,930)	1,340,468	47,360	(800,291)	546,607
Income (Loss) Before Contributions and Transfers	(179,753)	5,243,464	(5,528,375)	(98,413)	(563,077)
Transfers In	—	—	—	—	—
Changes in Net Position	(179,753)	5,243,464	(5,528,375)	(98,413)	(563,077)
Total Net Position - Beginning of Year, as restated	655,936	109,701,875	(15,002,066)	2,762,309	98,118,054
Total Net Position - End of Year	\$ 476,183	\$ 114,945,339	\$ (20,530,441)	\$ 2,663,896	\$ 97,554,977

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended June 30, 2022

	Central Services	Fleet Services	Information Technology	Risk Management	Total
Cash Flows from Operating Activities:					
Receipts from Customers and Users	\$ 729,897	\$ 253,681	\$ 3,597,912	\$ 3,519	\$ 4,585,009
Receipts from Other Funds	1,774,555	33,623,451	87,905,846	4,172,242	127,476,094
Payments to Other Funds	—	—	—	(3,557,394)	(3,557,394)
Payments to Suppliers	(1,354,304)	(19,540,941)	(48,329,496)	(611,635)	(69,836,376)
Payments to Employees	(987,785)	(2,833,271)	(41,034,048)	(474,790)	(45,329,894)
Claim Payments	—	—	—	(392,364)	(392,364)
Net Cash Provided by (Used for) Operating Activities	162,363	11,502,920	2,140,214	(860,422)	12,945,075
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	(30,745)	(13,315,272)	(1,193,968)	—	(14,539,985)
Proceeds from Sale of Capital Assets	—	3,179,463	47,360	—	3,226,823
Principal Payments - Notes and Other Borrowings	—	—	(1,118,681)	—	(1,118,681)
Payment on Leases	(158,558)	—	—	—	(158,558)
Interest Payments - Leases	(40,930)	—	—	—	(40,930)
Principal Payments on Lease Payable	—	—	(1,348,359)	—	(1,348,359)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(230,233)	(10,135,809)	(3,613,648)	—	(13,979,690)
Cash Flows from Investing Activities:					
Proceeds from Sale and Maturities of Investment Securities	—	—	—	364,360	364,360
Interest and Dividends on Investments	—	—	—	235,538	235,538
Net Cash Provided by (Used for) Investing Activities	—	—	—	599,898	599,898
Net Change in Cash:					
Net Increase (Decrease) in Cash and Cash Equivalents	(67,870)	1,367,111	(1,473,434)	(260,524)	(434,717)
Cash and Cash Equivalents at June 30, 2021	1,313,414	23,173,386	11,435,349	2,256,696	38,178,845
Cash and Cash Equivalents at June 30, 2022	\$ 1,245,544	\$ 24,540,497	\$ 9,961,915	\$ 1,996,172	\$ 37,744,128
Reconciliation:					
Cash Deposits at the Bank of North Dakota	\$ 1,240,657	\$ 24,540,497	\$ 9,961,915	\$ 1,700,217	\$ 37,443,286
Cash and Cash Equivalents	4,887	—	—	295,955	300,842
Cash and Cash Equivalents	\$ 1,245,544	\$ 24,540,497	\$ 9,961,915	\$ 1,996,172	\$ 37,744,128
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	\$ (138,823)	\$ 3,902,996	\$ (5,575,735)	\$ 701,878	\$ (1,109,684)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	242,319	9,235,064	4,243,699	39,991	13,761,073
Deferred Outflows	282,397	1,008,927	13,629,886	181,197	15,102,407
Deferred Inflows	875,081	1,910,878	36,659,189	499,479	39,944,627
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(2,460)	(1,470,252)	511,498	(51,523)	(1,012,737)
(Increase) Decrease in Due From	(9,285)	(140,568)	(1,637,346)	(1,676)	(1,788,875)
(Increase) Decrease in Intergovernmental Receivable	(9,305)	(19,438)	(966,756)	—	(995,499)
(Increase) Decrease in Prepaid Items	(8,537)	28,088	(598,398)	(147,852)	(726,699)
Increase in Inventories	(4,597)	—	—	—	(4,597)
Increase (Decrease) in Accounts Payable	34,727	(101,318)	—	(113,201)	(179,792)
Increase In Interest Payable	—	—	2,375,257	—	2,375,257
Increase in Claims/Judgments Payable	—	—	—	(1,330,179)	(1,330,179)
Increase (Decrease) in Intergovernmental Payable	—	3,425	—	—	3,425
Increase in Accrued Payroll	719	32,548	321,465	(2,773)	351,959
Increase in Compensated Absences Payable	(3,970)	6,644	(117,143)	(7,161)	(121,630)
Increase (Decrease) in Due To	18,799	205,097	127,662	16,642	368,200
Increase (Decrease) In Net OPEB Liability	(13,373)	(36,099)	(563,198)	17,385	(595,285)
Decrease In Net Pension Liability	(1,101,329)	(3,063,072)	(46,269,866)	(662,629)	(51,096,896)
Total Adjustments	301,186	7,599,924	7,715,949	(1,562,300)	14,054,759
Net Cash Provided by (Used for) Operating Activities	\$ 162,363	\$ 11,502,920	\$ 2,140,214	\$ (860,422)	\$ 12,945,075
Noncash Transactions:					
Net Change in Fair Value of Investments	—	—	—	(1,042,737)	(1,042,737)
Decrease in Securities Lending Collateral	—	—	—	37,240	37,240
Assumption of Notes Payable	—	—	1,572,911	—	1,572,911
Assets Acquired Through Lease	893,324	—	5,351,207	—	6,244,531
Total Noncash Transactions	\$ 893,324	\$ —	\$ 6,924,118	\$ (1,005,497)	\$ 6,811,945

STATE OF NORTH DAKOTA

Fiduciary Funds

Fiduciary funds account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental organizations.

Pension and Other Employee-Related Benefit Trust Funds

DEFERRED COMPENSATION

981 - Deferred Compensation Fund

Accounts for the activity of the deferred compensation plan adopted under the provisions of Internal Revenue Service Code, Section 457, for State employees.

PERS FLEXCOMP

932 - Flex Program

Accounts for pre-tax premium conversions, a medical spending account and a dependent care spending account according to Section 125 of the Internal Revenue Code.

HIGHWAY PATROLMEN'S RETIREMENT

982 - Highway Patrolmen's Retirement Fund

A single employer defined benefit pension plan covering officers of the State Highway Patrol.

JOB SERVICE RETIREMENT

920 - Job Service Retirement Fund

A single employer defined benefit pension plan for Job Service employees. Participation in this plan is limited to employees participating in the program as of September 30, 1980.

PREFUNDED RETIREE HEALTH PROGRAM

933 - Prefunded Retiree Health Program

Members receiving retirement benefits from NDPERS receive a credit toward their monthly eligible insurance premium.

PUBLIC EMPLOYEES' RETIREMENT

470 (983) - Public Employees Retirement System

Accounts for the financial resources associated with the Public Employees Retirement System.

DEFINED CONTRIBUTION RETIREMENT

930 - Defined Contribution Retirement Plan

Accounts for the financial resources of the Defined Contribution Retirement Plan. Participation in this plan is limited to state employees who are in positions not classified by the Central Personnel Division and who are not employees of the judicial branch or board of higher education.

TEACHERS' RETIREMENT

964 - North Dakota Teachers' Fund For Retirement

Accounts for the financial resources of the Teachers' Retirement Fund.

Investment Trust Funds

911 - ND Association of Counties RIO Investments

Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the North Dakota Association of Counties.

913 - City of Bismarck RIO Investments

Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the City of Bismarck.

936 - City of Grand Forks RIO Investments

Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the City of Grand Forks.

950 - City of Fargo RIO Investments

Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the City of Fargo.

Private Purpose Trust Funds

STUDENT AND CULTURAL DONATIONS

928 - Indian Cultural Education Trust Fund

Trust accounts for donations provided for the purpose of generating income to benefit Indian Culture.

COLLEGE SAVE

940 - College SAVE

Program established by the State of North Dakota to encourage the investment of funds to be used for qualified higher education expenses at institutions of higher education.

MANDAN REMEDIATION TRUST

943 - Mandan Remediation Trust

Accounts for the funds obtained from a lawsuit settlement for the remediation efforts of the North Dakota Health Department and the City of Mandan.

Custodial Funds

CHILD SUPPORT

463 - Child Support Disbursement Unit Fund

Accounts for all child support payments received by the state disbursement unit.

STUDENT AND OTHER

946 - District Court Collection Fund

Accounts for collections for third parties.

986 - Developmental Center Residents' Funds

Accounts for funds belonging to patients of the State Developmental Center.

990 - Veteran's Home-Custodial

Accounts for resident's personal funds.

991 - State Hospital Patients

Accounts for patient's personal funds.

STATE OF NORTH DAKOTA

STUDENT AND OTHER cont.

992 - Prisoner Accounts

Accounts for prisoner's personal fund.

993 - Youth Correctional Center Student Accounts

Account for the student's personal funds.

994 - School for the Deaf Students

Account for the students personal funds.

995 - NDUS Fiduciary Fund

Account for the student organization funds.

TAX COLLECTION

434 - City Lodging Tax Suspense

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

435 - City Sales Tax Suspense

Accounts for city sales and use taxes collected by the State Tax Commission.

437 - City Motor Vehicle Rental Tax

Accounts for city motor vehicle rental tax collected by the state tax commissioner.

438 - City Restaurant and Lodge Tax Suspense

A city tax, at a rate not to exceed one percent, upon the gross receipts of retailers on the leasing or renting of hotel, motel, or tourist court accommodations within the city and gross receipts of a restaurant from any sales of prepared food or beverages, not including alcoholic beverages for consumption off the premises where purchased is collected by the State Tax Commissioner. Proceeds, net of a 3% administrative fee which is deposited into the general fund, are remitted quarterly to each city collecting the tax.



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STATE OF NORTH DAKOTA

Combining Statement of Fiduciary Net Position Pension, Investment and Private-Purpose Trust Funds June 30, 2022

	Pension and Other Employee Benefit Trust Funds					
	Deferred Compensation	Defined Contribution Retirement	Highway Patrolmen's Retirement	Job Service Retirement	PERS Flexcomp	Prefunded Retiree Health Program
ASSETS						
Cash Deposits at the Bank of ND	\$ 270,116	\$ 221,306	\$ —	\$ 1,340	\$ 76,883	\$ 1,441,571
Cash and Cash Equivalents	—	—	—	—	—	—
Receivables:						
Contributions Receivable	1,216,019	90,660	730,304	593	545,741	792,296
Accounts Receivable - Net	—	—	—	—	—	—
Taxes Receivable for Other Governments - Net	—	—	—	—	—	—
Interest Receivable - Net	—	—	214,063	199	—	532
Due from Other Funds	—	—	—	—	—	199
Due from Fiduciary Funds	—	—	—	—	—	—
Due from Component Units	—	—	—	—	—	—
Total Receivables	1,216,019	90,660	944,367	792	545,741	793,027
Investments, at Fair Value:						
Investments at the Bank of ND	—	—	—	—	—	—
Equities	—	—	—	—	—	—
Equity Pool	—	—	50,615,327	17,152,361	—	96,887,675
Fixed Income Pool	3,045,746	149,804	21,506,347	68,585,665	—	54,944,364
Cash and Cash Pool	3,293,943	342,385	493,318	518,444	—	498,576
Real Estate Pool	—	—	18,763,032	—	—	—
Mutual Funds	160,978,323	16,279,378	—	—	—	—
Total Investments	167,318,012	16,771,567	91,378,024	86,256,470	—	152,330,615
Invested Securities Lending Collateral	—	—	589,333	—	—	—
Capital Assets (Net of Depreciation)	78,042	485	2,106	623	27,871	71,755
Total Assets	168,882,189	17,084,018	92,913,830	86,259,225	650,495	154,636,968
DEFERRED OUTFLOWS OF RESOURCES						
Derived from Pensions	—	—	—	—	—	—
Total Deferred Outflows of Resources	—	—	—	—	—	—
LIABILITIES						
Accounts Payable	26,686	97	—	81,755	12,915	153,882
Accrued Payroll	35,480	—	—	—	26,893	—
Securities Lending Collateral	—	—	589,333	—	—	—
Due to Local Governments	—	—	—	—	—	—
Tax Refunds Payable	—	—	—	—	—	—
Due to Other Funds	4,018	162	—	—	94,263	14
Amounts Held in Custody for Others	2,000	—	—	—	—	—
Other Deposits	—	—	—	—	—	—
Compensated Absences Payable	28,926	—	—	—	17,833	—
Total Liabilities	97,110	259	589,333	81,755	151,904	153,896
DEFERRED INFLOWS OF RESOURCES						
Derived from Pensions	—	—	—	—	—	—
Unavailable Revenue	—	—	—	—	—	—
Total Deferred Inflows of Resources	—	—	—	—	—	—
NET POSITION						
Net Position Restricted for:						
Pension Benefits	168,785,079	17,083,759	92,324,497	86,177,470	—	154,483,072
Other Employee Benefits	—	—	—	—	498,591	—
External Investment Pool Participants	—	—	—	—	—	—
Individuals, Organizations, and Other Governments	—	—	—	—	—	—
Other Purposes	—	—	—	—	—	—
Total Net Position Restricted for Pension Benefits and Other Purposes	\$ 168,785,079	\$ 17,083,759	\$ 92,324,497	\$ 86,177,470	\$ 498,591	\$ 154,483,072

Pension and Other Employee Benefit Trust Funds			Investment Trust Funds				
Public Employees Retirement	Teachers Retirement	Total	City of Bismarck	ND Association of Counties	City of Grand Forks	City of Fargo	Total
\$ 19,246,161	\$ 23,308,382	\$ 44,565,759	\$ —	\$ —	\$ —	\$ —	\$ —
103,993	—	103,993	—	—	—	—	—
11,011,361	31,994,826	46,381,800	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
8,369,490	11,279,712	19,863,996	348,923	3,503	121,650	51,412	525,488
—	—	199	—	—	—	—	—
—	824	824	—	—	—	—	—
—	—	—	—	—	—	—	—
19,380,851	43,275,362	66,246,819	348,923	3,503	121,650	51,412	525,488
—	—	—	—	—	—	—	—
—	1,584,149,652	1,584,149,652	78,627,236	2,385,056	48,090,523	20,061,206	149,164,021
1,993,965,838	—	2,158,621,201	—	—	—	—	—
847,231,911	787,437,048	1,782,900,885	54,070,285	4,205,797	19,621,828	15,520,887	93,418,797
19,434,001	32,514,380	57,095,047	500,742	205,353	776,730	401,836	1,884,661
739,160,400	557,108,366	1,315,031,798	33,935,800	—	12,884,257	3,996,646	50,816,703
—	—	177,257,701	—	—	—	—	—
3,599,792,150	2,961,209,446	7,075,056,284	167,134,063	6,796,206	81,373,338	39,980,575	295,284,182
23,022,445	20,080,497	43,692,275	848,251	61,478	560,831	301,656	1,772,216
174,532	680,999	1,036,413	—	—	—	—	—
3,661,720,132	3,048,554,686	7,230,701,543	168,331,237	6,861,187	82,055,819	40,333,643	297,581,886
—	1,113,188	1,113,188	—	—	—	—	—
—	1,113,188	1,113,188	—	—	—	—	—
2,697,848	4,140,663	7,113,846	85,194	2,212	35,836	14,852	138,094
119,901	—	182,274	—	—	—	—	—
23,022,445	20,080,497	43,692,275	848,251	61,478	560,831	301,656	1,772,216
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
14,068	28,184	140,709	—	—	—	—	—
—	—	2,000	—	—	—	—	—
—	—	—	—	—	—	—	—
93,968	—	140,727	—	—	—	—	—
25,948,230	24,249,344	51,271,831	933,445	63,690	596,667	316,508	1,910,310
—	1,498,287	1,498,287	—	—	—	—	—
—	—	—	—	—	—	—	—
—	1,498,287	1,498,287	—	—	—	—	—
3,635,771,902	3,023,920,243	7,178,546,022	—	—	—	—	—
—	—	498,591	—	—	—	—	—
—	—	—	167,397,792	6,797,497	81,459,152	40,017,135	295,671,576
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
\$ 3,635,771,902	\$ 3,023,920,243	\$ 7,179,044,613	\$ 167,397,792	\$ 6,797,497	\$ 81,459,152	\$ 40,017,135	\$ 295,671,576

STATE OF NORTH DAKOTA

Combining Statement of Fiduciary Net Position Pension, Investment and Private-Purpose Trust Funds (Continued) June 30, 2022

	Private-Purpose Trust Funds				
	Grain Insolvency Trust Fund	Student and Cultural Donations	Mandan Remediation Trust	College SAVE	Total
ASSETS					
Cash Deposits at the Bank of ND	\$ 616,924	\$ 422	\$ 5,618,915	\$ —	\$ 6,236,261
Cash and Cash Equivalents	—	—	—	840,394	840,394
Receivables:					
Contributions Receivable	—	—	—	—	—
Accounts Receivable - Net	—	—	—	153,836	153,836
Taxes Receivable for Other Governments - Net	—	—	—	—	—
Interest Receivable - Net	—	5,333	—	—	5,333
Due from Other Funds	—	—	—	—	—
Due from Fiduciary Funds	—	—	—	—	—
Due from Component Units	—	—	—	—	—
Total Receivables	—	5,333	—	153,836	159,169
Investments, at Fair Value:					
Investments at the Bank of ND	—	—	—	—	—
Equities	—	—	—	—	—
Equity Pool	—	—	—	—	—
Fixed Income Pool	—	1,324,232	—	—	1,324,232
Cash and Cash Pool	—	—	—	—	—
Real Estate Pool	—	—	—	—	—
Mutual Funds	—	—	—	647,375,545	647,375,545
Total Investments	—	1,324,232	—	647,375,545	648,699,777
Invested Securities Lending Collateral	—	53,655	—	—	53,655
Capital Assets (Net of Depreciation)	—	—	—	—	—
Total Assets	616,924	1,383,642	5,618,915	648,369,775	655,989,256
DEFERRED OUTFLOWS OF RESOURCES					
Derived from Pensions	—	—	—	—	—
Total Deferred Outflows of Resources	—	—	—	—	—
LIABILITIES					
Accounts Payable	—	189	36,871	1,078,512	1,115,572
Accrued Payroll	—	—	—	—	—
Securities Lending Collateral	—	53,655	—	—	53,655
Due to Local Governments	—	—	—	—	—
Tax Refunds Payable	—	—	—	—	—
Due to Other Funds	—	—	—	—	—
Amounts Held in Custody for Others	—	—	—	—	—
Other Deposits	—	—	—	—	—
Compensated Absences Payable	—	—	—	—	—
Other Liabilities	—	—	—	—	—
Total Liabilities	—	53,844	36,871	1,078,512	1,169,227
DEFERRED INFLOWS OF RESOURCES					
Derived from Pensions	—	—	—	—	—
Unavailable Revenue	—	—	—	—	—
Total Deferred Inflows of Resources	—	—	—	—	—
NET POSITION					
Net Position Restricted for:					
Pension Benefits	—	—	—	—	—
Other Employee Benefits	—	—	—	—	—
External Investment Pool Participants	—	—	—	—	—
Individuals, Organizations, and Other Governments	—	—	—	—	—
Other Purposes	616,924	1,329,798	5,582,044	647,291,263	654,820,029
Total Net Position Restricted for Pension Benefits and Other Purposes	\$ 616,924	\$ 1,329,798	\$ 5,582,044	\$ 647,291,263	\$ 654,820,029

Custodial Funds

Child Support	Student and Other	Tax Collection	Total
\$ 5,977,464	\$ 4,619,441	\$ 28,638,531	\$ 39,235,436
—	347,193	—	347,193
—	—	—	—
422,945	952,304	—	1,375,249
—	—	42,288,779	42,288,779
—	25	—	25
—	1,544	—	1,544
—	—	—	—
—	774	—	774
422,945	954,647	42,288,779	43,666,371
—	50,000	—	50,000
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	50,000	—	50,000
—	—	—	—
—	—	—	—
6,400,409	5,971,281	70,927,310	83,299,000
—	—	—	—
—	—	—	—
5,852,257	49,121	—	5,901,378
—	101,299	—	101,299
—	—	—	—
—	—	66,677,285	66,677,285
—	—	77,826	77,826
548,152	—	—	548,152
—	—	—	—
—	20,937	—	20,937
—	—	—	—
—	—	—	—
6,400,409	171,357	66,755,111	73,326,877
—	—	—	—
—	—	4,172,197	4,172,197
—	—	4,172,197	4,172,197
—	—	—	—
—	—	—	—
—	—	—	—
—	5,799,924	—	5,799,924
—	—	2	2
\$ —	\$ 5,799,924	\$ 2	\$ 5,799,926

STATE OF NORTH DAKOTA

Combining Statement of Changes in Fiduciary Net Position Pension, Investment and Private-Purpose Trust Funds For the Fiscal Year Ended June 30, 2022

	Pension and Other Employee Benefit Trust Funds					
	Deferred Compensation	Defined Contribution Retirement	Highway Patrolmen's Retirement	Job Service Retirement	PERS Flexcomp	Prefunded Retiree Health Program
ADDITIONS						
Contributions:						
Child Support Collections	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Collections for District Courts	—	—	—	—	—	—
Employer	—	503,267	2,686,795	—	—	12,565,573
Employee	16,032,276	551,993	1,825,729	9,299	6,013,536	12,234
From Participants	—	—	—	—	—	—
Student, Patient, and Inmate Accounts	—	—	—	—	—	—
Tax Collections for Local Governments	—	—	—	—	—	—
Transfers from Other Funds	712,500	1,205	—	—	—	—
Transfers from Other Plans	1,737,082	—	—	—	—	—
Donations	—	—	—	—	—	—
Total Contributions	18,481,858	1,056,465	4,512,524	9,299	6,013,536	12,577,807
Investment Income:						
Net Change in Fair Value of Investments	(27,438,499)	(4,557,395)	(8,022,147)	(7,105,726)	—	(30,112,037)
Interest and Dividends	(205,073)	1,468,973	1,747,872	1,862,254	454	3,893,161
Less Investment Expense	—	5,720	239,010	308,015	—	537,631
Net Investment Income (Loss)	(27,643,572)	(3,094,142)	(6,513,285)	(5,551,487)	454	(26,756,507)
Securities Lending Activity:						
Securities Lending Income	—	—	3,314	—	—	—
Less Securities Lending Expense	—	—	—	—	—	—
Net Securities Lending Income	—	—	3,314	—	—	—
Repurchase Service Credit	—	—	159,747	—	—	456,895
Miscellaneous Income (Expense)	162,500	6,844	62	—	890,175	(1)
Total Additions	(8,999,214)	(2,030,833)	(1,837,638)	(5,542,188)	6,904,165	(13,721,806)
DEDUCTIONS						
Benefits Paid to Participants	9,195,151	782,229	5,840,127	4,865,682	6,125,693	—
Child Support Distributions	—	—	—	—	—	—
Distributions to District Courts	—	—	—	—	—	—
Distributions of Taxes to Local Governments	—	—	—	—	—	—
Student, Patient, and Inmate Accounts	—	—	—	—	—	—
Refunds	—	—	7,897	—	—	2,631
Prefunded Credit Applied	—	—	—	—	—	13,743,479
Transfer to Other Plans	—	—	—	—	550,000	—
Payments in Accordance with Trust Agreements	—	—	—	—	—	—
Administrative Expenses	812,126	6,255	65,650	18,357	551,867	383,458
Total Deductions	10,007,277	788,484	5,913,674	4,884,039	7,227,560	14,129,568
Redemption of Units at \$1.00 Per Unit	—	—	—	—	—	—
Net Increase (Decrease) in Fiduciary Net Position	(19,006,491)	(2,819,317)	(7,751,312)	(10,426,227)	(323,395)	(27,851,374)
Net Position - Beginning of Year, as Restated	187,791,570	19,903,076	100,075,809	96,603,697	821,986	182,334,446
Net Position - End of Year	\$ 168,785,079	\$ 17,083,759	\$ 92,324,497	\$ 86,177,470	\$ 498,591	\$ 154,483,072

Pension and Other Employee Benefit Trust Funds			Investment Trust Funds				
Public Employees Retirement	Teachers Retirement	Total	City of Bismarck	ND Association of Counties	City of Grand Forks	City of Fargo	Total
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
96,630,783	100,331,347	212,717,765	—	—	—	—	—
89,633,939	92,462,223	206,541,229	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	713,705	—	—	—	—	—
—	—	1,737,082	—	—	—	—	—
—	—	—	—	—	—	—	—
186,264,722	192,793,570	421,709,781	—	—	—	—	—
(315,774,045)	(248,369,374)	(641,379,223)	(13,341,741)	(1,077,670)	(7,856,274)	(6,685,193)	(28,960,878)
68,878,159	56,305,952	133,951,752	3,330,486	147,667	1,611,620	895,252	5,985,025
9,307,158	6,924,716	17,322,250	425,672	13,148	203,260	104,325	746,405
(256,203,044)	(198,988,138)	(524,749,721)	(10,436,927)	(943,151)	(6,447,914)	(5,894,266)	(23,722,258)
130,680	134,425	268,419	6,673	343	4,094	2,543	13,653
—	26,870	26,870	1,336	68	817	508	2,729
130,680	107,555	241,549	5,337	275	3,277	2,035	10,924
10,249,235	2,017,055	12,882,932	—	—	—	—	—
14,125	25,166	1,098,871	—	—	—	—	—
(59,544,282)	(4,044,792)	(88,816,588)	(10,431,590)	(942,876)	(6,444,637)	(5,892,231)	(23,711,334)
236,144,369	244,705,096	507,658,347	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
15,758,175	7,142,359	22,911,062	—	—	—	—	—
—	—	13,743,479	—	—	—	—	—
163,705	—	713,705	—	—	—	—	—
—	—	—	—	—	—	—	—
2,340,267	2,592,340	6,770,320	—	—	—	—	—
254,406,516	254,439,795	551,796,913	—	—	—	—	—
—	—	—	(3,250,000)	—	(3,176,051)	(3,800,000)	(10,226,051)
(313,950,798)	(258,484,587)	(640,613,501)	(13,681,590)	(942,876)	(9,620,688)	(9,692,231)	(33,937,385)
3,949,722,700	3,282,404,830	7,819,658,114	181,079,382	7,740,373	91,079,840	49,709,366	329,608,961
\$ 3,635,771,902	\$ 3,023,920,243	\$ 7,179,044,613	\$ 167,397,792	\$ 6,797,497	\$ 81,459,152	\$ 40,017,135	\$ 295,671,576

STATE OF NORTH DAKOTA

Combining Statement of Changes in Fiduciary Net Position Pension, Investment and Private-Purpose Trust Funds (Continued) For the Fiscal Year Ended June 30, 2022

	Private-Purpose Trust Funds				Total
	Grain Insolvency Trust Fund	Cultural Donations	Remediation Trust	College SAVE	
ADDITIONS					
Contributions:					
Child Support Collections	\$ —	\$ —	\$ —	\$ —	—
Collections for District Courts	—	—	—	—	—
Employer	—	—	—	—	—
Employee	—	—	—	—	—
From Participants	—	—	—	53,659,608	53,659,608
Student, Patient, and Inmate Accounts	—	—	—	—	—
Tax Collections for Local Governments	—	—	—	—	—
Transfers from Other Funds	—	—	—	—	—
Transfers from Other Plans	—	—	—	—	—
Donations	—	—	—	—	—
Total Contributions	—	—	—	53,659,608	53,659,608
Investment Income:					
Net Change in Fair Value of Investments	—	(109,295)	—	39,188,602	39,079,307
Interest and Dividends	573	44,865	8,083	14,018,796	14,072,317
Less Investment Expense	—	2,361	—	—	2,361
Net Investment Income (Loss)	573	(66,791)	8,083	53,207,398	53,149,263
Securities Lending Activity:					
Securities Lending Income	—	211	—	—	211
Less Securities Lending Expense	—	—	—	—	—
Net Securities Lending Income	—	211	—	—	211
Repurchase Service Credit	—	—	—	—	—
Miscellaneous Income (Expense)	616,351	2,459	—	—	618,810
Total Additions	616,924	(64,121)	8,083	106,867,006	107,427,892
DEDUCTIONS					
Benefits Paid to Participants	—	—	—	—	—
Child Support Distributions	—	—	—	—	—
Distributions to District Courts	—	—	—	—	—
Distributions of Taxes to Local Governments	—	—	—	—	—
Student, Patient, and Inmate Accounts	—	—	—	—	—
Refunds	—	—	—	—	—
Prefunded Credit Applied	—	—	—	—	—
Transfer to Other Plans	—	—	—	—	—
Payments in Accordance with Trust Agreements	—	46,052	172,960	55,273,753	55,492,765
Administrative Expenses	—	1,088	45,257	4,129,045	4,175,390
Total Deductions	—	47,140	218,217	59,402,798	59,668,155
Redemption of Units at \$1.00 Per Unit	—	—	—	—	—
Net Increase (Decrease) in Fiduciary Net Position	616,924	(111,261)	(210,134)	47,464,208	47,759,737
Net Position - Beginning of Year, as Restated	—	1,441,059	5,792,178	599,827,055	607,060,292
Net Position - End of Year	\$ 616,924	\$ 1,329,798	\$ 5,582,044	\$ 647,291,263	\$ 654,820,029

Custodial Funds			
Child Support	Students and Other	Tax Collection	Total
\$ 134,986,380	\$ —	\$ —	\$ 134,986,380
—	2,664,791	—	2,664,791
—	—	—	—
—	—	—	—
—	8,930	—	8,930
—	6,095,140	—	6,095,140
—	—	332,299,158	332,299,158
—	—	—	—
—	—	—	—
—	2,471,704	—	2,471,704
134,986,380	11,240,565	332,299,158	478,526,103
—	—	—	—
—	25	—	25
—	—	—	—
—	25	—	25
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	1,019,934	—	1,019,934
134,986,380	12,260,524	332,299,158	479,546,062
—	4,779	—	4,779
134,986,380	—	—	134,986,380
—	4,052,814	—	4,052,814
—	—	330,824,214	330,824,214
—	6,093,671	—	6,093,671
—	—	38,956	38,956
—	—	—	—
—	—	1	1
—	—	—	—
—	3,364,150	1,435,985	4,800,135
134,986,380	13,515,414	332,299,156	480,800,950
—	—	—	—
—	(1,254,890)	2	(1,254,888)
—	7,054,814	—	7,054,814
\$ —	\$ 5,799,924	\$ 2	\$ 5,799,926

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

	2013	2014	2015	2016
Governmental Activities				
Net Investment in Capital Assets	\$ 2,331,214,264	\$ 2,502,234,624	\$ 3,622,722,021	\$ 4,299,696,899
Restricted	3,786,154,729	4,976,564,822	6,254,673,532	6,246,873,312
Unrestricted	5,597,014,917	7,109,867,360	6,812,545,677	5,781,826,861
Total Governmental Activities Net Position	\$ 11,714,383,910	\$ 14,588,666,806	\$ 16,689,941,230	\$ 16,328,397,072
Business-Type Activities				
Net Investment in Capital Assets	792,067,993	844,395,270	1,023,384,933	1,155,758,401
Restricted	632,431,958	600,269,799	485,012,106	533,664,273
Unrestricted	1,019,582,872	1,287,315,405	1,439,859,232	1,528,847,402
Total Business-Type Activities Net Position	\$ 2,444,082,823	\$ 2,731,980,474	\$ 2,948,256,271	\$ 3,218,270,076
Primary Government				
Net Investment in Capital Assets	3,123,282,257	3,346,629,894	4,646,106,954	5,455,455,300
Restricted	4,418,586,687	5,576,834,621	6,739,685,638	6,780,537,585
Unrestricted	6,616,597,789	8,397,182,765	8,252,404,909	7,310,674,263
Total Primary Government Net Position	\$ 14,158,466,733	\$ 17,320,647,280	\$ 19,638,197,501	\$ 19,546,667,148

2017	2018	2019	2020	2021	2022
\$ 4,759,286,304	\$ 4,988,838,700	\$ 5,185,682,467	\$ 5,427,964,743	\$ 5,558,196,905	\$ 5,673,770,741
6,224,908,099	6,355,103,413	6,639,785,616	6,543,041,908	7,676,068,973	8,029,841,388
5,989,501,438	7,172,275,944	8,786,695,069	9,578,050,070	11,474,698,414	11,480,822,257
\$ 16,973,695,841	\$ 18,516,218,057	\$ 20,612,163,152	\$ 21,549,056,721	\$ 24,708,964,292	\$ 25,184,434,386
1,223,438,996	1,214,133,386	1,246,740,894	1,243,098,375	1,339,862,982	1,419,736,052
888,080,253	924,610,477	972,887,591	1,374,338,655	1,670,769,520	1,538,720,043
1,633,421,219	1,779,197,611	1,904,500,531	1,952,266,055	1,905,177,868	1,986,232,970
\$ 3,744,940,468	\$ 3,917,941,474	\$ 4,124,129,016	\$ 4,569,703,085	\$ 4,915,810,370	\$ 4,944,689,065
5,982,725,300	6,202,972,086	6,432,423,361	6,671,063,118	6,898,059,887	7,093,506,793
7,112,988,352	7,279,713,890	7,612,673,207	7,917,380,563	9,346,838,493	9,568,561,431
7,622,922,657	8,951,473,555	10,691,195,600	11,530,316,125	13,379,876,282	13,467,055,227
\$ 20,718,636,309	\$ 22,434,159,531	\$ 24,736,292,168	\$ 26,118,759,806	\$ 29,624,774,662	\$ 30,129,123,451

STATE OF NORTH DAKOTA

Schedule 2 -- Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2013	2014	2015	2016
Expenses				
Governmental Activities:				
General Governmental	\$ 889,332,121	\$ 1,283,916,089	\$ 1,171,207,640	\$ 1,055,377,601
Education	875,991,527	1,075,062,067	1,415,255,393	1,175,550,087
Health and Human Services	1,318,899,711	1,433,598,932	1,706,333,172	1,776,822,167
Regulatory	44,813,739	54,727,821	66,743,817	69,084,070
Public Safety and Corrections	209,732,547	243,149,474	249,290,966	227,617,802
Agriculture and Commerce	93,212,834	96,055,152	106,455,113	106,845,611
Natural Resources	114,752,488	119,395,831	236,079,321	321,992,458
Transportation	595,646,719	1,066,103,806	603,812,692	679,070,102
Interest on Long Term Debt	8,454,110	7,601,561	7,154,580	1,334,285
Total Governmental Activities Expenses	4,150,835,796	5,379,610,733	5,562,332,694	5,413,694,183
Business-Type Activities:				
Bank of North Dakota	68,887,617	76,366,749	71,053,171	85,822,027
Housing Finance	48,368,304	40,901,946	37,510,475	40,245,934
Loan Programs	8,756,357	12,759,106	11,366,158	17,322,830
State Lottery	19,713,987	19,264,562	20,359,788	26,038,434
Unemployment Compensation	118,377,072	113,988,509	144,920,974	225,358,209
University System	1,080,816,602	1,129,869,106	1,170,159,474	1,211,438,892
Workers Compensation	448,535,174	418,500,961	377,926,363	366,662,703
Other	279,389,712	269,600,028	549,799,020	569,432,422
Total Business-Type Activities Expenses	2,072,844,825	2,081,250,967	2,383,095,423	2,542,321,451
Total Primary Government Expenses	\$ 6,223,680,621	\$ 7,460,861,700	\$ 7,945,428,117	\$ 7,956,015,634
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Governmental	32,815,967	38,080,695	37,107,914	36,278,126
Education	6,086,567	6,064,710	6,806,001	7,071,212
Health and Human Services	38,381,590	39,915,016	64,507,593	42,982,802
Regulatory	32,359,807	45,384,490	25,862,700	52,583,727
Public Safety and Corrections	26,614,392	28,552,402	30,428,332	24,446,658
Agriculture and Commerce	35,652,945	36,600,243	31,198,196	38,222,183
Natural Resources	26,356,862	29,681,837	33,895,342	35,142,635
Transportation	120,821,133	120,058,651	132,160,558	122,699,922
Operating Grants and Contributions	1,867,800,810	2,083,789,612	1,888,797,868	1,755,539,596
Capital Grants and Contributions	5,353,007	11,045,879	1,388,033	3,416,338
Total Governmental Activities Program Revenues	2,192,243,080	2,439,173,535	2,252,152,537	2,118,383,199
Business-Type Activities:				
Charges for Services:				
Bank of North Dakota	161,080,000	155,548,000	175,117,000	207,836,000
Housing Finance	42,649,030	36,150,366	34,386,013	36,286,659
Loan Programs	7,538,124	7,548,651	10,365,115	12,212,352
State Lottery	27,999,486	27,051,014	27,212,010	35,736,460
Unemployment Compensation	127,174,321	133,701,408	127,328,232	147,802,377
University System	486,262,379	507,302,753	517,570,660	537,645,053
Workers Compensation	320,237,794	318,779,835	339,806,696	308,682,776
Other	289,981,947	276,895,777	554,752,747	573,829,155
Operating Grants and Contributions	370,855,633	439,950,824	312,136,231	298,603,154
Capital Grants and Contributions	19,865,857	18,703,628	36,923,275	29,609,083
Total Business-Type Activities Program Revenues	1,853,644,571	1,921,632,256	2,135,597,979	2,188,243,069
Total Primary Government Program Revenues	\$ 4,045,887,651	\$ 4,360,805,791	\$ 4,387,750,516	\$ 4,306,626,268
Net (Expense)/Revenue				
Governmental Activities	(1,958,592,716)	(2,940,437,198)	(3,310,180,157)	(3,295,310,984)
Business-Type Activities	(219,200,254)	(159,618,711)	(247,497,444)	(354,078,382)
Total Primary Government Net Expense	\$ (2,177,792,970)	\$ (3,100,055,909)	\$ (3,557,677,601)	\$ (3,649,389,366)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Individual and Corporate Income Taxes	863,018,492	700,867,920	732,975,064	414,964,865
Sales and Use Taxes	1,654,186,763	1,756,777,615	1,804,380,378	1,348,342,960
Oil, Gas and Coal Taxes	2,518,921,322	3,335,934,782	2,734,507,198	1,457,361,212
Business and Other Taxes	83,470,020	82,437,250	92,936,834	99,295,506
Unrestricted Investment Earnings	17,967,764	130,011,232	117,643,232	64,347,477
Tobacco Settlement	22,332,577	23,652,803	21,789,723	22,776,760
Miscellaneous	206,709,383	198,533,139	161,725,312	119,545,563
Contributions to Permanent Fund Principal	13,722,930	14,251,211	16,382,336	15,637,987
Special Items	—	—	—	(4,948,596)
Extraordinary Item	—	—	—	—
Transfers	(409,585,575)	(424,008,500)	(542,713,254)	(603,556,908)
Total Governmental Activities	4,970,743,676	5,818,457,452	5,139,626,823	2,933,766,826
Business-Type Activities:				
Miscellaneous	39,166,106	1,857,975	9,562,071	93,003
Special Items	(14,728,630)	—	—	—
Transfers	358,701,147	455,888,029	535,979,992	611,332,622
Total Business-Type Activities	383,138,623	457,746,004	545,542,063	611,425,625
Total Primary Government	\$ 5,353,882,299	\$ 6,276,203,456	\$ 5,685,168,886	\$ 3,545,192,451
Change in Net Position				
Governmental Activities	3,012,150,960	2,878,020,254	1,829,446,666	(361,544,158)
Business-Type Activities	163,938,369	298,127,293	298,044,619	257,347,243
Total Primary Government	\$ 3,176,089,329	\$ 3,176,147,547	\$ 2,127,491,285	\$ (104,196,915)

2017	2018	2019	2020	2021	2022
\$ 955,118,609	\$ 1,034,864,058	\$ 1,183,233,944	\$ 1,034,052,808	\$ 1,214,720,174	\$ 1,511,677,383
1,214,358,440	1,208,513,849	1,238,988,634	1,288,935,269	1,440,183,047	1,537,651,374
1,851,801,955	1,930,264,975	1,947,263,363	2,077,950,367	2,429,626,253	2,527,706,456
76,261,665	60,781,953	61,213,248	78,441,824	262,054,990	153,118,491
238,515,283	241,143,887	230,666,579	249,751,212	303,434,122	259,572,771
100,774,792	95,411,926	99,247,117	107,574,065	235,626,424	138,348,393
286,546,075	230,194,737	261,307,506	217,545,757	292,875,625	326,713,061
529,532,248	444,530,511	443,629,333	429,801,053	518,412,351	546,264,425
<u>2,677,665</u>	<u>2,502,540</u>	<u>1,952,361</u>	<u>1,691,314</u>	<u>4,267,910</u>	<u>4,973,283</u>
<u>5,255,586,732</u>	<u>5,248,208,436</u>	<u>5,467,502,085</u>	<u>5,485,743,669</u>	<u>6,701,200,896</u>	<u>7,006,025,637</u>
88,791,813	86,073,174	98,931,503	103,391,326	93,811,024	67,629,011
40,997,193	46,083,037	52,714,991	56,536,682	60,546,134	56,986,319
13,172,549	13,320,203	12,665,669	16,395,752	11,287,518	8,811,142
20,637,595	23,214,880	26,174,686	18,929,003	23,631,524	21,962,144
156,930,938	115,486,597	84,205,911	611,219,223	731,052,695	75,427,408
1,204,936,394	1,178,669,412	1,198,989,180	1,227,857,663	1,349,698,370	1,350,756,645
254,467,332	270,197,345	297,497,091	220,279,394	208,717,011	213,028,340
<u>571,077,157</u>	<u>632,911,836</u>	<u>594,491,102</u>	<u>616,265,019</u>	<u>652,042,298</u>	<u>771,218,508</u>
<u>2,351,010,971</u>	<u>2,365,956,484</u>	<u>2,365,670,133</u>	<u>2,870,874,062</u>	<u>3,130,786,574</u>	<u>2,565,819,517</u>
<u>\$ 7,606,597,703</u>	<u>\$ 7,614,164,920</u>	<u>\$ 7,833,172,218</u>	<u>\$ 8,356,617,731</u>	<u>\$ 9,831,987,470</u>	<u>\$ 9,571,845,154</u>
33,728,302	33,504,205	37,185,115	31,944,485	39,724,160	34,801,028
7,530,807	6,987,309	7,147,934	10,566,897	11,240,158	38,841,000
43,283,756	48,201,500	80,627,617	47,748,086	40,135,912	42,907,917
29,390,590	31,489,459	29,490,252	37,130,755	43,663,963	45,108,826
23,272,409	30,370,076	32,002,961	20,811,638	18,539,074	23,597,161
35,559,194	40,756,601	32,809,364	38,228,838	37,917,725	42,576,324
35,392,128	33,128,741	38,390,527	44,662,134	41,529,095	43,343,120
124,378,227	120,482,453	120,377,945	116,062,224	121,945,135	115,516,012
2,221,211,526	2,156,381,884	2,121,702,987	2,028,277,553	4,178,131,574	2,869,390,395
<u>1,205,837</u>	<u>94,772</u>	<u>106,834</u>	<u>1,939</u>	<u>—</u>	<u>4,090,669</u>
<u>2,554,952,776</u>	<u>2,501,397,000</u>	<u>2,499,841,536</u>	<u>2,375,434,549</u>	<u>4,532,826,796</u>	<u>3,260,172,452</u>
223,476,000	221,210,000	251,626,000	279,302,000	248,655,000	205,560,000
37,984,271	39,821,469	49,362,786	58,096,789	49,989,561	44,366,000
11,530,798	7,391,511	13,095,470	17,114,318	15,543,719	13,284,979
27,744,572	31,520,906	35,511,058	24,505,932	30,501,286	29,329,209
193,118,386	162,161,260	114,657,558	452,421,028	549,743,788	82,240,700
546,737,253	549,206,645	540,691,218	528,517,702	546,245,171	586,903,796
244,720,318	239,542,884	249,787,742	230,442,756	185,328,576	169,374,325
577,288,875	639,883,523	600,125,017	623,799,925	655,012,904	805,400,331
380,842,641	363,266,299	410,790,831	596,060,095	855,176,187	135,133,591
<u>32,025,992</u>	<u>4,769,350</u>	<u>19,925,817</u>	<u>17,501,749</u>	<u>17,610,105</u>	<u>54,601,115</u>
<u>2,275,469,106</u>	<u>2,258,773,847</u>	<u>2,285,573,497</u>	<u>2,827,762,294</u>	<u>3,153,806,297</u>	<u>2,126,194,046</u>
<u>\$ 4,830,421,882</u>	<u>\$ 4,760,170,847</u>	<u>\$ 4,785,415,033</u>	<u>\$ 5,203,196,843</u>	<u>\$ 7,686,633,093</u>	<u>\$ 5,386,366,498</u>
(2,700,633,956)	(2,746,811,436)	(2,967,660,549)	(3,110,309,120)	(2,168,374,100)	(3,745,853,185)
(75,541,865)	(107,182,637)	(80,096,636)	(43,111,768)	23,019,723	(439,625,471)
<u>\$ (2,776,175,821)</u>	<u>\$ (2,853,994,073)</u>	<u>\$ (3,047,757,185)</u>	<u>\$ (3,153,420,888)</u>	<u>\$ (2,145,354,377)</u>	<u>\$ (4,185,478,656)</u>
418,040,178	452,792,812	604,088,632	513,419,336	581,766,062	646,802,135
1,236,701,340	1,326,248,557	1,435,129,762	1,364,664,641	1,327,568,100	1,459,331,771
1,490,398,754	2,196,877,038	2,586,569,876	1,949,036,077	1,746,983,327	3,027,333,528
98,374,118	100,127,079	110,714,853	107,173,491	128,552,656	137,741,934
489,070,430	380,164,919	360,264,138	333,528,092	1,676,824,486	(905,927,220)
21,599,800	55,305,183	20,752,400	21,159,397	22,586,170	23,205,519
119,134,899	163,996,339	231,745,021	190,047,481	185,658,136	316,225,687
11,895,026	4,393,122	11,014,244	9,515,851	11,162,710	4,870,341
—	—	—	—	—	—
(38,379,966)	—	—	—	—	—
<u>(503,278,766)</u>	<u>(367,497,321)</u>	<u>(290,718,287)</u>	<u>(440,249,767)</u>	<u>(365,978,579)</u>	<u>(483,294,196)</u>
<u>3,343,555,813</u>	<u>4,312,407,728</u>	<u>5,069,560,639</u>	<u>4,048,294,599</u>	<u>5,315,123,068</u>	<u>4,226,289,499</u>
4,846,618	2,921,705	5,162,713	3,576,763	336,679	2,723,709
—	—	—	—	—	—
<u>598,094,515</u>	<u>285,002,133</u>	<u>277,018,465</u>	<u>485,109,074</u>	<u>334,080,678</u>	<u>454,006,736</u>
<u>602,941,133</u>	<u>287,923,838</u>	<u>282,181,178</u>	<u>488,685,837</u>	<u>334,417,357</u>	<u>456,730,445</u>
<u>\$ 3,946,496,946</u>	<u>\$ 4,600,331,566</u>	<u>\$ 5,351,741,817</u>	<u>\$ 4,536,980,436</u>	<u>\$ 5,649,540,425</u>	<u>\$ 4,683,019,944</u>
642,921,857	1,565,596,292	2,101,900,090	937,985,479	3,146,748,968	480,436,314
527,399,268	180,741,201	202,084,542	445,574,069	357,437,080	17,104,974
<u>\$ 1,170,321,125</u>	<u>\$ 1,746,337,493</u>	<u>\$ 2,303,984,632</u>	<u>\$ 1,383,559,548</u>	<u>\$ 3,504,186,048</u>	<u>\$ 497,541,288</u>

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

(modified accrual basis of accounting)

	2013	2014	2015	2016
General Fund				
Nonspendable	\$ 1,355,179,441	\$ 2,447,681,621	\$ 3,465,933,483	\$ 3,908,797,255
Restricted	—	—	—	—
Committed	840,061,206	1,365,420,166	1,332,805,458	997,494,805
Unassigned	2,142,277,489	1,421,552,566	1,061,519,282	421,702,619
Total General Fund	4,337,518,136	5,234,654,353	5,860,258,223	5,327,994,679
All Other Governmental Funds				
Nonspendable	85,991,097	88,250,884	179,976,824	197,452,648
Restricted	3,679,248,354	4,913,528,772	6,037,108,398	6,000,049,002
Committed	1,200,571,048	1,628,346,627	1,230,446,562	617,111,539
Assigned	64,730,555	224,403,093	—	79,512,397
Unassigned	(6,075,964)	—	(8,477,525)	(3,376,686)
Total All Other Governmental Funds	5,024,465,090	6,854,529,376	7,439,054,259	6,890,748,900
Total Fund Balances, Governmental Funds	\$ 9,361,983,226	\$ 12,089,183,729	\$ 13,299,312,482	\$ 12,218,743,579

2017	2018	2019	2020	2021	2022
\$ 4,761,588,134	\$ 5,551,216	\$ 6,638,440	\$ 6,194,850	\$ 7,560,989	\$ 7,983,403
—	8,990,891	279,367	396	1,189,782	567,263
364,544,853	411,711,769	348,222,819	1,066,688,590	1,020,424,743	1,136,436,411
353,772,107	6,242,855,378	7,231,354,796	7,655,894,378	9,708,645,637	9,795,178,076
5,479,905,094	6,669,109,254	7,586,495,422	8,728,778,214	10,737,821,151	10,940,165,153
208,038,662	216,171,493	101,738,203	103,260,391	136,551,832	134,831,158
5,996,248,585	6,124,510,110	6,488,554,439	6,410,963,955	7,514,294,011	7,876,626,867
480,910,925	398,555,411	1,187,965,245	840,247,407	953,335,924	1,319,832,396
228,964,056	381,732,051	374,609,779	419,726,973	386,292,467	265,429,426
(3,146,889)	—	(1,642,214)	(4,821,080)	(9,019,900)	—
6,911,015,339	7,120,969,065	8,151,225,452	7,769,377,646	8,981,454,334	9,596,719,847
\$ 12,390,920,433	\$ 13,790,078,319	\$ 15,737,720,874	\$ 16,498,155,860	\$ 19,719,275,485	\$ 20,536,885,000

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

(modified accrual basis of accounting)

	2013	2014	2015	2016
Revenues				
Individual and Corporate Income Taxes	\$ 845,590,604	\$ 736,426,799	\$ 714,657,090	\$ 424,229,756
Sales and Use Taxes	1,652,264,305	1,747,358,775	1,790,646,715	1,353,955,780
Oil, Gas, and Coal Taxes	2,518,629,175	3,336,441,100	2,734,607,036	1,457,086,135
Business and Other Taxes	80,514,313	85,216,692	93,445,691	99,743,017
Licenses, Permits and Fees	191,268,529	205,896,279	215,706,207	207,163,123
Intergovernmental	1,428,170,719	1,433,023,985	1,626,610,762	1,643,431,832
Sales and Services	51,333,672	54,206,137	81,988,980	57,382,857
Royalties and Rents	389,989,643	474,293,031	398,048,916	237,379,524
Fines and Forfeits	23,770,098	23,022,332	26,167,673	22,979,377
Interest and Investment Income	250,383,144	515,486,326	149,053,816	63,615,120
Tobacco Settlement	31,344,429	33,896,173	30,512,364	31,872,848
Commodity Assessments	28,572,996	24,788,270	23,662,092	25,007,037
Miscellaneous	56,131,404	37,337,036	17,176,577	43,591,538
Total Revenues	7,547,963,031	8,707,392,935	7,902,283,919	5,667,437,944
Expenditures				
Current:				
General Government	316,117,619	391,604,389	690,034,696	363,410,801
Education	874,348,965	1,073,921,730	1,116,260,493	1,174,928,314
Health and Human Services	1,316,596,317	1,430,474,509	1,707,702,397	1,774,061,712
Regulatory	35,368,070	47,317,516	58,625,606	60,161,098
Public Safety and Corrections	199,319,379	230,055,951	237,542,738	216,354,458
Agriculture and Commerce	92,435,869	95,791,431	106,304,742	106,791,473
Natural Resources	105,696,650	107,874,535	185,712,117	307,669,526
Transportation	550,383,353	1,015,136,123	550,382,661	613,815,927
Intergovernmental - Revenue Sharing	570,905,886	887,469,331	811,392,745	693,793,125
Capital Outlay	428,030,196	250,938,968	648,582,253	770,056,268
Debt Service:				
Principal	17,421,039	18,094,333	35,744,666	63,766,311
Interest and Other Charges	8,744,962	7,999,247	7,915,666	4,544,267
Total Expenditures	4,515,368,305	5,556,678,063	6,156,200,780	6,149,353,280
Revenue over (under) Expenditures	3,032,594,726	3,150,714,872	1,746,083,139	(481,915,336)
Other Financing Sources (Uses)				
Bonds and Notes Issued	—	—	—	—
Bonds and Note Cost of Issuance	—	—	—	—
Payment of Refunded Bonds	—	—	—	—
Lease Acquisitions	282,145	52,526	244,493	149,891
Sale of Capital Assets	641,170	336,557	49,910	5,712,951
Other	—	—	—	—
Transfers In	398,824,628	104,808,196	1,176,200,047	838,882,833
Transfers Out	(808,397,373)	(528,711,650)	(1,718,913,302)	(1,443,399,242)
Total Other Financing Sources (Uses)	(408,649,430)	(423,514,371)	(542,418,852)	(598,653,567)
Extraordinary Item	—	—	—	—
Net Changes in Fund Balances	\$ 2,623,945,296	\$ 2,727,200,501	\$ 1,203,664,287	\$ (1,080,568,903)
Debt Service as a Percentage of Noncapital Expenditures	<1%	<1%	<1%	\$—

2017	2018	2019	2020	2021	2022
\$ 397,563,377	\$ 459,742,512	\$ 594,902,271	\$ 514,474,130	\$ 580,658,626	\$ 664,895,947
1,227,777,645	1,308,380,507	1,447,039,166	1,382,950,275	1,326,013,473	1,461,872,541
1,489,177,632	2,198,245,617	2,586,461,875	1,949,413,720	1,746,635,471	3,016,379,426
99,358,473	100,050,115	113,491,911	107,904,881	125,055,742	138,985,340
201,347,912	209,425,979	208,629,095	205,881,199	205,204,816	197,636,285
1,718,291,215	1,666,435,743	1,722,371,509	1,935,418,579	2,954,711,047	2,894,663,210
56,713,042	59,147,530	87,945,566	63,647,829	61,109,068	61,158,343
256,351,062	358,554,090	428,518,481	350,303,312	353,401,250	617,606,229
25,792,953	27,794,757	31,643,952	28,740,584	36,954,902	24,960,386
863,607,155	668,469,231	568,502,158	267,822,601	2,736,264,540	(1,183,555,882)
25,677,716	55,305,183	20,752,400	21,159,397	22,586,170	23,205,519
27,771,103	25,879,090	24,055,725	23,180,351	27,911,971	27,563,462
19,059,502	32,577,808	26,261,882	32,010,373	27,671,984	24,438,015
<u>6,408,488,787</u>	<u>7,170,008,162</u>	<u>7,860,575,991</u>	<u>6,882,907,231</u>	<u>10,204,179,060</u>	<u>7,969,808,821</u>
375,462,221	196,145,504	212,878,777	221,601,805	421,622,553	411,498,194
1,212,413,715	1,205,816,564	1,236,434,495	1,286,565,575	1,417,944,095	1,519,738,946
1,830,146,819	1,895,273,724	1,901,317,937	2,036,979,868	2,346,331,566	2,485,114,631
66,319,143	50,990,125	44,017,306	66,636,947	238,371,129	137,003,570
221,427,867	217,079,519	206,073,620	228,482,829	248,403,023	235,852,853
100,053,823	93,502,803	97,290,753	106,261,515	230,631,647	137,476,833
270,375,075	210,225,132	240,134,308	196,940,075	264,426,811	306,294,713
446,115,824	369,478,453	359,256,938	330,326,337	380,064,758	397,269,719
574,300,791	826,616,477	964,483,838	805,934,582	761,332,025	1,115,020,869
585,432,696	339,847,100	341,357,479	383,713,350	401,825,733	296,216,316
11,576,381	16,169,612	10,839,024	20,566,373	6,434,015	17,247,882
2,809,155	2,532,662	2,073,539	1,800,116	4,027,874	6,418,386
<u>5,696,433,510</u>	<u>5,423,677,675</u>	<u>5,616,158,014</u>	<u>5,685,809,372</u>	<u>6,721,415,229</u>	<u>7,065,152,912</u>
712,055,277	1,746,330,487	2,244,417,977	1,197,097,859	3,482,763,831	904,655,909
—	42,812,909	—	3,344,100	89,728,267	389,962,280
—	—	—	—	—	(1,886,000)
—	(20,347,000)	—	—	—	—
1,728,159	175,968	184,258	145,827	1,310,560	14,086,369
27,150	19,343	1,141,039	269,769	191,812	644
—	—	—	—	—	—
346,374,625	291,318,581	285,737,190	563,143,071	742,667,620	444,562,760
(849,628,391)	(658,815,902)	(576,455,477)	(1,003,565,640)	(1,108,701,068)	(927,860,759)
<u>(501,498,457)</u>	<u>(344,836,101)</u>	<u>(289,392,990)</u>	<u>(436,662,873)</u>	<u>(274,802,809)</u>	<u>(81,134,706)</u>
<u>(38,379,966)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
\$ 172,176,854	\$ 1,401,494,386	\$ 1,955,024,987	\$ 760,434,986	\$ 3,207,961,022	\$ 823,521,203
<1%	<1%	<1%	<1%	<1%	<1%

Schedule 5
Taxable Sales by Industry
Last Ten Calendar Years

	Calendar Year			
	2012	2013	2014	2015
Mining and Oil Extraction	\$5,117,138,306	\$4,374,052,860	\$5,194,104,870	\$3,195,799,670
Construction	1,073,180,098	985,079,023	965,197,436	893,628,575
Manufacturing	1,270,236,581	1,334,723,444	1,527,873,493	1,256,620,179
Transportation, Communications, And Public Utilities	652,478,635	569,453,738	630,444,105	566,226,446
Wholesale	5,987,059,129	6,434,467,781	7,391,400,913	5,339,698,317
Retail	6,348,806,735	6,569,146,675	6,900,590,520	6,634,790,900
Services	3,135,679,592	3,441,014,994	3,684,213,017	3,176,227,835
Accommodation and Food Service	1,706,097,731	1,756,625,375	1,928,607,097	1,839,842,915
Miscellaneous				
Total	\$25,290,676,807	\$25,464,563,890	\$28,222,431,451	\$22,902,834,837
Effective Tax Rate	5.08 %	5.08 %	5.00 %	5.35 %

Source: ND State Tax Department

Schedule 6
Sales Tax Revenue Payers by Industry
Calendar Years 2012 and 2021

(Dollars are in Millions)

	Calendar Year 2012			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail Trade	8,248	26.3 %	\$ 317,619,211	25.1 %
Wholesale Trade	5,206	16.6 %	\$ 298,799,151	23.6 %
Services	11,574	37.0 %	\$ 243,032,617	19.2 %
Transportation, Communications, And Public Utilities	496	1.6 %	\$ 32,601,043	2.6 %
Manufacturing	2,638	8.4 %	\$ 63,166,840	5.0 %
Construction	2,549	8.1 %	\$ 53,240,660	4.2 %
Miscellaneous				
Mining and Oil Extraction	599	1.9 %	\$ 255,911,915	20.2 %
Total	31,310	100.0 %	\$ 1,264,371,437	100.0 %

Source: ND State Tax Department

Calendar Year					
2016	2017	2018	2019	2020	2021
\$ 1,270,571,326	\$ 1,933,586,774	\$ 2,798,102,134	\$ 3,099,269,900	\$ 1,670,338,769	\$ 1,550,152,783
788,360,652	572,742,527	581,608,306	618,279,202	552,912,062	572,799,245
955,191,364	940,433,285	1,073,576,742	1,167,694,348	199,376,511	1,138,536,628
359,835,574	325,778,272	520,830,231	607,973,352	309,734,767	542,253,695
3,564,195,615	3,971,599,479	4,849,827,096	4,972,679,709	3,840,938,987	4,239,430,757
6,137,317,234	6,039,261,375	6,253,114,138	6,686,103,548	7,175,885,046	8,117,420,573
2,547,155,903	2,411,082,485	2,420,785,043	2,537,470,588	3,361,463,017	2,328,226,383
1,705,940,154	1,706,215,062	1,765,283,726	1,834,041,363	1,476,480,919	1,853,920,237
<u>\$ 17,328,567,822</u>	<u>\$ 17,900,699,259</u>	<u>\$ 20,263,127,416</u>	<u>\$ 21,523,512,010</u>	<u>\$ 18,587,130,078</u>	<u>\$ 20,342,740,301</u>
5.42 %	5.06 %	5.12 %	5.11 %	5.13 %	5.13 %

Calendar Year 2021			
Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
10,820	30.4 %	\$ 405,937,299	39.9 %
5,640	15.9 %	212,125,613	20.8 %
12,395	34.9 %	209,136,090	20.5 %
479.00	1.3 %	27,110,270	2.7 %
3,586	10.1 %	56,930,982	5.6 %
2,032	5.7 %	28,969,749	2.8 %
596	1.7 %	77,519,952	7.6 %
35,548	100.0 %	\$ 1,017,729,954	100.0 %

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

(dollars in thousands)

	Fiscal Year			
	2013	2014	2015	2016
Governmental Activities				
Revenue bonds	\$ 180,757	\$ 163,031	\$ 129,345	\$ 64,049
Leases	1,068	667	600	467
Notes Payable	6,211	4,981	4,412	3,891
Total Governmental Activities	188,036	168,679	134,357	68,407
Business-type Activities				
Revenue bonds	919,506	901,527	884,086	1,040,019
Certificates of Participation	—	—	—	—
Leases	61,796	44,774	41,224	38,533
Notes payable	415,856	484,763.00	665,792	747,186
Total Business-Type Activities	1,397,158	1,431,064	1,591,102	1,825,738
Total Primary Government	\$ 1,585,194	\$ 1,599,743	\$ 1,725,459	\$ 1,894,145
Debt as a Percentage of Personal Income ¹	4.8 %	4.1 %	4.3 %	4.4 %
Amount of Debt per Capita ¹	\$ 2,313	\$ 2,279	\$ 2,383	\$ 2,560

¹ These ratios are calculated using personal income and population for the prior calendar year. See Schedule 10 for personal income and population data.

Details regarding the state's debt can be found in Note 3-L of the financial statements.

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 54,105	\$ 40,429	\$ 29,950	\$ 19,730	\$ 112,488	\$ 491,725
1,695	1,415	1,118	834	3,301	40,409
2,181	22,248	21,897	14,817	16,406	17,157
<u>57,981</u>	<u>64,092</u>	<u>52,965</u>	<u>35,381</u>	<u>132,195</u>	<u>549,291</u>
1,019,125	1,242,368	1,525,285	1,666,599	1,692,518	1,795,064
—	—	96,843	104,120	104,123	262,217
41,425	40,058	54,359	51,662	49,950	68,135
<u>1,299,860</u>	<u>1,289,686</u>	<u>1,120,787</u>	<u>648,266</u>	<u>198,740</u>	<u>134,711</u>
<u>2,360,410</u>	<u>2,572,112</u>	<u>2,797,274</u>	<u>2,470,647</u>	<u>2,045,331</u>	<u>2,260,127</u>
\$ 2,418,391	\$ 2,636,204	\$ 2,850,239	\$ 2,506,028	\$ 2,177,526	\$ 2,809,418
5.8 %	6.4 %	6.9 %	6.1 %	4.8 %	5.5 %
\$ 3,195	\$ 3,478	\$ 3,760	\$ 3,306	\$ 2,845	\$ 3,625

Schedule 8
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year				Debt Service Requirements			Coverage
	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Principal	Interest		
BUILDING AUTHORITY BONDS							
2013	\$ 8,394,000	\$ —	\$ 8,394,000	\$ 5,806,000	\$ 2,655,000	0.99	
2014	9,176,000	—	9,176,000	6,825,000	2,336,000	1.00	
2015	8,163,000	—	8,163,000	6,130,000	2,080,000	0.99	
2016	9,868,000	—	9,868,000	6,375,000	1,896,000	1.19	
2017	5,300,000	—	5,300,000	5,315,000	1,680,000	0.76	
2018	32,500,000	—	32,500,000	31,110,000	1,485,000	1.00	
2019	6,343,000	—	6,343,000	5,200,000	1,092,000	1.01	
2020	5,312,000	—	5,312,000	4,400,000	879,000	1.01	
2021	5,363,000	—	5,363,000	4,620,000	3,307,000	0.68	
2022	12,008,000	—	12,008,000	7,185,000	4,838,000	1.00	
<i>Pledged revenues include interest and lease payments.</i>							
WATER COMMISSION BONDS							
2013	\$ 9,863,578	\$ —	\$ 9,863,578	\$ 5,760,272	\$ 4,142,814	1.00	
2014	16,615,188	—	16,615,188	5,990,528	3,911,439	1.68	
2015	8,783,565	—	8,783,565	13,343,592	3,318,972	0.53	
2016	45,840,868	—	45,840,868	52,525,000	1,309,125	0.85	
<i>Pledged revenues include user fees, interest, and Tobacco Settlement funds.</i>							
INFORMATION TECHNOLOGY BONDS							
2013	\$ 58,427,069	\$ 52,478,918	\$ 5,948,151	\$ 736,600	\$ 39,805	7.66	
2014	60,619,327	53,925,234	6,694,093	711,950	14,239	9.22	
<i>Pledged revenues include user fees.</i>							
DEPARTMENT OF TRANSPORTATION BONDS							
2013	\$ 5,344,822	\$ —	\$ 5,344,822	\$ 3,725,000	\$ 1,597,010	1.00	
2014	5,320,012	—	5,320,012	3,865,000	1,451,535	1.00	
2015	5,318,070	—	5,318,070	4,015,000	1,303,070	1.00	
2016	5,317,250	—	5,317,250	4,165,000	1,150,500	1.00	
2017	5,315,500	—	5,315,500	4,375,000	942,250	1.00	
2018	5,314,000	—	5,314,000	4,590,000	723,500	1.00	
2019	5,313,500	—	5,313,500	4,820,000	494,000	1.00	
2020	5,313,000	—	5,313,000	5,060,000	253,000	1.00	
<i>Pledged revenues include interest and federal (intergovernmental revenues and transfers from fund 002), highway fund appropriations, and transfers from Highway fund (200).</i>							
LEGACY BONDS							
2022	\$ 389,848,000	\$ 1,886,000	\$ 387,962,000	\$ —	\$ —	—	
<i>Pledged revenues include user fees.</i>							

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Requirements		Coverage
				Principal	Interest	
STUDENT LOAN TRUST						
2013	\$ 976,000	\$ 658,000	\$ 318,000	\$ 2,200,000	\$ 24,000	0.14
2014	868,000	559,000	309,000	—	9,000	34.33
2015	732,000	487,000	245,000	—	9,000	27.22
2016	639,000	402,000	237,000	—	10,000	23.70
2017	543,000	361,000	182,000	—	14,000	13.00
2018	237,000	57,000	180,000	—	22,000	8.18
2019	84,000	38,000	46,000	—	31,000	1.48
2020	70,000	26,000	44,000	—	23,000	1.91
2021	47,000	17,000	30,000	—	8,000	3.75
2022	36,000	15,000	21,000	—	10,000	2.10

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

HOUSING FINANCE AGENCY						
2013	\$ 55,452,870	\$ 36,480,000	\$ 18,972,870	\$ 209,045,000	\$ 29,902,000	0.08
2014	48,261,366	28,677,687	19,583,679	189,830,000	22,360,000	0.09
2015	46,104,013	25,535,000	20,569,013	136,385,000	18,303,000	0.13
2016	48,479,659	27,986,000	20,493,659	102,480,000	17,801,000	0.17
2017	50,851,271	28,185,000	22,666,271	249,400,000	17,985,000	0.08
2018	54,771,000	29,905,000	24,866,000	126,620,000	18,900,000	0.17
2019	64,712,000	37,843,000	26,869,000	89,660,000	23,474,000	0.24
2020	72,051,000	43,041,000	29,010,000	109,720,000	30,104,000	0.21
2021	66,753,000	44,296,000	22,457,000	233,210,000	33,530,000	0.08
2022	59,012,000	41,917,000	17,095,000	266,540,000	28,989,000	0.06

Pledged revenues include income and proceeds from mortgage loan activity.

UNIVERSITY SYSTEM						
2013	\$ 729,800,506	\$ 1,012,017,963	\$ (282,217,457)	\$ 43,206,702	\$ 12,842,418	(5.04)
2014	750,780,897	1,051,848,696	(301,067,799)	42,458,545	11,650,094	(5.56)
2015	758,127,326	1,090,845,378	(332,718,052)	45,904,456	13,702,718	(5.58)
2016	838,245,926	1,200,399,795	(362,153,869)	60,435,257	12,328,344	(4.98)
2017	794,108,239	1,186,452,340	(392,344,101)	46,330,594	12,539,581	(6.66)
2018	795,593,560	1,160,802,712	(365,209,152)	44,073,161	12,241,613	(6.49)
2019	814,825,704	1,179,695,430	(364,869,726)	20,538,565	11,627,313	(11.34)
2020	802,320,682	1,192,083,445	(389,762,763)	19,508,893	13,753,146	(11.72)
2021	967,486,213	1,308,671,037	(341,184,824)	26,018,512	20,177,507	(7.39)
2022	939,531,681	1,233,808,828	(294,277,147)	44,274,373	25,014,172	(4.25)

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, 2022**

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

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

The State is in compliance with the Legal Debt Margin.

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

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

Schedule 10
Demographic and Economic Indicators
Last Ten Calendar Years

Year	Population (a)	Total Personal Income (b) (000's)	Per Capita Personal Income (b)	ND Unemployment Rate (c)	Annual Average UI Covered Employment (d)
2012	702,227	\$38,859,800	\$55,421	3.1 %	411,710
2013	723,149	\$38,860,600	\$53,821	2.9 %	427,109
2014	738,736	\$41,526,200	\$56,314	2.7 %	444,658
2015	755,537	\$40,600,600	\$53,842	2.8 %	437,078
2016	754,434	\$39,104,000	\$52,519	3.1 %	417,150
2017	754,942	\$39,812,900	\$52,686	2.7 %	414,039
2018	758,080	\$42,291,900	\$55,598	2.6 %	417,578
2019	762,062	\$43,614,400	\$57,501	2.4 %	422,826
2020	765,309	\$45,450,200	\$59,388	5.1 %	395,988
2021	774,948	\$50,793,100	\$65,544	3.7 %	400,472

Source:

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

Schedule 11 Principal Employers

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

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

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

Industry	2021			2012		
	Number of Employees	Rank	Percent of Total Nonagricultural Wage and Salary Employment	Number of Employees	Rank	Percent of Total Nonagricultural Wage and Salary Employment
Government	81,400	1	19.53 %	79,400	1	18.49 %
Educational and Health Services	66,400	2	15.93 %	60,000	2	13.97 %
Retail Trade	44,900	3	10.78 %	46,500	3	10.83 %
Leisure and Hospitality	37,100	4	8.90 %	38,100	4	8.87 %
Professional and Business Services	33,000	5	7.92 %	31,500	5	7.33 %
Manufacturing	26,200	6	6.29 %	25,200	6	5.87 %
Construction	25,200	7	6.05 %	29,900	7	6.96 %
Financial Activities	24,600	8	5.90 %	21,900	9	5.10 %
Wholesale Trade	22,700	9	5.45 %	25,100	8	5.84 %
Transportation, Warehousing and Utilities	21,600	10	5.18 %	24,500	10	5.70 %
Other Services	14,300	11	3.43 %	16,100	11	3.75 %
Logging and Mining	13,600	12	3.26 %	24,400	12	5.68 %
Information	5,700	13	1.37 %	6,900	13	1.61 %
Total	<u>416,700</u>		<u>100 %</u>	<u>429,500</u>		<u>100 %</u>

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

Schedule 13
Education Enrollment
Last Ten Academic Years

Public School Enrollment

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Kindergarten	8,822	9,033	8,925	8,841	9,271	9,324	9,620	8,992	9,524	9,235
Grades 1-3	24,859	25,960	26,585	26,320	26,316	26,663	27,208	26,812	27,034	27,696
Grades 4-6	22,810	23,751	24,513	25,244	26,076	26,580	26,622	25,880	26,246	26,759
Grades 7-8	14,920	15,299	15,642	16,115	16,511	16,845	17,561	17,742	17,707	17,603
Grades 9-12	30,245	30,235	30,405	30,343	30,771	31,430	31,847	32,619	33,347	34,092
Total Enrollment	101,656	104,278	106,070	106,863	108,945	110,842	112,858	112,045	113,858	115,385
Special Education Students	13,399	13,675	13,988	14,429	15,175	15,902	16,459	16,485	17,054	—

Source: Department of Public Instruction

University System Full-Time Equivalent Student Enrollment

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Bismarck State College	2,955	2,909	2,912	2,860	2,646	2,611	2,598	2,558	2,390	2,466
Dakota College at Bottineau	502	518	459	490	527	590	596	552	615	550
Dickinson State University	1,201	1,176	1,070	1,114	1,128	1,090	1,093	1,147	1,154	1,155
Lake Region State College	943	978	981	971	995	1,005	974	867	791	797
Mayville State University	749	798	796	782	784	817	801	801	815	784
Minot State University	2,710	2,600	2,570	2,591	2,467	2,483	2,399	2,273	2,242	2,167
ND State College Of Science	2,295	2,272	2,305	2,298	2,253	2,126	2,076	2,020	2,029	2,064
North Dakota State University	12,797	12,934	12,834	12,782	12,784	12,394	11,704	11,252	10,861	10,701
University of North Dakota	12,606	12,420	12,455	12,180	11,964	11,585	11,164	10,933	10,842	10,760
Valley City State University	975	990	1,031	1,044	1,086	1,096	1,164	1,160	1,090	1,073
Williston State College	593	579	738	756	763	806	783	703	668	646
Total	38,326	38,174	38,151	37,870	37,398	36,603	35,352	34,268	33,497	33,164

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
EXECUTIVE BRANCH										
Adjutant General	178	177	170	155	155	155	155	151	154	203
Aeronautics Commission	6	6	6	7	7	7	7	7	7	6
Bank of North Dakota	177	180	180	182	183	190	190	190	174	182
Barley Council	5	5	5	5	5	5	1	1	1	1
Beef Commission	2	2	2	2	3	3	3	4	4	4
Career and Technical Education	34	34	29	27	27	25	25	55	55	47
Corn Council	5	6	6	6	6	6	3	3	3	2
Council on the Arts	5	5	5	5	5	5	5	5	5	6
Department of Agriculture	76	77	77	77	77	73	74	78	78	78
Department of Commerce	68	70	69	69	69	54	66	62	61	53
Department of Corrections and Rehabilitation	812	813	834	838	845	845	895	899	906	829
Department of Emergency Services	68	70	76	79	79	79	76	68	68	65
Department of Environmental Quality	0	0	0	0	0	0	2	158	163	148
Department of Financial Institutions	29	29	29	30	31	30	30	31	31	28
Department of Human Services	2,201	2,203	2,215	2,216	2,218	2,163	2,140	2,223	2,273	1,979
Department of Public Instruction	99	99	100	100	92	92	94	89	87	78
Department of Transportation	1,081	1,084	1,082	1,081	1,081	1,047	1,008	985	985	941
Department of Trust Lands	28	31	34	34	33	30	30	29	30	28
Ethics Commission	0	0	0	0	0	0	0	2	2	1
Game and Fish Department	158	158	164	163	163	163	164	166	165	164
Highway Patrol	198	213	215	215	204	204	204	204	202	184
Historical Society	73	72	73	80	80	77	78	77	81	79
Indian Affairs Commission	5	5	5	5	5	5	4	4	4	3
Industrial Commission	93	93	114	113	114	106	108	108	108	95
Information Technology Department	326	341	354	350	352	346	447	400	455	435
Job Service North Dakota	252	239	238	182	182	182	182	173	159	143
Milk Marketing Board	6	6	6	6	6	6	4	4	4	1
ND Department of Health	352	354	365	366	368	360	365	205	213	203
ND Horse Racing Commission	2	2	2	2	2	2	2	2	2	2
ND Housing Finance Agency	46	46	40	41	41	41	42	43	43	49
ND Mill and Elevator Association	131	134	135	142	147	153	151	150	153	155
ND Vision Services/School for the Blind	33	33	33	32	32	30	30	29	29	27
North Dakota University System	7,763	7,904	8,028	8,012	7,532	7,290	7,207	7,192	7,165	7,222
Office of Administrative Hearings	7	5	5	5	5	5	5	5	5	5

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
EXECUTIVE BRANCH, Continued										
Office of Management and Budget	134	134	132	124	123	117	118	114	109	100
Office of the Attorney General	214	217	248	253	253	240	249	246	249	236
Office of the Governor	18	18	18	18	19	17	17	17	17	16
Office of the Insurance Commissioner	49	49	49	49	49	46	46	41	41	33
Office of the Labor Commissioner	13	13	15	15	15	14	14	14	15	9
Office of the State Auditor	55	55	61	62	62	57	57	59	59	53
Office of the State Tax Commissioner	134	134	134	135	135	132	132	123	123	106
Office of the State Treasurer	8	8	8	8	8	7	7	7	7	7
Oilseed Council	1	1	2	1	1	1	1	1	1	1
Parks and Recreation Department	53	55	65	66	65	63	62	62	58	56
Protection and Advocacy	29	28	28	28	28	28	29	29	29	27
Public Employees Retirement System	33	33	33	35	35	35	35	35	36	36
Public Service Commission	44	44	46	46	47	47	47	44	44	42
Retirement and Investment Office	18	19	19	19	19	19	20	20	18	17
School for the Deaf	50	50	51	51	51	51	51	51	50	44
Secretary of State	31	31	34	34	34	32	32	32	33	28
Securities Department	9	9	9	9	9	10	9	9	11	8
Seed Department	30	30	30	30	31	31	30	30	30	23
Soybean Council	7	7	8	8	8	7	6	6	6	6
State Fair Association	27	28	27	27	26	27	28	26	26	19
State Library	30	30	31	30	30	29	29	28	28	24
Veteran's Affairs Department	8	8	8	9	9	9	7	7	8	8
Veterans Home	117	118	120	116	118	120	119	118	119	94
Water Commission	88	90	95	96	96	93	93	93	93	81
Wheat Commission	8	8	8	8	8	8	6	6	6	5
Workforce Safety and Insurance	254	256	266	265	265	265	267	265	264	234
LEGISLATIVE BRANCH										
Legislative Council	34	36	36	37	36	36	36	36	36	37
JUDICIAL BRANCH										
Judiciary Branch	362	363	364	392	392	355	363	363	362	351
Total State Employees	16,177	16,368	16,639	16,598	16,118	15,675	15,706	15,681	15,748	15,146

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Office of the Tax Commissioner										
Number of returns filed electronically 1	352,150	383,906	412,559	428,347	391,234	460,464	447,690	417,060	463,418	446,023
Education										
Department of Public Instruction										
Public School Enrollment 2	101,656	104,278	106,070	106,863	108,945	110,842	112,858	112,045	113,858	115,385
North Dakota University System										
Full Time Equivalent Student Enrollment 3	38,326	38,174	38,151	37,870	37,398	36,603	35,352	34,268	33,497	33,164
Health and Human Services										
North Dakota Department of Health										
Number of Autopsies Performed in ND 4	365	261	258	244	234	239	176	111	200	NA
North Dakota Department of Environmental Quality										
Air Quality - Percent of Facilities in Compliance 4	99	99	100	100	100	99	99	99	98	NA
Public Water Systems - Percent of Facilities in Compliance 4	96	95	96	98	99	98	99	100	100	NA
Department of Human Services										
Number of TANF Caseloads	3,032	2,773	2,515	2,367	2,313	2,206	1,968	1,981	2,035	1,712
Number of Medicaid Recipients	91,382	105,539	114,364	122,374	123,766	124,371	122,304	119,763	121,527	141,051
Regulatory										
Office of the Insurance Commissioner										
Licensed Insurance Agents 4	55,241	61,142	65,671	66,882	75,769	73,304	83,193	94,289	106,243	112,489
Public Service Commission										
Weighing and Measuring Devices Inspected	9,559	5,892	5,446	6,136	5,172	5,183	4,653	3,526	5,191	5,155
Weights and Measures Quality Assurance Inspections	—	166	—	216	207	160	79	180	302	269
Gas Pipeline Safety Inspections	83	127	72	81	82	78	42	49	106	42
Gas Pipeline Safety Inspection-Person Days	138	162	124	134	150	191	122	153	236	155
Public Safety and Corrections										
Department of Corrections and Rehabilitation										
Average Daily Adult Prison Population 4	1,553	1,617	1,767	1,794	1,813	1,709	1,766	1,492	1,459	NA
Office of the Attorney General-Bureau of Investigations										
Criminal Cases Opened 4	355	478	449	558	514	339	427	407	355	NA
Drug Cases Opened 3	403	380	387	544	446	278	402	338	325	NA
Office of the Attorney General-Crime Laboratory										
Toxicology Alcohol Blood and Breath Analyses 4	7,421	6,523	6,472	5,472	5,201	4,298	4,007	3,080	3,712	NA
Methamphetamine/Amphetamine Samples Processed 4	2,387	2,942	4,527	4,669	3,932	4,077	3,284	2,782	1,686	NA
Office of the Adjutant General										
Assigned National Guard 5	4,210	4,167	4,006	3,980	4,032	4,002	4,094	4,155	4,223	4,111
Agriculture and Commerce										
Department of Agriculture										
Pounds of Pesticide Waste Collected	248,354	310,754	384,857	137,297	180,692	340,074	521,584	114,597	258,115	258,115
Job Service North Dakota (JSND)										
Net Job Growth from Nonfarm Employment 4	15,500	16,900	(7,600)	(19,200)	-2,500	3,700	4,500	-29,300	4,300	NA
Source: Current Employment Statistics, BLS - JSND										
New Private Sector Businesses 4	1,371	940	382	(67)	-281	-172	336	115	542	NA
Source: Quarterly Census of Employment & Wages, BLS - JSND										
Game and Fish Department										
Registered Boats 4	69,381	53,558	61,328	67,026	57,220	60,660	62,672	60,123	63,523	NA
Hunting and Fishing Licenses Issued	359,734	357,488	354,728	356,548	351,704	343,709	343,530	342,272	377,378	NA
Department of Parks and Recreation										
Park Visitations 4	1,067,054	1,187,022	1,211,150	1,182,628	1,196,868	1,211,744	1,214,226	1,296,509	1,292,896	NA
Camping Nights 4	66,533	68,480	71,075	73,316	71,555	72,831	72,979	94,079	97,241	NA
Snowmobile Registrations 4	11,763	3,743	8,958	2,779	8,767	2,762	7,478	10,316	7,261	NA
OHV Registrations 4	12,198	26,200	12,753	25,316	13,673	27,148	13,115	42,509	39,289	NA
Transportation										
Department of Transportation										
Registered Vehicles 4	1,110,241	1,159,317	1,168,252	1,160,042	1,159,040	1,184,472	1,188,053	1,182,587	1,097,305	NA
Licensed Drivers	513,838	527,541	545,027	555,935	561,667	561,333	566,015	557,164	559,778	563,161
Unemployment Compensation										
Job Service North Dakota										
Number of Covered Workers 4	427,109	444,658	437,078	417,150	414,039	417,578	422,826	395,988	400,472	NA
Workforce Safety and Insurance										
Number of Claims Filed	25,835	26,395	24,798	21,227	20,045	19,830	19,913	18,813	17,845	17,477
Number of Covered Workers	402,771	418,234	435,993	427,899	408,107	405,367	409,559	414,371	386,414	391,512

NA-Not Available
 1 Calendar Year Received
 2 Academic Year End Enrollment
 3 Academic Year Enrollment
 4 Statistics on a Calendar Year Basis
 5 National Guard member count is at September 30 of each year

Sources: The State agencies listed above provided the statistics for their agency

**Schedule 16
Capital Assets by Function
Last Ten Fiscal Years**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Office of Management and Budget										
Capitol Complex Buildings	7	7	7	7	7	7	7	7	7	7
Education										
Department of Land										
Common Schools Trust										
Land Acreage	631,939	631,997	632,039	631,794	631,806	631,806	631,806	631,761	631,629	631,629
ND University System										
Buildings	512	528	528	534	534	516	516	470	475	449
Buildings Square Footage	15,019,252	15,852,457	15,852,457	16,299,100	16,299,100	16,571,905	16,571,905	16,682,484	16,543,663	16,174,990
Health and Human Services										
Dept. of Human Services										
Buildings	64	63	63	63	63	63	63	60	60	60
Public Safety and Corrections										
Department of Corrections and Rehabilitation										
Buildings	69	71	71	71	70	70	70	70	70	70
Buildings										
Office of the Adjutant General										
Headquarters, Camp and Armory Buildings	268	280	298	298	302	330	327	319	319	319
Natural Resources										
Game and Fish Department										
Wildlife Management Areas	201	204	201	200	201	201	201	202	203	201
Boats, ATVs, Snowmobiles, Tractors, Other	463	462	460	472	491	493	498	506	520	
Dept. of Parks and Recreation										
Park/Recreational Sites	15	15	15	15	15	15	15	15	15	14
Park Maintenance Vehicles/Equipment	304	305	305	363	392	364	409	420	430	384
Transportation										
Department of Transportation										
Roadway Miles Maintained	8,509	8,509	8,563	8,614	8,614	8,614	8,622	8,624	8,624	8,624
Fleet Vehicles	3,600	3,652	3,664	3,726	3,740	3,541	3,406	3,386	3,291	3,291
Heavy Equipment	434	441	448	441	445	479	480	489	489	489
Buildings	126	142	158	159	162	164	165	167	169	169

Sources: The State agencies listed above provided the data for their agency

**Schedule 17
Claims Development Information
Last Ten Fiscal Years**

The following tables illustrate how the individual funds' earned revenues and investment income compare to related costs of loss and other expenses assumed by the funds as of the end of each of the last ten years. The rows of the tables are defined as follows: (1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues. (2) This line shows each fiscal year's other operation costs of the fund including overhead and claims expense not allocable to individual claims. (3) This line shows the funds' incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year). (4) This section of 10 columns shows the cumulative amounts paid as of the end of successive years for each policy year. (5) This section of 10 columns shows how each policy year's incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received regarding unknown claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known. (6) This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the tables show data for successive policy years (expressed in thousands).

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

Bonding Fund

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1 Net Earned Required Contribution and Investment Revenues	\$ 140	\$ 133	\$ 70	\$ 173	\$ 101	\$ 42	\$ 204	\$ 183	\$ 68	\$ (185)
2 Unallocated Expenses	22	33	36	67	26	21	25	8	(16)	9
3 Estimated Incurred Claims and Expense, End of Policy Year	(115)	39	94	26	21	87	39	(1)	59	3
4 Paid (Cumulative) as of:										
End of Policy Year	(157)	(32)	(35)	(77)	(86)	(19)	(106)	(136)	(193)	(131)
One Year Later	(157)	(32)	(35)	(77)	(86)	(19)	(106)	(136)	(193)	
Two Years Later	(157)	(32)	(35)	(77)	(86)	(19)	(106)	(136)		
Three Years Later	(157)	(32)	(35)	(77)	(86)	(19)	(106)			
Four Years Later	(157)	(32)	(35)	(77)	(86)	(19)				
Five Years Later	(157)	(32)	(35)	(77)	(86)					
Six Years Later	(157)	(32)	(35)	(77)						
Seven Years Later	(157)	(32)	(35)							
Eight Years Later	(157)	(32)								
Nine Years Later	(157)									
5 Re-estimated Incurred Claims and Expenses:										
End of Policy Year	(115)	39	94	26	(21)	87	39	(1)	59	3
One Year Later	(115)	39	94	26	(21)	87	39	(1)	(59)	
Two Years Later	(115)	39	94	26	(21)	87	39	(1)		
Three Years Later	(115)	39	94	26	(21)	87	39			
Four Years Later	(115)	39	94	26	(21)	87				
Five Years Later	(115)	39	94	26	(21)					
Six Years Later	(115)	39	94	26						
Seven Years Later	(115)	39	94							
Eight Years Later	(115)	39								
Nine Years Later	(115)									
6 Increase in Estimated Incurred Claims and Expense From End of Policy Year	0	0	0	0	0	0	0	0	0	0

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

Fire and Tornado Fund

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1 Net Earned Required Contribution and Investment Revenues	\$ 4,103	\$ 5,388	\$ (2,124)	\$ 2,908	\$ 4,765	\$ 3,567	\$ 3,845	\$ 2,704	\$ 4,989	\$ 54
2 Unallocated Expenses	768	915	800	912	1,348	1,118	874	541	705	635
3 Estimated Incurred Claims and Expense, End of Policy Year	1,501	998	1,141	3,039	4,750	2,352	2,953	2,576	3,511	1,674
4 Paid (Cumulative) as of:										
End of Policy Year	1,106	562	9,378	8,890	3,805	8,318	3,218	2,253	3,705	2,939
One Year Later	1,871	1,067	1,553	3,117	4,466	1,158	3,218	2,253	3,705	
Two Years Later	1,905	1,080	1,564	3,119	4,466	1,158	3,218	2,253		
Three Years Later	1,905	1,080	1,564	3,119	4,466	1,158	3,218			
Four Years Later	1,905	1,080	1,564	3,119	4,466	1,158				
Five Years Later	1,905	1,080	1,564	3,119	4,466					
Six Years Later	1,905	1,080	1,564	3,119						
Seven Years Later	1,905	1,080	1,564							
Eight Years Later	1,905	1,080								
Nine Years Later	733									
5 Reestimated Incurred Claims and Expenses:										
End of Policy Year	1,501	998	1,516	3,039	4,750	2,352	3,040	2,953	3,511	1,674
One Year Later	2,009	1,146	1,725	3,292	4,692	3,153	3,040	2,953	3,511	
Two Years Later	2,012	1,122	1,723	3,229	4,634	3,153	3,040	2,953		
Three Years Later	2,012	1,122	1,723	3,226	4,634	3,153	3,040			
Four Years Later	2,012	1,122	1,723	3,226	4,634	3,153				
Five Years Later	2,012	1,122	1,723	3,226	4,634					
Six Years Later	2,012	1,122	1,723	3,226						
Seven Years Later	2,012	1,122	1,723							
Eight Years Later	2,012	1,122								
Nine Years Later	549									
6 Increase in Estimated Incurred Claims and Expense From End of Policy Year	511	125	582	191	(58)	—	87	0	0	0

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

Workforce Safety & Insurance

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1 Net Earned Required Contribution and Investment Revenues	\$ 443	\$ 502	\$ 408	\$ 377	\$ 396	\$ 343	\$ 386	\$ 353	\$ 429	\$ (31)
2 Unallocated Expenses	52	41	41	43	47	44	45	44	48	43
3 Estimated Incurred Claims and Expense, End Of Policy Year	300	338	315	229	198	193	187	177	145	126
4 Paid (Cumulative) as of:										
End of Policy Year	53	65	61	41	40	42	42	42	33	34
One Year Later	99	111	102	74	65	76	69	62	50	
Two Years Later	117	128	120	84	73	76	77	67		
Three Years Later	128	140	132	84	78	80	82			
Four Years Later	136	148	140	88	82	82				
Five Years Later	142	154	146	91	84					
Six Years Later	146	158	150	92						
Seven Years Later	148	160	152							
Eight Years Later	149	162								
Nine Years Later	150									
5 Reestimated Incurred Claims and Expenses:										
End of Policy Year	300	338	315	229	198	192	187	177	145	126
One Year Later	293	321	283	204	177	179	174	156	118	
Two Years Later	288	299	271	191	164	172	168	134		
Three Years Later	272	291	267	174	154	157	151			
Four Years Later	266	285	265	161	141	140				
Five Years Later	261	277	263	148	131					
Six Years Later	253	265	250	139						
Seven Years Later	236	249	240							
Eight Years Later	222	235								
Nine Years Later	215									
6 Increase in Estimated Incurred Claims and Expense From End of Policy Year	(78)	(88)	(65)	(81)	(57)	(37)	(19)	(21)	(27)	0

Schedule 18 Agricultural Production

Value of Export Shares of Agricultural Commodities - 2020 - 2021

	2020 Dollars (Mil.)	2020 % of U.S.	2021 Dollars (Mil.)	2021 % of U.S.
Wheat	1,035.5	16.48	1,077.7	14.91
Soybeans and Products	1,372.9	4.54	1,425.6	4.32
Other Oil Seeds and Products	581.3	29.07	714.6	34.25
Vegetables Fresh and Processed	268.1	5.86	330.4	4.04
Grain Products	157.8	4.02	135.4	3.40
Vegetable Oils	192.4	5.86	230.7	6.02
Feeds and Other Feed Grains	218.2	2.30	216.2	1.87
Corn	211.1	2.28	339.8	1.82
Other Plant Products	138.1	0.76	201.6	0.99
Beef, Veal and Pork	127.5	0.83	185.8	1.00
Other Livestock Products	53.8	1.35	63.5	1.27
Hides and Skins	9.4	1.15	14.1	0.28
Dairy Products	10.3	0.16	11.6	0.15
Other Poultry Products	3.0	0.14	3.2	0.12
Total	\$ 4,379.4	2.98 %	\$ 4,950.2	2.86 %

1/ Includes other nonpoultry meats, animal fat, live farm animals, and other animal parts.

2/ Includes turkey meat, eggs, and other fowl products.

3/ Includes processed feeds, fodder, barley, oats, rye, and sorghum.

4/ Includes peanuts (oil stock), other oil crops, corn meal, other oilcake and meal, protein substances, bran and residues.

5/ Includes sweeteners and products, other horticulture products, planting seeds, cocoa, coffee, and other processed foods.

Data sources: USDA Economic Research Service; USDA Foreign Agricultural Service (Global Agricultural Trade System).

Totals may not add due to rounding.

2022 Crop Rank Among States

North Dakota Ranks	Crop Description	North Dakota Produces
1st	Canola	85 %
	Flaxseed	82 %
	Pinto Beans	57 %
	Durum Wheat	53 %
	Spring Wheat	53 %
	Dry Edible Peas	42 %
	All Dry Edible Beans	28 %
	Honey Production	22 %

Source: North Dakota Agricultural Statistics August 2022