



## Annual Financial Report

June 30, 2021

**NORTH DAKOTA UNIVERSITY SYSTEM  
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**NORTH DAKOTA UNIVERSITY SYSTEM**

**ANNUAL FINANCIAL  
REPORT**

Fiscal Year Ended  
JUNE 30, 2021

# NORTH DAKOTA UNIVERSITY SYSTEM

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**OFFICE OF THE STATE AUDITOR**  
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FARGO, NORTH DAKOTA 58103

## **INDEPENDENT AUDITOR'S REPORT**

Members of the Legislative Assembly

The State Board of Higher Education

### ***Report on the Financial Statements***

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

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

### ***Emphasis of Matters***

As described in Note 1, the North Dakota University System's financial statements are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only those portions of the business-type activities, aggregate discretely presented component units, and the aggregate remaining fund information of the North Dakota University System that are attributable to the transactions of the North Dakota University System. They do not purport to, and do not, present fairly the financial position of the State of North Dakota as of June 30, 2021, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Also discussed in Note 1 to the financial statements, the North Dakota University System adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Employer's Share of Net Pension Liability, the Schedule of Employer Contributions for Pensions, the Schedule of Employer's Share of Net OPEB Liability and the Schedule of Employer Contributions for OPEB, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial

statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the North Dakota University System's basic financial statements. The combining statements and the Schedule of Bonds Payable and Certificates of Participation – Primary Institution, as listed in the table of contents, are presented for the purposes of additional analysis and are not required parts of the basic financial statements.

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

The Financial Information for Revenue Producing Buildings, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2021 on our consideration of the North Dakota University System'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 North Dakota University System'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 North Dakota University System's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion  
State Auditor

Bismarck, North Dakota

December 2, 2021

# NORTH DAKOTA UNIVERSITY SYSTEM MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

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The North Dakota University System's (System) discussion and analysis (MD&A) provides an overview of the System's financial activities for the year ended June 30, 2021 and should be read in conjunction with the accompanying financial statements and notes to the financial statements. The financial statements, notes, and the MD&A are the responsibility of management.

Activities from the eleven public post-secondary institutions, the North Dakota University System Office, and the component units are included in the accompanying financial statements. For a detailed listing of these entities, refer to Note 1 of the accompanying financial statements.

## UNDERSTANDING THE FINANCIAL STATEMENTS

The Statement of Net Position reports the assets, deferred outflows, liabilities, deferred inflows and net position of the System. The Statement of Revenues, Expenses, and Changes in Net Position reports revenue and expense information of the System. The Statement of Cash Flows summarizes transactions affecting cash and cash equivalents during the fiscal year. It also provides information about the ability of the System to generate future cash flows necessary to meet its obligations and to evaluate its potential for additional financing.

Other non-financial factors, such as the condition of the campuses' infrastructure, changes in legislative funding and changes in student enrollments need to be considered in order to assess the overall health of the System.

**The Statement of Net Position** presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the System at a point in time. It is a financial snapshot of the System at June 30, 2021. The statement aids readers in determining the assets available to continue operations; the liabilities owed to vendors, employees and lenders, and the net position of the System.

Assets and liabilities are classified as current or noncurrent. Current assets can be converted to cash within one year of the statement date and are available to satisfy current liabilities. They include cash and cash equivalents, short-term investments and accounts receivable. Noncurrent assets are not convertible to cash within one year and include long-term investments and property, equipment and intangibles. Current liabilities are obligations that are due within one year. Noncurrent liabilities consist of long-term debt and other obligations with maturities greater than one year.

Net position is reported in three categories: investment in capital assets, restricted net position (both nonexpendable and expendable); and unrestricted net position. Net investment in capital assets consists of capital assets less the outstanding debt incurred during the construction or improvement of those assets. Restricted net position is limited in use due to constraints imposed by donors or by law. Unrestricted net position is assets that do not qualify as either invested in capital assets or restricted net position but may have Board or other campus designated restrictions on use.

Unrestricted net position encompasses core operational functions of the campuses. The balances consist of cash, investments, accounts receivable, inventories, and other non-liquid assets less liabilities for these functions. Operating cycles can create balance fluctuations during the fiscal year. Therefore, although some funds are not yet expended as of a particular point in time, they are generally designated for specific uses.

**The Statement of Revenues, Expenses, and Changes in Net Position** presents total operating and nonoperating revenues and expenses of the System during the year.

Operating revenues include tuition and fees, grants and contracts, sales and services of educational departments and auxiliary enterprise revenues. Operating expenses include, salaries and wages, operating expenses, payments

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

made to students under the Higher Education Emergency Relief Fund (HEERF Act), depreciation, scholarships and fellowships and cost of sales and services.

Nonoperating revenues and expense are derived from non-exchange transactions and include state appropriations, non-operating grants and contracts, revenue received from the CARES Act for payments to students and institutional aid, insurance proceeds, investment income, gifts, interest on capital asset-related debt and gains or losses on capital assets. State appropriations are classified as nonoperating revenues although they are used to fund operating expenses because the Government Accounting Standards Board (GASB) has determined they are a non-exchange transaction. Other nonoperating items include capital related appropriations, gifts, grants and transfers.

**The Statement of Cash Flows** presents cash receipts and payments during the fiscal year. The statement presents sources of cash coming into the System, how the cash was expended, and the change in the cash balance during the year.

State appropriations are included in cash flows from noncapital financing activities because GASB requires them to be reported as nonoperating, even though the campus budgets depend on this revenue for operations. Other noncapital financing activity includes gifts received from endowment and charitable gift annuities.

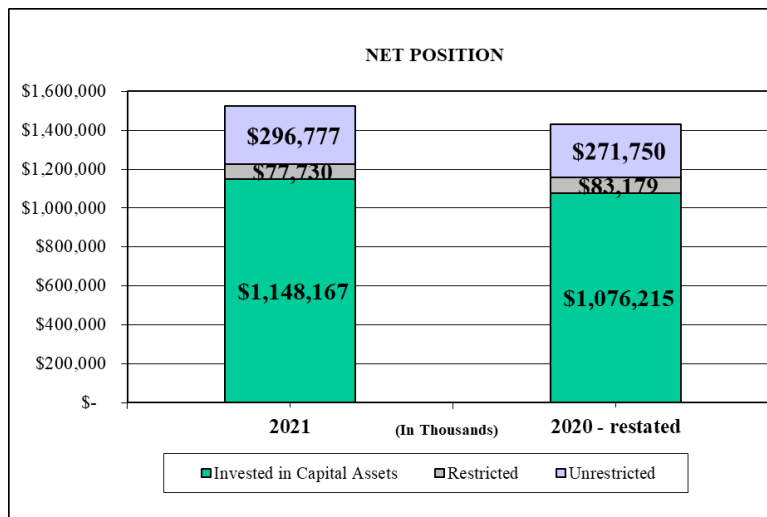
Cash flows from capital and related financing activities include all plant funds and related long-term debt activities (except depreciation and amortization), as well as capital gifts, grants and appropriations.

Purchases and sales of investments and income earned on investments are included in cash flows from investing activities.

**FINANCIAL HIGHLIGHTS**

Total assets and deferred outflows of resources were \$2.6 billion and total liabilities and deferred inflows were \$1.1 billion, resulting in a net position of \$1.5 billion. Net position increased \$90.5 million from fiscal year 2020.

The following graph illustrates the net position breakdown for fiscal years ending June 30, 2021 and 2020, as restated:



As a percent of total net position, invested in capital assets is the largest category of net position due to the significant size of the System’s physical infrastructure.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

**STATEMENT OF NET POSITION**

The following table shows the Condensed Statement of Net Position at June 30, 2021 and 2020, as restated:

	<b>Condensed Statement of Net Position</b>			
	<b>June 30, 2021 and 2020 (in thousands)</b>			
	<b>June 30 (in thousands)</b>		<b>Dollar</b>	<b>Percent</b>
<b>2021</b>	<b>2020-restated</b>	<b>Change</b>		
Current assets	\$ 589,304	\$ 470,518	\$ 118,786	25%
Capital assets, net	1,638,389	1,515,314	123,075	8%
Other noncurrent assets	175,983	225,772	(49,789)	-22%
Total assets	<u>2,403,676</u>	<u>2,211,604</u>	<u>192,072</u>	<u>9%</u>
Deferred outflows of resources	175,186	57,170	118,016	206%
Current liabilities	172,882	140,711	32,171	23%
Noncurrent liabilities	833,311	632,738	200,573	32%
Total liabilities	<u>1,006,193</u>	<u>773,449</u>	<u>232,744</u>	<u>30%</u>
Deferred inflows of resources	49,995	64,181	(14,186)	-22%
Invested in capital assets	1,148,167	1,076,215	71,952	7%
Restricted	77,730	83,179	(5,449)	-7%
Unrestricted	296,777	271,750	25,027	9%
Total Net Position	<u>\$ 1,522,674</u>	<u>\$ 1,431,144</u>	<u>\$ 91,530</u>	<u>6%</u>

The increase in current assets is mainly attributed to increases in cash of \$55.3 million, current investments of \$12.6 million and grants and contracts receivable of \$44.7 million. Cash balances at year-end may fluctuate from year-to-year depending on operational needs and the accounts payable payment cycles.

Grants and contracts receivable increased as a result of \$5.6 million and \$16.3 million due to NDSU and UND, respectively from the North Dakota Building Authority for bonds for Sugihara Hall (NDSU) and various deferred maintenance projects (UND). In addition, UND has a receivable of \$10.4 million for CARES Act monies.

Capital assets, net increased \$123.1 million or 8 percent mainly due to the following building projects:

- DSU: Pulver Hall renovation (\$3.5 million).
- NDSU: Sugihara Hall (Dunbar) (\$25.5 million), Sudro (Aldevron) Building (\$1.4 million) and the Williston Seed Cleaning Plant (\$1.8 million).
- UND: Nistler College of Business (\$24.0 million), Memorial Union (\$43.0 million), Demolition of Carnegie Hall, O'Kelly Hall and Gustafson Hall (\$4.8 million).
- VCSU: Communication & Fine Arts Building (\$16.5 million).

Additional discussion is provided in a later section of this MD&A.

The decrease in other noncurrent assets is mainly attributed to a decrease in restricted cash of \$45.6 million at UND. The decrease occurred as more of the bond proceeds from the Memorial Union bond issue were being spent in FY2021. In FY2021, \$43.0 million was spent on this project, compared to \$29.9 million in FY2020. Restricted cash balances at year-end may also fluctuate from year-to-year depending on operational needs and the accounts payable payment cycles.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

The increase in current liabilities is mainly due to increases in accounts payable of \$16.4 million, due to other state agencies of \$12.2 million and contractor payables and retainage of \$6.2 million. The increase in due to other state agencies is the result of timing differences at FY2021 year-end for retirement and health insurance contributions owed to North Dakota Public Employees Retirement System (NDPERS). The increase in accounts payable and contractor payables and retainage are primarily due to the construction projects at NDSU and UND.

The increases in noncurrent liabilities are primarily the result of the following, offset by repayments:

- An increase in the pension liability of \$172.4 million as a result of an actuarial experience study commissioned by NDPERS for the pension plan that resulted in a change in certain assumptions associated with the actuarial calculation and the reduction of the investment rate of return reduced from 7.75 percent to 7.50 percent.
- An increase in special assessments at NDSU (\$5.2 million) and UND (\$13.2 million).
- An increase in deferred maintenance bonds payable of \$30.9 million.

The increase in deferred outflows and decrease in deferred inflows is related to the pension plan, as discussed above.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

The following table shows a Condensed Statement of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2021 and 2020.

	<b>June 30 (in thousands)</b>		<b>Dollar Change</b>	<b>Percent Change</b>
	<b>2021</b>	<b>2020</b>		
Operating revenues	\$ 758,531	\$ 690,003	\$ 68,528	10%
Operating expenses	1,308,881	1,193,407	115,474	10%
Operating loss	(550,350)	(503,404)	(46,946)	9%
Nonoperating revenues, net of expenses	542,431	455,468	86,963	19%
Income (loss) before capital grants, gifts, and transfers	(7,919)	(47,936)	40,017	-83%
Capital appropriations, grants and gifts	98,376	36,323	62,053	171%
Increase (loss) in net position	\$ 90,457	\$ (11,613)	\$102,070	-879%

Operating revenues and expenses fluctuations are discussed in later sections of this MDA analysis.

**Revenues**

The following table shows revenues by source for the fiscal years ended June 30, 2021 and 2020:

	<b>June 30 (in Thousands)</b>		<b>Dollar Change</b>	<b>Percent Change</b>
	<b>2021</b>	<b>2020</b>		
<b>Operating revenues</b>				
Student tuition and fees	\$ 369,795	\$ 338,542	\$ 31,253	9%
Grants and contracts	218,346	167,665	50,680	30%
Sales and services of education departments	80,239	91,123	(10,884)	-12%
Auxiliary enterprises	89,615	90,782	(1,167)	-1%
Other	537	1,891	(1,355)	-72%
Total	758,531	690,003	68,528	10%

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

**Nonoperating revenues, capital gifts and grants**

State appropriations	\$ 381,522	\$ 373,908	\$ 7,614	2%
Federal appropriations	5,138	5,746	(608)	-11%
Federal grants and contracts	125,560	55,111	70,450	128%
Gifts	51,180	43,358	7,822	18%
Endowment and investment income	16,531	11,585	4,946	43%
Insurance proceeds	189	757	(569)	-75%
Tax revenues	6,060	6,180	(120)	-2%
State appropriations-capital assets	80,766	18,822	61,944	329%
Capital grants and gifts	17,610	17,502	108	1%
Total	<u>684,556</u>	<u>532,969</u>	<u>151,587</u>	<u>28%</u>
<b>Total Revenues</b>	<u>\$ 1,443,087</u>	<u>\$ 1,222,972</u>	<u>\$ 220,115</u>	<u>18%</u>

The increase in tuition in fees is mainly attributed to the following:

- An increase in aerospace flight fees at UND of \$9.3 million,
- An increase in the new Memorial Union fee at UND of \$1.9 million,
- An increase in tuition at NDSU (\$2.4 million) and UND (\$11.0 million).

Grants and contracts (operating revenues) increased mainly due an increase in federal grants and contracts revenue associated with the unmanned aircraft system program at UND of \$19.9 million and an overall increase in grant revenue at NDSU of \$11.2 million spread over various programs. UND also experienced an increase in state grants and contracts of \$18.9 million related to Energy and Environmental Research Center, the Engineering College and the School of Medicine and Health Sciences.

The decrease in sales and services of educational department is mainly attributed to Covid-19 related decreases in athletic ticket sales and sponsorships at NDSU (\$4.0 million) and UND (\$5.2 million) and non-credit course activity related to TrainND at WSC (\$1.6 million).

Nonoperating federal grants and contracts increased due to the Covid related Higher Education Emergency Relief Act (HEERF) grants received by the institutions of \$88.9 million in FY2021 compared to \$17.6 million in FY2020.

Gifts revenue increased mainly due to an increase at NDSU of gifts from the NDSU Foundation and Team Makers.

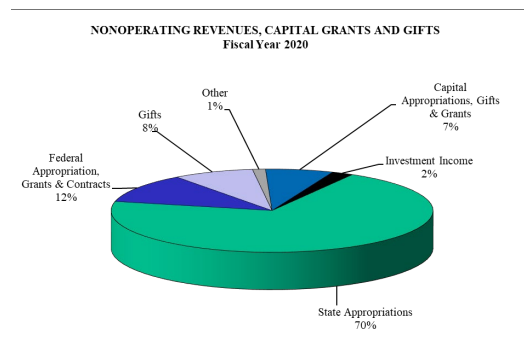
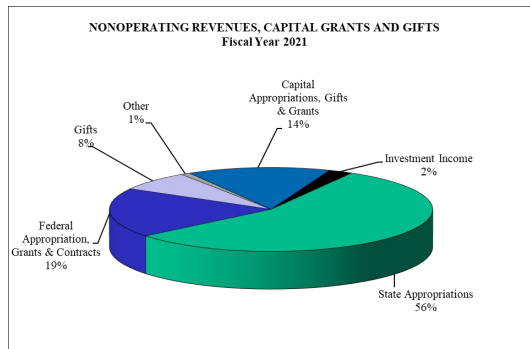
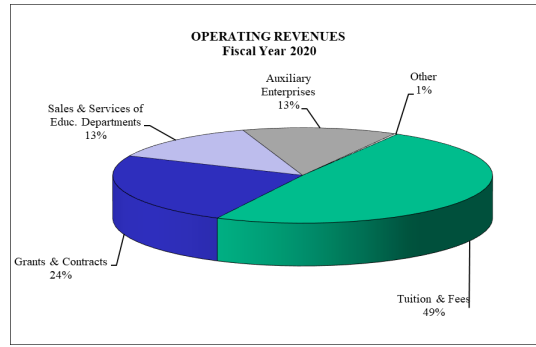
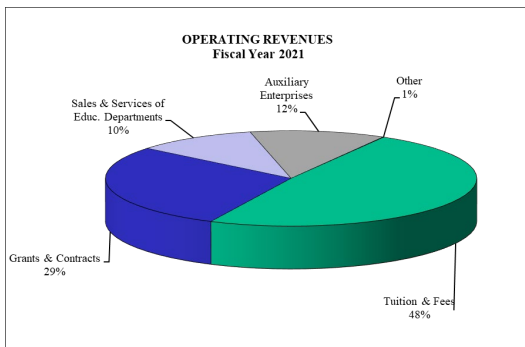
The increase in endowment and investment gains is the result of an increase in unrealized investment gains at UND of \$3.4 million and LRSC of \$695,000.

State appropriations-capital assets increased due to the following:

- DSU: Pulver Hall renovation (\$3.2 million).
- NDSCS: Utilization of the Deferred Maintenance Matching Program provided by the North Dakota Legislature for various projects (\$1.2 million).
- NDSU: Tier II and Tier III Capital Building funds (\$29.9 million).
- UND: Nistler College of Business Building, campus road and parking lot projects (\$14.5 million).
- VCSU: Communication & Fine Arts Building (\$13.9 million).

The following graphs depict sources of operating and nonoperating revenues for fiscal year 2021 and 2020:

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**



The fluctuation in operating grants and contracts was explained earlier in this MD&A.

State appropriations, as a percentage of total revenue, decreased to 56 percent in FY2021 from 70 percent in FY2020. State appropriations revenue was relatively flat compared to FY2020 while federal appropriations, grants and contracts revenue increased \$69.8 million for the same period.

**Expenses**

The following table shows expenses by natural classification for the fiscal years ended June 30, 2021 and 2020.

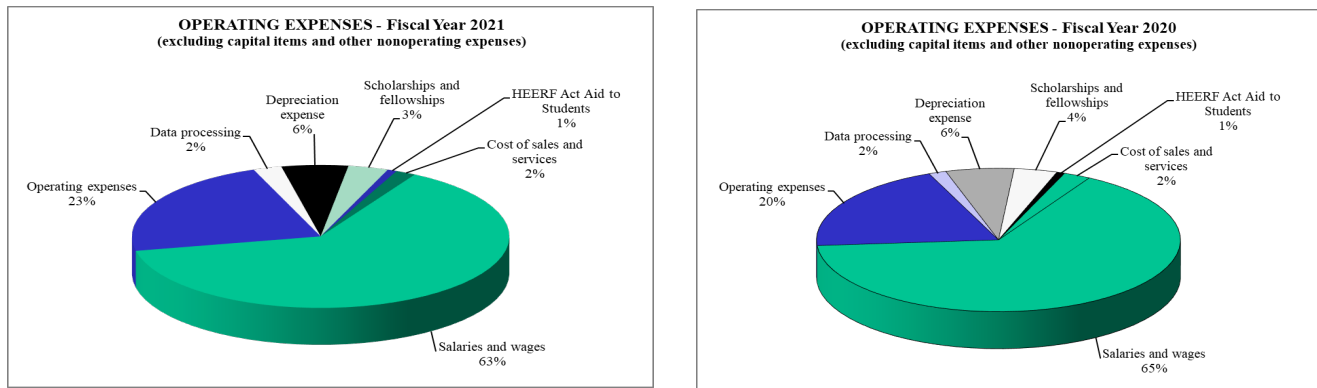
	<b>June 30 (in Thousands)</b>		<b>Dollar Change</b>	<b>Percent Change</b>
	<b>2021</b>	<b>2020</b>		
<b>Operating expenses</b>				
Salaries and wages	\$ 830,036	\$ 780,357	\$ 49,679	6%
Operating expenses	293,981	242,983	50,999	21%
Data processing	31,911	18,491	13,420	73%
Depreciation expense	74,826	72,345	2,480	3%
Scholarships and fellowships	44,992	45,753	(761)	-2%
HEERF Act Aid to Students	10,583	8,550	2,033	24%
Cost of sales and services	22,552	24,927	(2,376)	-10%
Total operating expenses	<u>1,308,881</u>	<u>1,193,407</u>	<u>115,474</u>	<u>10%</u>
<b>Nonoperating expenses</b>				
Interest on capital asset related debt	20,028	15,347	4,680	30%
Loss on sale of capital assets	3,469	4,547	(1,078)	-24%
General and special grant expenditures	7,270	12,180	(4,910)	-40%
Transfers to Industrial Commission	2,714	1,702	1,012	59%
Other nonoperating, net	10,268	7,402	2,866	39%
Total nonoperating expenses	<u>43,749</u>	<u>41,178</u>	<u>2,571</u>	<u>6%</u>
<b>Total expenses</b>	<u>\$ 1,352,630</u>	<u>\$ 1,234,585</u>	<u>\$ 118,046</u>	<u>10%</u>

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

The change in operating expense is mainly due to the following:

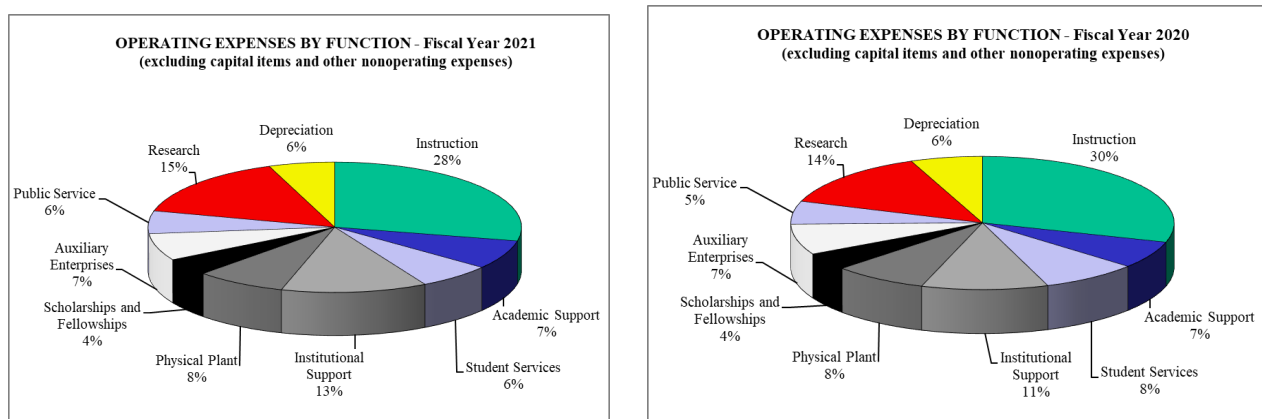
- An increase in pension expense of \$29.5 million contributed to the increase in Salaries and Wages expense. The reason for the increase was discussed in an earlier section of this MD&A. The remaining increase is mainly due to employee salary and wages increases authorized by the North Dakota Legislature.
- Data processing expense increase is primarily attributed to additional purchases of equipment and software to enhance remote learning and working as a result of the Covid-19 pandemic. The purchases were mainly funded from Covid related stimulus funds received by the institutions.
- The decrease in Cost of Sales and Services is mainly due to a decrease at UND of dining supplies, which resulted from fewer students and employees dining on campus as a result of the Covid-19 pandemic.
- The increase in interest on capital related debt is mainly due to an increase in capital related debt at UND.
- General and specific grant expenditures increased is due to increases in the North Dakota Scholars Award, North Dakota Indian Scholarships, and the North Dakota State Student Incentive Grant.

The following chart depicts the uses of operating funds according to natural classification for fiscal year 2021:



The allocation of operating expenses among the natural classification categories has not changed significantly from fiscal year 2020.

The following chart illustrates operating expenses by function for fiscal year 2021:



The allocation of expenses to functional areas has not changed significantly from the prior year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### JUNE 30, 2021

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Instructional expenses continue to represent the largest expenditure category. The instructional function includes all expenses related to instruction (e.g. classroom, distance education and continuing education) and instructional support.

Academic support includes libraries, academic deans, and other departments that directly support the academic unit of the campuses. Student services include all offices that provide a specific service to students, including career services, registration, admissions and counseling.

Institutional support includes staff that supports the institution as a whole (e.g. business office, IT support and president's office).

The physical plant function includes upkeep, maintenance and utilities for campus facilities. Scholarships and fellowships include aid provided to students.

Auxiliary enterprises are self-supporting activities of the campuses, such as bookstore, food service and housing.

Depreciation represents the non-cash expense of capitalized assets over time.

Public service includes expenses for activities established primarily to provide non-instructional services that are beneficial to individuals and groups external to the institution.

All activities specifically organized to produce research, which is mostly federally funded, are included in the research function.

#### STATEMENT OF CASH FLOWS

The Condensed Statement of Cash Flows for the fiscal years ended June 30, 2021 and 2020 is shown below:

	<b>June 30 (in thousands)</b>	
	<b>2021</b>	<b>2020- restated</b>
Cash flows from operating activities	\$ (445,676)	\$ (417,834)
Cash flows from noncapital financing activities	558,481	468,884
Cash flows from capital and related financing activities	(102,047)	(34,265)
Cash flows from investing activities	(275)	16,293
Increase in cash and cash equivalents during the year	\$ 10,483	\$ 33,078

Consistent with accounting standards, cash flows from state appropriations (excluding capital assets) are included in noncapital financing activities, even though they provide funding for operating activities. Cash received from state appropriations, excluding capital assets, was \$379.8 million in fiscal year 2021 and \$373.9 million in fiscal year 2020. If these amounts are added to the cash flows from operating activities, the result is a cash outflow of \$65.9 million in fiscal year 2021 and a cash outflow of \$43.9 million in fiscal year 2020.

#### CAPITAL ASSET AND LONG-TERM LIABILITIES HIGHLIGHTS

##### CAPITAL ASSETS AND INTANGIBLES

On June 30, 2021, the System had \$1.64 billion invested in net capital assets and intangibles, which represents a net increase of \$123.1 million or eight percent during the fiscal year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

	June 30 (in thousands)	
	2021	2020
Land	\$ 19,834	\$ 19,676
Land improvements/infrastructure	275,724	230,825
Buildings	1,835,979	1,731,888
Furniture, fixtures, and equipment	390,496	368,101
Library materials	81,970	82,228
Construction in progress	195,799	192,295
Capitalized software	26,061	25,165
Other intangibles	2,244	2,226
Total	2,828,107	2,652,404
Accumulated depreciation and amortization	(1,189,718)	(1,137,090)
Capital assets, net	\$ 1,638,389	\$ 1,515,314

Total additions to depreciable capital assets and intangibles in fiscal year 2021 were \$75.7 million. Construction in progress for other projects underway totaled \$195.8 million at June 30, 2021. Major projects and their total project costs through June 30, 2021 include:

DSU

- Pulver Hall renovation - \$3.6 million

NDSU

- Sudro (Aldevron) Hall - \$25.5 million
- Dunbar Hall II - \$28.9 million

UND

- Memorial Union - \$72.9 million
- Nistler College of Business - \$27.6 million

VCSU

- Communications and Fine Arts Building - \$17.7 million

Outstanding commitments for these and other capital projects as of June 30, 2021 totaled \$117.9 million. More information about the System's capital assets is presented in Note 5 and Note 17 to the financial statements.

**LONG-TERM LIABILITIES**

	June 30 (in thousands)	
	2021	2020
Bonds Payable	\$ 344,884	\$ 332,054
Certificates of Participation	104,123	104,120
Notes Payable	14,709	19,386
Capital Leases	49,950	51,662
Special Assessments	20,081	4,389
Compensated Absences	35,169	33,415
Total Long-term Liabilities	\$ 568,916	\$ 545,027

Long-term liabilities added in fiscal year 2021 totaled approximately \$60.8 million, including \$30.9 million in new bonds issued by UND for deferred maintenance projects and \$5.3 million in refunded Housing and Auxiliaries Facilities bonds at WSC and special assessments of \$13.2 million and \$5.2 million at UND and NDSU, respectively. Capital leases increased \$3.2 million at UND and compensated absences increased \$1.8 million throughout the NDUS. Total debt retired in fiscal year 2021 was \$36.9 million, consisting primarily of bond

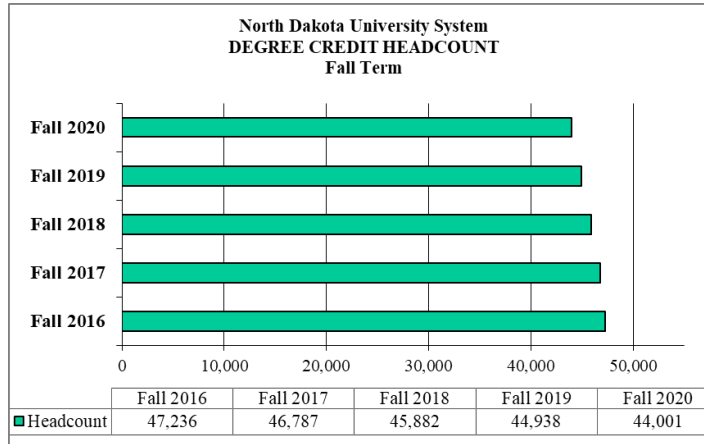
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

payments of \$23.4 million, notes payable payments of \$4.7 million, capital lease payments of \$5.8 million and special assessments of \$2.8 million. As of June 30, 2021, \$30.2 million of revenue is pledged as security for outstanding revenue bonds.

**OTHER HIGHLIGHTS**

**STUDENT ENROLLMENTS**

As illustrated in the chart below, Annual Degree Credit Headcount enrollment for fall 2020 decreased by 937 or 2.1 percent compared to fall 2019 and by 3,235 or 6.8 percent compared to fall 2016.



Source: 2020 Fall Enrollment Report: Table 1-System Duplicated and Institutional Headcount Enrollments

Additional detailed enrollment data is contained in the 2020 NDUS Fall Enrollment Report.

**STATE FUNDING**

The 2019 Legislative Assembly approved a state general fund appropriation for all entities of the North Dakota University System of \$766.2 million for the 2019-21 biennium. This is an increase of \$42.6 million above the 2017-19 original appropriation. Of the total increases, \$42.4 million was base funding and \$0.2 million was changes in one-time funding items.

**FINANCIAL CONTACT**

The System’s financial statements are designed to present users with a general overview of the System’s finances and to demonstrate accountability. If you have questions about the report or need additional financial information, contact the System’s Director of Financial Reporting at [www.ndus.edu](http://www.ndus.edu) or State Capitol, 600 E. Boulevard, Department 215, Bismarck, ND 58505-0230.



**NORTH DAKOTA UNIVERSITY SYSTEM**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**STATEMENT OF NET POSITION**

	<b>Primary Institutions</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 274,847,492
Investments	158,374,688
Accounts receivable, net	26,580,990
Due from component units - investments held on behalf of the institutions	365,484
Due from component units	12,308,139
Due from other NDUS institutions	-
Due from State general fund	15,482,684
Grants and contracts receivables, net	84,714,183
Inventories	6,194,993
Notes receivable, net	5,254,632
Other assets	5,180,373
Total current assets	<u>589,303,658</u>
Noncurrent assets	
Restricted cash and cash equivalents	19,266,668
Restricted investments	3,293,843
Endowment investments	575,528
Notes receivable, net	12,614,427
Other long-term investments	116,061,102
Due from component units - investments held on behalf of the institutions	24,072,667
Other noncurrent assets	99,010
Capital assets, net	1,638,388,604
Total noncurrent assets	<u>1,814,371,849</u>
Total assets	<u>2,403,675,507</u>
Deferred outflows of resources	
	175,186,215
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued liabilities	73,876,352
Due to component units	2,075,156
Accrued payroll	40,332,053
Unearned revenue	26,275,268
Deposits	5,665,354
Long-term liabilities - current portion	
Due to component units	3,129,333
Due to others	21,528,345
Total current liabilities	<u>172,881,861</u>
Noncurrent liabilities	
Pension liability	281,834,777
OPEB liability	7,143,671
Other noncurrent liabilities	74,034
Long-term liabilities	
Due to component units	26,353,235
Due to others	517,905,029
Total noncurrent liabilities	<u>833,310,746</u>
Total liabilities	<u>1,006,192,607</u>
Deferred inflows of resources	
	49,994,856
<b>NET POSITION</b>	
Net investment in capital assets	1,148,167,191
Restricted for:	
Nonexpendable:	
Scholarships and fellowships	20,943,249
Expendable:	
Scholarships and fellowships	5,924,985
Research	5,614,501
Institutional	6,886,483
Loans	30,718,187
Capital projects	(70,299)
Debt service	7,074,955
Other	637,899
Unrestricted	296,777,108
Total net position	<u>\$ 1,522,674,259</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**STATEMENT OF FINANCIAL POSITION**

<b>FASB Basis</b>	<b>Component Units</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 80,331,572
Investments	64,547,722
Accounts receivable, net	10,228,327
Notes receivable	310,562
Receivable from primary institution	8,457,114
Unconditional promises to give, net of allowance	21,201,229
Inventories	1,621,300
Current portion of net investment in direct financing leases	1,572,399
Other assets	1,905,607
Total current assets	<u>190,175,832</u>
Noncurrent assets	
Restricted cash and cash equivalents	7,132,518
Investments	
Investments, net of current portion	729,935,467
Investments, restricted	3,651,000
Investments held in trust	33,584,036
Beneficial interest in trust	19,077,423
Charitable gift annuity investments	6,454,383
Charitable remainder trust account investments	20,901,427
Real estate and equipment held for investment, net of accumulated depreciation	17,936,340
Other long-term investments	23,287,821
Total investments	<u>854,827,897</u>
Contracts for deed and notes receivable, net of current portions	647,572
Long term pledges receivable/ unconditional promises to give	70,661,248
Other receivables	1,025,123
Due from primary institution-capital leases	24,255,205
Notes receivable, net	8,585,000
Net investment in direct financing leases, net of current portion	10,507,405
Other noncurrent assets	5,728,741
Capital assets, net	174,129,152
Total noncurrent assets	<u>1,157,499,861</u>
Total assets	<u>1,347,675,693</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued liabilities	2,887,425
Payable to Institutions	9,420,054
Accrued payroll	1,356,482
Current portion of gift annuities and life income agreements	2,875,408
Deferred revenue	12,915,133
Other current liabilities	3,040,305
Long-term liabilities--current portion	7,209,529
Total current liabilities	<u>39,704,336</u>
Noncurrent liabilities	
Deposits	22,970,033
Payable to institutions	34,011
Investments held on behalf of Institutions	3,869,216
Gift annuities and life income agreements, net of current portion	18,082,675
Obligations under split-interest agreement	8,213,931
Other noncurrent liabilities	623,346
Long-term liabilities	72,866,816
Total noncurrent liabilities	<u>126,660,028</u>
Total liabilities	<u>166,364,364</u>
<b>NET ASSETS</b>	
Without donor restrictions	248,476,609
With donor restrictions	932,834,720
Total net assets	<u>1,181,311,329</u>
Total liabilities and net assets	<u>\$ 1,347,675,693</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Financial Statements**  
**June 30, 2021**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	<b>Primary Institution</b>
<b>OPERATING REVENUES</b>	
Student tuition and fees (net of scholarship allowances of \$68.4 million and bad debt allowance of \$844,000)	\$ 369,794,831
Federal grants and contracts	139,979,802
State grants and contracts	48,199,145
Nongovernmental grants and contracts (net of bad debt allowance of \$337,000)	30,166,662
Sales and services of educational departments (net of bad debt allowance of \$719,000)	80,239,071
Auxiliary enterprises (net of scholarship allowances of \$1.2 million and bad debt allowance of \$380,000)	89,614,904
Other (net of bad debt allowance of \$288,000)	536,669
Total operating revenues	<u>758,531,084</u>
<b>OPERATING EXPENSES</b>	
Salaries and wages	830,035,563
Operating expenses	293,981,269
Data processing	31,910,878
Depreciation expense	74,825,948
Scholarships and fellowships	44,992,382
HEERF Act Aid to Students	10,583,446
Cost of sales and services	22,551,697
Total operating expenses	<u>1,308,881,183</u>
Operating income (loss)	<u>(550,350,099)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
State appropriations	381,522,056
Federal appropriations	5,138,168
Federal grants and contracts (net of bad debt allowance of \$72,000)	34,757,731
Federal grants and contracts stimulus	90,802,496
Gifts	51,179,994
Endowment and investment income	16,531,035
Interest on capital asset - related debt	(20,027,738)
Gain (loss) on disposal of capital assets	(3,468,828)
Insurance proceeds	188,633
Tax revenues	6,059,721
General and special grant expenditures	(7,270,192)
Transfers to North Dakota Industrial Commission	(2,713,854)
Other nonoperating revenues (expenses)	(10,268,346)
Net nonoperating revenues (expenses)	<u>542,430,876</u>
Income (loss) before capital grants, gifts, and transfers	(7,919,223)
State appropriations - capital assets	80,765,835
Capital grants and gifts	17,610,105
Total other revenue	<u>98,375,940</u>
Increase (decrease) in net position	<u>90,456,717</u>
<b>NET POSITION</b>	
Net position - beginning of year, as restated	1,432,217,542
Net position - end of year	<u>\$ 1,522,674,259</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**STATEMENT OF ACTIVITIES**

<b>FASB BASIS</b>	<b>Component Units</b>
<b>Support and Revenue</b>	
Gift, grants, and contributions	\$ 72,707,769
Investment income	35,971,629
Grant Revenue	2,602,380
Net realized and unrealized gains (losses) on investment securities	94,586,870
Program and event income	40,816,638
Other income	11,743,689
Total support and revenue	<u>258,428,975</u>
<b>Expenses</b>	
Program services	55,478,474
Supporting services	53,861,602
Fundraising expense	6,635,364
Total operating expenses	<u>115,975,440</u>
Change in Net Assets	142,453,535
Net Assets, Beginning of Year, as restated	<u>1,038,857,794</u>
Net Assets, End of Year	<u>\$ 1,181,311,329</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**STATEMENT OF CASH FLOWS**

	<b>Primary Institution</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Student tuition and fees	\$ 370,222,536
Grants and contracts	176,366,724
Payments to suppliers	(319,601,264)
Payments to employees	(788,989,942)
Payments for scholarships and fellowships	(44,992,388)
HEERF Act payments to students	(10,583,446)
Loans issued to students	(1,034,932)
Collection of loans to students	5,442,325
Auxiliary enterprise charges	89,440,245
Sales and service of educational departments	84,371,380
Cash received/(paid) on deposits	1,351,694
Other receipts (payments)	(7,668,515)
Net cash used by operating activities	<u>(445,675,583)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State appropriations	379,825,750
Federal appropriations	4,602,328
Grants and gifts received for other than capital purposes	87,049,296
Grants given for other than capital purposes	(7,270,194)
Federal stimulus revenues	90,918,033
Direct lending receipts	210,951,912
Direct lending disbursements	(210,942,139)
Transfers to Industrial Commission	(2,713,854)
Tax revenues	6,059,722
Net cash flows provided by noncapital financing activities	<u>558,480,854</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from issuance of debt	42,518,803
Capital appropriations	74,666,155
Capital grants and gifts received	11,281,215
Proceeds from sale of capital assets	4,651,736
Purchases of capital assets	(178,601,806)
Insurance proceeds	(111,709)
Principal paid on capital debt and lease	(26,018,512)
Deposits with capital debt payment trustees	(10,255,000)
Interest paid on capital debt and lease	(20,177,507)
Net cash used by capital and related financing activities	<u>(102,046,625)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sales and maturities of investments	134,082,062
Interest on investments	15,406,144
Purchase of investments	(149,763,774)
Net cash provided by investing activities	<u>(275,568)</u>
Net increase (decrease) in cash	10,483,078
CASH - BEGINNING OF YEAR, as restated	<u>283,631,083</u>
CASH - END OF YEAR	<u>\$ 294,114,161</u>
<b>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ (550,350,099)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities	
Depreciation expense	74,825,948
Other nonoperating revenues (expenses)	(5,800,097)
Change in assets, deferred outflows, liabilities and deferred inflows	
Accounts receivable adjusted for interest receivable	6,437,148
Grant & contract receivables	(42,764,917)
Inventories	903,064
Notes receivable	4,362,349
Other assets	(2,405,091)
Accounts payable and accrued liabilities adjusted for interest payable	24,682,099
Pension liability	172,420,657
OPEB liability	106,763
Net change in deferred outflows	(118,226,658)
Net change in deferred inflows	(14,172,792)
Accrued payroll	(50,017)
Compensated absences	1,753,678
Unearned revenue	1,250,688
Deposits	1,351,694
Net cash provided (used) by operating activities	<u>\$ (445,675,583)</u>
<b>SUPPLEMENTAL DISCLOSURE ON NON CASH TRANSACTIONS</b>	
Assets acquired through capital lease	\$ 3,965,126
Assets acquired through special assessment	13,228,764
Expenses paid by capital lease/special assessments	5,214,638
Gifts of capital assets	439,126
Net increase (decrease) in value of investments	<u>1,358,291</u>
Total non-cash transactions	<u>\$ 24,205,945</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Financial Statements**  
**June 30, 2021**

**STATEMENT OF FIDUCIARY NET POSITION**

	<b>Custodial Funds</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 926,143
Accounts receivable, net	785,044
Due from component units	591
Due from other NDUS institutions	6,792
Total current assets	<u>1,718,570</u>
Total assets	<u>1,718,570</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued liabilities	244,114
Accrued payroll	178,294
Deposits	164,146
Total current liabilities	<u>586,554</u>
Total liabilities	<u>586,554</u>
<b>NET POSITION</b>	
Restricted for:	
Individuals, organizations and other governments	<u>1,132,015</u>
Total net position	<u>\$ 1,132,015</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Financial Statements**  
**June 30, 2021**

**Statement of Changes in Fiduciary Net Position**

	<b>Custodial funds</b>
<b>ADDITIONS</b>	
Student tuition and fees (net of scholarship allowances of \$ and bad debt allowance of \$)	\$ 18,569
Nongovernmental grants and contracts (net of bad debt allowance of \$)	2,407,998
Sales and services of educational departments (net of bad debt allowance of \$)	798,434
Auxiliary enterprises (net of scholarship allowances of \$ and bad debt allowance of \$)	8,133
Gifts	63,797
Other nonoperating revenues	794
Total additions	<u>3,297,725</u>
<b>DEDUCTIONS</b>	
Salaries and wages	2,656,617
Operating expenses	465,159
Data processing	9,354
Scholarships and fellowships	420
Cost of sales and services	1,536
Total deductions	<u>3,133,086</u>
Operating Income (loss)	<u>164,639</u>
Increase (decrease) in net position	<u>164,639</u>
<b>NET POSITION</b>	
Net position - beginning of year, as restated	967,376
Net position - end of year	<u>\$ 1,132,015</u>

**STATEMENT OF FINANCIAL POSITION- MAJOR COMPONENT UNITS**

FASB BASIS	BSC		NDSU	UND	UND Alumni
	Foundation	NDSU Foundation	Research & Technology Park	Aerospace Foundation	Association & UND Foundation
	June 30, 2021	December 31, 2020	June 30, 2021	June 30, 2021	June 30, 2021
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 1,650,019	\$ 22,348,081	\$ 902,841	\$ 13,379,907	\$ 27,682,745
Investments	-	32,502,209	-	-	-
Accounts receivable, net	46,690	670,468	282,486	6,813,106	-
Notes Receivable	-	64,368	-	-	-
Receivable from primary institution	173,298	934,814	-	1,517,188	-
Unconditional promises to give, net of allowance	598,192	13,115,567	-	-	6,744,532
Inventories	-	-	-	964,417	-
Current portion of net investment in direct financing leases	-	-	1,262,852	309,547	-
Other assets	29,920	252,829	399,987	701,193	1,159,758
Total current assets	2,498,119	69,888,336	2,848,166	23,685,358	35,587,035
<b>Noncurrent assets</b>					
Restricted cash and cash equivalents	-	1,944,579	-	4,794,426	-
Investments:					
Investments, net of current portion	26,232,423	294,867,492	501,127	-	356,871,701
Investments, restricted	-	-	-	-	-
Investments held in trust	6,744,787	-	-	-	22,970,033
Beneficial interest in trust	1,801,657	-	-	-	17,275,766
Charitable gift annuity investments	-	-	-	-	6,454,383
Charitable remainder trust account investments	-	-	-	-	20,901,427
Real estate and equipment held for investment, net of accumulated depreciation	75,999	28,805,341	-	-	-
Other long-term investments	49,188	16,427,750	-	242,000	6,343,242
Total investments	34,904,054	340,100,583	501,127	242,000	430,816,552
Contracts for deed and notes receivable, net of current portions	-	647,572	-	-	-
Long term pledges receivable/unconditional promises to give	850,846	33,823,670	-	-	26,895,392
Other receivables	-	-	-	-	3,955,123
Receivable from primary institution	575,205	-	-	-	-
Notes receivable, net	-	-	8,585,000	-	-
Net investment in direct financing leases, net of current portion	-	-	10,069,901	437,504	-
Other noncurrent assets	114,100	1,231,582	410,605	225,199	-
Capital assets, net	13,935,512	3,258,854	6,463,685	60,177,599	10,500,619
Total noncurrent assets	50,379,717	381,006,840	26,030,318	65,876,728	472,167,686
Total assets	52,877,836	450,895,176	28,878,484	89,562,086	507,754,721
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	178,597	2,039,501	134,847	855,879	77,504
Payable to primary institution	-	-	-	1,835,065	5,710,787
Accrued payroll	-	-	31,203	847,905	469,545
Current portion of gift annuities and life income agreements	369,622	688,736	-	-	1,761,208
Deferred revenue	-	-	27,755	1,771,357	2,397,021
Other current liabilities	-	1,179,419	-	28,800	-
Long-term liabilities-current portion	422,789	813,889	1,412,509	390,715	669,795
Total current liabilities	971,008	4,721,545	1,606,314	5,729,721	11,085,860
<b>Noncurrent liabilities</b>					
Deposits	-	-	-	-	22,970,033
Payable to primary institution	-	-	-	-	-
Investments held on behalf of institutions	-	-	-	-	-
Gift annuities and life income agreements, net of current portion	3,275,056	-	-	-	13,955,491
Obligations under split-interest agreement membership units	-	8,213,931	-	-	-
Other noncurrent liabilities	385,970	-	179,776	57,600	-
Long-term liabilities	4,589,267	22,744,930	19,567,620	5,517,335	4,344,645
Total noncurrent liabilities	8,250,293	30,958,861	19,747,396	5,574,935	41,270,169
Total liabilities	9,221,301	35,680,406	21,353,710	11,304,656	52,356,029
<b>NET ASSETS</b>					
Without donor restrictions	12,038,578	35,539,996	7,524,774	73,463,004	48,991,482
With donor restrictions	31,617,957	379,674,774	-	4,794,426	406,407,210
Total net assets	43,656,535	415,214,770	7,524,774	78,257,430	455,398,692
Total liabilities and net assets	\$ 52,877,836	\$ 450,895,176	\$ 28,878,484	\$ 89,562,086	\$ 507,754,721



**STATEMENT OF FINANCIAL POSITION - MAJOR COMPONENT UNITS - Continued**

FASB BASIS	RE Arena, Inc UND Arena Services, Inc. UND Sports		Facilities, Inc. Arena Holdings Charitable LLC & Affiliates		Total Component Units	Non-major Component Units	Reclassifications	Total Component Units
	May 31, 2021	Total Major Component Units	Total Major Component Units	Total Major Component Units				
<b>ASSETS</b>								
Current assets								
Cash and cash equivalents	\$ 7,217,332	\$ 73,180,925	\$ 7,150,647	\$ -	\$ -	\$ -	\$ 80,331,572	
Investments	540,835	33,043,044	31,504,678	-	-	-	64,547,722	
Accounts receivable, net	128,750	7,941,500	2,287,831	(1,004)	-	-	10,228,327	
Notes receivable	-	64,368	246,194	-	-	-	310,562	
Receivable from primary institution	776,037	3,401,337	48,166	5,007,611	-	-	8,457,114	
Unconditional promises to give, net of allowance	-	20,458,291	742,938	-	-	-	21,201,229	
Inventories	656,883	1,621,300	-	-	-	-	1,621,300	
Current portion of net investment in direct financing leases	-	1,572,399	-	-	-	-	1,572,399	
Other assets	948,425	3,492,112	58,564	(1,645,069)	-	-	1,905,607	
Total current assets	10,268,262	144,775,276	42,039,018	3,361,538	-	-	190,175,832	
Noncurrent assets								
Restricted cash and cash equivalents	-	6,739,005	393,513	-	-	-	7,132,518	
Investments:								
Investments, net of current portion	-	678,472,743	51,462,724	-	-	-	729,935,467	
Investments, restricted	3,651,000	3,651,000	-	-	-	-	3,651,000	
Investments held in trust	-	29,714,820	3,869,216	-	-	-	33,584,036	
Beneficial interest in trust	-	19,077,423	-	-	-	-	19,077,423	
Charitable gift annuity investments	-	6,454,383	-	-	-	-	6,454,383	
Charitable remainder trust account investments	-	20,901,427	-	-	-	-	20,901,427	
Real estate and equipment held for investment, net of accumulated depreciation	-	28,881,340	-	(10,945,000)	-	-	17,936,340	
Other long-term investments	-	23,062,180	225,641	-	-	-	23,287,821	
Total investments	3,651,000	810,215,316	55,557,581	(10,945,000)	-	-	854,827,897	
Contracts for deed and notes receivable, net of current portions	-	647,572	-	-	-	-	647,572	
Long term pledges								
receivable/unconditional promises to give	-	61,569,908	9,091,340	-	-	-	70,661,248	
Other receivables	-	3,955,123	-	(2,930,000)	-	-	1,025,123	
Receivable from primary institution	-	575,205	-	23,680,000	-	-	24,255,205	
Notes receivable, net	-	8,585,000	-	-	-	-	8,585,000	
Net investment in direct financing leases, net of current portion	-	10,507,405	-	-	-	-	10,507,405	
Other noncurrent assets	-	1,981,486	3,747,255	-	-	-	5,728,741	
Capital assets, net	57,084,729	151,420,998	35,874,692	(13,166,538)	-	-	174,129,152	
Total noncurrent assets	60,735,729	1,056,197,018	104,664,381	(3,361,538)	-	-	1,157,499,861	
Total assets	71,003,991	1,200,972,294	146,703,399	-	-	-	1,347,675,693	
<b>LIABILITIES</b>								
Current liabilities								
Accounts payable and accrued liabilities	739,025	4,025,353	267,519	(1,405,447)	-	-	2,887,425	
Payable to primary institution	95,512	7,641,364	373,243	1,405,447	-	-	9,420,054	
Accrued payroll	-	1,348,653	7,829	-	-	-	1,356,482	
Current portion of gift annuities and life income agreements	-	2,819,566	55,842	-	-	-	2,875,408	
Deferred revenue	7,116,500	11,312,633	1,602,500	-	-	-	12,915,133	
Other current liabilities	1,832,086	3,040,305	-	-	-	-	3,040,305	
Long-term liabilities-current portion	-	3,709,697	3,499,832	-	-	-	7,209,529	
Total current liabilities	9,783,123	33,897,571	5,806,765	-	-	-	39,704,336	
Noncurrent liabilities								
Deposits	-	22,970,033	-	-	-	-	22,970,033	
Payable to primary institution	-	-	34,011	-	-	-	34,011	
Investments held on behalf of institutions	-	-	3,869,216	-	-	-	3,869,216	
Gift annuities and life income agreements, net of current portion	-	17,230,547	852,128	-	-	-	18,082,675	
Obligations under split-interest agreement membership units	-	8,213,931	-	-	-	-	8,213,931	
Other noncurrent liabilities	-	623,346	-	-	-	-	623,346	
Long-term liabilities	-	56,763,797	16,103,019	-	-	-	72,866,816	
Total noncurrent liabilities	-	105,801,654	20,858,374	-	-	-	126,660,028	
Total liabilities	9,783,123	139,699,225	26,665,139	-	-	-	166,364,364	
<b>NET ASSETS</b>								
Without donor restrictions	61,220,868	238,778,702	9,697,907	-	-	-	248,476,609	
With donor restrictions	-	822,494,367	110,340,353	-	-	-	932,834,720	
Total net assets	61,220,868	1,061,273,069	120,038,260	-	-	-	1,181,311,329	
Total liabilities and net assets	\$ 71,003,991	\$ 1,200,972,294	\$ 146,703,399	\$ -	\$ -	\$ -	\$ 1,347,675,693	

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**STATEMENT OF ACTIVITIES, Major Component Units**

**FASB BASIS**

	<b>BSC</b>		<b>NDSU</b>		<b>UND</b>		<b>UND Alumni</b>
	<b>Foundation</b>	<b>NDSU Foundation</b>	<b>Research &amp; Technology Park</b>	<b>UND</b>	<b>Aerospace</b>	<b>Foundation</b>	<b>Association &amp; UND Foundation</b>
	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2021</b>	<b>June 30, 2021</b>	<b>June 30, 2021</b>	<b>June 30, 2021</b>	<b>June 30, 2021</b>
<b>Support and revenue</b>							
Gifts, Grants and contributions	\$ 2,101,228	\$ 14,039,410	\$ 234,519	\$ 80,075	\$ 32,761,936		
Investment income	6,339,825	9,876,847	591,443	100,565	5,152,205		
Grant Revenue	-	-	-	2,106,098	-		
Net realized and unrealized gains (losses) on investment securities	-	23,112,707	-	-	68,779,471		
Program and event income	49,511	-	36,310	29,605,224	7,548,697		
Other income	636,250	1,815,978	1,047,654	2,905,639	-		
<b>Total support and revenue</b>	<b>9,126,814</b>	<b>48,844,942</b>	<b>1,909,926</b>	<b>34,797,601</b>	<b>114,242,309</b>		
<b>Expenses</b>							
Program services	2,169,677	18,998,648	1,157,224	-	24,320,469		
Supporting services	735,545	5,160,981	708,103	30,507,061	2,628,920		
Fundraising expense	40,571	3,259,939	-	857	2,862,970		
<b>Total expenses</b>	<b>2,945,793</b>	<b>27,419,568</b>	<b>1,865,327</b>	<b>30,507,918</b>	<b>29,812,359</b>		
<b>Change in Net Assets</b>	<b>6,181,021</b>	<b>21,425,374</b>	<b>44,599</b>	<b>4,289,683</b>	<b>84,429,950</b>		
<b>Net Assets, Beginning of Year, as Restated</b>	<b>37,475,514</b>	<b>393,789,396</b>	<b>7,480,175</b>	<b>73,967,747</b>	<b>370,968,742</b>		
<b>Net Assets, End of Year</b>	<b>\$ 43,656,535</b>	<b>\$ 415,214,770</b>	<b>\$ 7,524,774</b>	<b>\$ 78,257,430</b>	<b>\$ 455,398,692</b>		

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**STATEMENT OF ACTIVITIES, Major Component Units - Continued**

	<b>RE Arena, Inc UND Arena Services, Inc. UND Sports Facilities, Inc. Arena Holdings Charitable LLC &amp; Affiliates May 31, 2021</b>	<b>Total Major Component Units</b>	<b>Non-Major Component Units</b>	<b>Total Component Units</b>
<b>Support and revenue</b>				
Gifts and contributions	\$ -	\$ 49,217,168	\$ 23,490,601	\$ 72,707,769
Investment income	59,992	22,120,877	13,850,752	35,971,629
Grant Revenue	75,000	2,181,098	421,282	2,602,380
Net realized and unrealized gains (losses) on investment securities	-	91,892,178	2,694,692	94,586,870
Program and event income	1,767,383	39,007,125	1,809,513	40,816,638
Other income	1,176,969	7,582,490	4,161,199	11,743,689
<b>Total support and revenue</b>	<b>3,079,344</b>	<b>212,000,936</b>	<b>46,428,039</b>	<b>258,428,975</b>
<b>Expenses</b>				
Program services	194,080	46,840,098	8,638,376	55,478,474
Supporting services	9,454,913	49,195,523	4,666,079	53,861,602
Fundraising expense	33,604	6,197,941	437,423	6,635,364
<b>Total expenses</b>	<b>9,682,597</b>	<b>102,233,562</b>	<b>13,741,878</b>	<b>115,975,440</b>
<b>Change in Net Assets</b>	<b>(6,603,253)</b>	<b>109,767,374</b>	<b>32,686,161</b>	<b>142,453,535</b>
<b>Net Assets, Beginning of Year, as Restated</b>	<b>67,824,121</b>	<b>951,505,695</b>	<b>87,352,099</b>	<b>1,038,857,794</b>
<b>Net Assets, End of Year</b>	<b>\$ 61,220,868</b>	<b>\$ 1,061,273,069</b>	<b>\$ 120,038,260</b>	<b>\$ 1,181,311,329</b>

**June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies, as summarized below, and the financial statements for the North Dakota University System (System) are in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) which is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles.

**REPORTING ENTITY**

The North Dakota State Board of Higher Education (SBHE) is the governing body for North Dakota’s eleven publicly supported colleges and universities. In addition to these eleven institutions, the SBHE also oversees the Agricultural Research Centers, Agronomy Seed Farm, North Dakota Cooperative Extension Service, Northern Crops Institute, School of Medicine and Health Sciences, the State Forest Service, and the Upper Great Plains Transportation Institute. The SBHE was established in 1939 when the voters of North Dakota approved an initiated measure to add Article VIII to the State Constitution. The SBHE consists of ten voting members. The Governor, with the advice and consent of the Senate, appoints seven of the eight voting members. The eighth member is a full-time resident student appointed by the Governor. A ninth member is a faculty member (non-voting) selected by the state-wide Council of College Faculties. A tenth member is a staff member (non-voting) selected by the statewide Staff Senate. The SBHE is an entity of the executive branch of the government of the State of North Dakota. The colleges and universities governed by the SBHE are collectively known and referred to as the North Dakota University System hereafter referred to as the System. The Board appoints a Commissioner of Higher Education (Chancellor) to serve as the chief executive officer of the Board and of the System. The Chancellor and the Chancellor’s staff must have their principal office in the State Capitol per the North Dakota Constitution. This office is referred to as the System Office or NDUSO. The North Dakota Legislature appropriates funds it deems necessary and as required by law for those agencies and institutions authorized to exist by the constitution and statutes. Separate general ledgers are maintained for the System Office and each institution on the PeopleSoft Finance Module. The financial statements presented here are also included in the comprehensive annual financial report of the State of North Dakota.

The System includes the following entities that were created by the North Dakota Constitution and/or North Dakota Century Code (NDCC). As stated above these entities are under the control and administration of the SBHE. Each entity receives a separate appropriation from the North Dakota Legislature as provided by North Dakota Constitutional Article VIII, S 6(6)(e) and state statute.

**North Dakota University System Entities (Primary Institution)**

North Dakota University System Office (NDUSO)

Bismarck State College (BSC)

Dakota College of Bottineau (DCB)

Dickinson State University (DSU)

Lake Region State College (LRSC)

Mayville State University (MaSU)

Minot State University (MiSU)

North Dakota State College of Science (NDSCS)

North Dakota State University (NDSU)

Agricultural Experiment Stations:

North Dakota State University Main Research Center

Dickinson Research Extension Center

Central Grasslands Research Extension Center

Hettinger Research Extension Center

Langdon Research Extension Center

North Central Research Extension Center

**June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

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Williston Research Extension Center  
Carrington Research Extension Center  
Agronomy Seed Farm  
Northern Crops Institute  
Upper Great Plains Transportation Institute  
North Dakota State University Cooperative Extension Service  
North Dakota Forest Service  
University of North Dakota (UND)  
School of Medicine and Health Sciences  
Valley City State University (VCSU)  
Williston State College (WSC)

**Component Units**

The process of evaluating potential component units involved the application of criteria set forth in Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity. In accordance with GASB Statement No. 14, a financial reporting entity consists of the primary institution, organizations for which the primary institution is financially accountable and other organizations for which the nature and significance of their relationship with the primary institution are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The definition of the reporting entity is based primarily on the criteria of financial accountability. The primary institution is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and it is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary institution. Governmental Accounting Standards Board (GASB) Statement No. 39, Determining Whether Certain Organizations Are Component Units, modifies and clarifies previously existing criteria of determining whether an organization should be reported as a component unit and how that component unit should be reported in the financial statements. The nature and significance of the organization's relationship and the extent of financial integration with the primary institution are now considered when determining potential component units. Governmental Accounting Standards Board Statement No. 61 amends the requirements established by GASB Statement No. 14 and GASB Statement No. 39 for inclusion of component units in the financial reporting entry. GASB Statement No. 61 requires a financial benefit or burden relationship in addition to a fiscal dependency.

As required by generally accepted accounting principles, the accompanying financial statements present the System (the primary institution) and its component units. The component units are included in the System's reporting entity because of the significance of their operational or financial relationships with the System.

The component units' financial statements are presented under Financial Accounting Standards Board (FASB) standards. As such, certain amounts reported on the primary institution financial statements (receivables from and payables to component units) are not reflected on the component units' financial statements. A reclassification column has been added to the consolidating component unit's statement of financial position to reflect material inter-entity balances between the primary institutions and the component units. Certain other amounts have been reclassified for consistent presentation. Detailed component unit financial statements may be obtained at the respective addresses listed below.

**Blended Component Units**

A component unit whose governing body is substantively the same as the governing body of the primary institution, a financial benefit/burden relationship exists and the entity provides services entirely or almost entirely to the primary institution or exclusively or almost exclusively benefits the primary institution even though it does not provide services directly to it, is included in the primary institutions financial statements using the blending method.

**June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

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**North Dakota University System Foundation** is considered a blended component unit. Although it is a legally separate, non-profit 501(c)(3) organization, NDUS Foundation is reported as if it were part of the primary institution because its sole purpose is to support the System. Some members of the SBHE serve on the Board of Trustees for the foundation. Complete financial statements may be obtained at the entity's administrative office at 600 E. Boulevard Ave. Dept. 215, Bismarck, ND 58505.

**Discretely Presented Component Units**

The following component units are legally separate entities; however, a fiscal dependency relationship exists whereby the entity does not have the ability to complete certain essential fiscal events without substantive approval from the primary institution or due to the nature and significance of the relationship to the System, exclusion would render the financial statements incomplete or misleading. Although the primary institution does not control the timing or amount of receipts from the component units, the majority of resources, or income thereon that the entities hold and invest are restricted by the donors to the activities of the primary institution or its constituents. Therefore, these entities are discretely presented in the accompanying financial statements using Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Component units that are significant relative to the other component units and to the primary institution are considered "major" component units and are displayed in separate columns in the component unit section of the accompanying financial statements and are included in Note 19 under Major Component Units. Component units that are not significant relative to the other component units and to the primary institution are considered "non-major" component units and are displayed in a combined column in the component unit section of the accompanying financial statements.

**Major Component Units**

The **Bismarck State College Foundation (BSCF)** is a legally separate, non-profit organization established to assist in the development and advancement of BSC. The foundation acts primarily as a fundraising organization to supplement the resources that are available to the college. The foundation is managed by a 75-member board of directors as well as seven ex-officio members that are officers/employees of BSC. Financial statements may be obtained at their administrative office at 1255 Schafer Street, PO Box 5587, Bismarck, ND 58506-5587.

**NDSU Foundation (NDSU Foundation)** is a legally separate non-profit corporation established to raise, manage, distribute, and steward private resources to support the various priorities of NDSU. The NDSU Foundation engages in development and outreach activities on behalf of NDSU. The NDSU Foundation is governed by an Executive Governing Board comprised of eleven voting members as well as two ex-officio members – the president of NDSU and the President/CEO of the foundation.

The NDSU Foundation's fiscal year-end is December 31. Financial statements and footnote disclosures are presented as of December 31, 2020. Financial statements may be obtained at their administrative office at 1241 N. University Drive, Fargo, ND 58102.

**NDSU Research & Technology Park, Inc., (NDSU RTP)** is a legally separate non-profit organization developed to promote an economic environment dedicated to applied research and technology discovery for the benefit of NDSU, its faculty and staff and students and the citizens of North Dakota. The majority of the NDSU RTP's board of directors (eight of eleven) works in private industry. Officers of NDSU fill the remaining three positions. The President of NDSU serves as president of the board of directors and has control over final building plans for any new building at the NDSU RTP. Financial statements may be obtained at their administrative office at 1854 NDSU Research Circle North, Fargo, ND 58102.

**June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

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**UND Aerospace Foundation (UND AF)** is a nonprofit entity organized in 1985 to encourage and develop UND's John D. Odegard School of Aerospace Sciences. The UND AF's principal activities consist of developing and conducting training programs, research and development, and consulting services related to the aerospace industry. The UND AF's principal activities are located in Grand Forks, North Dakota and Mesa, Arizona. During fiscal 2015, the UND AF formed a wholly-owned subsidiary, SunRay Property Holdings, LLC, to support its training programs in Arizona.

The UND AF is governed by a board of directors consisting of three to nine voting members, including two or more persons who are active in the aerospace industry and/or graduates of UND with an interest in the aerospace industry, elected by the board. Non-voting members/representatives on the board include a senior manager of the UND AF elected by the board, the dean of the Odegard School of Aerospace Sciences and the president of UND. The UND AF benefits UND, financially and otherwise, through its promotion of the Odegard School and its programs and in the sharing of resources. Complete financial statements for the UND AF may be obtained at the entity's administrative office at 4275 University Ave Stop 9023, Grand Forks, ND 58202-9023.

**The UND Alumni Association and Foundation (UND Foundation)** is a nonprofit organization exclusively for the benefit of UND.

The UND Foundation fosters connections, inspires generosity, and advances the University of North Dakota. The organization receives, holds and manages contributions from alumni and private sources and engages in development and engagement activities on behalf of UND. The organization is supported primarily through donor contributions and earnings on investments.

The UND Foundation is governed by a board of directors. The board of directors consists of twenty-two voting members, twenty of whom are alumni of UND, and an additional six ex-officio members. The six ex-officio members consist of two UND Foundation officers and four UND officers. The financial statement for the UND Foundation may be obtained at the entity's administrative office at 3501 University Ave Stop 8157, Grand Forks, ND 58202-8157 or at undalumni.org.

**RE Arena Inc. (REA), UND Arena Services Inc. (UAS), UND Sports Facilities Inc. (UNDSF) and Arena Holdings Charitable LLC (AHC)** are related organizations with common board of directors and management organized for the benefit of UND.

These organizations operate and maintain a multipurpose sports and entertainment complex in Grand Forks, North Dakota. The complex is used primarily for UND athletics and activities. UND Sports Facilities Inc. (UNDSF) is the sole member of Arena Holdings Charitable LLC (AHC). RE Arena Inc. conducts day-to-day operations of the arena through a contract with UND Arena Services Inc. UND Arena Services Inc. is the legal manager of AHC. AHC is the lessee of the land from UND and is the titleholder of the complex. At the conclusion of the original 30-year lease (2030), the complex shall vest with UND.

UAS has a seven-member board with one member being the UND Vice President for Finance and Operations/Chief Operating Officer (VPFO/COO). REA has a five-member board with the President being the REA General Manager. The remaining four board members are board members of UAS with no UND employee represented on the board. AHC is a disregarded entity and does not have any board members. UNDSF has three board members, who also serve on the other boards, with one of the board members being UND VPFO/COO. All board members from all three entities have voting rights. A complete combined financial statement for these organizations may be obtained at Ralph Engelstad Arena, One Ralph Engelstad Arena Dr., Grand Forks, ND 58203.

**June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

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**Non-major Component Units**

**Minot State University Development Foundation (MiSUDF)** is a legally separate non-profit organization established for the purpose of providing financial and other support to MiSU. MiSUDF receives, holds and manages contributions from alumni and private sources.

A board of directors comprising twelve voting members manages the MiSUDF. In addition, there are two ex-officio appointments from the Board of Regents and the Alumni Association, and three ex-officio members who are employees of MiSU. Financial statements for the foundation may be obtained at their administrative office at 500 University Avenue West, Minot, ND 58707.

**North Dakota State College of Science Foundation (NDSCSF)** is a legally separate non-profit entity established for the purpose of receiving and maintaining funds received from the public for the betterment of NDSCS. NDSCSF is managed by a 20-member board of directors as well as five ex-officio members that are officers/employees of NDSCS. Financial statements for the foundation may be obtained at their administrative office at 800 Sixth Street North, Wahpeton, ND 58076-0002.

**Williston State College Foundation (WSCF)** is a legally separate established as a fund-raising organization to supplement the resources that are available to WSC. WSCF is managed by an 11-member board of directors. Financial statements for WSCF may be obtained at their administrative office at 721 East Highland Drive, Suite E, Williston, ND 58801.

**JOINT VENTURES**

**Tri-College University**

Tri-College University (TCU) is a legally separate organization organized exclusively for educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code. TCU's purpose is to assist in the establishment and maintenance of coordinated programs between Concordia College, Minnesota State University Moorhead, Minnesota State Community and Technical College – Moorhead, NDSCS and NDSU, as a means of maximizing higher educational services for the region. The organization serves as an agency through which resources are received and dispensed to supplement the educational endeavors of the five member institutions. The organization also serves as a means for promoting and strengthening existing and potential educational programs and courses.

A ten-member board of directors, including the presidents of the five universities, manages the TCU. All property, funds and income of the organization are held for the exclusive use and benefit of the participating institutions. Administration of funds and other resources received by TCU for use in connection with specific programs at NDSU are the responsibility of the university. As of June 30, 2021, the TCU had net position of approximately \$870,000 and is not considered a financial burden to NDSU. The financial activity of this organization is not reflected in the accompanying financial statements. Financial statements for the TCU may be obtained at their administrative office at NDSU, Renaissance Hall, 650 NP Avenue 110, Fargo, ND 58102.

**INSIGNIFICANT COMPONENT UNITS**

The following organizations are component units of the System but they have been deemed insignificant due to small total assets and revenues. Entities in this category had less than 1.0 percent each in total assets compared to total System assets and less than 10 percent in payments to or from the primary institution. Separate boards of directors control these entities. In addition, the institution does not exercise financial or administrative control over these entities and/or the entities' relationship with the primary institutions is not significant enough to warrant inclusion in the reporting entity's financial statements. The related organizations at June 30, 2021 were:



June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS

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BSC:	Bismarck Innovations Foundation 1200 Edwards Avenue Bismarck, ND 58506-5587	DSU	The Blue Hawk Booster Club 620 Villard St. W Dickinson, ND 58601-5128
	Mystic Athletic Club 1500 Edwards Ave. PO Box 5587 Bismarck, ND 58505-5587		Dickinson State University Heritage Foundation 290 Campus Drive Box 19 Dickinson, ND 58601
DCB:	DCB Foundation 105 Simrall Boulevard Bottineau, ND 58318	LRSC:	Lake Region Community College Foundation 1801 College Drive North Devils Lake, ND 58301-1598
MaSU:	Mayville Mutual Aid Corporation 330 3 <sup>rd</sup> Street NE Mayville, ND 58257	MiSU:	MiSU Alumni Association, Inc Minot State University 500 University Ave W Minot, ND 58707
	Mayville State University Foundation 330 3 <sup>rd</sup> Street NE Mayville, ND 58257		Beaver Boosters, Inc Minot State University 500 University Ave W Minot, ND 58707
NDSU	Alliance for Arts & Humanities 221 Minard Hall, Albrecht Blvd PO Box 6050 Fargo, ND 58108-6050	UND:	EERC Foundation Energy & Environmental Research Center
	NDSU Research Foundation 1735 NDSU Research Park Drive Suite 124 Fargo, ND 58102		University of North Dakota 15 North 23 <sup>rd</sup> Street, Stop 9018 Grand Forks, ND 58202-9018
	NDSU Team Makers Dept 1200 PO Box 6050 Fargo, ND 58108-6050		The Fellows of the University of North Dakota 264 Centennial Drive PO Box 6050 Grand Forks, ND 58502
			UND Center for Innovation Foundation 4200 James Ray Drive, Stop 8372 Grand Forks, ND 58203
VCSU:	VCSU Foundation 101 College Street SW Valley City, ND 58072	WSC	Teton Booster Club PO Box 760 Williston, ND 58802

**BASIS OF PRESENTATION**

The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, Basic Financial

**June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

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Statements – and Management’s Discussion and Analysis – for State and Local Governments, and Statement No. 35, Basic Financial Statements - and Management’s Discussion and Analysis - for Public Colleges and Universities, issued in June and November, 1999, as amended by GASB Statement Nos. 36, 37 and 38. The System follows the “business-type activities” (BTA) reporting requirements of GASB Statement No. 34 that provides a comprehensive one-line look at the System’s activities.

**BASIS OF ACCOUNTING**

The financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting, whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and are presented to provide a comprehensive entity-wide perspective of the System’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position and cash flows.

**FIDUCIARY FUNDS**

The System accounts as custodial funds accounts for activities resulting from the System or its institutions acting as an agent or fiduciary for various organizations.

**UNRESTRICTED NET POSITION**

Unrestricted net position includes resources derived from student tuition and fees, sales and services, unrestricted gifts, royalties, and interest income.

Restricted and unrestricted resources are tracked using a fund accounting system and are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for restricted and unrestricted activities. When both restricted and unrestricted funds are available for expenditure, the decision for funding is transactional based within the departmental management system in place at each institution.

**RESTRICTED ASSETS**

The System, based on certain bond covenants, is required to establish and maintain prescribed amounts of resources that can be used only to service outstanding debt. Also, included are unspent bond proceeds that will be expended for construction of capital assets.

**REVENUE AND EXPENSE RECOGNITION**

The System presents its revenues and expenses as operating or nonoperating based on recognition definitions from GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting. Operating activities are those activities that are necessary and essential to the mission of the System.

Operating revenues include all charges to customers, grants received for student financial assistance, research contracts and grants, and interest earned on loans. Grants received for student financial assistance are considered operating revenues because they provide resources for student charges and such programs are necessary and essential to the mission of the System. Pell Grant revenues are considered non-operating revenues. Revenues from nonexchange transactions and state appropriations that represent subsidies or gifts to the System, as well as investment income, are considered nonoperating since these are either investing, capital or noncapital financing activities. Operating expenses are expense transactions incurred other than those related to investing, capital or noncapital financing activities. Revenues received for capital financing activities, as well as related expenses, are considered neither operating nor nonoperating activities and are presented after nonoperating activities.

**June 30, 2021**

## **NOTES TO THE FINANCIAL STATEMENTS**

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### **BUDGETARY PROCESS**

The State of North Dakota operates through a biennial appropriation. Legislation requires the SBHE to present a single unified budget request covering the needs of all the institutions under its control to the Governor through the Director of the Office of Management and Budget (OMB). The Governor is required by legislation to present his budget to the General Assembly at the beginning of each session. The General Assembly enacts the budget of the various institutions through the passage of specific appropriation acts. Before signing the appropriation acts, the Governor may veto or reduce any specific appropriation, subject to legislative override. Once passed and signed, the budget becomes the state's financial plan for the next two years.

The SBHE allocates contingency and capital emergency funding within guidelines provided by the General Assembly. Any funds received by the SBHE and entities of the System pursuant to federal acts, private grants, and other sources not deposited in the operating funds in the state treasury are appropriated for the biennial period. The SBHE has the authority to transfer funds between line items by notifying OMB in writing, with the exception that the SBHE may not approve transfers from any capital assets line item except as specifically provided by the General Assembly.

The North Dakota Constitution prohibits any transfers between institutions, even by the legislature. Institutions within the System do not use encumbrance accounting. The legal level of budgetary control is at the institutional line-item level, with administrative controls established at lower levels of detail in certain instances.

SBHE policy requires each college or university to submit a biennial budget for SBHE approval and annual budgets to be approved by the Chancellor. These budgets are prepared on an accrual basis and include activity relative to current funds and unexpended plant funds. These annual budgets are prepared within the framework of the legislative-approved appropriations and become each institution's financial plan for the coming year. The SBHE allows each institution's discretion in transferring funds between departments.

### **CASH AND CASH EQUIVALENTS**

This classification includes cash on-hand, cash in-bank, regular and money market savings accounts, and certificates of deposit and time saving certificates (original maturity of 3 months or less). For purposes of the Statement of Cash Flows, the System considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents representing assets of the System's endowment, unspent bond proceeds and cash restricted by bond covenants are included in non-current restricted cash.

### **INVESTMENTS**

Investments consist of certificates of deposit (maturity greater than three months), U.S. Treasuries, bonds, stocks and other securities held by trust departments or broker dealers and investments in real estate. Investments are reported at fair value for year-end financial reporting. Fair value is the amount at which an investment could be exchanged between two willing parties, which for financial reporting purposes is based on quoted market prices. The net increase (decrease) in the fair value of investments is recognized as a part of investment income. Investments are classified as investments, if the maturity date is more than three months to one year, or as Other Long-term Investments, if the maturity date is more than one-year from the date of the financial statements. Investments restricted by bond covenants or invested from bond proceeds are classified as Restricted Investments. Investments held by endowment funds are classified as Endowment Investments.

Investments are measured at fair value using the hierarchy established by general accepted accounting principles. 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.

**June 30, 2021**

## **NOTES TO THE FINANCIAL STATEMENTS**

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- 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.

Fair values are based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

### **RECEIVABLES**

Accounts receivables include tuition, fees, food service, room and board charges and apartment rent; accrued interest on investments; and Family Medicine Center revenues (UND). Grants and contracts receivables include federal and private grants and contracts revenue and state grants and other income due from other state agencies. Loan fund notes receivable represents amounts due from students for Perkins and other federal loans, and other institutional loans. Net receivables are shown on the basic financial statements. The allowances for doubtful accounts/notes are detailed in Note 3.

### **INVENTORIES**

Inventories held for resale in auxiliaries (including food, books and other merchandise) and unrestricted physical plant, aerospace and pharmacy supplies are generally stated at the lower of cost (generally determined on the first-in, first-out, or moving weighted average method) or fair market value.

### **CAPITAL AND INTANGIBLE ASSETS**

Land, buildings, equipment, and other property are stated at historical cost, with the exception of property acquired prior to the following dates for the various institutions which are stated at appraised values: July 1, 1964 (MiSU, BSC, NDSCS, NDSU); July 1, 1965 (UND); July 1, 1966 (VCSU, DCB); July 1, 1969 (DSU); July 1, 1970 (MaSU); July 1, 1984 (WSC); and July 1, 1987 (LRSC). Professional consultants for the purposes of insurance and financial record keeping evaluated these assets. Library books and periodicals are stated at an estimated inventory value as of the following dates for the following institutions with subsequent additions at cost and deletions at average cost: June 30, 1973 (MaSU, VCSU); June 30, 1974 (UND, NDSCS, NDSU, DCB); June 30, 1976 (DSU); July 1, 1979 (MiSU); June 30, 1985 (BSC, LRSC); and June 30, 1990 (WSC).

Capital assets, including purchased software with a unit cost of \$5,000 or greater and all library books, are recorded at cost at the date of acquisition, or if donated, at fair market value at the date of donation. Infrastructure assets are included in the financial statements and are depreciated. Depreciation is not allocated to the functional categories. Intangible assets, excluding purchased software, with a unit cost of \$25,000 or more are recorded at cost at the date of acquisition, or if donated, at fair market value at the date of donation. Internally developed intangible assets with a unit cost of \$50,000 or more are recorded at cost and are amortized.

The composite method is used for library book depreciation. All books purchased during a year are consolidated and depreciated as a group of assets rather than individually. Expenses for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized, net of interest income earned on resources set aside for the construction or remodeling costs.

Certain reserves have been established by bond indenture for the repayment of revenue bond indebtedness. Such reserves are recorded in the appropriate restricted assets category (cash/investments) and as “net position restricted for debt service” on the Statement of Net Position.

**June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

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Depreciation and intangible amortization is calculated using the straight-line method over the following estimated useful lives for the System and its component units. All institutions, except UND and NDSU, use the half-year convention.

Land Improvements	10 – 50 years
Infrastructure	20 – 60 years
Buildings	10 – 120 years
Equipment	3 – 20 years
Internally developed software	2 – 10 years
Purchased software	3 – 5 years
Other Intangibles	3 – 20 years
Library Books	10 years

**DEPOSITS**

Money received in advance for subsequent year’s residence hall, apartment reservations and flight training costs and funds held by an institution in a fiduciary capacity are classified as deposits.

**COMPENSATED ABSENCES**

Annual and sick leave are a part of permanent employees’ compensation as set forth in NDCC section 54-06-14. In general, accrued annual leave cannot exceed 30 days at each calendar year end while accrued sick leave is not limited. Employees are entitled to earn leave based on tenure of employment, within a range from a minimum of one working day, to a maximum of two working days per month, established by the rules and regulations adopted by the employing unit. Employees are paid for all unused annual leave upon termination or retirement. Employees who vest at 10 years of credible service are paid one-tenth of their accumulated sick leave upon termination or retirement. Compensated absences are accrued when earned.

**PENSIONS**

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

**OTHER POST-EMPLOYMENT BENEFITS**

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.

**SCHOLARSHIP ALLOWANCES**

Student tuition and fees, and certain other revenues received from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the System’s state rates and charges and the amount actually paid by students and/or third parties making payments on behalf of students. Under this approach, scholarships, waivers and grants are considered as reductions in tuition and fee revenues rather than as expenses. Therefore, student tuition and fees and auxiliary revenues are presented net of scholarships applied to student’s accounts.

**June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

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**NET POSITION**

Net position is classified according to external donor restrictions or availability of assets for satisfaction of System obligations. Restricted Net Position represent funds that have been restricted for specific purposes by donors or granting agencies for scholarships and fellowships, instructional department uses, loan funds, debt service and other. Unrestricted net position is all other funds available at the discretion of the System. Invested in capital assets represents the cost or gifted value of buildings, equipment, land improvements and infrastructure, less accumulated depreciation and related outstanding debt.

**RESTATEMENT OF BEGINNING NET POSITION**

<b>Net Position, beginning of the year, as previously reported</b>	\$ 1,430,582,344
<u>Prior period adjustments:</u>	
Change in accounting method	1,505,035
Correction of error	(42,887)
Other	173,050
<b>Net Position, beginning of the year, as restated</b>	<u>\$ 1,432,217,542</u>

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The accompanying financial statements include estimates of such items as allowances for uncollectible accounts, scholarship allowances, accrued expenses and other liability accounts.

**New Accounting Pronouncements**

Accounting Standards Implemented

In June 2017, GASB issued Statement No. 84, “Fiduciary Activities”. This statement is effective for periods beginning after December 15, 2020.

In June 2020, the GASB issued 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 suppression of GASB Statement No. 32.” The statement is effective for periods beginning after June 15, 2021.

Accounting Standards Issued but Not Yet Implemented

In June 2017, the GASB issued Statement No. 87, “Leases.” The statement is effective for reporting periods beginning after June 15, 2021.

In April 2018, the GASB issued Statement No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements”. The statement is effective for reporting periods beginning after June 15, 2020.

In June 2018, the GASB issued Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period”. The statement is effective for reporting periods beginning after December 30, 2021.

In August 2018, the GASB issued Statement No. 90, “Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61”. The statement is effective for reporting periods beginning after December 30, 2020.

**June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

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In May 2019, the GASB issued Statement No. 91, “Conduit Debt Obligations”. The statement is effective for periods beginning after December 15, 2022.

In January 2020, the GASB issued Statement No. 92, “Omnibus 2020”. The statement is effective for periods beginning after June 15, 2021.

In March 2020, the GASB issued Statement No. 93, “Replacement of Interbank Offered Rates”. The statement contains staggered implementation dates of for periods beginning after June 15, 2020, December 31, 2022 and June 15, 2022.

In March 2020, the GASB issued Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”. The statement is effective for periods beginning after June 15, 2022.

In May 2020, the GASB issued Statement No. 96, “Subscription-Based Information Technology Arrangements”. The statement is effective for periods beginning after June 15, 2022.

Management is in the process of evaluating whether these GASB statements will be applicable to the NDUS and the impact they may have on the NDUS' financial statements."

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**LIMITATIONS**

North Dakota Century Code (NDCC) governs the deposit and investment policies of the System. NDCC Section 6-09-07 states, “All state funds...must be deposited in the Bank of North Dakota (BND) ...or must be deposited in accordance with constitutional and statutory provisions.”

In addition, NDCC Section 21-04-02 provides that public funds belonging to or in the custody of the state shall be deposited in the Bank of North Dakota. NDCC Section 15-10-12 allows the System to receive donations, gifts, grants and bequests. These funds must be used for the specific purpose for which they are donated or given and must be deposited in the Bank of North Dakota.

NDCC Sections 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 BND, 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 SBHE may invest such funds in direct obligations 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.

**DEPOSITS**

Cash and Cash Equivalents are as follows:

	<b>June 30, 2021</b>	
<b>Statement of Net Position</b>	<b>Carrying Amount</b>	<b>Bank Balance</b>
Cash Deposits at the Bank of North Dakota	\$ 289,378,980	\$ 297,305,161
Cash Deposits at institutions other than the Bank of North Dakota	4,566,956	5,805,615
Certificates of Deposit at the Bank of North Dakota	266,321,064	266,321,064
Certificates of Deposit at institutions other than the Bank of North Dakota	118,223	2,400

June 30, 2021

**NOTES TO THE FINANCIAL STATEMENTS**

Total Bank Deposits	560,385,223	<u>\$ 569,434,239</u>
Cash on Hand/Petty Cash	168,226	
Amounts credit risked as deposits but reported as investments	<u>(266,439,287)</u>	
Total Cash and Cash Equivalents	<u>\$ 294,114,160</u>	

**Statement of Fiduciary Net Position**

Cash Deposits at the Bank of North Dakota	\$ 926,093	\$ 846,042
Cash Deposits at institutions other than the Bank of North Dakota	-	-
Certificates of Deposit at the Bank of North Dakota	-	-
Certificates of Deposit at institutions other than the Bank of North Dakota	-	-
Total Bank Deposits	<u>\$ 926,093</u>	<u>\$ 846,042</u>
Cash on Hand/Petty Cash	50	
Amounts credit risked as deposits but reported as investments	-	
Total Cash and Cash Equivalents	<u>\$ 926,143</u>	

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a financial institution failure, the System's deposits may not be returned to it. The System does not specifically address policies concerning custodial credit risk and while the deposits in the Bank of North Dakota are backed by the State of North Dakota, they are deemed to be uninsured and uncollateralized by GASB definition. As of June 30, 2021, \$568.1 million of the System's bank balance of \$570.3 million was exposed to custodial credit risk as follows:

Statement of Net Position:	
Uninsured and uncollateralized	\$563.9 million
Uninsured and collateral held by pledging bank not in system's name	\$ 3.4 million
Fiduciary Funds::	
Uninsured and uncollateralized	\$835,000

**Investments**

Investments are reported at fair value (market). The balances at June 30, 2021 are:

Investment Type	Market Value	Maturities			
		Less than 1 year	1-5 years	6-10 years	More than 10 years
Mutual Bond Funds	\$ 111,361	\$ -	\$ 111,361	\$ -	\$ -
Money Market Mutual funds	291,585	291,556	-	-	29
Debt Securities Subtotal	402,946	<u>\$291,556</u>	<u>\$ 111,361</u>	<u>\$ -</u>	<u>\$ 29</u>
Stocks	685,292				
Exchange Transfer Funds (ETF's)	828,796				
Certificates of Deposit - BND	262,647,460				
Certificates of Deposit - non-BND	3,791,827				
Investment in Real Estate	9,948,763				



June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS

Investments held with Foundation	77
Equity Securities Subtotal	<u>277,902,215</u>
Total Investments	<u>\$278,305,161</u>

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value investments. Per NDCC the System is limited to investing funds with the Bank of North Dakota, with the exception of gifts governed by endowment agreements. Accordingly, the System does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Institutions choose terms based on maximizing return within the limits of their cash flow needs. Institutions rely on brokers to provide year-end market values. The investments are held with those brokers.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill their obligation. As of June 30, 2021, the system’s debt portfolio (excluding US Treasuries and US Agencies) included Standard & Poor’s quality ratings as follows:

	Market Value	Credit Quality Rating			Total
		AAA	AA	Not Rated	
Mutual Bond Funds	\$ 111,361	\$ -	\$ -	\$ 111,361	\$ 111,361
Money market mutual funds	291,585	29	291,556	-	291,585
<b>Total</b>	<u>\$ 402,946</u>	<u>\$ 29</u>	<u>\$ 291,556</u>	<u>\$ 111,361</u>	<u>\$ 402,946</u>

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

**Fair Value Hierarchy**

In accordance with GASB Statement No. 72, assets 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.

Fair values are based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS

The balances of assets measured at fair value on a recurring basis at June 30, 2021 are:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$ 685,292	\$ -	\$ -	\$ 685,292
US Treasuries	-	-	-	-
ETF funds	828,796	-	-	828,796
Mutual bond funds	111,361	-	-	111,361
Mutual funds	-	-	-	-
Real estate	-	-	9,948,763	9,948,763
Total	<u>\$1,625,449</u>	<u>\$ -</u>	<u>\$9,948,763</u>	<u>\$11,574,212</u>

Investments categorized as Level 1 are valued using prices quoted in active markets for those securities. Real estate categorized as Level 3 represents land leases for commercial and residential development and are primarily valued using discounted cash flow techniques.

**NOTE 3 – RECEIVABLES**

Receivables consist of the following amounts:

<b>Statement of Net Position</b>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
Student and general receivables	\$ 32,565,849	\$ -	\$ 32,565,849
Interest receivable	784,095	-	784,095
Allowance for doubtful accounts	(6,768,954)	-	(6,768,954)
Accounts receivable, net	<u>\$ 26,580,990</u>	<u>\$ -</u>	<u>\$ 26,580,990</u>
Grants and contracts receivable	\$ 33,376,370	\$ -	\$ 33,376,370
Due from other state agencies	51,337,813	-	51,337,813
Grants and contracts receivable, net	<u>\$ 84,714,183</u>	<u>\$ -</u>	<u>\$ 84,714,183</u>
Student notes receivable	\$ 5,376,685	\$ 15,118,729	\$ 20,495,414
Others	633,325	-	633,325
Allowance for doubtful notes	(755,378)	(2,504,302)	(3,259,680)
Notes receivable, net	<u>\$ 5,254,632</u>	<u>\$ 12,614,427</u>	<u>\$ 17,869,059</u>
<b>Statement of Fiduciary Net Position</b>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
Student and general receivables	\$ 785,383	\$ -	\$ 785,383
Allowance for doubtful accounts	(339)	-	(339)
Accounts receivable, net	<u>\$ 785,044</u>	<u>\$ -</u>	<u>\$ 785,044</u>

**NOTE 4 – ENDOWMENT FUNDS**

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. 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, 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, institution officers are delegated authority to manage and invest

June 30, 2021

**NOTES TO THE FINANCIAL STATEMENTS**

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.

UND’s distributions for spending from endowments each fiscal year will be calculated once annually with the quarter ended December 31 unitized market value and is based on the set spending rate, currently 3.75 percent, applied to the average market value for the preceding twelve quarter average. All endowments 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 in February, and these distribution amounts 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 is available for expenditure and consists of the following at June 30, 2021:

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

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

**NOTE 5 – CAPITAL AND INTANGIBLE ASSETS**

Capital asset activity for the year ended June 30, 2021 are as follows:

	<b>Beginning</b>				<b>Ending</b>
	<b>Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>Balance</b>
Land	\$ 19,675,565	\$ 157,984	\$ -	\$ -	\$ 19,833,549
Construction in progress	192,295,321	130,950,124	45,075	(127,401,128)	195,799,242
Total non-depreciable capital assets	<u>211,970,886</u>	<u>131,108,108</u>	<u>45,075</u>	<u>(127,401,128)</u>	<u>215,632,791</u>
Land improvements/infrastructure	230,825,076	17,186,992	-	27,711,729	275,723,797
Buildings	1,731,887,690	23,507,933	18,727,477	99,310,969	1,835,979,115
Furniture, fixtures, and equipment	368,101,185	33,223,350	11,207,076	378,430	390,495,889
Intangibles:					
Computer Software	25,165,356	951,159	55,556	-	26,060,959
Websites	855,255	18,050	-	63,780	937,085
Other	1,370,208	-	-	(63,780)	1,306,428
Library materials	82,228,443	839,306	1,097,317	-	81,970,432
Total depreciable capital assets	<u>2,440,433,213</u>	<u>75,726,790</u>	<u>31,087,426</u>	<u>127,401,128</u>	<u>2,612,473,705</u>
Less accumulated depreciation and amortization					
Land improvements/infrastructure	118,904,416	7,367,944	-	-	126,272,360
Buildings	665,360,783	42,798,099	11,414,700	-	696,744,182
Furniture, fixtures, and equipment	254,717,794	21,903,880	9,630,813	-	266,990,861

**June 30, 2021**  
**NOTES TO THE FINANCIAL STATEMENTS**

Intangibles:

Computer Software	24,411,775	324,863	55,556	-	24,681,082
Websites	648,263	49,454	-	-	697,717
Other	728,470	47,670	-	-	776,140
Library materials	72,318,820	2,334,038	1,097,308	-	73,555,550
Total accumulated depreciation and amortization	1,137,090,321	74,825,948	22,198,377	-	1,189,717,892
Total depreciable capital assets, net	1,303,342,892	900,842	8,889,049	127,401,128	1,422,755,813
Capital assets, net	\$ 1,515,313,778	\$ 132,008,950	\$ 8,934,124	\$ -	\$ 1,638,388,604

Construction in progress for the year ended June 30, 2021 was as follows:

	<b>Total Amount Authorized</b>	<b>Expended (CIP Asset)</b>	<b>Capitalized Equipment</b>	<b>Expended (Non capitalized)</b>	<b>Remaining Authorized Balance</b>
Bismarck State College	\$ -	\$ -	\$ -	\$ -	\$ -
Dakota College of Bottineau	2,717,800	1,517,472	-	552,380	647,948
Dickinson State University	11,323,553	3,722,938	-	-	7,600,615
Lake Region State College	-	-	-	-	-
Mayville State University	600,000	186,401	-	-	413,599.00
Minot State University	1,583,687	114,591	-	-	1,469,096
North Dakota State College of Science	1,019,711	667,667	-	3,390	348,654
North Dakota State University	179,898,549	57,901,275	47,112	-	121,950,162
University of North Dakota	177,352,114	113,412,347	172,870	2,860,086	60,906,811
Valley City State University	55,606,399	18,276,551	-	-	37,329,848
Williston State College	-	-	-	-	-
Total NDUS	\$ 430,101,813	\$ 195,799,242	\$ 219,982	\$ 3,415,856	\$ 230,666,733

Interest expense related to capital asset debt was approximately \$20.0 million in fiscal year 2021. Capitalized interest in construction in progress at June 30, 2021 was \$7.7 million.

**NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consisted of the following at June 30, 2021:

<b>Statement of Net Position</b>	<b>Totals</b>
Accounts Payable	\$ 46,800,281
Due to other state agencies	13,498,741
Sales Tax Payable	22,567
Accrued Interest	4,044,650
Contractor Payable/Retainage	9,244,463
Other liabilities	265,650
Total Payables & Accrued Liabilities	\$ 73,876,352

June 30, 2021

**NOTES TO THE FINANCIAL STATEMENTS**

**Statement of Fiduciary Net Position**

	<b>Totals</b>
Accounts Payable	\$ 244,106
Due to other state agencies	8
<b>Total Payables &amp; Accrued Liabilities</b>	<b>\$ 244,114</b>

**NOTE 7 – LONG-TERM LIABILITIES**

The changes in long-term liabilities during fiscal year 2021 are as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>	<b>Current Portion</b>	<b>Non-current Portion</b>
Bonds Payable	\$ 315,324,057	\$36,237,995	\$21,607,900	\$329,954,152	\$12,283,078	\$317,671,076
Bonds Payable to Component Units	16,729,999	-	1,800,000	14,929,999	1,830,000	13,100,000
Certificates of Participation	104,120,249	2,675	-	104,122,924	120,000	104,002,924
Notes Payable	19,281,604	-	4,619,987	14,661,617	1,416,216	13,245,402
Notes Payable to Component Units	104,742	-	57,284	47,458	47,458	-
Capital Leases	35,800,593	4,072,460	4,428,074	35,444,979	3,878,493	31,566,482
Capital Leases with Component Units	15,861,331	-	1,356,220	14,505,111	1,251,875	13,253,235
Special Assessments	4,388,764	18,450,088	2,757,974	20,080,878	734,092	19,346,785
Compensated Absences	33,415,124	2,043,702	290,004	35,168,822	3,096,466	32,072,360
<b>Total</b>	<b>\$ 545,026,463</b>	<b>\$60,806,920</b>	<b>\$36,917,443</b>	<b>\$568,915,940</b>	<b>\$24,657,678</b>	<b>\$544,258,264</b>

**NOTE 8 – BONDS PAYABLE**

Revenue bonds are limited obligations of the 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. Amounts held by the trustee specifically for payment on bonds are reflected in Net Position, Restricted for Debt Service.

The summary of outstanding obligations of the institutions, as of June 30, 2021, is presented below and the detail is presented in the Supplementary Information section following these notes.

	<b>Original Balances</b>	<b>Interest Rates</b>	<b>Balances Outstanding</b>
Bismarck State College	\$ 10,184,334	2.0 - 4.0%	\$ 6,764,179
Mayville State University	4,685,057	1.25 - 6.63%	2,652,008
Minot State University	13,433,825	2.0 - 6.60%	10,778,708
North Dakota State College of Science	9,000,000	3.76%	6,725,000
North Dakota State University	151,397,818	1.5 - 5.0%	119,634,125
University of North Dakota	214,958,252	0.75 - 5.0%	187,948,470
Valley City State University	5,858,248	3.35-4.0%	5,034,662
Williston State College	5,347,000	3.100%	5,347,000
<b>Total Bonds Payable</b>	<b>\$ 414,864,534</b>		<b>\$344,884,152</b>

**June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

**Refunding and Defeased Bonds**

The purpose of a refunding bond is to refund in advance of maturity of another bond issue. Under an advanced refunding arrangement, refunding bonds are issued, and the net proceeds plus additional resources that may be required, are used to purchase securities issued or guaranteed by the United States Government. These securities are then deposited in an irrevocable trust under an escrow agreement that provides that all proceeds from the trust will be used to fund the principal and interest payments of the previously issued bonded debt being refunded. The trust deposits have been computed so that the securities in the trust, along with future cash flow generated by the securities, will be sufficient to service the previously issued bonds. As a result, trust account assets and liabilities for the defeased bonds are not included in the University System's financial statements. The following is a description of the University System's defeased bonds and the balance of the bonds outstanding in the trust.

**Valley City State University**

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

**Williston State College**

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

June 30, 2021

**NOTES TO THE FINANCIAL STATEMENTS**

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**Industrial Commission Bonds**

For the 2019-2021 biennium, the System Office received an appropriation of \$5.0 million to act as the fiscal agent for the institutions on bond payments to the North Dakota Industrial Commission. During fiscal year 2021, the System Office paid \$2.5 million in general funds to the North Dakota Industrial Commission.

**Scheduled Maturities of Bonds Payable**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 14,113,078	\$ 12,557,099	\$ 26,670,177
2023	14,240,163	12,031,555	26,271,717
2024	14,600,321	11,465,641	26,065,962
2025	13,890,725	10,890,703	24,781,428
2026	14,542,819	10,351,975	24,894,794
2027 - 2031	77,336,520	43,359,885	120,696,405
2032 - 2036	75,153,242	29,005,264	104,158,506
2037 - 2041	55,760,112	17,168,896	72,929,008
2042 - 2046	39,252,028	8,509,514	47,761,542
2047 - 2051	25,995,143	2,119,176	28,114,319
	<u>\$ 344,884,154</u>	<u>\$ 157,459,707</u>	<u>\$ 502,343,861</u>

**NOTE 9 – CERTIFICATES OF PARTICIPATION**

On September 1, 2018, 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 the Bank of North Dakota. The certificates have interest rates ranging from 3.55 to 5.0 percent and are subject to annual appropriations by the North Dakota Legislature as part of the general operating appropriations.

The Series 2018A certificates were issued at a par value of \$76.6 million, with a net premium of \$3.8 million. In fiscal year 2019, UND begin making semi-annual interest-only payments through fiscal year 2040. The semi-annual interest-only payments in fiscal years 2019 and 2020 are for capitalized interest paid with bond proceeds. The first principal payment is due in fiscal year 2041. The certificates mature in fiscal year 2057.

The Series 2018B certificates were issued at a par value of \$16.5 million, with no premium or original issue discount. Beginning in fiscal year 2019, UND will make semi-annual interest-only payments through fiscal year 2023. The semi-annual interest-only payments in fiscal years 2019 and 2020 are for capitalized interest paid with bond proceeds. The first principal payment is due in 2024. The certificates mature in fiscal year 2041.

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

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

June 30, 2021

**NOTES TO THE FINANCIAL STATEMENTS**

**Scheduled Maturities of Certificates of Participation**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 120,000	\$ 4,493,154	\$ 4,613,154
2023	169,648	4,488,729	4,658,377
2024	237,368	4,484,079	4,721,447
2025	342,742	4,476,151	4,818,893
2026	448,451	4,464,326	4,912,777
2027 - 2031	2,984,910	22,020,481	25,005,391
2032 - 2036	5,657,976	21,322,995	26,980,971
2037 - 2041	12,883,724	19,473,373	32,357,097
2042 - 2046	14,693,946	16,378,175	31,072,121
2047 - 2051	25,376,020	12,246,575	37,622,595
2052 - 2056	33,032,991	5,904,700	38,937,691
2057 - 2061	8,175,148	345,100	8,520,248
	<u>\$ 104,122,924</u>	<u>\$ 120,097,839</u>	<u>\$ 224,220,763</u>

**NOTE 10 – NOTES PAYABLE**

LRSC has a note with Banc of America Public Capital Corp for a wind turbine. MaSU has a note payable to Capitol One, for energy improvements through a performance contract. UD has a note payable with Bremer Bank for the purchase of a building from the University of North Dakota Research Foundation in fiscal year 2013. The balance at June 30, 2021 was \$8.0 million. WSC has a note payable of \$1.969 million with the Bank of North Dakota for construction of the Petroleum Safety and Technology Center and a note payable of \$48,000 to the Williston State College Foundation for construction of a dormitory geothermal system.

Details of the notes are as follows:

<b>Institution</b>	<b>Original Balance</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Outstanding Balance June 30, 2021</b>
Lake Region State College	\$ 4,881,045	Jun-27	3.27%-5.15%%	\$ 2,286,400
Mayville State University	4,338,457	Dec-24	2.73%	2,419,571
University of North Dakota	9,800,000	October 2023	5.38%	7,987,070
Williston State College	3,000,000	January 2022 & May 2035	1.75% - 3%	2,016,035
<b>Total Notes Payable</b>	<b>\$22,019,502</b>			<b>\$14,709,076</b>

The LRSC note contains a provision that upon default or nonappropriation, the lender may transfer any collateral to the name of the lender, sell or otherwise dispose of any collateral.

The MaSU note contains a provision that upon default, the lender can take any legal remedy, including declaring the note immediately due and taking possession of any equipment.

The UND note contains a provision that in the event of default, outstanding amounts become immediately due if the institutions are unable to make payment.



June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS

Scheduled Maturities of Notes Payable

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,463,674	\$ 619,048	\$ 2,082,722
2023	1,492,411	569,129	2,061,540
2024	8,664,397	215,145	8,879,542
2025	923,317	76,396	999,713
2026	565,553	54,672	620,225
2027 - 2031	1,279,076	85,149	1,364,225
2032 - 2036	320,648	5,334	325,982
	<u>\$ 14,709,076</u>	<u>\$ 1,624,873</u>	<u>\$ 16,333,949</u>

NOTE 11 – CAPITAL LEASES

The institutions lease various types of capital assets under capital lease agreements. Capital leases give rise to property rights and lease obligations and therefore, the assets under lease are recorded as assets of the institution and the lease obligation is recognized as a liability. The leases have varying interest rates with maturities to 2056.

Carrying Value of Assets Held Under Capital Leases

	<u>Original Book Value</u>	<u>Accumulated Depreciation</u>
Land improvements/infrastructure	\$ 60,015	\$ 19,204
Buildings	52,438,102	17,169,210
Intangibles - Easement	187,933	147,748
Furniture, fixtures, and equipment	19,666,958	5,065,763
Total	<u>\$ 72,353,008</u>	<u>\$ 22,401,925</u>

Scheduled Maturities of Capital Leases

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 5,130,368	\$ 1,880,849	\$ 7,011,217
2023	5,005,876	1,674,233	6,680,109
2024	4,904,069	1,430,464	6,334,533
2025	5,276,562	1,235,583	6,512,145
2026	4,183,141	1,067,595	5,250,736
2027 - 2031	14,482,741	3,293,570	17,776,311
2032 - 2036	6,694,400	1,467,369	8,161,769
2037 - 2041	1,352,814	751,267	2,104,081
2042 - 2046	1,168,370	543,080	1,711,450
2047 - 2051	1,742,421	240,371	1,982,792
2052 - 2056	9,323	-	9,323
	<u>\$ 49,950,085</u>	<u>\$ 13,584,381</u>	<u>\$ 63,534,466</u>

June 30, 2021

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 12 – OTHER LONG-TERM LIABILITIES**

**SPECIAL ASSESSMENTS**

The institutions receive special assessments from the city or county for improvements made to roads and infrastructure owned by the city or county that are adjacent to or on institution property.

**Scheduled Maturities of Special Assessments**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 734,092	\$ 686,817	\$ 1,420,909
2023	709,120	661,344	1,370,464
2024	719,307	636,372	1,355,679
2025	739,833	611,046	1,350,879
2026	688,401	585,112	1,273,513
2027 - 2031	3,615,611	2,561,288	6,176,899
2032 - 2036	4,110,571	1,911,817	6,022,388
2037 - 2041	4,647,107	1,178,477	5,825,584
2042 - 2046	4,116,835	348,552	4,465,387
	<u>\$ 20,080,877</u>	<u>\$ 9,180,825</u>	<u>\$ 29,261,702</u>

**Compensated Absences**

The compensated absences liability of the institutions at June 30, 2021 consists of accumulated unpaid annual leave, compensatory time, payable portion of accumulated sick leave, personal holiday hours, and Saturday/legal holiday hours earned and vested. Compensated absences for employees at June 30, 2021 totaled \$35.2 million. Leave policies restrict the accumulation of unused vacation and thus limit the actual payments made to employees upon termination or retirement.

**NOTE 13 – Deferred Outflows and Deferred Inflows**

Deferred outflows and deferred inflows consist of the following:

**Deferred Outflows**

Pension	\$ 169,014,966
Other post-employment retirement benefits	2,535,269
Deferred outflows from debt refunding	3,635,980
Total deferred outflows	<u>\$ 175,186,215</u>

**Deferred Inflows**

Pension	\$ 48,417,938
Other post-employment retirement benefits	629,618
Grant amounts received prior to meeting time requirements	871,291
Deferred inflows from debt refunding	76,009
Total deferred inflows	<u>\$ 49,994,856</u>

**NOTE 14 – RETIREMENT BENEFITS**

**North Dakota Public Employees Retirement System (Main System)**

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

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees

**June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

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of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

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

**Pension Benefits**

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 was replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit 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. For members hired on or after January 1, 2020 the 2.00 percent multiplier was replaced with a 1.75 percent multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

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

**Death and Disability Benefits**

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

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25 percent of their final average salary with a minimum benefit of \$100. To qualify under this section, the member must 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 NDPERS in the North Dakota Administrative Code.

**Refunds of Member Account Balance**

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

June 30, 2021

**NOTES TO THE FINANCIAL STATEMENTS**

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**Member and Employer Contributions**

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

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

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

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

At June 30, 2021, the System reported a liability of \$281.8 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The System's proportion of the net pension liability was based on their share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2020, the System's proportionate share was 8.96 percent which was a decrease of 0.38 percent from its proportion measured at June 30, 2019.

For the year ended June 30, 2021, the System recognized pension expense of \$46.5 million. At June 30, 2021, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience	\$ 1,096,796	\$ 14,280,835
Changes of assumptions	151,099,481	24,977,463
Net difference between projected and actual earnings on pension plan investments	9,096,201	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	889,326	9,159,642
Employer contributions subsequent to the measurement date	6,833,163	-
Total	<u>\$ 169,014,967</u>	<u>\$ 48,417,940</u>

Deferred outflows of resources of \$6.8 million are related to pensions resulting from employer contributions after the measurement date will be recognized as a reduction of net pension liability in the fiscal year ended June 30, 2022.

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

**June 30, 2021**  
**NOTES TO THE FINANCIAL STATEMENTS**

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<b>Year ended June 30:</b>	
2022	\$ 32,961,833
2023	29,174,760
2024	23,872,768
2025	27,754,505
2026	-
Thereafter	-

**Actuarial assumptions.** The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	3.5 percent to 17.75 percent
Investment rate of return	7.0 percent, net of investment expenses
Cost-of-living adjustments	None

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30%	6.30%
International Equity	21%	6.85%
Private Equity	7%	9.75%
Domestic Fixed Income	23%	1.25%
International Fixed Income	0%	0.00%
Global Real Assets	19%	5.01%
Cash Equivalents	0%	0.00%

**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

June 30, 2021

**NOTES TO THE FINANCIAL STATEMENTS**

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assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 2.45 percent; and the resulting Single Discount Rate is 4.64 percent.

**Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.**

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

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>3.64%</b>	<b>4.64%</b>	<b>5.64%</b>
Employer's proportionate share of the net pension liability	\$ 365,659,480	\$281,835,085	\$ 213,245,768

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report.

**TIAA RETIREMENT PLAN**

**Description of Plan**

This is a privately administered defined contribution retirement plan which provides individual retirement fund contracts for eligible employees as defined by the SBHE in its approved TIAA retirement resolution. All benefits vest immediately to the participant. The SBHE has the authority for establishing or amending plan provision and establishing or amending contribution requirements. Further information can be obtained by writing to TIAA; Denver Regional Office; 1700 Broadway, Suite 770; Denver, Colorado 80290 or by calling 800-842-2009.

**Funding Policy**

The plan requires employee and employer contributions be based on a classification system and years of service based on the following schedule. Beginning, January 1, 2014 contributions in class I and II increased from 3.5 percent to 4.5 percent for participant contributions and from 11.5 percent to 12.5 percent for institution contributions for employees with zero to ten years of service. Contributions for employees with more than ten years of service increased from 4.0 percent to 5.0 percent for participant contributions for employee contributions and from 12.0 percent to 13.0 percent for institution contributions.

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<b>Employment Class</b>	<b>Years of Service</b>	<b>Contributions by the Participant</b>	<b>Contributions by the Institution</b>
I and III	0 thru 10	4.5%	12.5%
	over 10	5.0%	13.0%
II	0 thru 2	3.5%	7.5%
	3 thru 10	4.5%	12.5%
	over 10	5.0%	13.0%
IV	Closed to new participants	4.0%	12.0%
President/Chancellor (additional employer contribution)	less than 3	0.0%	0.0%
	3 to less than 6	0.0%	4.0%
	6 yrs and over	0.0%	8.0%

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 System has no further liability once annual contributions are made. The System contributed \$44.1 million to TIAA during the fiscal years ending June 30, 2021.

**NOTE 15 – POST-EMPLOYMENT BENEFITS**

**STATE GROUP HEALTH PLAN**

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

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

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

**OPEB Benefits**

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14 percent of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99 percent of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14 percent of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "*prefunded credit applied*" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined

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**NOTES TO THE FINANCIAL STATEMENTS**

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Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

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

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

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

At June 30, 2021, the System reported a liability of \$7.1 million for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The System's proportion of the net OPEB liability was based on the System's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2021, the System's proportion was 8.49 percent, which was a decrease of 0.27 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the System recognized OPEB expense of \$965,000. At June 30, 2021, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience	\$ 158,637	\$ 171,271
Changes of assumptions	957,828	-
Net difference between projected and actual earnings on OPEB plan investments	245,662	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	70,572	458,347
Employer contributions subsequent to the measurement date	1,102,570	-
Total	<u>\$ 2,535,269</u>	<u>\$ 629,618</u>

Deferred outflows of resources of \$1.1 million, related to OPEB resulting from employer contributions after the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022.

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



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NOTES TO THE FINANCIAL STATEMENTS

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Year ended June 30:		
2022	\$	166,722
2023		230,219
2024		218,567
2025		143,645
2023		41,197
Thereafter		2,731

**Actuarial assumptions.** The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Not applicable
Investment rate of return	6.5 percent, net of investment expenses
Cost-of-living adjustments	None

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.10%
Small Cap Domestic Equities	6%	7.00%
Domestic Fixed Income	40%	1.15%
International Equities	21%	6.45%

**Discount rate.** The discount rate used to measure the total OPEB liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2018, and July 1, 2017, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC

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**NOTES TO THE FINANCIAL STATEMENTS**

fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate.**

The following presents the net OPEB liability of the Plans as of June 30, 2020, calculated using the discount rate of 6.50 percent, 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:

	<b>1% Decrease 5.5%</b>	<b>Current Discount Rate 6.5%</b>	<b>1% Increase 7.5%</b>
Employer's proportionate share of the net OPEB liability	\$ 9,369,083	\$ 7,143,672	\$ 5,261,762

**NOTE 16 – TERMINATION BENEFITS**

Termination benefits are benefits provided to employees who are involuntarily or voluntarily terminated, because of budget reductions. Termination benefits agreements may include contract buyouts, retirement incentives, severance lump-sum payouts and continuing healthcare coverage for a designated period of time or a combination of these benefits. The agreement terms vary by institution. The outstanding liability is measured at the discounted present value and projected increases in health insurance rates.

The System entered into voluntary termination agreements with 59 employees for a cost of \$1.9 million in fiscal year 2021. The terms for these agreements range from one month to forty-eight months. The System recorded a liability at June 30, 2021 of \$799,000 for future payments.

During the same time-period, the System entered into involuntary separation agreements with three employees for a cost of \$9,800. The terms for these agreements are for one month. There is no future liability for these arrangements at June 30, 2021.

In fiscal year 2021, the System incurred \$2.4 million in expenses related to voluntary termination agreements entered into in prior fiscal years for 54 employees. The terms for these agreements range from one month to sixty months. At June 30, 2021, the liability for future payments was \$84,000.

In fiscal year 2021, there were no expenses or related liability associated with involuntary termination agreements entered into in prior fiscal years.

**NOTE 17 – CONSTRUCTION COMMITMENTS AND FINANCING**

The institutions have contracted for various construction projects as of June 30, 2021. Estimated costs to complete the various projects and the sources of anticipated funding are as follows:

Institution	Contracts Awarded	Expended Through June 30, 2021	Total Cost To Complete	Funding for Remaining Costs			
				Federal Sources	State Sources	Institutional Funds	Other Sources
BSC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DCB	3,282,789	1,267,249	2,015,540	-	97,844	9,284	1,908,412
DSU	4,273,526	3,509,922	763,604	-	689,189	74,416	-

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**NOTES TO THE FINANCIAL STATEMENTS**

LRSC	-	-	-	-	-	-	-	-
MaSU	651,401	186,401	465,000	310,000	155,000	-	-	-
MiSU	429,080	154,589	274,491	232,295	11,333	30,863	-	-
NDSCS	1,011,318	659,797	351,521	-	115,912	235,609	-	-
NDSU	101,691,130	55,332,912	46,358,218	-	145,573	191,748	46,020,897	-
UND	246,070,140	189,948,347	56,121,793	6,441	3,164,098	26,146,775	26,804,479	-
VCSU	30,608,068	19,098,328	11,509,740	-	-	919,623	10,590,117	-
WSC	8,432,408	8,432,408	-	-	-	-	-	-
Total	\$396,449,860	\$278,589,953	\$ 117,859,907	\$ 548,736	\$4,378,949	\$ 27,608,318	\$85,323,905	-

**NOTE 18 – COMPONENT UNITS**

**Major Component Units Investments**

Investments are reported at fair value (market) as follows:

Investment Type	Market Value	Maturities			
		Less than 1 year	1 year to 5 years	6 years to 10 years	More than 10 years
US Treasuries	\$ 407,619	\$ 121,533	\$ 286,086	\$ -	\$ -
Corporate Bonds	20,749,332	4,852,499	14,273,029	259,210	1,364,594
Municipal Bonds	505,020	-	-	505,020	-
Mutual Bond Funds	199,233,772	30,905,440	22,494,149	41,112,183	104,722,000
Money Market Mutual Funds	893,034	893,034	-	-	-
Other	350,455	311,418	-	-	39,037
Subtotal	222,149,240	\$37,083,924	\$37,053,264	\$ 41,876,413	\$ 106,135,639
Equity Mutual Funds	356,601,990				
Investment in Real Estate	47,841,947				
Commodity Hedge and Limited Partnerships	100,361,687				
Stocks	11,521,241				
Certificate of Deposits	4,191,835				
Other	100,590,420				
Total Investments	\$843,258,360				

**Interest Rate Risk**

Bismarck State College Foundation employs multiple investment strategies including capital appreciation, local fixed income, and balanced portfolios. The Finance Committee will rebalance to the Target Asset Mix at least once each calendar year.

NDSU Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The University of North Dakota Alumni Association and Foundation’s investment strategy incorporates a diversified asset allocation approach and maintains, within defined limits, exposure to the equity, international equity, emerging markets, hedge funds, fixed income, commodities real estate venture funds, natural resources, global distressed funds and private equity markets.

**Custodial Credit Risk**

REA Arena, Inc.’s cash balances may exceed FDIC limits at various times during the year at one financial

June 30, 2021

**NOTES TO THE FINANCIAL STATEMENTS**

institution. REA Arena, Inc., has obtained a \$7.0 million letter of credit to insure cash balances in excess of FDIC insurance limits at this institution.

The major component units' investments are registered in the name of the component unit.

**Major Component Units Capital Assets**

Capital asset activity for the major component units for the year ended June 30, 2021 was as follows:

	<b>Beginning</b>			<b>Ending Balance</b>
	<b>Balance-Restated</b>	<b>Additions</b>	<b>Retirements</b>	
Land	\$ 5,958,814	\$ -	\$ 5,097	\$ 5,953,717
Construction in progress	145,707	1,991,727	145,707	1,991,727
Total non-depreciable capital assets	6,104,521	1,991,727	150,804	7,945,444
Land improvements/infrastructure	12,642,020	20,785	-	12,662,805
Buildings	186,203,819	760,659	71,258	186,893,220
Furniture, fixtures, and equipment	55,468,494	2,883,555	4,959,533	53,392,516
Total depreciable capital assets	254,314,333	3,664,999	5,030,791	252,948,541
Less accumulated depreciation				
Land improvements/infrastructure	671,965	37,556	-	709,521
Buildings	77,346,365	5,587,349	71,258	82,862,456
Furniture, fixtures, and equipment	24,273,202	4,280,192	2,652,384	25,901,010
Total accumulated depreciation	102,291,532	9,905,097	2,723,642	109,472,987
Total depreciable capital assets, net	152,022,801	(6,240,098)	2,307,149	143,475,554
Capital assets, net	\$ 158,127,322	\$(4,248,371)	\$ 2,457,953	\$ 151,420,998

**MAJOR COMPONENT UNITS LONG-TERM LIABILITIES SUMMARY**

	<b>Beginning</b>			<b>Ending</b>	<b>Current</b>	<b>Noncurrent</b>
	<b>Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance</b>	<b>Portion</b>	<b>Portion</b>
Bonds Payable	\$ 36,116,380	\$ 118,743	\$ 3,512,582	\$ 32,722,541	\$3,263,783	\$ 29,458,758
Notes Payable	14,332,522	6,566,469	3,479,780	17,419,211	338,644	17,080,567
Special Assessments	545,815	50,087	34,266	561,636	36,398	525,238
Capital Leases	1,252,656	-	67,550	1,185,106	70,872	1,114,234
Other	11,385,000	-	2,800,000	8,585,000	-	8,585,000
Total	\$ 63,632,373	\$ 6,735,299	\$ 9,894,178	\$ 60,473,494	\$3,709,697	\$ 56,763,797

**MAJOR COMPONENT UNITS BONDS PAYABLE**

Bonds payable for the major component units at June 30, 2021 was as follows:

<b>Component Unit</b>	<b>Maturity</b>		
	<b>Date</b>	<b>Interest</b>	<b>Balance</b>
	<b>(Fiscal Year)</b>	<b>Rate</b>	<b>Outstanding</b>
BSC Foundation	2022-2040	2.70% - 5.25%	\$ 5,012,056
NDSU Foundation	2031-2037	2.00% - 4.00%	11,085,000
NDSU Research & Technology Park, Inc.	2032	2.32% - 3.54%	12,000,000

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UND Alumni Foundation	2027-2032	0.75% - 4.20%	4,625,485
Total Component Unit Bonds Payable			<u>\$ 32,722,541</u>

Scheduled Maturities of Major Component Bonds Payable

Fiscal Year	Principal	Interest	Total
2021	\$ 800,000	\$ 396,178	\$ 1,196,178
2022	3,138,783	1,071,469	4,210,252
2023	2,579,701	981,904	3,561,605
2024	2,614,589	901,114	3,515,703
2025	2,705,571	815,130	3,520,701
2026	2,801,828	723,377	3,525,205
2027 - 2031	11,865,307	2,234,879	14,100,186
2032 - 2036	5,325,625	606,325	5,931,950
2037 - 2041	891,137	44,478	935,615
	<u>\$ 32,722,541</u>	<u>\$ 7,774,854</u>	<u>\$ 40,497,395</u>

MAJOR COMPONENT UNITS NOTES PAYABLE

Detail of notes payable for the major component units is as follows:

Component Unit	Interest Rate	Maturity Date (Fiscal Year)	Balance Outstanding
NDSU Foundation	1.50% - 3.25%	2024 - 2029	\$ 12,307,312
UND Alumni Association & UND Foundation	4.35%	2036	388,955
UND Aerospace Foundation	1.00% - 3.50%	2026 - 2031	4,722,944
<b>Total Component Unit Notes Payable</b>			<u>\$ 17,419,211</u>

Scheduled Maturities of Major Component Units Notes Payable

Fiscal Year	Principal	Interest	Total
2021	\$ -	\$ 261,298	\$ 261,298
2022	1,013,751	387,541	1,401,292
2023	7,252,440	318,258	7,570,698
2024	1,360,599	196,954	1,557,553
2025	1,623,510	163,497	1,787,007
2026	1,963,450	126,436	2,089,886
2027 - 2031	4,046,874	180,030	4,226,904
2032 - 2036	158,587	18,158	176,745
	<u>\$ 17,419,211</u>	<u>\$ 1,652,172</u>	<u>\$ 19,071,383</u>

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NOTES TO THE FINANCIAL STATEMENTS

Scheduled Maturities of Major Component Units Capital Leases

Fiscal Year	Principal	Interest	Total
2022	\$ 70,872	\$ 56,746	\$ 127,618
2023	74,359	53,259	127,618
2024	78,016	49,602	127,618
2025	81,854	45,764	127,618
2026	85,880	41,738	127,618
2027 - 2031	497,082	141,008	638,090
2032 - 2036	297,043	21,999	319,042
	<u>\$ 1,185,106</u>	<u>\$ 410,116</u>	<u>\$ 1,595,222</u>

Reconciliation of Component Unit Receivable to and Payable from Primary Institution

A reconciliation of the receivables to and payables from balances between the Component Units and the Institutions is as follows:

Institutions Receivable from Component Units - Current	\$ 12,308,139	Institutions Payable to Component Units - Current	\$ 2,075,156
Institutions Receivable Component Units - Non-Current	-	Institutions Long Term Liability to Component Unit - Current Portion	3,129,333
Total Due from Component Units	12,308,139	Institutions Long Term Liability to Component Unit - Non-Current Portion	26,353,235
Reconciling Differences:		Total Due to Component Units	31,557,724
Transactions with Component Units having fiscal year ends other than June 30, 2021	(761,005)	Reconciling Differences:	
Transactions in transit at June 30, 2021	(1,902,572)	Transactions with Component Units having fiscal year ends other than June 30, 2021	1,047,446
Receivables from insignificant component units	(271,400)	Transaction with insignificant component units that are not discretely presented	3,722
Other	80,903	Transactions in transit at June 30, 2021	103,427
Total Component Unit Payable to Institutions	<u>\$ 9,454,065</u>	Total Receivable from Institutions	<u>\$ 32,712,319</u>
		Component Unit Current Receivable from Institutions - Current	\$ 8,457,114

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Component Unit Non-Current	
Receivable from	
Institutions	24,255,205
Total Component Unit Receivable	
from Institutions	<u>\$ 32,712,319</u>

**SIGNIFICANT TRANSACTIONS AND DEVELOPMENTS**

**Bismarck State College Foundation (BSCF)**

On January 25, 2007, BSC and BSCF 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 rent, maintenance, and repair of the facility, maintenance of 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 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 BSCF 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.

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

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

On September 26, 2014, BSC and Student Housing, LLC (a wholly owned subsidiary of BSCF) 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 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.

**NDSU Research and Technology Park, Inc. (NDSU RTP)**

On December 30, 1999, NDSU through the State of North Dakota and the SBHE entered into a ground lease, whereby the NDSU RTP leases 40 acres of land for \$1 per year for the next seventy-five years.

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**NOTES TO THE FINANCIAL STATEMENTS**

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

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

**NDSU Foundation (The Foundation)**

**Fargodome Lease and Improvements**

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

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

**Renaissance Hall**

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

Under this refinanced debt issuance and lease agreement, as approved by the SBHE on December 16, 2010, the property is leased to NDSU for rent equal to the semi-annual principal and interest on the bonds, plus all costs incurred by the Foundation incident to ownership of the property. Ownership of the property will transfer to NDSU when the bonds are repaid in full. NDSU paid the Foundation \$414,201 in fiscal year 2021 for debt service under this agreement. As of June 30, 2021, the outstanding balance on the bonds are reflected as “Due to Component Units” by NDSU, is \$3.3 million.



**June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

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**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 twenty-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 the entire amount of the previously issued bonds. During fiscal year 2021, NDSU paid \$767,447 to the bond trustee on-behalf of the Foundation under the new leases for debt service on Barry Hall & Klai Hall. NDSU has an option to acquire the property upon full payment of the bonds. As of June 30, 2021, the outstanding balance on the bonds, reflected as "Due to Component Units" by NDSU, is \$7.7 million.

**Other Transactions**

The Foundation provides meeting space rental and database support service to NDSU for an annually negotiated fee. NDSU paid the foundation \$830,546 for the fiscal year ending December 31, 2020.

In addition to the debt service payments on the Fargodome, Renaissance, Barry and Klai Halls, NDSU reimburses the Foundation for other operating expenses related to those buildings, such as property insurance, flood insurance, boiler inspection fees, real estate taxes and bond administrative fees. Those costs totaled \$115,186 during the fiscal year ending December 31, 2020.

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

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

**UND Aerospace Foundation (UND AF)**

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

**June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

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UND AF recorded revenue for service and hangar, CRJ, 360-degree tower, and aircraft rental to UND of \$4.7 million in fiscal year 2021, which is included in training and support services in the consolidated statements of activities.

As of June 30, 2021, the UND AF recorded accounts payable to UND of \$1.8 million for reimbursable costs and services. As of June 30, 2021, the UND AF had recorded accounts receivable from UND of approximately \$1.5 million, which are included in accounts receivable in the consolidated statements of financial position.

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 15 years of the sublease, UND will pay the UND AF'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 UND AF in the construction of the hangar. Under this noncancelable sublease with UND, UND AF will receive future minimum rentals of \$1.6 million over the term of the lease.

**RE Arena, Inc. (REA)**

REA and UND, entered into an operating agreement from July 1, 2020 to September 30, 2030. The operating agreement sets forth the facility usage, fees and services, ticket administration and revenue allocation, sponsorship sales administration and revenue allocation, and net income disposition. In accordance with this agreement: (i) RE Arena, Inc. collects all ticket revenue from ticketed University of North Dakota 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 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 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 UND's athletic events.

REA 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 REA's fiscal year 2021, gross tickets sales were \$701,240 of which REA recognized revenue of \$364,645 with a net due to UND \$336,595 as of May 31, 2021.

At June 30, 2021 UND owed REA \$776,037 for the prepayment of ticket sales allocation. Gross tickets sales for the next athletic season year are recorded in deferred revenue at gross by REA for a total of \$3,482,791.

REA recognized net sponsorship (advertising) revenue of \$81,477 and the net due to UND in sponsorship (advertising) income of \$45,080. REA allocated \$0 of net income to UND athletic department for the year ended May 31, 2021. REA expensed \$698,577 to UND for utilities, maintenance staff, phone service and other.

At the end of the fiscal year REA owed UND \$44,798 for monthly services. At the end of the fiscal year REA, owed UND \$5,634 for revenue for the 50/50 settlement.

Amounts are reported on the accrual basis of accounting, which may or may not be the same as that used by UND. 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.

**UND Alumni Association and UND Foundation (UND Foundation)**

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

**June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

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During the year ended June 30, 2021, UND provided approximately \$1.5 million of institutional support for event and database support, annual giving campaign, career development center and shared positions. The UND Foundation manages UND's endowment investments and charged them approximately \$250,508 in investment management fees during the fiscal year ended June 30, 2021. These fees and support are reported as program and event income on the statement of activities.

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

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

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

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

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

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

**NON-MAJOR COMPONENT UNITS**

**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.

June 30, 2021

**NOTES TO THE FINANCIAL STATEMENTS**

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**North Dakota State College of Science Foundation (NDSCSF)**

For the year ended June 30, 2021, NDSCS paid NDSCSF \$174,000 for the rental of NDSCS Fargo building and \$11,000 for parking lots.

**Williston State College Foundation (WSCF)**

Individuals working on behalf of the WSCF are employees of and paid by WSC. WSCF reimburses WSC for the time WSC employees spend on Foundation. WSCF records these amounts as expenses. The amount reimbursed for the years ending June 30, 2021 was \$600,665.

**NOTE 19– PLEDGED REVENUES**

Pledged revenue required for	
future principal and interest	
on existing bonds	\$ 423,626,364
Term of commitment ranging from	2023-2050
Percentage of revenue pledged	7%

Current year pledged revenue, by source:	Pledged Revenue	Recognized Revenue	Percentage of Pledged Revenue to Recognized Revenue
Net revenues from auxiliaries	\$ 14,663,150	\$ 89,614,904	16%
Tuition and student fees	7,651,610	369,794,806	2%
Other	7,896,858	-	0%
Total	\$ 30,211,618	\$ 459,409,710	7%

Current year principal and interest paid      \$ 30,211,618

**NOTE 20 – FUNCTIONAL EXPENSE CLASSIFICATION**

The System reports operating expenses using the “natural classification” on the Statement of Revenues, Expenses and Changes in Net Position. Operating expenses for the year ending June 30, 2021, using the functional classification are as follows:

Instruction	\$ 371,703,700
Academic Support	94,143,052
Student Services	83,714,881
Institutional Support	165,143,359
Physical Plant	102,097,863
Scholarships and Fellowships	55,964,356
Auxiliary Enterprises	87,662,895
Public Service	73,834,536
Research	199,790,594
Depreciation	74,825,948
Total	<u>\$ 1,308,881,183</u>

**NOTE 21 – OPERATING LEASES**

The institutions are obligated under certain leases for equipment, vehicles and facility rental, which are accounted

**June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

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for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore, the resulting expenditures are recognized as incurred. Lease expenditures for the year ended June 30, 2021, amounted to \$8.8 million.

Future minimum lease payments at June 30, 2021.

<u>Fiscal Year</u>	<u>Future Minimum Lease Payments</u>
2022	\$ 3,760,630
2023	2,859,639
2024	1,350,688
2025	1,238,005
2026	746,448
2027 - 2031	2,115,602
2032 - 2036	645,654
	<u>\$ 12,716,666</u>

**NOTE 22 – CONTINGENCIES**

Amounts received and expended by the System under various federal and state programs are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, will not have a significant effect on the financial position of the System.

In the normal course of its activities, the institutions of the System are party to various legal actions. Because, in the opinion of management and counsel, the risk of material loss in excess of insurance coverage for these items is remote, the outcome of the legal proceedings and claims is not expected to have a material effect on the financial position of the System. Therefore, an estimated liability has not been recorded.

**NOTE 23 – RISK MANAGEMENT**

The System is exposed to various risks of loss related to torts; theft, damage, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The following programs have been established to address some of these risks and loss exposures.

**RISK MANAGEMENT FUND**

The Risk Management Fund (N.D.C.C. ch.32-12.2) was established by the 1995 North Dakota Legislature as a result of a court decision that eliminated the State’s sovereign immunity. The Risk Management Division of the Office of Management and Budget administers the Fund.

The Fund provides liability coverage and defense of a claim/lawsuit brought against the state of North Dakota, its agencies and employees acting within the scope of employment. The coverage amounts are \$250,000 per person and \$1,000,000 per occurrence. The statutory caps on State liability will increase each year starting in fiscal year 2023 through fiscal year 2027 as follows:

- Fiscal year 2023: \$375,000 per person, \$1.0 million per occurrence
- Fiscal year 2024: \$406,250 per person and \$1.625 million per occurrence
- Fiscal year 2025: \$437,500 per person and \$1.75 million per occurrence
- Fiscal year 2026: \$468,750 per person and \$1.875 million per occurrence
- Fiscal year 2027: \$500,000 per person and \$2.0 million per occurrence.

**June 30, 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

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The Fund is a risk retention pool that is funded by contributions paid by all State agencies, boards and commissions. The contributions are calculated by an actuary based on various factors, including the agency's loss history and number of full-time employees.

**NORTH DAKOTA FIRE AND TORNADO AND STATE BONDING FUND**

The System also participates in the North Dakota Fire and Tornado Fund and State Bonding Fund. The System pays an annual premium to the Fire and Tornado Fund to cover property damage to personal property. Replacement cost coverage is determined in consultation with the Fire and Tornado Fund. The State Bonding Fund currently provides the System with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

**Risk Management Workers Compensation Program**

The Risk Management Workers Compensation Program (N.D.C.C. § 65-04-03.1) was established by the 2001 North Dakota Legislature and created a single workers' compensation account for all state agencies. This cross-agency program is designed to save premium dollars through a deductible program while enhancing recovery of injured employees. The program is administered by the Risk Management Division of the Office of Management and Budget.

Workers' compensation provides money and medical benefits to an employee who has an injury as a result of an accident, injury or occupational disease on-the-job. The question of negligence or fault is usually not at issue.

Workforce Safety & Insurance (WSI) continues to determine the level of compensation an injured worker and his or her care provider are entitled to receive; and will determine experience rates, dividends, assessments, and the premiums payable by State entities for workers' compensation coverage. Effective July 1, 2001, workers' compensation premiums are paid to the Risk Management Division rather than to WSI.

**NOTE 24 – SUBSEQUENT EVENTS**

In August 2021, MiSU refunded its Student Services Facilities Revenue Bonds, Series 2010, with a current outstanding principal balance of \$8.4 million. The principal balance for the new Student Services Facilities Revenue Refunding Bonds, Series 2021, is \$7.4 million. In addition, using funds on hand, MiSU established an escrow fund with the Bank of North Dakota sufficient to defease the Student Services Facilities Revenue Refunding bonds, Series 2015. The 2015 issue has a current outstanding principal balance of \$2.3 million. The escrow agent will use the funds to pay principal and interest for the 2022 through 2024 maturities and then, redeem the bonds on the optional redemption date of August 1, 2025.

In August, 2021, UND issued Tax Exempt Certificates of Participation, Series 2021A for \$133 million and Taxable Refunding Certificates of Participation, Series 2021B for \$18.3 million.

The proceeds of Series 2021A will be used to fund the cost of major renovations to Brannon Hall, and minor renovations to Noren Hall and Selke Hall; demolition of the following residence halls (based upon student demand): Bek Hall, Hancock Hall, Squires Hall, Walsh Hall, Fulton Hall, Johnston Hall, Smith Hall, McVey Hall, and West Hall; demolition of certain University-owned apartments representing up to 548 total units (based upon student demand), constructing a 400-bed student housing facility to be named McVey Hall, which will replace the existing McVey Hall; and constructing a 477-bed student housing facility to be called West Hall, which will replace the University's existing West Hall. The certificates mature in 2061 with a net interest cost of 2.972 percent.

The proceeds of the Series 2021B will advance refund the outstanding principal and accrued interest of UND's Housing and Auxiliary Facilities Revenue Bonds, Series 2012 (Wellness Center) and Series 2013 bonds (Hamline Square). The 2021B matures in 2023 with a net interest cost of 1.996 percent.

**North Dakota University System**  
**Required Supplementary Information (RSI)**  
**June 30, 2021**

**Schedule of the NDUS Proportionate Share of Net Pension Liability - Last 10 Fiscal Years \***

	<b>NDUS' Proportion of the Net Pension Liability</b>	<b>NDUS' Proportionate Share of the Net Pension Liability</b>	<b>NDUS Covered Employee Payroll</b>	<b>Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
<b>2021</b>	8.96%	\$ 281,834,777	\$ 98,822,521	285.19%	48.91%
<b>2020</b>	9.34%	\$ 109,414,127	\$ 97,100,937	112.68%	71.66%
<b>2019</b>	9.61%	\$ 162,113,636	\$ 98,685,274	164.27%	61.89%
<b>2018</b>	9.77%	\$ 157,065,812	\$ 99,755,332	157.45%	61.98%
<b>2017</b>	10.34%	\$ 100,749,199	\$ 104,177,803	96.71%	70.46%
<b>2016</b>	11.08%	\$ 75,351,113	\$ 98,721,150	76.33%	77.15%
<b>2015</b>	11.23%	\$ 71,311,045	\$ 94,566,414	75.41%	77.70%

*\*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. Complete data for this schedule is not available prior to 2015.*

**Schedule of the NDUS Contributions - Last 10 Fiscal Years\***

	<b>Statutorily Required Contribution</b>	<b>Contributions in Relation to the Statutorily Required Contribution</b>	<b>Contribution Excess (Deficiency)</b>	<b>NDUS Covered Employee Payroll</b>	<b>Contributions as a Percentage of Covered Employee Payroll</b>
<b>2021</b>	\$ 6,808,541	\$ 6,808,541	\$ -	\$ 103,066,354	6.61%
<b>2020</b>	\$ 7,175,888	\$ 7,175,888	\$ -	\$ 102,506,102	7.00%
<b>2019</b>	\$ 7,268,591	\$ 7,268,591	\$ -	\$ 100,877,902	7.21%
<b>2018</b>	\$ 7,134,215	\$ 7,134,215	\$ -	\$ 99,755,332	7.15%
<b>2017</b>	\$ 7,546,708	\$ 7,546,708	\$ -	\$ 104,177,803	7.09%
<b>2016</b>	\$ 7,654,994	\$ 7,654,994	\$ -	\$ 98,721,150	7.26%
<b>2015</b>	\$ 7,380,713	\$ 7,380,713	\$ -	\$ 94,566,414	7.44%

*\*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. Complete data for this schedule is not available prior to 2015.*

**Notes to Required Supplementary Information for the Year Ended June 30, 2021**

**Change of benefit Terms**

The interest rate earned on member contributions will decrease from 7.00 percent to 6.50 percent effective January 1, 2021 (based on the adopted decrease in the investment return assumption). New Main System members who are hired on or after January 1, 2020 will have a benefit multiplier of 1.75 percent (compared to the current benefit multiplier of 2.00 percent).

The interest rate earned on member contributions will decrease from 7.00 percent to 6.50 percent effective January 1, 2021 who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2019.

**Changes of assumptions**

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 valuation:

- The investment return assumption was lowered from 7.5 percent to 7.0 percent
- The assumed rate of price inflation was lowered from 2.5 to 2.25 percent for the July 1, 2020 valuation
- The assumed rate of total payroll growth was updated for the July 1, 2020 valuation
- Mortality table updates were made for the July 1, 2020 valuation

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

**North Dakota University System**  
**Required Supplementary Information (RSI)**  
**June 30, 2021**

**Schedule of the NDUS Proportionate Share of Net OPEB Liability - Last 10 Fiscal Years \***

	<b>NDUS' Proportion of the Net OPEB Liability</b>	<b>NDUS' Proportionate Share of the Net OPEB Liability</b>	<b>NDUS Covered Employee Payroll</b>	<b>Share of the Net OPEB Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
<b>2021</b>	8.49%	\$ 7,143,672	\$ 96,809,287	7.38%	63.38%
<b>2020</b>	8.76%	\$ 7,036,909	\$ 97,762,911	7.20%	63.13%
<b>2019</b>	9.07%	\$ 7,146,894	\$ 99,296,140	7.20%	61.89%
<b>2018</b>	9.31%	\$ 7,365,193	\$ 100,731,452	7.31%	59.78%

*\*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. Complete data for this schedule is not available prior to 2018.*

**Schedule of the NDUS Contributions - Last 10 Fiscal Years \***

	<b>Statutorily Required Contribution</b>	<b>Contributions in Relation to the Statutorily Required Contribution</b>	<b>Contribution Excess (Deficiency)</b>	<b>NDUS Covered Employee Payroll</b>	<b>Contributions as a Percentage of Covered Employee Payroll</b>
<b>2021</b>	\$ 1,098,698	\$ 1,098,698	\$ -	\$ 103,066,354	1.07%
<b>2020</b>	\$ 1,157,241	\$ 1,157,241	\$ -	\$ 102,506,102	1.13%
<b>2019</b>	\$ 1,150,435	\$ 1,150,435	\$ -	\$ 100,890,040	1.14%
<b>2018</b>	\$ 1,148,790	\$ 1,148,790	\$ -	\$ 100,731,452	1.14%

*\*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. Complete data for this schedule is not available prior to 2018.*

**Notes to Required Supplementary Information for the Year Ended June 30, 2021**

**Changes of benefit terms**

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2018.

**Changes of assumptions**

The North Dakota PERS Board approved the following changes to the actuarial assumptions beginning with the July 1, 2019 valuation:

\* The investment return assumption was lowered from 7.50 percent to 7.25 percent.

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



**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Supplementary Information**  
**JUNE 30, 2021**

**COMBINING STATEMENT OF NET POSITION**

	North Dakota University System Office	Bismarck State College	Dakota College at Bottineau	Dickinson State University	Lake Region State College	Mayville State University	Minot State University
<b>ASSETS</b>							
Current assets							
Cash and cash equivalents	\$15,913,709	\$11,544,828	\$ 1,758,096	\$ 3,026,476	\$ 4,716,077	\$ 4,919,901	\$21,157,057
Investments	-	3,480,000	-	3,500,000	3,150,000	400,077	5,877,400
Accounts receivable, net	10	613,329	286,901	443,804	645,190	525,985	679,263
Due from component units - investments held on behalf of the institutions	-	-	-	-	-	-	-
Due from component units	-	74,127	127	53,346	19,292	-	149,544
Due from other NDUS institutions	816,085	45,895	1,048	10,035	150,862	28,128	296,898
Due from State general fund	37,006	-	157,234	1,366,048	-	20,501	3,064
Grants and contracts receivables, net	38,523	1,172,268	992,588	1,007,771	1,524,623	764,141	1,168,501
Inventories	-	533,936	132,670	-	242,212	198,085	-
Notes receivable, net	-	663,121	47,402	100,314	50,493	124,571	222,914
Other assets	141,336	40,170	576	-	9,763	26,522	6,064
Total current assets	<u>16,946,669</u>	<u>18,167,674</u>	<u>3,376,642</u>	<u>9,507,794</u>	<u>10,508,512</u>	<u>7,007,911</u>	<u>29,560,705</u>
Noncurrent assets							
Restricted cash and cash equivalents	-	100,186	-	-	-	207,541	8
Restricted investments	-	-	-	-	-	-	752,260
Endowment investments	-	-	-	-	-	17,000	-
Notes receivable, net	-	32,241	44,477	515,143	90,496	148,046	1,434,615
Other long-term investments	-	146,000	-	1,500,000	-	-	-
Due from component units - investments held on behalf of the institutions	-	-	-	375,904	-	-	3,869,216
Other noncurrent assets	-	-	-	-	-	-	-
Capital assets, net	594,916	58,059,241	8,467,157	40,137,868	14,890,141	25,966,522	69,307,774
Total noncurrent assets	<u>594,916</u>	<u>58,337,668</u>	<u>8,511,634</u>	<u>42,528,915</u>	<u>14,980,637</u>	<u>26,339,109</u>	<u>75,363,873</u>
Total assets	<u>17,541,585</u>	<u>76,505,342</u>	<u>11,888,276</u>	<u>52,036,709</u>	<u>25,489,149</u>	<u>33,347,020</u>	<u>104,924,578</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>5,729,437</u>	<u>8,668,661</u>	<u>1,200,866</u>	<u>4,068,437</u>	<u>3,495,865</u>	<u>5,489,149</u>	<u>7,927,255</u>
<b>LIABILITIES</b>							
Current liabilities							
Accounts payable and accrued liabilities	1,479,440	1,805,004	281,448	1,747,913	603,169	138,385	1,943,456
Due to other NDUS institutions	340,580	49,688	131,492	30,198	22,509	45,313	64,457
Due to component units	-	18,402	-	-	-	7,499	(3,777)
Accrued payroll	853,836	1,274,073	278,550	1,000,025	518,772	978,967	2,150,292
Unearned revenue	-	1,425,704	144,303	184,600	1,718,762	673,522	1,134,869
Deposits	191,364	(46,321)	11,184	102,288	22,938	405,650	201,395
Long-term liabilities - current portion	-	-	-	-	-	-	-
Due to component units	-	163,682	-	-	-	-	-
Due to others	155,459	719,954	90,783	521,354	419,687	1,168,022	917,463
Total current liabilities	<u>3,020,679</u>	<u>5,410,186</u>	<u>937,760</u>	<u>3,586,378</u>	<u>3,313,336</u>	<u>3,406,082</u>	<u>6,411,932</u>
Noncurrent liabilities							
Pension liability	9,000,921	14,020,432	1,945,390	6,620,548	5,447,871	9,005,549	13,123,108
OPEB liability	232,891	353,184	50,169	171,301	135,423	220,922	338,430
Other noncurrent liabilities	-	-	-	66,232	-	-	-
Long-term liabilities	-	-	-	-	-	-	-
Due to component units	-	584,820	-	-	-	-	-
Due to others	1,609,114	7,501,626	1,337,209	6,612,564	2,550,383	4,729,440	16,803,200
Total noncurrent liabilities	<u>10,842,926</u>	<u>22,460,062</u>	<u>3,332,768</u>	<u>13,470,645</u>	<u>8,133,677</u>	<u>13,955,911</u>	<u>30,264,738</u>
Total liabilities	<u>13,863,605</u>	<u>27,870,248</u>	<u>4,270,528</u>	<u>17,057,023</u>	<u>11,447,013</u>	<u>17,361,993</u>	<u>36,676,670</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>1,394,288</u>	<u>2,059,620</u>	<u>328,140</u>	<u>1,470,622</u>	<u>997,275</u>	<u>1,324,100</u>	<u>2,214,505</u>
<b>NET POSITION</b>							
Net investment in capital assets	594,493	50,285,059	7,227,302	33,471,269	12,446,392	20,154,285	52,972,608
Restricted for:							
Nonexpendable:							
Scholarships and fellowships	-	-	-	-	-	17,524	3,677,268
Expendable:							
Scholarships and fellowships	-	79,318	17,543	391,244	-	20,911	1,573,514
Research	-	-	-	-	-	(5,010)	-
Institutional	-	(592,454)	257,552	-	(754,332)	591,228	1,071,103
Loans	-	90,247	138,502	875,567	186,979	416,867	2,344,198
Capital projects	-	-	-	-	-	(83,987)	13,688
Debt service	-	9,510	23,283	8,867	576,679	150,196	495,944
Other	87,057	-	-	-	-	-	-
Unrestricted	7,331,579	5,372,455	826,292	2,830,554	4,085,008	(1,111,938)	11,812,335
Total net position	<u>\$ 8,013,129</u>	<u>\$55,244,135</u>	<u>\$ 8,490,474</u>	<u>\$37,577,501</u>	<u>\$16,540,726</u>	<u>\$20,150,076</u>	<u>\$73,960,658</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Supplementary Information**  
**JUNE 30, 2021**

COMBINING STATEMENT OF NET POSITION - continued

	North Dakota State College of Science	North Dakota State University	University of North Dakota	Valley City State University	Williston State College	Eliminations	Total
<b>ASSETS</b>							
Current assets							
Cash and cash equivalents	\$28,845,901	\$ 83,720,751	\$ 87,744,154	\$10,630,224	\$ 870,318	\$ -	\$ 274,847,492
Investments	3,673,604	25,000,001	112,000,000	1,293,606	-	-	158,374,688
Accounts receivable, net	1,279,868	6,771,997	15,186,625	275,192	441,230	(568,404)	26,580,990
Due from component units - investment: held on behalf of the institutions	-	-	-	365,484	-	-	365,484
Due from component units	95,000	2,082,972	9,580,717	61,261	191,753	-	12,308,139
Due from other NDUS institutions	21,366	364,021	1,310,045	55,896	77,478	(3,177,757)	-
Due from State general fund	83,294	9,342,231	1,596,800	2,059,256	817,250	-	15,482,684
Grants and contracts receivables, net	1,331,177	21,478,506	53,845,509	754,648	635,928	-	84,714,183
Inventories	551,249	1,243,383	2,923,642	183,369	186,447	-	6,194,993
Notes receivable, net	132,908	961,571	2,720,144	81,585	149,609	-	5,254,632
Other assets	-	3,565,018	949,506	48,801	392,617	-	5,180,373
Total current assets	<u>36,014,367</u>	<u>154,530,451</u>	<u>287,857,142</u>	<u>15,809,322</u>	<u>3,762,630</u>	<u>(3,746,161)</u>	<u>589,303,658</u>
Noncurrent assets							
Restricted cash and cash equivalents	-	1,908,070	13,381,859	17,565	3,651,439	-	19,266,668
Restricted investments	-	27	2,250,000	291,556	-	-	3,293,843
Endowment investments	-	459,111	-	47,217	52,200	-	575,528
Notes receivable, net	279,431	2,523,776	7,354,465	244,756	(53,019)	-	12,614,427
Other long-term investments	-	75,346,421	38,768,681	300,000	-	-	116,061,102
Due from component units - investment: held on behalf of the institutions	-	59,130	18,842,685	925,732	-	-	24,072,667
Other noncurrent assets	-	99,010	-	-	-	-	99,010
Capital assets, net	47,925,745	548,943,677	717,517,738	54,467,696	52,110,129	-	1,638,388,604
Total noncurrent assets	<u>48,205,176</u>	<u>629,339,222</u>	<u>798,115,428</u>	<u>56,294,522</u>	<u>55,760,749</u>	<u>-</u>	<u>1,814,371,849</u>
Total assets	<u>84,219,543</u>	<u>783,869,673</u>	<u>1,085,972,570</u>	<u>72,103,844</u>	<u>59,523,379</u>	<u>(3,746,161)</u>	<u>2,403,675,507</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>9,029,826</u>	<u>57,427,726</u>	<u>66,568,810</u>	<u>3,743,574</u>	<u>1,836,609</u>	<u>-</u>	<u>175,186,215</u>
<b>LIABILITIES</b>							
Current liabilities							
Accounts payable and accrued liabilities	1,043,019	26,011,965	35,729,375	2,644,986	790,242	(342,050)	73,876,352
Due to other NDUS institutions	524,035	1,013,240	1,180,087	348	2,164	(3,404,111)	-
Due to component units	-	9,000	2,044,032	-	-	-	2,075,156
Accrued payroll	2,038,927	12,646,260	16,764,115	1,228,858	599,378	-	40,332,053
Unearned revenue	723,507	10,925,985	8,683,500	470,800	189,716	-	26,275,268
Deposits	85,177	853,739	4,001,921	96,235	(403,309)	143,093	5,665,354
Long-term liabilities - current portion							
Due to component units	-	2,195,000	723,193	-	47,458	-	3,129,333
Due to others	475,826	7,860,105	8,366,717	317,101	515,874	-	21,528,345
Total current liabilities	<u>4,890,491</u>	<u>61,515,294</u>	<u>77,492,940</u>	<u>4,758,328</u>	<u>1,741,523</u>	<u>(3,603,068)</u>	<u>172,881,861</u>
Noncurrent liabilities							
Pension liability	14,927,274	91,410,954	107,530,602	5,847,038	2,955,090	-	281,834,777
OPEB liability	384,436	2,324,363	2,722,643	144,899	65,010	-	7,143,671
Other noncurrent liabilities	-	-	-	-	7,802	-	74,034
Long-term liabilities							
Due to component units	-	20,750,000	5,018,415	-	-	-	26,353,235
Due to others	7,613,639	125,155,794	319,677,920	9,913,581	14,400,559	-	517,905,029
Total noncurrent liabilities	<u>22,925,349</u>	<u>239,641,111</u>	<u>434,949,580</u>	<u>15,905,518</u>	<u>17,428,461</u>	<u>-</u>	<u>833,310,746</u>
Total liabilities	<u>27,815,840</u>	<u>301,156,405</u>	<u>512,442,520</u>	<u>20,663,846</u>	<u>19,169,984</u>	<u>(3,603,068)</u>	<u>1,006,192,607</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>2,676,256</u>	<u>16,349,576</u>	<u>19,523,497</u>	<u>901,378</u>	<u>755,599</u>	<u>-</u>	<u>49,994,856</u>
<b>NET POSITION</b>							
Net investment in capital assets	41,012,652	416,778,862	430,764,146	45,006,085	37,454,038	-	1,148,167,191
Restricted for:							
Nonexpendable:							
Scholarships and fellowships	900	520,314	16,213,934	453,585	59,724	-	20,943,249
Expendable:							
Scholarships and fellowships	87,750	571,672	2,803,558	413,098	(33,623)	-	5,924,985
Research	-	4,793,103	826,408	-	-	-	5,614,501
Institutional	609,990	1,143,950	4,218,278	158,887	182,281	-	6,886,483
Loans	717,914	4,912,089	20,424,413	485,411	126,000	-	30,718,187
Capital projects	-	-	-	-	-	-	(70,299)
Debt service	34	1,957,821	3,471,598	291,556	89,467	-	7,074,955
Other	-	35,728	-	515,114	-	-	637,899
Unrestricted	20,328,033	93,077,879	141,853,028	6,958,458	3,556,518	(143,093)	296,777,108
Total net position	<u>\$62,757,273</u>	<u>\$ 523,791,418</u>	<u>\$ 620,575,363</u>	<u>\$54,282,194</u>	<u>\$41,434,405</u>	<u>\$ (143,093)</u>	<u>\$1,522,674,259</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Supplementary Information**  
**JUNE 30, 2021**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	<b>North Dakota University System Office</b>	<b>Bismarck State College</b>	<b>Dakota College of Bottineau</b>	<b>Dickinson State University</b>	<b>Lake Region State College</b>	<b>Mayville State University</b>	<b>Minot State University</b>
<b>OPERATING REVENUES</b>							
Student tuition and fees (net of scholarship allowance of \$68.4 million and bad debt allowance of \$844,000)	\$ 5,089,955	\$ 13,862,917	\$ 2,416,251	\$ 7,871,546	\$ 4,179,483	\$ 5,793,973	\$ 15,685,203
Federal grants and contracts	-	832,301	524,841	270,924	616,859	4,770,608	3,018,519
State grants and contracts	-	2,362,927	434,736	38,290	802,666	371,310	2,159,506
Nongovernmental grants and contracts (net of bad debt allowance of \$337,000)	-	540,945	265,638	(6,888)	-	-	299,698
Sales and services of educational departments (net of bad debt allowance of \$719,000)	1,657,018	3,552,789	307,192	458,624	679,752	1,501,889	1,407,981
Auxiliary enterprises (net of scholarship allowance of \$1.2 million and bad debt allowance of \$380,000)	-	4,150,441	1,315,297	1,521,763	1,683,053	2,013,903	3,037,611
Other (net of bad debt allowance of \$288,000)	-	7,053	5,797	90,844	6,764	17,839	82,273
Total operating revenues	<u>6,746,973</u>	<u>25,309,373</u>	<u>5,269,752</u>	<u>10,245,103</u>	<u>7,968,577</u>	<u>14,469,522</u>	<u>25,690,791</u>
<b>OPERATING EXPENSES</b>							
Salaries and wages	18,524,528	32,299,736	7,011,311	17,050,484	12,102,809	18,638,085	38,322,330
Operating expenses	13,057,736	12,532,393	3,641,527	6,054,071	2,803,761	5,133,531	12,474,941
Data processing	2,663,849	720,437	226,137	1,566,660	562,700	678,000	703,517
Depreciation expense	452,647	2,739,857	444,001	1,659,971	1,251,521	1,818,819	4,382,635
Scholarships and fellowships	17,557,008	3,161,283	652,060	763,396	642,467	693,899	2,128,846
HEERF Act Aid to Student	-	678,906	167,850	627,550	173,962	276,660	821,083
Cost of sales and services	-	2,009,306	357,042	-	667,251	438,782	560
Total operating expenses	<u>52,255,768</u>	<u>54,141,918</u>	<u>12,499,928</u>	<u>27,722,132</u>	<u>18,204,471</u>	<u>27,677,776</u>	<u>58,833,912</u>
Operating income (loss)	<u>(45,508,795)</u>	<u>(28,832,545)</u>	<u>(7,230,176)</u>	<u>(17,477,029)</u>	<u>(10,235,894)</u>	<u>(13,208,254)</u>	<u>(33,143,121)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
State appropriations	54,990,127	16,228,965	3,813,410	10,214,040	6,522,856	8,352,044	19,676,129
Federal appropriations	-	-	-	-	-	-	-
Federal grants and contracts (net of bad debt allowance of \$72,000)	-	2,695,505	1,006,856	1,855,436	1,068,988	1,497,172	3,025,291
Federal grants and contracts stimulus	1,692,018	6,210,002	1,198,536	3,290,884	1,488,297	2,561,455	4,362,986
Gifts	379,360	1,758,374	480,974	1,386,294	650,735	646,339	2,387,273
Endowment and investment income	14,015	26,298	124,348	144,294	12,113	351,303	732,014
Interest on capital asset - related debt	-	(276,937)	(68,582)	(183,494)	(108,334)	(149,660)	(850,592)
Gain (loss) on disposal of capital assets	-	(9,331)	-	(10,665)	(2,659)	(9,880)	7,976
Insurance proceeds	-	21,834	-	1,240	12,736	6,058	1,768
Tax revenues	-	-	-	-	-	243,784	-
General and special grant expenditures	(28,483,506)	-	-	-	-	-	-
Transfers to North Dakota Industrial Commission	(2,471,809)	-	-	-	-	-	-
Other nonoperating revenues (expenses)	17,838,828	(71,818)	(55,094)	(166,169)	(70,181)	(127,460)	(232,770)
Net nonoperating revenues (expenses)	<u>43,959,033</u>	<u>26,582,892</u>	<u>6,500,448</u>	<u>16,531,860</u>	<u>9,574,551</u>	<u>13,371,155</u>	<u>29,110,075</u>
Income (loss) before capital grants, gifts, and transfers	<u>(1,549,762)</u>	<u>(2,249,653)</u>	<u>(729,728)</u>	<u>(945,169)</u>	<u>(661,343)</u>	<u>162,901</u>	<u>(4,033,046)</u>
State appropriations - capital assets	-	421,388	603,895	3,553,232	1,524,864	46,055	325,541
Capital grants and gifts	-	1,387,394	82,860	78,593	984,685	-	359,164
Total other revenue	<u>-</u>	<u>1,808,782</u>	<u>686,755</u>	<u>3,631,825</u>	<u>2,509,549</u>	<u>46,055</u>	<u>684,705</u>
Increase (decrease) in net position	<u>(1,549,762)</u>	<u>(440,871)</u>	<u>(42,973)</u>	<u>2,686,656</u>	<u>1,848,206</u>	<u>208,956</u>	<u>(3,348,341)</u>
<b>NET POSITION</b>							
Net position - beginning of year, as restated	9,562,891	55,685,006	8,533,447	34,890,845	14,692,520	19,941,120	77,308,999
Net position - end of year	<u>\$ 8,013,129</u>	<u>\$ 55,244,135</u>	<u>\$ 8,490,474</u>	<u>\$ 37,577,501</u>	<u>\$ 16,540,726</u>	<u>\$ 20,150,076</u>	<u>\$ 73,960,658</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Supplementary Information**  
**JUNE 30, 2021**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - continued**

	<b>North Dakota State College of Science</b>	<b>North Dakota State University</b>	<b>University of North Dakota</b>	<b>Valley City State University</b>	<b>Williston State College</b>	<b>Eliminations</b>	<b>Total</b>
<b>OPERATING REVENUES</b>							
Student tuition and fees (net of scholarship allowance of \$68.4 million and bad debt allowance of \$844,000)	\$ 8,462,589	\$118,092,337	\$179,461,038	\$ 7,691,192	\$ 1,487,493	\$ (299,146)	\$ 369,794,831
Federal grants and contracts	801,344	48,891,445	81,838,885	462,465	249,339	(2,297,728)	139,979,802
State grants and contracts	684,139	9,292,672	36,732,556	61,129	601,101	(5,341,887)	48,199,145
Nongovernmental grants and contracts (net of bad debt allowance of \$337,000)	114,445	8,732,815	20,131,515	28,155	79,133	(18,794)	30,166,662
Sales and services of educational departments (net of bad debt allowance of \$719,000)	3,478,883	29,727,329	36,267,345	622,751	1,657,449	(1,079,931)	80,239,071
Auxiliary enterprises (net of scholarship allowance of \$1.2 million and bad debt allowance of \$380,000)	8,747,285	39,402,162	23,934,266	2,311,960	1,754,784	(257,621)	89,614,904
Other (net of bad debt allowance of \$288,000)	164,770	286,784	414,948	21,025	26,216	(587,644)	536,669
<b>Total operating revenues</b>	<b>22,453,455</b>	<b>254,425,544</b>	<b>378,780,553</b>	<b>11,198,677</b>	<b>5,855,515</b>	<b>(9,882,751)</b>	<b>758,531,084</b>
<b>OPERATING EXPENSES</b>							
Salaries and wages	29,763,368	297,236,103	331,095,472	18,204,974	9,786,363	-	830,035,563
Operating expenses	13,121,977	86,184,355	136,825,878	5,047,901	4,123,461	(7,020,263)	293,981,269
Data processing	2,479,932	8,541,673	12,497,768	721,818	591,026	(42,639)	31,910,878
Depreciation expense	3,188,327	26,853,839	27,243,925	2,042,863	2,747,543	-	74,825,948
Scholarships and fellowships	1,481,803	6,396,832	9,803,948	779,704	931,136	-	44,992,382
HEERF Act Aid to Student	907,117	3,912,585	2,589,400	246,042	182,291	-	10,583,446
Cost of sales and services	2,690,967	7,415,075	8,156,864	329,008	486,842	-	22,551,697
<b>Total operating expenses</b>	<b>53,633,491</b>	<b>436,540,462</b>	<b>528,213,255</b>	<b>27,372,310</b>	<b>18,848,662</b>	<b>(7,062,902)</b>	<b>1,308,881,183</b>
<b>Operating income (loss)</b>	<b>(31,180,036)</b>	<b>(182,114,918)</b>	<b>(149,432,702)</b>	<b>(16,173,633)</b>	<b>(12,993,147)</b>	<b>(2,819,849)</b>	<b>(550,350,099)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
State appropriations	18,129,643	122,623,529	104,987,673	10,698,669	5,284,971	-	381,522,056
Federal appropriations	-	5,138,168	-	-	-	-	5,138,168
Federal grants and contracts (net of bad debt allowance of \$72,000)	2,953,814	9,566,360	8,671,061	1,269,880	1,147,368	-	34,757,731
Federal grants and contracts stimulus	7,512,050	33,453,899	25,617,597	904,362	2,844,172	(333,762)	90,802,496
Gifts	1,444,828	23,985,263	14,455,074	1,480,553	2,749,392	(624,465)	51,179,994
Endowment and investment income	898,358	5,119,061	8,236,232	867,890	5,109	-	16,531,035
Interest on capital asset - related debt	(276,040)	(5,223,183)	(11,833,408)	(366,513)	(690,995)	-	(20,027,738)
Gain (loss) on disposal of capital assets	(2,690)	(229,054)	(3,180,369)	(5,715)	(26,441)	-	(3,468,828)
Insurance proceeds	-	170,569	(25,572)	-	-	-	188,633
Tax revenues	-	555,796	5,260,141	-	-	-	6,059,721
General and special grant expenditures	-	-	-	-	-	21,213,314	(7,270,192)
Transfers to North Dakota Industrial Commission	-	(242,045)	-	-	-	-	(2,713,854)
Other nonoperating revenues (expenses)	(211,028)	(6,189,890)	(3,204,525)	(199,319)	(58,839)	(17,520,081)	(10,268,346)
<b>Net nonoperating revenues (expenses)</b>	<b>30,448,935</b>	<b>188,728,473</b>	<b>148,983,904</b>	<b>14,649,807</b>	<b>11,254,737</b>	<b>2,735,006</b>	<b>542,430,876</b>
<b>Income (loss) before capital grants, gifts, and transfers</b>	<b>(731,101)</b>	<b>6,613,555</b>	<b>(448,798)</b>	<b>(1,523,826)</b>	<b>(1,738,410)</b>	<b>(84,843)</b>	<b>(7,919,223)</b>
State appropriations - capital assets	1,488,962	34,604,723	20,622,942	17,632,482	-	(58,249)	80,765,835
Capital grants and gifts	135,600	4,398,647	8,479,106	4,056	1,700,000	-	17,610,105
<b>Total other revenue</b>	<b>1,624,562</b>	<b>39,003,370</b>	<b>29,102,048</b>	<b>17,636,538</b>	<b>1,700,000</b>	<b>(58,249)</b>	<b>98,375,940</b>
<b>Increase (decrease) in net position</b>	<b>893,461</b>	<b>45,616,925</b>	<b>28,653,250</b>	<b>16,112,712</b>	<b>(38,410)</b>	<b>(143,092)</b>	<b>90,456,717</b>
<b>NET POSITION</b>							
Net position - beginning of year, as restated	61,863,812	478,174,493	591,922,113	38,169,482	41,472,815	-	1,432,217,542
<b>Net position - end of year</b>	<b>\$ 62,757,273</b>	<b>\$523,791,418</b>	<b>\$620,575,363</b>	<b>\$ 54,282,194</b>	<b>\$ 41,434,405</b>	<b>\$ (143,092)</b>	<b>\$ 1,522,674,259</b>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Supplementary Information**  
**June 30, 2021**

**COMBINING STATEMENT OF CASH FLOWS**

	<b>North Dakota University System Office</b>	<b>Bismarck State College</b>	<b>Dakota College of Bottineau</b>	<b>Dickinson State University</b>	<b>Lake Region State College</b>	<b>Mayville State University</b>	<b>Minot State University</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Student tuition and fees	\$ 5,214,117	\$ 13,902,393	\$ 2,311,212	\$ 7,912,714	\$ 4,112,740	\$ 6,154,808	\$ 15,948,505
Grants and contracts	350,366	4,196,472	1,066,642	(417,794)	1,554,399	4,885,607	5,085,557
Payments to suppliers	(16,257,124)	(15,050,949)	(4,324,741)	(6,709,983)	(3,997,394)	(6,517,044)	(12,549,375)
Payments to employees	(16,649,697)	(30,468,426)	(6,599,490)	(16,590,330)	(11,205,808)	(17,245,304)	(36,472,961)
Payments for scholarships and fellowships	(17,557,008)	(3,161,284)	(652,060)	(763,396)	(642,467)	(693,900)	(2,128,847)
HEERF Act payments to students	-	(678,906)	(167,850)	(627,550)	(173,962)	(276,660)	(821,083)
Loans issued to students	-	-	-	(15,824)	-	-	(65,400)
Collection of loans to students	-	17,549	21,976	186,396	40,915	84,121	413,007
Auxiliary enterprise charges	-	4,183,118	1,328,151	1,501,937	1,695,217	2,016,002	3,010,973
Sales and service of educational departments	2,060,954	3,737,865	395,751	512,246	575,085	1,421,912	1,483,362
Cash received/(paid) on deposits	48,419	(107,766)	4,418	26,882	(9,999)	306,692	140,888
Other receipts (payments)	17,686,120	341,751	(41,473)	(78,587)	(95,060)	(126,959)	(160,926)
Net cash provided (used) by operating activities	(25,103,853)	(23,088,183)	(6,657,464)	(15,063,289)	(8,146,334)	(9,990,725)	(26,116,300)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
State appropriations	54,993,428	16,228,966	3,813,410	9,488,431	6,522,856	8,366,480	19,676,129
Federal appropriations	-	-	-	(535,841)	-	-	-
Grants and gifts received for other than capital purposes	379,360	4,428,495	1,487,831	3,241,730	1,686,122	2,143,512	5,412,565
Grants given for other than capital purposes	(28,483,507)	-	-	-	-	-	-
Federal stimulus revenues	1,692,020	6,210,003	1,198,537	3,290,884	1,488,298	2,561,456	4,362,986
Direct lending receipts	-	6,130,766	1,612,887	5,009,610	2,062,850	3,906,338	8,006,248
Direct lending disbursements	-	(6,141,549)	(1,619,151)	(5,009,610)	(2,062,850)	(3,906,338)	(8,016,818)
Transfers to Industrial Commission	(2,471,809)	-	-	-	-	-	-
Tax revenues	-	-	-	-	-	243,784	-
Net cash flows provided (used) by noncapital financing activities	26,109,492	26,856,681	6,493,514	15,485,204	9,697,276	13,315,232	29,441,110
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Proceeds from issuance of debt	-	-	-	99,046	-	-	-
Capital appropriations	(37,006)	1,074,711	778,599	3,157,057	1,524,864	79,544	342,476
Capital grants and gifts received	-	1,387,395	82,861	78,594	529,806	-	356,214
Proceeds from sale of capital assets	-	-	-	-	-	-	8,979
Purchases of capital assets	-	(2,201,749)	(1,519,477)	(4,119,790)	(2,645,710)	(581,144)	(580,033)
Insurance proceeds	(380,654)	21,834	-	1,240	12,737	6,058	1,768
Principal paid on capital debt and lease	-	(809,944)	(62,440)	(460,975)	(363,546)	(1,071,773)	(781,608)
Deposits with capital debt payment trustees	-	-	-	-	-	-	-
Interest paid on capital debt and lease	-	(285,811)	(68,583)	(183,494)	(108,334)	(171,686)	(865,878)
Net cash provided (used) by capital and related financing activities	(417,660)	(813,564)	(789,040)	(1,428,322)	(1,050,183)	(1,739,001)	(1,518,082)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Proceeds from sales and maturities of investments	-	-	-	2,180,000	-	-	(561,419)
Interest on investments	14,014	26,955	124,350	145,073	12,115	352,793	270,133
Purchase of investments	-	-	-	(1,668,000)	(1,650,000)	-	574,423
Net cash provided (used) by investing activities	14,014	26,955	124,350	657,073	(1,637,885)	352,793	283,137
Net increase (decrease) in cash	601,992	2,981,889	(828,640)	(349,334)	(1,137,126)	1,938,299	2,089,865
CASH - BEGINNING OF YEAR, as restated	15,311,717	8,663,125	2,586,736	3,375,810	5,853,203	3,189,143	19,067,200
CASH - END OF YEAR	\$ 15,913,709	\$ 11,645,014	\$ 1,758,096	\$ 3,026,476	\$ 4,716,077	\$ 5,127,442	\$ 21,157,065

# NORTH DAKOTA UNIVERSITY SYSTEM

Supplementary Information

June 30, 2021

	North Dakota University System Office	Bismarck State College	Dakota College of Bottineau	Dickinson State University	Lake Region State College	Mayville State University	Minot State University
<b>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>							
Operating income (loss)	\$ (45,508,795)	\$ (28,832,545)	\$ (7,230,176)	\$ (17,477,029)	\$ (10,235,894)	\$ (13,208,254)	\$ (33,143,121)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities							
Depreciation expense	452,647	2,739,857	444,001	1,659,971	1,251,521	1,818,819	4,382,635
Other nonoperating revenues (expenses)	17,825,490	(62,954)	(48,830)	(169,431)	(96,082)	(140,081)	(242,769)
Change in assets, deferred outflows, liabilities and deferred inflows							
Accounts receivable adjusted for interest receivable	528,097	240,010	(26,115)	(46,361)	(57,220)	233,762	84,290
Grant & contract receivables	350,366	460,298	(158,574)	(720,120)	134,873	(256,311)	(392,168)
Inventories	-	174,912	-	-	(8,828)	32,244	-
Notes receivable	-	23,121	26,811	156,086	42,916	58,367	339,011
Other assets	(139,370)	397,652	1,560	-	(5,743)	(4,717)	(430)
Accounts payable and accrued liabilities adjusted for interest payable	(535,538)	86,471	(110,697)	915,766	47,460	(200,732)	665,668
Pension liability	5,737,687	8,817,334	1,198,470	3,615,345	3,268,508	5,579,816	8,084,574
OPEB liability	24,439	17,901	2,172	(20,669)	(3,793)	2,090	14,654
Net change in deferred outflows	(3,877,634)	(5,902,253)	(820,363)	(2,549,667)	(2,201,837)	(3,742,059)	(5,533,946)
Net change in deferred inflows	(442,879)	(730,595)	(110,575)	(161,808)	(275,753)	(440,395)	(745,903)
Accrued payroll	272,609	(325,700)	156,292	(304,526)	78,620	(10,985)	59,099
Compensated absences	160,609	(45,376)	(14,178)	(118,520)	31,252	4,316	(29,110)
Unearned revenue	-	(38,550)	28,320	130,792	(106,335)	(23,297)	200,328
Deposits	48,419	(107,766)	4,418	26,882	(9,999)	306,692	140,888
Net cash provided (used) by operating activities	\$ (25,103,853)	\$ (23,088,183)	(6,657,464)	\$ (15,063,289)	\$ (8,146,334)	\$ (9,990,725)	\$ (26,116,300)
<b>SUPPLEMENTAL DISCLOSURE ON NON CASH TRANSACTIONS</b>							
Assets acquired through capital lease	\$ -	\$ -	6,524	\$ -	\$ -	\$ 234,950	\$ 269,411
Assets acquired through special assessment	-	-	-	-	-	-	-
Expenses paid by capital lease/special assessments	-	-	-	-	-	-	-
Gifts of capital assets	-	-	-	-	-	-	2,950
Net increases (decrease) in value of investments	-	-	-	-	-	-	484,497
Total non-cash transactions	\$ -	\$ -	\$ 6,524	\$ -	\$ -	\$ 234,950	\$ 756,858

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Supplementary Information**  
**June 30, 2021**

**COMBINING STATEMENT OF CASH FLOWS -CONTINUED**

	<b>North Dakota State College of Science</b>	<b>North Dakota State University</b>	<b>University of North Dakota</b>	<b>Valley City State University</b>	<b>Williston State College</b>	<b>Eliminations</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Student tuition and fees	\$ 8,597,952	\$ 117,802,527	\$ 179,408,372	\$ 7,691,699	\$ 1,464,642	\$ (299,145)	\$ 370,222,536
Grants and contracts	1,129,528	61,945,018	103,147,661	335,117	746,560	(7,658,409)	176,366,724
Payments to suppliers	(17,386,840)	(87,414,857)	(143,617,969)	(6,441,413)	(6,396,477)	7,062,902	(319,601,264)
Payments to employees	(27,784,749)	(286,177,963)	(313,091,831)	(17,295,928)	(9,407,455)	-	(788,989,942)
Payments for scholarships and fellowships	(1,481,803)	(6,396,833)	(9,803,949)	(779,705)	(931,136)	-	(44,992,388)
HEERF Act payments to students	(907,117)	(3,912,585)	(2,589,400)	(246,042)	(182,291)	-	(10,583,446)
Loans issued to students	-	(45,242)	(915,143)	-	6,677	-	(1,034,932)
Collection of loans to students	171,240	1,258,844	3,133,961	100,357	13,959	-	5,442,325
Auxiliary enterprise charges	8,661,699	39,293,013	23,958,506	2,291,044	1,758,206	(257,621)	89,440,245
Sales and service of educational departments	3,502,148	29,039,822	39,465,527	695,599	2,561,040	(1,079,931)	84,371,380
Cash received/(paid) on deposits	470,292	105,154	(58,355)	8,863	273,113	143,093	1,351,694
Other receipts (payments)	(129,673)	(2,993,592)	(3,079,385)	(233,935)	(649,070)	(18,107,726)	(7,668,515)
Net cash provided (used) by operating activities	(25,157,323)	(137,496,694)	(124,042,005)	(13,874,344)	(10,742,232)	(20,196,837)	(445,675,583)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
State appropriations	18,129,643	122,452,344	104,987,673	10,698,669	4,467,721	-	379,825,750
Federal appropriations	-	5,138,169	-	-	-	-	4,602,328
Grants and gifts received for other than capital purposes	4,303,209	34,986,439	23,072,829	2,750,434	3,896,761	(739,991)	87,049,296
Grants given for other than capital purposes	-	-	-	-	-	21,213,313	(7,270,194)
Federal stimulus revenues	7,512,051	33,453,900	25,617,598	904,363	2,844,173	(218,236)	90,918,033
Direct lending receipts	6,255,334	69,077,286	103,424,485	4,233,098	1,233,010	-	210,951,912
Direct lending disbursements	(6,255,334)	(69,077,286)	(103,424,485)	(4,233,098)	(1,195,620)	-	(210,942,139)
Transfers to Industrial Commission	-	(242,045)	-	-	-	-	(2,713,854)
Tax revenues	-	555,796	5,260,142	-	-	-	6,059,722
Net cash flows provided (used) by noncapital financing activities	29,944,903	196,344,603	158,938,242	14,353,466	11,246,045	20,255,086	558,480,854
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Proceeds from issuance of debt	-	-	37,064,759	-	5,354,998	-	42,518,803
Capital appropriations	1,439,670	33,157,433	16,351,233	16,744,712	111,111	(58,249)	74,666,155
Capital grants and gifts received	163,064	8,228,696	(1,249,472)	4,057	1,700,000	-	11,281,215
Proceeds from sale of capital assets	69,162	-	4,573,595	-	-	-	4,651,736
Purchases of capital assets	(2,376,044)	(54,166,052)	(90,272,496)	(15,896,837)	(4,242,474)	-	(178,601,806)
Insurance proceeds	-	170,569	54,739	-	-	-	(111,709)
Principal paid on capital debt and lease	(371,351)	(10,205,673)	(11,133,582)	(279,980)	(477,640)	-	(26,018,512)
Deposits with capital debt payment trustees	-	-	-	(3,075,000)	(7,180,000)	-	(10,255,000)
Interest paid on capital debt and lease	(278,366)	(5,393,997)	(11,809,706)	(367,023)	(644,629)	-	(20,177,507)
Net cash provided (used) by capital and related financing activities	(1,353,865)	(28,209,024)	(56,420,930)	(2,870,071)	(5,378,634)	(58,249)	(102,046,625)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Proceeds from sales and maturities of investments	-	24,102,496	107,250,000	584,027	526,958	-	134,082,062
Interest on investments	897,329	4,689,327	4,839,071	4,024,432	10,552	-	15,406,144
Purchase of investments	(3,000,000)	(24,000,000)	(119,333,014)	(687,183)	-	-	(149,763,774)
Net cash provided (used) by investing activities	(2,102,671)	4,791,823	(7,243,943)	3,921,276	537,510	-	(275,568)
Net increase (decrease) in cash	1,331,044	35,430,708	(28,768,636)	1,530,327	(4,337,311)	-	10,483,077
CASH - BEGINNING OF YEAR, as restated	27,514,857	50,198,113	129,894,649	9,117,462	8,859,068	-	283,631,083
CASH - END OF YEAR	\$ 28,845,901	\$ 85,628,821	\$ 101,126,013	\$ 10,647,789	\$ 4,521,757	\$ -	\$ 294,114,160

# NORTH DAKOTA UNIVERSITY SYSTEM

Supplementary Information

June 30, 2021

	North Dakota State College of Science	North Dakota State University	University of North Dakota	Valley City State University	Williston State College	Eliminations	Total
<b>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>							
Operating income (loss)	\$ (31,180,036)	\$ (182,114,918)	\$ (149,432,702)	\$ (16,173,633)	\$ (12,993,147)	\$ (2,819,849)	\$ (550,350,099)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities							
Depreciation expense	3,188,327	26,853,839	27,243,925	2,042,863	2,747,543	-	74,825,948
Other nonoperating revenues (expenses)	(294,444)	(990,033)	(3,463,558)	(255,942)	(341,382)	(17,520,081)	(5,800,097)
Change in assets, deferred outflows, liabilities and deferred inflows							
Accounts receivable adjusted for interest receivable	(151,222)	(1,619,916)	2,861,669	31,477	612,516	3,746,161	6,437,148
Grant & contract receivables	(470,401)	(5,757,935)	(35,555,296)	(216,634)	(183,015)	-	(42,764,917)
Inventories	24,929	169,935	427,067	71,929	10,876	-	903,064
Notes receivable	163,145	1,231,207	2,216,738	90,884	14,063	-	4,362,349
Other assets	-	(2,290,344)	(30,776)	982	(333,905)	-	(2,405,091)
Accounts payable and accrued liabilities adjusted for interest payable	977,897	14,653,286	13,247,336	(319,779)	(998,878)	(3,746,161)	24,682,099
Pension liability	9,004,218	56,591,604	65,076,078	3,815,485	1,631,538	-	172,420,657
OPEB liability	232	80,412	(6,263)	15,126	(19,538)	-	106,763
Net change in deferred outflows	(6,224,058)	(38,669,359)	(44,909,413)	(2,674,908)	(1,121,161)	-	(118,226,658)
Net change in deferred inflows	(774,166)	(4,345,641)	(5,789,850)	(251,278)	(103,949)	-	(14,172,792)
Accrued payroll	54,868	(2,497,778)	2,503,271	(7,850)	(27,937)	-	(50,017)
Compensated absences	(82,478)	684,921	1,129,821	12,468	19,953	-	1,753,678
Unearned revenue	135,574	418,872	498,303	(64,397)	71,078	-	1,250,688
Deposits	470,292	105,154	(58,355)	8,863	273,113	143,093	1,351,694
Net cash provided (used) by operating activities	\$ (25,157,323)	\$ (137,496,694)	\$ (124,042,005)	\$ (13,874,344)	\$ (10,742,232)	\$ (20,196,837)	\$ (445,675,583)
<b>SUPPLEMENTAL DISCLOSURE ON NON CASH TRANSACTIONS</b>							
Assets acquired through capital lease	\$ -	\$ 211,818	\$ 3,242,423	\$ -	\$ -	\$ -	\$ 3,965,126
Assets acquired through special assessment	-	-	13,160,951	67,813	-	-	13,228,764
Expenses paid by capital lease/special assessments	-	5,214,638	-	-	-	-	5,214,638
Gifts of capital assets	-	80,000	356,176	-	-	-	439,126
Net increases (decrease) in value of investments	323	456,398	3,573,616	(3,156,543)	-	-	1,358,291
Total non-cash transactions	\$ 323	\$ 5,962,854	\$ 20,333,166	\$ (3,088,730)	\$ -	\$ -	\$ 24,205,945



**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Supplementary Information**  
**June 30, 2021**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**

	<b>North Dakota University System Office</b>	<b>Bismarck State College</b>	<b>Dakota College at Bottineau</b>	<b>Dickinson State University</b>	<b>Lake Region State College</b>	<b>Mayville State University</b>	<b>Minot State University</b>
<b>ASSETS</b>							
Current assets							
Cash and cash equivalents	\$ -	\$ 39,235	\$ 11,438	\$ 54,653	\$ 6,339	\$ 81,085	\$ 141,069
Accounts receivable, net	-	71,961	774	169	-	-	1,352
Due from component units	-	591	-	-	-	-	-
Due from other NDUS institutions	-	-	-	-	-	-	6,792
Total current assets	-	111,787	12,212	54,822	6,339	81,085	149,213
Total assets	-	111,787	12,212	54,822	6,339	81,085	149,213
<b>LIABILITIES</b>							
Current liabilities							
Accounts payable and accrued liabilities	-	17,043	220	554	-	-	49,657
Accrued payroll	-	-	-	10	-	-	1,583
Deposits	-	5,950	-	-	6,339	-	-
Total current liabilities	-	22,993	220	564	6,339	-	51,240
Total liabilities	-	22,993	220	564	6,339	-	51,240
<b>NET POSITION</b>							
Restricted for:							
Individuals, organizations and other governments	-	88,794	11,992	54,259	-	81,085	97,971
Total net position	\$ -	\$ 88,794	\$ 11,992	\$ 54,259	\$ -	\$ 81,085	\$ 97,971

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Supplementary Information**  
**June 30, 2021**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)**

	<b>North Dakota State College of Science</b>	<b>North Dakota State University</b>	<b>University of North Dakota</b>	<b>Valley City State University</b>	<b>Williston State College</b>	<b>Eliminations</b>	<b>Total</b>
<b>ASSETS</b>							
Current assets							
Cash and cash equivalents	\$ -	\$ 35,307	\$ 309,709	\$ 181,923	\$ 65,385	\$ -	\$ 926,143
Accounts receivable, net	-	708,010	232	2,578	(32)	-	785,044
Due from component units	-	-	-	-	-	-	591
Due from other NDUS institutions	-	-	-	-	-	-	6,792
Total current assets	-	743,317	309,941	184,501	65,353	-	1,718,570
Total assets	-	743,317	309,941	184,501	65,353	-	1,718,570
<b>LIABILITIES</b>							
Current liabilities							
Accounts payable and accrued liabilities	-	63,562	1,103	112,469	(494)	-	244,114
Accrued payroll	-	168,203	8,498	-	-	-	178,294
Deposits	-	141,416	6,664	3,777	-	-	164,146
Total current liabilities	-	373,181	16,265	116,246	(494)	-	586,554
Total liabilities	-	373,181	16,265	116,246	(494)	-	586,554
<b>NET POSITION</b>							
Restricted for:							
Individuals, organizations and other governments	-	370,136	293,678	68,254	65,846	-	1,132,015
Total net position	\$ -	\$ 370,136	\$ 293,678	\$ 68,254	\$ 65,846	\$ -	\$ 1,132,015

**North Dakota University System**  
**Statement of Changes in Fiduciary Net Position**  
**Fiscal Year End: June 30, 2021**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

	North Dakota University System Office	Bismarck State College	Dakota College of Bottineau	Dickinson State University	Lake Region State College	Mayville State University	Minot State University
<b>ADDITIONS</b>							
Student tuition and fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nongovernmental grants and contracts	-	-	-	-	-	-	-
Sales and services of educational departments	21	273,881	37,167	19,916	-	60,800	44,254
Auxiliary enterprises	-	7,633	-	-	-	-	-
Gifts	-	-	500	3,448	-	-	44,349
Other nonoperating revenues	-	-	-	315	-	-	-
Total additions	21	281,514	37,667	23,679	-	60,800	88,603
<b>DEDUCTIONS</b>							
Salaries and wages	-	98,542	2,592	(1,329)	-	-	60,604
Operating expenses	109	152,704	33,810	24,152	-	55,774	34,800
Data processing	-	-	-	-	-	4,222	-
Scholarships and fellowships	-	-	-	-	-	-	-
Cost of sales and services	-	1,536	-	-	-	-	-
Total deductions	109	252,782	36,402	22,823	-	59,996	95,404
Operating income (loss)	(88)	28,732	1,265	856	-	804	(6,801)
Increase (decrease) in net position	(88)	28,732	1,265	856	-	804	(6,801)
	88						
<b>NET POSITION</b>							
Net position - beginning of year, as restated	88	60,062	10,727	53,403	-	80,281	104,772
Net position - end of year	\$ -	\$ 88,794	\$ 11,992	\$ 54,259	\$ -	\$ 81,085	\$ 97,971

**North Dakota University System**  
**Statement of Changes in Fiduciary Net Po**  
**Fiscal Year End: June 30, 2021**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (CONTINUED)**

	<b>North Dakota State College of Science</b>	<b>North Dakota State University</b>	<b>University of North Dakota</b>	<b>Valley City State University</b>	<b>Williston State College</b>	<b>Eliminations</b>	<b>Total</b>
<b>ADDITIONS</b>							
Student tuition and fees	\$ -	\$ -	\$ -	\$ 6,500	\$ 12,069	\$ -	\$ 18,569
Nongovernmental grants and contracts	-	2,407,998	-	-	-	-	2,407,998
Sales and services of educational departments	-	282,952	54,250	13,588	11,605	-	798,434
Auxiliary enterprises	-	500	-	-	-	-	8,133
Gifts	-	4,327	95	5,461	5,617	-	63,797
Other nonoperating revenues	-	-	-	-	479	-	794
Total additions	-	2,695,777	54,345	25,549	29,770	-	3,297,725
<b>DEDUCTIONS</b>							
Salaries and wages	-	2,495,470	703	35	-	-	2,656,617
Operating expenses	-	71,239	37,925	34,770	19,876	-	465,159
Data processing	-	3,603	1,529	-	-	-	9,354
Scholarships and fellowships	-	-	-	420	-	-	420
Cost of sales and services	-	-	-	-	-	-	1,536
Total deductions	-	2,570,312	40,157	35,225	19,876	-	3,133,086
Operating income (loss)	-	125,465	14,188	(9,676)	9,894	-	164,639
Increase (decrease) in net position	-	125,465	14,188	(9,676)	9,894	-	164,639
<b>NET POSITION</b>							
Net position - beginning of year, as restated	-	244,671	279,490	77,930	55,952	-	967,376
Net position - end of year	\$ -	\$ 370,136	\$ 293,678	\$ 68,254	\$ 65,846	\$ -	\$ 1,132,015

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Supplementary Information**  
**June 30, 2021**

**Combining Statement of Financial Position -- Non-Major Component Units**

FASB Basis	MiSU			Total
	Development Foundation June 30, 2021	NDSCS Foundation June 30, 2021	WSC Foundation June 30, 2021	Non-major Component
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 238,833	\$ 794,379	\$ 6,117,435	\$ 7,150,647
Investments	-	31,504,678	-	31,504,678
Accounts receivable, net	10,148	2,248,286	29,397	2,287,831
Notes receivable	-	-	246,194	246,194
Receivable from Institution	-	-	48,166	48,166
Unconditional promises to give, net of allowar	418,919	52,209	271,810	742,938
Other assets	29,713	16,962	11,889	58,564
Total current assets	<u>697,613</u>	<u>34,616,514</u>	<u>6,724,891</u>	<u>42,039,018</u>
Noncurrent assets				
Restricted cash and cash equivalents	-	-	393,513	393,513
Investments:				
Investments, net of current portion	35,069,341	-	16,393,383	51,462,724
Investments held in trust	3,869,216	-	-	3,869,216
Other long-term investments	-	-	225,641	225,641
Total investments	<u>38,938,557</u>	<u>-</u>	<u>16,619,024</u>	<u>55,557,581</u>
Long term pledges				
receivable/unconditional promises to	526,989	7,158,161	1,406,190	9,091,340
Other noncurrent assets	41,476	1,643,615	2,062,164	3,747,255
Capital assets, net	11,839,831	8,705,067	15,329,794	35,874,692
Total noncurrent assets	<u>51,346,853</u>	<u>17,506,843</u>	<u>35,810,685</u>	<u>104,664,381</u>
Total assets	<u>52,044,466</u>	<u>52,123,357</u>	<u>42,535,576</u>	<u>146,703,399</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued liabilities	31,531	24,113	211,875	267,519
Payable to university	184,248	95,000	93,995	373,243
Accrued payroll	-	-	7,829	7,829
Current portion of gift annuities and life income agreements	55,842	-	-	55,842
Deferred revenue	-	1,602,500	-	1,602,500
Long-term liabilities--current portion	1,930,041	1,420,755	149,036	3,499,832
Total current liabilities	<u>2,201,662</u>	<u>3,142,368</u>	<u>462,735</u>	<u>5,806,765</u>
Noncurrent liabilities				
Gift annuities and life income agreements, net of current portion	386,539	465,589	-	852,128
Payable to Institutions	34,011	-	-	34,011
Investments held on behalf of institutions	3,869,216	-	-	3,869,216
Long-term liabilities	4,174,193	-	11,928,826	16,103,019
Total noncurrent liabilities	<u>8,463,959</u>	<u>465,589</u>	<u>11,928,826</u>	<u>20,858,374</u>
Total liabilities	<u>10,665,621</u>	<u>3,607,957</u>	<u>12,391,561</u>	<u>26,665,139</u>
<b>NET ASSETS</b>				
Without donor restrictions	4,761,185	1,770,653	3,166,069	9,697,907
With donor restrictions	36,617,660	46,744,747	26,977,946	110,340,353
Total net assets	<u>41,378,845</u>	<u>48,515,400</u>	<u>30,144,015</u>	<u>120,038,260</u>
Total liabilities and net assets	<u>\$ 52,044,466</u>	<u>\$ 52,123,357</u>	<u>\$ 42,535,576</u>	<u>\$ 146,703,399</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Supplementary Information**  
**June 30, 2021**

**COMBINING STATEMENT OF ACTIVITIES, Non-Major Component Units**

**FASB BASIS**

	MiSU Development Foundation June 30, 2021	NDSCS Foundation June 30, 2021	WSC Foundation June 30, 2021	Total
<b>Support and revenue</b>				
Contributions, grants and donations	\$ 2,814,223	\$ 17,516,654	\$ 611,245	\$ 20,942,122
In-Kind contributions	2,548,479	-	-	2,548,479
Gifts and contributions	5,362,702	17,516,654	611,245	23,490,601
<b>Investment income</b>				
Dividends and interest	3,270	-	-	3,270
Investment income	6,178,537	5,919,019	1,766,523	13,864,079
Change in split interest agreements	(16,041)	(556)	-	(16,597)
Investment income	6,165,766	5,918,463	1,766,523	13,850,752
<b>Grant revenue</b>	421,282	-	-	421,282
<b>Net realized and unrealized gains (losses) on investment securities</b>	-	-	2,694,692	2,694,692
<b>Program and event income</b>	-	-	1,809,513	1,809,513
<b>Other income</b>	1,332,989	1,230,335	1,597,875	4,161,199
<b>Total support and revenue</b>	<u>13,282,739</u>	<u>24,665,452</u>	<u>8,479,848</u>	<u>46,428,039</u>
<b>EXPENSES</b>				
<b>Program Services</b>	2,382,651	1,966,802	4,288,923	8,638,376
<b>Supporting services</b>	281,001	560,352	3,824,726	4,666,079
<b>Fundraising</b>	389,618	47,805	-	437,423
<b>Total expenses</b>	3,053,270	2,574,959	8,113,649	13,741,878
<b>Change in Net Assets</b>	10,229,469	22,090,493	366,199	32,686,161
<b>Net Assets, Beginning of Year, as restated</b>	31,149,376	26,424,907	29,777,816	87,352,099
<b>Net Assets, End of Year</b>	<u>\$ 41,378,845</u>	<u>\$ 48,515,400</u>	<u>\$ 30,144,015</u>	<u>\$ 120,038,260</u>

**North Dakota University System**  
**Supplementary Information**  
**June 30, 2021**

**SCHEDULE OF BONDS PAYABLE AND CERTIFICATES OF PARTICIPATION - Primary Institution**

<b>Issue</b>	<b>Original Balance</b>	<b>Original Discount (Premium)</b>	<b>Original Balance, Net of Discount (Premium)</b>	<b>Interest Rate</b>	<b>Installments</b>	<b>Balance Outstanding</b>
<b>Bonds Payable</b>						
<b>Bismarck State College</b>						
2015 Housing & Auxiliary Facilities, due through 2030, collateralized by net revenues of housing & auxiliary system and College Fee.	\$ 3,005,000	\$ 59,569	\$ 3,064,569	2.0% - 3.0%	\$160,000 to \$275,000	\$ 1,990,739
2012 Housing & Auxiliary Facilities, due through 2033, collateralized by net revenues of housing & auxiliary system and College Fee.	7,000,000	119,765	7,119,765	2.0% - 4.0%	\$265,000 to \$475,000	4,773,440
Total BSC	<u>10,005,000</u>	<u>179,334</u>	<u>10,184,334</u>			<u>6,764,179</u>
<b>Mayville State University</b>						
2013 Facilities Revenue Bonds, due through the year 2024, collateralized by student fees, sales tax and earnings.	1,850,000	35,057	1,885,057	2.0%-3.25%	\$181,516 to \$213,413	622,009
2017 Facilities Revenue Bonds (2010 Refund), due through year 2030, collateralized by Housing and Facilities revenue, student fees, federal interest subsidy related to the bond interest payments and earnings on funds created under the indenture	2,800,000	-	2,800,000	1.25%-3.25%	\$185,000 to \$255,000	2,030,000
Total MaSU	<u>4,650,000</u>	<u>35,057</u>	<u>4,685,057</u>			<u>2,652,009</u>
<b>Minot State University</b>						
2015 Student Services Facilities Revenue Bonds refunding due through 2030, collateralized by net revenues from auxiliary housing.	3,305,000	128,825	3,433,825	2.0%-4.0%	\$195,000 to \$290,000	2,358,708
2010 Wellness Fund, due August 1, 2040, collateralized by student fees and net revenues from the Wellness Center, housing and the student union.	10,000,000	-	10,000,000	2.0%-6.6%	\$135,000 to \$1,415,000	8,420,000
Total MISU	<u>13,305,000</u>	<u>128,825</u>	<u>13,433,825</u>			<u>10,778,708</u>
<b>North Dakota State College of Science</b>						
2012 Housing Facilities Revenue Bonds, due through 2037, fixed rate collateralized by net housing and auxiliary facilities pledged revenues.	9,000,000	-	9,000,000	3.76%	\$265,000 to \$545,000	6,725,000
Total NDSCS	<u>9,000,000</u>	<u>-</u>	<u>9,000,000</u>			<u>6,725,000</u>
<b>North Dakota State University</b>						
2012A Housing & Auxiliaries Facilities Revenue Bonds, Maturity April 1, 2027, collateralized by auxiliary revenue	5,730,000	62,552	5,792,552	2.0%-3.0%	\$455,956 to \$ 465,450	2,548,846
2014A Housing & Auxiliary Facilities Revenue Refunding Bonds Maturity April 1, 2034, collateralized by net revenues of housing and auxiliary services.	8,340,000	108,914	8,448,914	2.0%-4.0%	\$575,237 to \$ 581,250	6,048,812
2015A Housing & Auxiliary Facilities Refunding Bonds Maturity April 1, 2036 collateralized by net revenues of housing and auxiliary services.	21,195,000	2,185,340	23,380,340	3.0% - 5.0%	\$2,351,200 to \$ 2,351,200	13,137,855
2015B Housing & Auxiliary Facilities Bonds, Maturity April 1, 2035, collateralized by net revenues of housing and auxiliary services.	9,355,000	366,958	9,721,958	2.0% - 5.0%	\$524,659 to \$ 683,806	7,575,477
2016 Housing & Auxiliary Facilities Refunding Bonds, Maturity April 1, 2036, collateralized by net revenues of housing and auxiliary services.	10,405,000	310,288	10,715,288	2.0% - 4.0%	\$534,469 to \$ 671,575	8,696,734
2016 Research & Tech Park Taxable Lease Refunding Bonds, Maturity May 1, 2032, collateralized by lease revenues.	18,790,000	-	18,790,000	1.1% - 3.9%	\$1,254,452 to \$ 1,806,231	12,000,000
2017A Housing & Auxiliary Facilities Bonds, Maturity April 1, 2047, collateralized by net revenues of housing and auxiliary services.	48,770,000	1,522,948	50,292,948	2.0% - 5.0%	\$1,833,019 to \$ 2,782,350	48,151,884
2017B Housing & Auxiliary Facilities Refunding Bonds, Maturity April 1, 2039, collateralized by net revenues of housing and auxiliary services.	22,755,000	1,500,818	24,255,818	2.0% - 5.0%	\$1,539,325 to \$1,544,338	21,474,517
Total NDSU	<u>145,340,000</u>	<u>6,057,818</u>	<u>151,397,818</u>			<u>119,634,125</u>

# North Dakota University System

## Supplementary Information

June 30, 2021

Issue	Original Balance	Original Discount (Premium)	Original Balance, Net of Discount (Premium)	Interest Rate	Installments	Balance Outstanding
<b>SCHEDULE OF BONDS PAYABLE AND CERTIFICATES OF PARTICIPATION - Primary Institution</b>						
<b>University of North Dakota</b>						
2019 Housing & Auxiliary Facilities Revenue Bonds due through 2050, collateralized by net housing and auxiliary facilities system revenues, debt service grants, and bond indenture earnings.	71,545,000	9,402,569	80,947,569	4.0-5.0%	\$340,000 to \$5,690,000	80,603,944
2015 Housing & Auxiliary Facilities Revenue Bonds due through 2035, collateralized by net housing and auxiliary facilities system revenues, debt service grants, and bond indenture earnings.	38,985,000	1,489,517	40,474,517	3.0-4.0%	\$2,719,125 to \$2,835,607	30,752,616
2009 Aerospace Hanger Revenue Bonds due through 2029, collateralized by revenue from flight operations and proceeds from any casualty insurance payments.	1,500,000	-	1,500,000	4.25%	\$73,016 to \$133,054	642,000
2012 Housing & Auxiliaries Facilities Revenue Bonds, Maturity April 1, 2027, collateralized by housing and auxiliary revenue.	17,360,000	1,561,940	18,921,940	2-5%	\$220,000 to \$1,115,000	12,745,419
2012 EERC Revenue Bonds, maturity June 1, 2027, Interest rates are variable.	6,405,000	-	6,405,000	0.75-4.2%	\$325,000 to \$540,000	2,930,000
2013 Housing & Auxiliaries Facilities Revenue Bonds Maturity April 1, 2034 collateralized by net housing and auxiliary facilities system revenue.	8,130,000	81,122	8,211,122	2.0%-4.1%	\$300,000 to \$560,000	5,947,396
2014 Housing & Auxiliaries Facilities Revenue Bonds Maturity April 1, 2044 collateralized by net housing and auxiliary facilities system revenue.	27,305,000	302,110	27,607,110	3.0%-4.0%	\$475,000 to \$1,465,000	23,436,101
2020 NDBA Facility Improvement Bonds, Deferred Maintenance & Parking, Maturity December 1, 2040 payable from institution funds.	24,170,000	6,720,994	30,890,994	5.0%	\$715,000 to \$1,860,000	30,890,994
<b>Total UND</b>	<u>195,400,000</u>	<u>19,558,252</u>	<u>214,958,252</u>			<u>187,948,470</u>
<b>Valley City State University</b>						
2020 Housing & Auxiliary Facilities Revenue Bonds for the renovation of Snoeyenbos Hall Revenue Bonds due through 2046, collateralized by net housing and auxiliary facilities system revenues.	3,200,000	93,248	3,293,248	3.35% -4.0%	\$175,000 to \$188,000	3,214,662
2013 Housing & Auxiliary Facilities Revenue Bonds due through 2033, collateralized by net housing and auxiliary facilities system revenues.	2,565,000	-	2,565,000	3.0% - 4.0%	\$40,000 to \$185,000	1,820,000
<b>Total VCSU</b>	<u>5,765,000</u>	<u>93,248</u>	<u>5,858,248</u>			<u>5,034,662</u>
<b>Williston State College</b>						
2021 Housing and Auxiliary Services, matures 2041 collateralized by net housing revenues. Interest rate is fixed.	5,347,000	-	5,347,000	3.1%	\$217,000 to \$346,000	5,347,000
<b>Total WSC</b>	<u>5,347,000</u>	<u>-</u>	<u>5,347,000</u>			<u>5,347,000</u>
<b>Total Bonds Payable</b>	<u>\$ 388,812,000</u>	<u>\$ 26,052,534</u>	<u>\$ 414,864,534</u>			<u>\$ 344,884,153</u>
<b>Certificates of Participation</b>						
<b>University of North Dakota</b>						
Series 2018, Steam Plant, due through 2057, collateralized by lease revenue from state appropriations	\$76,575,000	3,126,530	\$79,701,530	4.0%-5.0%	\$1,890,000 to \$7,745,000	\$79,701,530
Series 2018B, Steam Plant, due through 2041 collateralized by lease revenue from state appropriations	16,455,000	686,311	17,141,311	3.55%-4.46%	\$105,000 to \$2,460,000	17,141,311
<b>Total UND</b>	<u>93,030,000</u>	<u>3,812,841</u>	<u>96,842,841</u>			<u>96,842,841</u>
<b>Williston State College</b>						
Series 2019, Energy conservation improvement projects due through 2048, subject to annual appropriations by the North Dakota Legislature as part of the general operating appropriations.	7,355,000	(77,592)	7,277,408	3.40%	\$120,000 to \$470,000	7,280,083
<b>Total WSC</b>	<u>7,355,000</u>	<u>(77,592)</u>	<u>7,277,408</u>			<u>7,280,083</u>
<b>Total COPs Payable</b>	<u>\$ 100,385,000</u>	<u>\$ 3,735,249</u>	<u>\$ 104,120,249</u>			<u>\$ 104,122,924</u>



# NORTH DAKOTA UNIVERSITY SYSTEM

## Supplementary Information

June 30, 2021

### Financial Information for Revenue Producing Buildings (Unaudited)

(as Required by ND Century Code 15-55-20)

	Bismarck State College	Dakota State College	Dickinson State University	Lake Region State College	Mayville State University	Minot State University
Operating Revenues	\$ 4,339,348	\$ -	\$ -	\$ -	\$ 461,400	\$ 590,640
Operating Expenses	5,134,619	-	-	-	322,661	507,570
Net Operating Revenues	(795,271)	-	-	-	138,739	83,070
Pledged Fees	484,118	-	-	-	76,010	1,281,027
Non Operating Revenue	510,100	-	-	-	111,874	93,946
CARES Act - Part B used to reimburse housing, dining and parking (do not include Cares Act Part A monies)	66,612	-	-	-	9,250	
Investment Income	277	-	-	-		2,762
Debt Service Grants	-	-	-	-		181,775
Net Revenue Available for Debt Retirement	<u>\$ 265,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 335,873</u>	<u>\$ 1,642,580</u>
Current year Debt Service						
Principal	\$ 500,000	\$ -	\$ -	\$ -	\$ 195,000	\$ 400,000
Interest	219,144	-	-	-	67,694	881,027
Total Debt Service	<u>\$ 719,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,694</u>	<u>\$ 1,281,027</u>

# NORTH DAKOTA UNIVERSITY SYSTEM

## Supplementary Information

June 30, 2021

### Financial Information for Revenue Producing Buildings (Unaudited) - Continued

(as Required by ND Century Code 15-55-20)

	North Dakota State College of Science	North Dakota State University	University of North Dakota	Valley City State University	Williston State College	Total
Operating Revenues	\$ 8,064,064	\$ 39,368,014	\$ 22,392,587	\$2,463,342	\$ 623,273	\$ 78,302,668
Operating Expenses	6,854,958	34,694,556	23,531,014	2,358,100	265,595	73,669,073
Net Operating Revenues	1,209,106	4,673,458	(1,138,427)	105,242	357,678	4,633,595
Pledged Fees	321,078	5,629,264	6,895,297	121,301	90,000	14,898,095
Non Operating Revenue	90,615	3,684,105	4,489,410	504,862	1,729,287	11,214,199
CARES Act - Part B used to reimburse housing, dining and parking (do not include Cares Act Part A monies)	853,418	8,069,362	-	47,059		9,045,701
Investment Income	2,271	20	37,263	138	4,433	47,164
Debt Service Grants					108,089	289,864
Net Revenue Available for Debt Retirement	\$ 2,476,488	\$ 22,056,209	\$ 10,283,543	\$ 778,602	\$ 2,289,487	\$ 40,128,618
Current year Debt Service						
Principal	\$ 310,000	\$ 5,005,000	\$ 3,860,000	\$ 200,000	\$ -	\$ 10,470,000
Interest	266,106	3,956,338	5,693,806	172,605	655,391	11,912,111
Total Debt Service	\$ 576,106	\$ 8,961,338	\$ 9,553,806	\$ 372,605	\$ 655,391	\$ 22,382,111