



Annual Financial Report

June 30, 2022





**NORTH DAKOTA OFFICE OF THE STATE AUDITOR**

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**INDEPENDENT AUDITOR'S REPORT**

Members of the Legislative Assembly

State Board of Higher Education

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the financial statements of the business-type activities, fiduciary activities, and the aggregate discretely presented component units of the North Dakota University System, as of and for the year ended June 30, 2022, 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.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the fiduciary activities, and the aggregate discretely presented component units of the North Dakota University System, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component units. These statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the discretely presented component units, are based solely on the report of other auditors.

***Basis for Opinions***

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

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

As discussed in Note 1, the financial statements of the North Dakota University System are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities, fiduciary activities, and the aggregate discretely presented component units of the North Dakota University System that is 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, 2022, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Also as discussed in Note 1, the North Dakota University System adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the North Dakota University System's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Dakota University System's ability to continue as a going concern for a reasonable period of time.

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively compare the North Dakota University System's basic financial statements. The Combining Financial Statements, Statement of Financial Position – Non-Major Component Units, Statement of Activities – Non-Major Component Units, and Schedule of Bonds Payable and Certificates of Participation - Primary Institution are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the

auditing procedures applied in the audit of the 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 Financial Statements, Statement of Financial Position – Non-Major Component Units, Statement of Activities – Non-Major Component Units, and Schedule of Bonds Payable and Certificates of Participation - Primary Institution are fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Financial Information for Revenue Producing Buildings but does not include the basic financial statements and our auditor’s report, thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 19, 2022, on our consideration of the North Dakota University System’s internal control over financial reporting and on our tests of 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 19, 2022

# NORTH DAKOTA UNIVERSITY SYSTEM MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

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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, 2022 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, 2022. 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, 2022**

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.

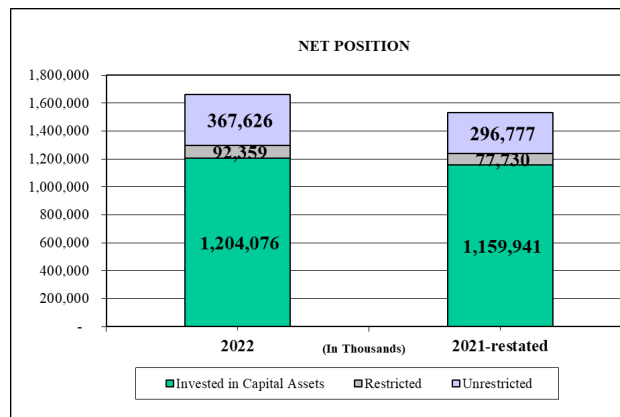
Cash flows from capital and related financing activities include all plant funds and related long-term debt activities (except depreciation and amortization), as well as capital gifts, grants and appropriations.

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 \$2.8 billion and total liabilities and deferred inflows were \$1.1 billion, resulting in a net position of \$1.7- billion. Net position increased \$130 million from fiscal year 2021.

The following graph illustrates the net position breakdown for fiscal years ending June 30, 2022 and 2021, 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.

**STATEMENT OF NET POSITION**

The following table shows the Condensed Statement of Net Position at June 30, 2022 and 2021, as restated:



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022**

**Condensed Statement of Net Position**  
**June 30, 2022 and 2021 (in thousands)**

	June 30 (in thousands)		Dollar Change	Percent Change
	2022	2021-restated		
Current assets	\$ 665,894	\$ 589,304	\$ 76,590	13%
Capital assets, net	1,809,578	1,651,783	157,795	10%
Other noncurrent assets	188,774	175,983	12,790	7%
Total assets	2,664,245	2,417,070	247,176	10%
Deferred outflows of resources	114,154	175,186	(61,032)	-35%
Current liabilities	163,253	172,882	(9,629)	-6%
Noncurrent liabilities	765,394	834,931	(69,537)	-8%
Total liabilities	928,647	1,007,813	(79,166)	-8%
Deferred inflows of resources	185,692	49,995	135,697	271%
Invested in capital assets	1,204,076	1,159,941	44,135	4%
Restricted	92,359	77,730	14,629	19%
Unrestricted	367,626	296,777	70,849	24%
Total Net Position	\$ 1,664,061	\$ 1,534,448	\$ 129,613	8%

The increase in current assets is mainly attributed to increases in cash of \$55.1 million and current investments of \$30.3 million. Cash balances at year-end may fluctuate from year-to-year depending on operational needs and the accounts payable payment cycles.

Current investments increased at NDSU by \$11.0 million. Upon maturity, five-year certificates of deposits have been re-invested to one-year certificates of deposits as interest rates remained low in fiscal year 2022. UND's current investments increased by \$25.0 million due to certificate of participation proceeds for a new student housing project that will be spent in fiscal year 2023.

The increase in due from component units is related to NDSU's increased construction expenditures for the Football Performance Complex that have not been reimbursed by the NDSU Foundation at the end of fiscal year 2022.

The decrease in due from State general fund is attributed to timing of institutions drawing general funds for operating and capital expenditures.

The decrease in current notes receivable, net is related to loan repayments and federal loan programs ending in FY2021.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022**

The increase in current other assets is attributed to prepaid expenses for equipment at NDSU (\$2.1 million) and aerospace insurance at UND (\$0.4 million).

Grants and contracts receivable decreased as a result of \$13.3 million due to UND from the North Dakota Building Authority for bonds for various deferred maintenance projects in fiscal year 2021 that was received in fiscal year 2022. In addition, LRSC has a receivable of \$1.0 million for HEERF monies in fiscal year 2021 that was also received in fiscal year 2022.

Capital assets, net increased \$157.8 million or 10 percent from fiscal year 2021 and are discussed in more detail in a later section of this MD&A.

**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, 2022 and 2021.

**Condensed Statement of Revenue, Expenses, and Changes in Net Position**  
**June 30, 2022 and 2021 (in thousands)**

	<b>June 30 (in thousands)</b>		<b>Dollar Change</b>	<b>Percent Change</b>
	<b>2022</b>	<b>2021</b>		
Operating revenues	\$ 806,653	\$ 758,531	\$ 48,122	7%
Operating expenses	1,317,428	1,308,881	8,547	1%
Operating loss	(510,775)	(550,350)	39,575	-7%
Nonoperating revenues, net of expenses	539,053	542,431	(3,378)	-1%
Income (loss) before capital grants, gifts, and transfers	28,278	(7,919)	36,197	-457%
Capital appropriations, grants and gifts	101,335	98,376	2,959	3%
Increase (loss) in net position	\$ 129,613	\$ 90,457	\$ 39,156	43%

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, 2022 and 2021:

	<b>June 30 (in Thousands)</b>		<b>Dollar Change</b>	<b>Percent Change</b>
	<b>2022</b>	<b>2021</b>		
<b>Operating revenues</b>				
Student tuition and fees	\$ 375,135	\$ 369,795	\$ 5,340	1%
Grants and contracts	225,897	218,346	11,552	5%
Sales and services of education departments	103,301	80,239	23,062	29%
Auxiliary enterprises	101,258	89,615	11,643	13%
Other	1,063	537	526	98%
Total operating revenues	806,653	758,531	52,122	7%

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022**

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**Nonoperating revenues, capital gifts and grants**

State appropriations	\$ 396,882	\$ 381,522	\$ 15,360	4%
Federal appropriations	6,305	5,138	1,166	23%
Federal grants and contracts	110,133	125,560	(15,427)	-12%
Gifts	51,742	51,180	1,831	4%
Endowment and investment income	9,783	16,531	(6,748)	-41%
Insurance proceeds	1,478	189	1,289	683%
Tax revenues	6,148	6,060	88	1%
State appropriations-capital assets	46,734	80,766	(35,301)	-44%
Capital grants and gifts	54,601	17,610	36,991	210%
Other nonoperating, net	9,127	(10,268)	19,395	189%
Total	<u>692,931</u>	<u>674,287</u>	<u>18,644</u>	<u>3%</u>
<b>Total Revenues</b>	<u>\$ 1,499,585</u>	<u>\$ 1,432,818</u>	<u>\$ 66,766</u>	<u>5%</u>

The increase in sales and services of educational department is mainly attributed to increases in athletic ticket sales and sponsorships due to COVID-19 restrictions being lifted at NDSU (\$10.4 million) and UND (\$8.2 million) in fiscal year 2022. Additionally, UND recognized an increase in steam revenue of \$1.2 million in fiscal year 2022 due to surcharges by utility companies.

The increase in auxiliary enterprises is mainly attributed to an increase utilization of housing, dining, and parking at NDSU (\$3.8 million) and UND (\$7.1 million), which were at a lower utilization rate during FY2021 due to COVID-19 concerns.

Federal grants and contracts (nonoperating revenues) decreased mainly due closing out one-time federal grants and contracts awarded during FY21 related to COVID for NDSU (\$13.9 million), NDSCS (\$3.1 million), and BSC (\$2.1 million).

The decrease in endowment and investment gains is the result of an increase in unrealized investment losses at UND of \$5.0 million and MiSU of \$610,020.

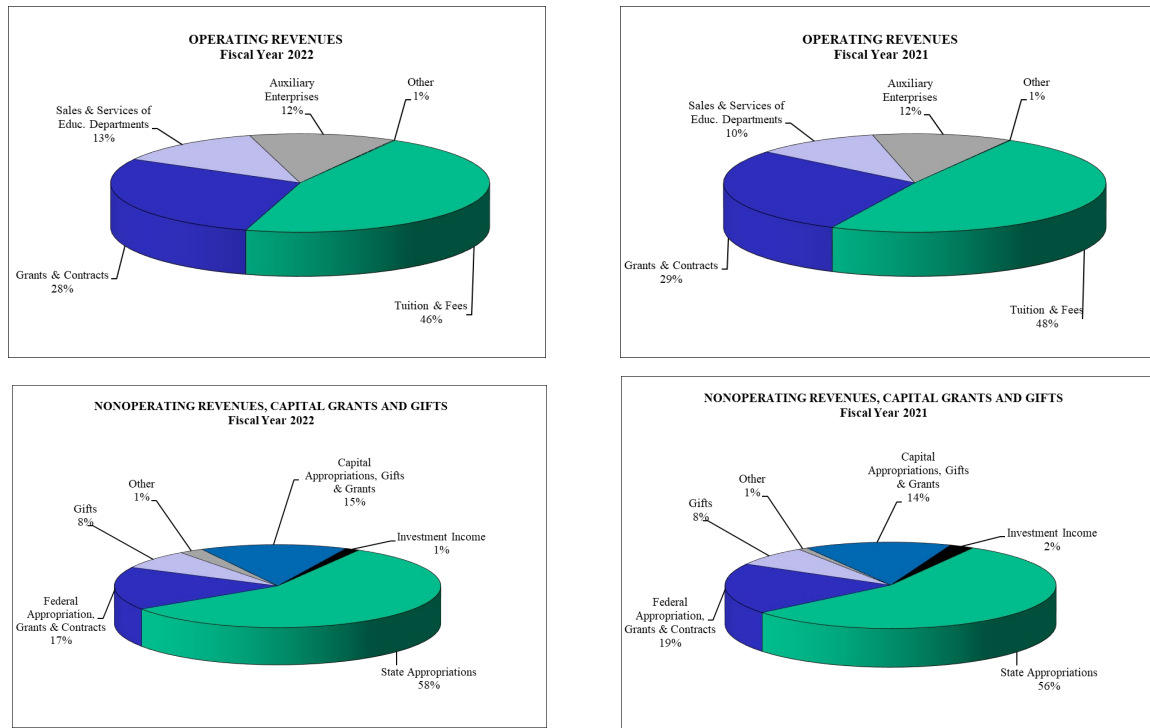
The decrease in state appropriations-capital assets is attributed to a decrease of funds received in fiscal year 2022 for the Pulver Hall renovation at DSU, the Hofstad Ag Center Building at LRSC, Sugihara Hall renovation at NDSU, Nistler College of Business Building, campus road and parking lot projects at UND, and the Center for Fine Arts Building at VCSU.

The increase in capital grants and gifts is attributed to increase of gifts from NDSU's Foundation for the Football Performance Complex (\$21.3 million) and to gifts from UND's Foundation for the Nistler College of Business and Public Administration building (\$19.2 million).

The other net nonoperating revenue increase is attributed to the Tier II and Tier III Capital Building funds from the 19-21 biennium being carried forward into the 21-23 biennium (\$3.3 million), the increase appropriation amount of tier II and tier III Capital Building funds for the 21-23 (\$5.3 million), and NDSU's increase in due to special assessments in FY2022.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022**

The following graphs depict sources of operating and nonoperating revenues for fiscal year 2022 and 2021:



There were no significant fluctuations in fiscal year 2022 compared to fiscal year 2021.

**Expenses**

The following table shows expenses by natural classification for the fiscal years ended June 30, 2022 and 2021.

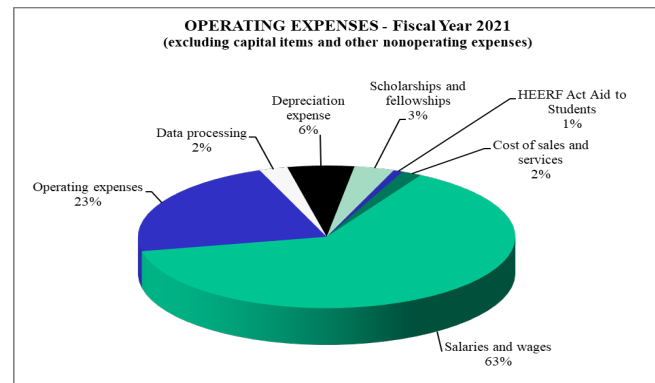
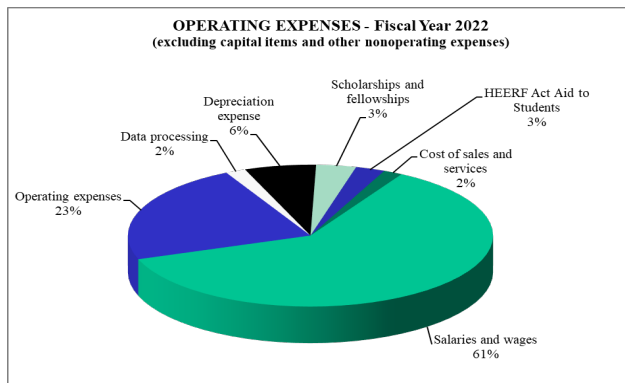
	June 30 (in Thousands)		Dollar Change	Percent Change
	2022	2021		
<b>Operating expenses</b>				
Salaries and wages	\$ 806,867	\$ 830,036	\$ (23,168)	-3%
Operating expenses	300,154	293,981	6,173	2%
Data processing	23,511	31,911	(8,400)	-26%
Depreciation expense	83,619	74,826	8,793	12%
Scholarships and fellowships	46,658	44,992	1,666	4%
HEERF Act Aid to Students	34,324	10,583	23,740	224%
Cost of sales and services	22,295	22,552	(257)	-1%
<b>Total operating expenses</b>	<b>1,317,428</b>	<b>1,308,881</b>	<b>8,547</b>	<b>1%</b>
<b>Nonoperating expenses</b>				
Interest on capital asset related debt	23,456	20,028	3,428	17%
Loss on sale of capital assets	5,444	3,469	1,976	57%
General and special grant expenditures	16,135	7,270	8,865	122%
Transfers to Industrial Commission	7,508	2,714	4,795	177%
<b>Total nonoperating expenses</b>	<b>52,544</b>	<b>33,481</b>	<b>19,063</b>	<b>57%</b>
<b>Total expenses</b>	<b>\$ 1,369,972</b>	<b>\$ 1,342,362</b>	<b>\$27,610</b>	<b>2%</b>

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022**

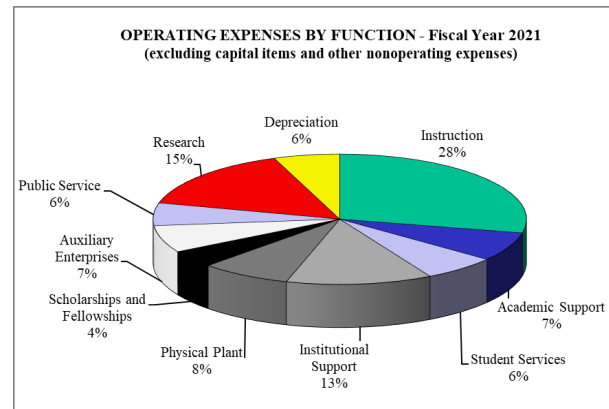
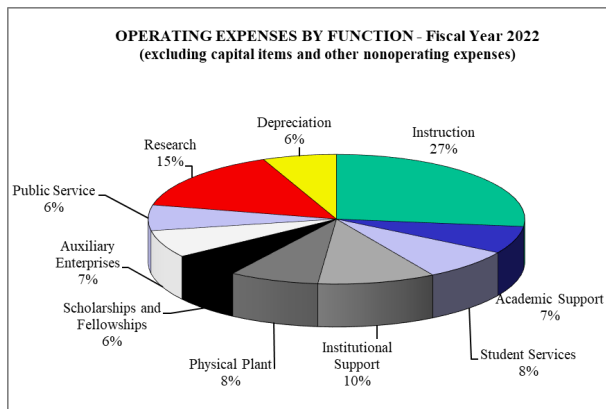
- Decreases in data processing are related to less COVID-19 Federal Stimulus funding available to NDSCS (\$1.8 million), NDSU (\$2.9 million), and UND (\$2.1 million).
- HEERF act aid to students increased due to the Federal stimulus funds being available to the institutions of approximately \$23.7 million.
- General and special grant expenditures increased due to the North Dakota Challenge Grant awards being issued to institutions from the North Dakota University System Office, which are primarily awarded in the first fiscal year of the biennium.

The following chart depicts the uses of operating funds according to natural classification for fiscal year 2022:



The allocation of operating expenses among the natural classification categories has not changed significantly from fiscal year 2021.

The following chart illustrates operating expenses by function for fiscal year 2022:



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

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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### JUNE 30, 2022

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, 2022 and 2021 is shown below:

	<b>June 30 (in thousands)</b>	
	<b>2022</b>	<b>2021-restated</b>
Cash flows from operating activities	\$ (427,318)	\$ (445,676)
Cash flows from noncapital financing activities	549,114	558,481
Cash flows from capital and related financing activities	(32,964)	(102,047)
Cash flows from investing activities	(22,981)	(272)
Increase in cash and cash equivalents during the year	<u>\$ 65,851</u>	<u>\$ 10,484</u>

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 \$398.5 million in fiscal year 2022 and \$379.8 million in fiscal year 2021. If these amounts are added to the cash flows from operating activities, the result is a cash outflow of \$28.8 million in fiscal year 2022 and a cash outflow of \$65.9 million in fiscal year 2021.

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

##### CAPITAL ASSETS AND INTANGIBLES

On June 30, 2022, the System had \$1.81 billion invested in net capital assets and intangibles, which represents a net increase of \$178.4 million or eight percent during the fiscal year.

	<b>June 30 (in thousands)</b>	
	<b>2022</b>	<b>2021-restated</b>
Land	\$ 20,978	\$ 19,834
Land improvements/infrastructure	285,216	275,724
Buildings	1,935,074	1,800,906
Furniture, fixtures, and equipment	389,061	389,236
Library materials	81,548	81,970
Construction in progress	251,598	195,799
Capitalized software	25,332	26,061
Right-of-use on long-term leases	44,315	42,036
Other intangibles	2,170	2,118

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022**

Total	3,035,292	2,833,684
Total accumulated depreciation and amortization	(1,225,714)	(1,176,850)
Capital assets, net	\$ 1,809,578	\$ 1,656,834

Total additions to depreciable capital assets and intangibles in fiscal year 2022 were \$70.0 million. Construction in progress for other projects underway totaled \$251.6 million at June 30, 2022. Major projects and their total project costs through June 30, 2022 include:

DSU

- Pulver Hall renovation - \$4.2 million

NDSU

- Nodak Insurance Football Performance Complex - \$24.4 million
- Dunbar Hall II (Sugihara Hall) - \$44.0 million

UND

- Nistler College of Business - \$53.1 million
- New Residents Halls - \$90.0 million
- O'Kelly Hall - \$10.8 million

Outstanding commitments for these and other capital projects as of June 30, 2022 totaled \$206.6 million. More information about the System's capital assets is presented in Note 6 and Note 18 to the financial statements.

**LONG-TERM LIABILITIES**

**June 30 (in thousands)**

	<b>2022</b>	<b>2021-restated</b>
Bonds payable	\$ 313,172	\$ 344,884
Certificates of participation	262,217	104,123
Notes payable	29,248	23,301
Leases payable	39,369	42,978
Special assessments	18,731	20,081
Compensated absences	35,096	35,169
Total Debt	<u>\$ 697,833</u>	<u>\$ 570,538</u>

Long-term liabilities added in fiscal year 2022 totaled approximately \$196.4 million, including \$159.7 million of certificates of participation at UND for new resident halls and the wellness center. MiSU issued \$7.7 million in a bond refunding of the 2010 Wellness Bonds. Total debt retired in fiscal year 2022 was \$69.1 million, consisting primarily of bond payments of \$48.4 million, notes payable payments of \$11.57 million, lease payments of \$5.8 million and special assessments of \$1.3 million. As of June 30, 2022, \$24.3 million of revenue is pledged as security for outstanding revenue bonds.

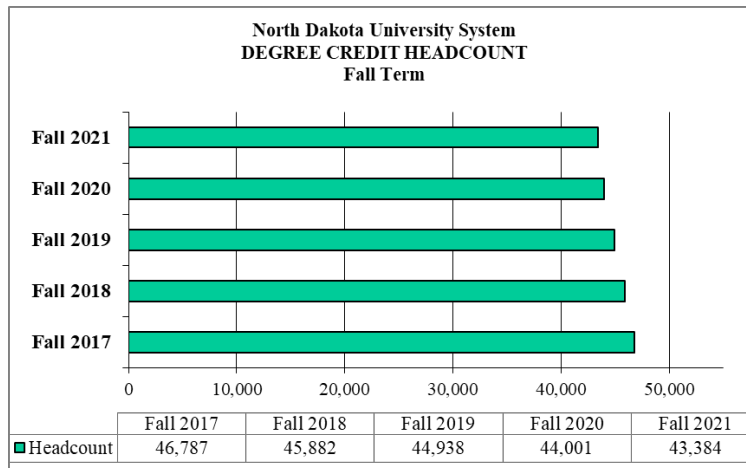
**OTHER HIGHLIGHTS**

**STUDENT ENROLLMENTS**

As illustrated in the chart below, Annual Degree Credit Headcount enrollment for fall 2020 decreased by 617 or 1.4 percent compared to fall 2020 and by 3,403 or 7.3 percent compared to fall 2017.

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2022**

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Source: 2021 Fall Enrollment Report: Table 1-System Duplicated and Institutional Headcount Enrollments

Additional detailed enrollment data is contained in the 2021 NDUS Fall Enrollment Report.

**STATE FUNDING**

The 2021 Legislative Assembly approved a state general fund appropriation for all entities of the North Dakota University System of \$813.0 million for the 2021-23 biennium. This is an increase of \$46.8 million above the 2019-21 original appropriation. Of the total increases, \$29.4 million was base funding and \$46.8 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, 2022**

**STATEMENT OF NET POSITION**

	<b>Primary Institutions</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 329,965,989
Investments	188,674,832
Accounts receivable, net	30,562,860
Due from component units - investments held on behalf of the institutions	79,200
Due from component units	17,880,958
Due from other NDUS institutions	-
Due from State general fund	10,479,403
Grants and contracts receivables, net	70,318,857
Inventories	7,169,063
Notes receivable, net	2,755,185
Lease receivable	208,930
Other assets	7,798,750
Total current assets	<u>665,894,027</u>
Noncurrent assets	
Restricted cash and cash equivalents	29,999,021
Restricted investments	24,030,599
Endowment investments	575,528
Notes receivable, net	11,532,568
Other long-term investments	100,514,290
Due from component units - investments held on behalf of the institutions	21,816,750
Other noncurrent assets	100,000
Lease receivable	204,952
Capital assets, net	1,809,577,738
Total noncurrent assets	<u>1,998,351,446</u>
Total assets	<u>2,664,245,473</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
	114,154,047
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued liabilities	54,049,031
Due to component units	1,286,390
Accrued payroll	43,933,030
Unearned revenue	31,519,455
Deposits	4,756,234
Long-term liabilities - current portion	
Due to component units	2,750,529
Due to others	24,958,038
Total current liabilities	<u>163,252,707</u>
Noncurrent liabilities	
Pension liability	90,645,389
OPEB liability	4,608,334
Other noncurrent liabilities	16,202
Long-term liabilities	
Due to component units	24,763,447
Due to others	645,360,708
Total noncurrent liabilities	<u>765,394,080</u>
Total liabilities	<u>928,646,787</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
	185,691,791
<b>NET POSITION</b>	
Net investment in capital assets	1,204,076,318
Restricted for:	
Nonexpendable:	
Scholarships and fellowships	18,925,192
Expendable:	
Scholarships and fellowships	6,173,024
Research	8,333,958
Institutional	10,293,176
Loans	26,741,160
Capital projects	411,042
Debt service	7,685,573
Other	13,795,852
Unrestricted	367,625,645
Total net position	<u>\$ 1,664,060,940</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**STATEMENT OF FINANCIAL POSITION**

<b>FASB Basis</b>	<b>Component Units</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 67,552,170
Investments	37,621,301
Accounts receivable, net	3,348,997
Notes receivable	2,634,407
Receivable from primary institution	4,838,901
Unconditional promises to give, net of allowance	26,345,432
Inventories	1,345,316
Current portion of net investment in direct financing leases	1,174,212
Other assets	6,331,547
Total current assets	<u>151,192,283</u>
Noncurrent assets	
Restricted cash and cash equivalents	2,695,636
Investments	
Investments, net of current portion	919,466,361
Investments, restricted	4,291,000
Investments held in trust	30,210,824
Beneficial interest in trust	15,737,649
Charitable gift annuity investments	5,315,399
Charitable remainder trust account investments	15,682,470
Real estate and equipment held for investment, net of accumulated depreciation	16,748,927
Other long-term investments	27,791,684
Total investments	<u>1,035,244,314</u>
Contracts for deed and notes receivable, net of current portions	582,400
Long term pledges receivable/ unconditional promises to give	88,990,582
Other receivables	(1,389,840)
Due from primary institution-capital leases	26,178,103
Notes receivable, net	8,585,000
Net investment in direct financing leases, net of current portion	9,359,582
Other noncurrent assets	5,165,491
Capital assets, net	182,728,117
Total noncurrent assets	<u>1,358,139,385</u>
Total assets	<u>1,509,331,668</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued liabilities	6,565,924
Payable to Institutions	6,293,443
Accrued payroll	1,356,534
Current portion of gift annuities and life income agreements	2,942,042
Deferred revenue	10,980,937
Deposits held in custody for others	27,293
Other current liabilities	1,766,107
Long-term liabilities--current portion	5,524,447
Total current liabilities	<u>35,456,727</u>
Noncurrent liabilities	
Deposits	20,938,254
Payable to institutions	5,390
Investments held on behalf of Institutions	3,203,925
Gift annuities and life income agreements, net of current portion	15,884,945
Obligations under split-interest agreement	8,505,636
Other noncurrent liabilities	1,332,588
Long-term liabilities	80,284,692
Total noncurrent liabilities	<u>130,155,430</u>
Total liabilities	<u>165,612,157</u>
<b>NET ASSETS</b>	
Without donor restrictions	260,509,237
With donor restrictions	1,083,210,274
Total net assets	<u>1,343,719,511</u>
Total liabilities and net assets	<u>\$ 1,509,331,668</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Financial Statements**  
**June 30, 2022**

**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 \$68.2 million and bad debt allowance of \$861,000)	\$ 375,134,736
Federal grants and contracts (net of bad debt allowance of \$1,000)	154,822,641
State grants and contracts	40,414,061
Nongovernmental grants and contracts	30,660,528
Sales and services of educational departments (net of bad debt allowance of \$53,000)	103,300,701
Auxiliary enterprises (net of scholarship allowances of \$1.4 million and bad debt allowance of \$372,000)	101,257,529
Other (net of bad debt allowance of \$233,000)	1,063,135
Total operating revenues	<u>806,653,331</u>
<b>OPERATING EXPENSES</b>	
Salaries and wages	806,867,386
Operating expenses	300,154,233
Data processing	23,510,720
Depreciation expense	83,619,161
Scholarships and fellowships	46,658,456
HEERF Act Aid to Students	34,323,512
Cost of sales and services	22,294,521
Total operating expenses	<u>1,317,427,989</u>
Operating income (loss)	<u>(510,774,658)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
State appropriations	396,881,617
Federal appropriations	6,304,541
Federal grants and contracts (net of bad debt allowance of \$75,000)	34,533,837
Federal grants and contracts stimulus	75,599,255
Local appropriations	-
Gifts (net of bad debt allowance of \$47)	51,742,383
Endowment and investment income	9,782,654
Interest on capital asset - related debt	(23,456,118)
Gain (loss) on disposal of capital assets	(5,444,360)
Insurance proceeds	1,477,895
Tax revenues	6,147,695
General and special grant expenditures	(16,135,022)
Transfers to North Dakota Industrial Commission	(7,508,365)
Other nonoperating revenues (expenses)	9,126,628
Net nonoperating revenues (expenses)	<u>539,052,640</u>
Income (loss) before capital grants, gifts, and transfers	28,277,982
Federal appropriations - capital assets	-
State appropriations - capital assets	46,733,863
Capital grants and gifts	54,601,115
Total other revenue	<u>101,334,978</u>
Increase (decrease) in net position	<u>129,612,960</u>
<b>NET POSITION</b>	
Net position - beginning of year, as restated	1,534,447,980
Net position - end of year	<u>\$ 1,664,060,940</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**STATEMENT OF ACTIVITIES**

<b>FASB BASIS</b>	<b>Component Units</b>
<b>Support and Revenue</b>	
Gift, grants, and contributions	\$ 229,707,121
Investment income	18,083,577
Grant Revenue	1,272,800
Net realized and unrealized gains (losses) on investment securities	(6,583,346)
Program and event income	45,092,550
Other income	15,712,837
Total support and revenue	<u>303,285,539</u>
<b>Expenses</b>	
Program services	77,592,775
Supporting services	54,455,248
Fundraising expense	8,829,334
Total operating expenses	<u>140,877,357</u>
Change in Net Assets	162,408,182
Net Assets, Beginning of Year, as restated	<u>1,181,311,329</u>
Net Assets, End of Year	<u>\$ 1,343,719,511</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**STATEMENT OF CASH FLOWS**

	<b>Primary Institution</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Student tuition and fees	\$ 373,387,624
Grants and contracts	239,454,523
Payments to suppliers	(364,952,506)
Payments to employees	(800,562,885)
Payments for scholarships and fellowships	(46,658,462)
HEERF Act payments to students	(34,323,514)
Loans issued to students	(1,642,338)
Collection of loans to students	4,804,401
Auxiliary enterprise charges	101,097,990
Sales and service of educational departments	94,611,050
Cash received/(paid) on deposits	(766,029)
Other receipts (payments)	8,231,881
Net cash used by operating activities	<u>(427,318,265)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State appropriations	398,500,921
Federal appropriations	6,315,002
Grants and gifts received for other than capital purposes	86,489,129
Grants given for other than capital purposes	(16,135,026)
Federal stimulus revenues	75,599,260
Direct lending receipts	201,851,482
Direct lending disbursements	(202,146,007)
Transfers to Industrial Commission	(7,508,365)
Tax revenues	6,147,697
Net cash flows provided by noncapital financing activities	<u>549,114,093</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from issuance of debt	186,861,335
Capital appropriations	50,614,446
Capital grants and gifts received	60,627,914
Proceeds from sale of capital assets	728,897
Purchases of capital assets	(238,465,815)
Insurance proceeds	1,477,896
Principal paid on capital debt and lease	(44,274,373)
Deposits with capital debt payment trustees	(25,520,000)
Interest paid on capital debt and lease	(25,014,172)
Net cash used by capital and related financing activities	<u>(32,963,872)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sales and maturities of investments	155,975,319
Interest on investments	11,399,791
Purchase of investments	(190,356,217)
Net cash provided by investing activities	<u>(22,981,107)</u>
Net increase (decrease) in cash	65,850,849
CASH - BEGINNING OF YEAR, as restated	<u>294,114,161</u>
CASH - END OF YEAR	<u>\$ 359,965,010</u>
<b>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ (510,774,658)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities	
Depreciation expense	83,619,163
Other nonoperating revenues (expenses)	9,788,113
Change in assets, deferred outflows, liabilities and deferred inflows	
Accounts receivable adjusted for interest receivable	(7,925,164)
Grant & contract receivables	14,357,634
Inventories	(974,071)
Notes receivable	3,581,307
Other assets	(2,619,370)
Accounts payable and accrued liabilities adjusted for interest payable	(21,376,972)
Pension liability	(191,189,388)
OPEB liability	(2,535,337)
Net change in deferred outflows	60,363,367
Net change in deferred inflows	135,337,002
Accrued payroll	3,600,977
Compensated absences	(72,466)
Unearned revenue	267,625
Deposits	(766,029)
Net cash provided (used) by operating activities	<u>\$ (427,318,265)</u>
<b>SUPPLEMENTAL DISCLOSURE ON NON CASH TRANSACTIONS</b>	
Assets acquired through capital lease	\$ 461,283
Assets acquired through special assessment	19,250
Expenses paid by capital lease/special assessments	(263,912)
Gifts of capital assets	(220,936)
Net increase (decrease) in value of investments	<u>(823,013)</u>
Total non-cash transactions	<u>\$ (827,328)</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Financial Statements**  
**June 30, 2022**

**STATEMENT OF FIDUCIARY NET POSITION**

<b>ASSETS</b>	<u><b>Custodial Funds</b></u>
<b>Current assets</b>	
Cash and cash equivalents	\$ 483,832
Accounts receivable, net	952,304
Due from component units	774
Due from other NDUS institutions	1,544
Total current assets	<u>1,438,454</u>
Total assets	<u>1,438,454</u>
 <b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable and accrued liabilities	49,121
Accrued payroll	101,299
Deposits	20,933
Total current liabilities	<u>171,353</u>
Total liabilities	<u>171,353</u>
 <b>NET POSITION</b>	
Restricted for:	
Individuals, organizations and other governments	<u>1,267,097</u>
Total net position	<u>\$ 1,267,097</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Financial Statements**  
**June 30, 2022**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**Custodial  
funds**

**ADDITIONS**

Student tuition and fees	\$	8,930
Nongovernmental grants and contracts		2,374,333
Sales and services of educational departments		970,359
Auxiliary enterprises		48,584
Gifts		97,371
Other nonoperating revenues		991
Total additions		<u>3,500,568</u>

**DEDUCTIONS**

Salaries and wages		2,689,308
Operating expenses		695,928
Data processing		7,020
Scholarships and fellowships		1,336
Cost of sales and services		(26,215)
Total deductions		<u>3,367,377</u>
Operating Income (loss)		<u>133,191</u>
Increase (decrease) in net position		<u>133,191</u>

**NET POSITION**

Net position - beginning of year, as restated		<u>1,133,900</u>
Net position - end of year	\$	<u>1,267,091</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Financial Statements**  
**JUNE 30, 2022**

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

FASB BASIS	MISU		NDSU		UND		UND Alumni
	BSC Foundation June 30, 2022	Development Foundation June 30, 2022	NDSU Foundation June 30, 2022	NDSU Foundation December 31, 2021	Research & Technology Park June 30, 2022	Aerospace Foundation June 30, 2022	Association & UND Foundation June 30, 2022
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	\$ 1,608,690	\$ -	2,435,151	\$ 9,917,880	\$ 634,949	\$ 22,954,445	\$ 13,899,636
Investments	-	-	26,224,076	10,861,297	-	-	-
Accounts receivable, net	47,059	11,673	-	373,727	627,113	2,051,578	-
Notes Receivable	-	-	2,303,679	65,172	-	-	-
Receivable from primary institution	45,508	-	-	520,208	-	797,975	-
Unconditional promises to give, net of allowance	1,190,015	457,025	50,201	18,513,855	-	142,000	5,838,640
Inventories	-	-	-	-	-	849,811	-
Current portion of net investment in direct financing leases	-	-	-	-	822,438	351,774	-
Other assets	45,355	31,505	22,956	314,490	271,510	1,177,475	3,279,411
Total current assets	2,936,627	500,203	31,036,063	40,566,629	2,356,010	28,325,058	23,017,687
<b>Noncurrent assets</b>							
Restricted cash and cash equivalents	-	-	-	930,521	-	1,371,279	-
Investments:							
Investments, net of current portion	24,939,649	33,480,838	-	494,107,955	592,481	-	348,353,379
Investments, restricted	-	-	-	-	-	-	-
Investments held in trust	6,073,645	3,203,925	-	-	-	-	20,933,254
Beneficial interest in trust	1,466,041	-	-	-	-	-	14,271,608
Charitable gift annuity investments	-	-	-	-	-	-	5,315,399
Charitable remainder trust account investments	-	-	-	-	-	-	15,682,470
Real estate and equipment held for investment, net of accumulated depreciation	269,468	-	-	26,996,798	-	-	-
Other long-term investments	47,271	-	-	16,807,827	-	242,000	10,468,945
Total investments	32,796,074	36,684,763	-	537,912,580	592,481	242,000	415,025,055
Contracts for deed and notes receivable, net of current portions	-	-	-	582,400	-	-	-
Long term pledges							
receivable/unconditional promises to give	747,863	631,459	6,160,742	46,423,630	-	710,000	30,924,584
Other receivables	-	-	-	-	-	-	2,054,817
Receivable from primary institution	529,697	-	-	-	-	-	-
Notes receivable, net	-	-	-	-	8,585,000	-	-
Net investment in direct financing leases, net of current portion	-	-	-	-	9,247,462	112,120	-
Other noncurrent assets	132,522	1,333,806	80,594	1,337,202	405,484	46,076	-
Capital assets, net	13,252,029	13,789,943	13,384,822	3,117,327	6,920,807	65,355,540	10,191,199
Total noncurrent assets	47,458,185	52,439,971	19,626,158	590,303,660	25,751,234	67,837,015	458,195,655
Total assets	50,394,812	52,940,174	50,662,221	630,870,289	28,107,244	96,162,073	481,213,342
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Accounts payable and accrued liabilities	136,717	511,857	504,641	796,318	151,667	1,430,746	114,953
Payable to primary institution	-	145,708	45,000	1,613,377	-	2,020,865	1,619,551
Accrued payroll	-	-	-	-	25,178	822,100	502,956
Current portion of gift annuities and life income agreements	386,334	58,460	-	1,056,980	-	-	1,440,268
Deferred revenue	-	-	1,547,500	-	27,755	1,637,638	2,370,767
Deposits held in custody for others	-	27,293	-	-	-	-	-
Other current liabilities	-	-	-	1,314,236	100,962	100,200	-
Long-term liabilities-current portion	231,256	299,966	1,409,759	736,580	948,146	495,977	1,253,073
Total current liabilities	754,307	1,043,284	3,506,900	5,517,491	1,253,708	6,507,526	7,301,568
<b>Noncurrent liabilities</b>							
Deposits	-	-	-	-	-	-	20,938,254
Payable to primary institution	-	5,390	-	-	-	-	-
Investments held on behalf of institutions	-	3,203,925	-	-	-	-	-
Gift annuities and life income agreements, net of current portion	2,856,512	355,518	429,536	-	-	-	12,243,379
Obligations under split-interest agreement membership units	92,531	-	-	8,413,105	-	-	-
Other noncurrent liabilities	269,168	-	-	-	152,020	911,400	-
Long-term liabilities	4,360,015	5,517,971	-	20,213,647	18,619,436	6,749,170	13,157,083
Total noncurrent liabilities	7,578,226	9,082,804	429,536	28,626,752	18,771,456	7,660,570	46,338,716
Total liabilities	8,332,533	10,126,088	3,936,436	34,144,243	20,025,164	14,168,096	53,640,284
<b>NET ASSETS</b>							
Without donor restrictions	11,001,060	7,838,950	1,976,622	39,006,541	7,917,080	80,622,698	45,902,749
With donor restrictions	31,061,219	34,975,136	44,749,163	557,719,505	165,000	1,371,279	381,670,309
Total net assets	42,062,279	42,814,086	46,725,785	596,726,046	8,082,080	81,993,977	427,573,058
Total liabilities and net assets	\$ 50,394,812	\$ 52,940,174	\$ 50,662,221	\$ 630,870,289	\$ 28,107,244	\$ 96,162,073	\$ 481,213,342



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				Reclassifications	Total Component Units
	May 31, 2022	Total Major Component Units	Non-major Component Units	Total Component Units		
<b>ASSETS</b>						
Current assets						
Cash and cash equivalents	\$ 8,257,630	\$ 59,708,381	\$ 7,843,789	\$ -	\$ 67,552,170	
Investments	535,928	37,621,301	-	-	37,621,301	
Accounts receivable, net	981,536	4,092,686	6,500	(750,189)	3,348,997	
Notes receivable	-	2,368,851	265,556	-	2,634,407	
Receivable from primary institution	-	1,363,691	20,000	3,455,210	4,838,901	
Unconditional promises to give, net of allowance	-	26,191,736	153,696	-	26,345,432	
Inventories	495,505	1,345,316	-	-	1,345,316	
Current portion of net investment in direct financing leases	-	1,174,212	-	-	1,174,212	
Other assets	1,633,623	6,776,325	15,222	(460,000)	6,331,547	
Total current assets	11,904,222	140,642,499	8,304,763	2,245,021	151,192,283	
Noncurrent assets						
Restricted cash and cash equivalents	-	2,301,800	393,836	-	2,695,636	
Investments:						
Investments, net of current portion	-	901,474,302	17,992,059	-	919,466,361	
Investments, restricted	4,291,000	4,291,000	-	-	4,291,000	
Investments held in trust	-	30,210,824	-	-	30,210,824	
Beneficial interest in trust	-	15,737,649	-	-	15,737,649	
Charitable gift annuity investments	-	5,315,399	-	-	5,315,399	
Charitable remainder trust account investments	-	15,682,470	-	-	15,682,470	
Real estate and equipment held for investment, net of accumulated depreciation	-	27,266,266	-	(10,517,339)	16,748,927	
Other long-term investments	-	27,566,043	225,641	-	27,791,684	
Total investments	4,291,000	1,027,543,953	18,217,700	(10,517,339)	1,035,244,314	
Contracts for deed and notes receivable, net of current portions	-	582,400	-	-	582,400	
Long term pledges						
receivable/unconditional promises to give	-	85,598,278	3,392,304	-	88,990,582	
Other receivables	-	2,054,817	-	(3,444,657)	(1,389,840)	
Receivable from primary institution	-	529,697	-	25,648,406	26,178,103	
Notes receivable, net	-	8,585,000	-	-	8,585,000	
Net investment in direct financing leases, net of current portion	-	9,359,582	-	-	9,359,582	
Other noncurrent assets	-	3,335,684	1,829,807	-	5,165,491	
Capital assets, net	55,132,530	181,144,197	15,515,351	(13,931,431)	182,728,117	
Total noncurrent assets	59,423,530	1,321,035,408	39,348,998	(2,245,021)	1,358,139,385	
Total assets	71,327,752	1,461,677,907	47,653,761	-	1,509,331,668	
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable and accrued liabilities	2,686,722	6,333,621	250,824	(18,521)	6,565,924	
Payable to primary institution	769,087	6,213,588	61,334	18,521	6,293,443	
Accrued payroll	-	1,350,234	6,300	-	1,356,534	
Current portion of gift annuities and life income agreements	-	2,942,042	-	-	2,942,042	
Deferred revenue	5,397,277	10,980,937	-	-	10,980,937	
Deposits held in custody for others	-	27,293	-	-	27,293	
Other current liabilities	250,709	1,766,107	-	-	1,766,107	
Long-term liabilities--current portion	-	5,374,757	149,690	-	5,524,447	
Total current liabilities	9,103,795	34,988,579	468,148	-	35,456,727	
Noncurrent liabilities						
Deposits	-	20,938,254	-	-	20,938,254	
Payable to primary institution	-	5,390	-	-	5,390	
Investments held on behalf of institutions	-	3,203,925	-	-	3,203,925	
Gift annuities and life income agreements, net of current portion	-	15,884,945	-	-	15,884,945	
Obligations under split-interest agreement membership units	-	8,505,636	-	-	8,505,636	
Other noncurrent liabilities	-	1,332,588	-	-	1,332,588	
Long-term liabilities	-	68,617,322	11,667,370	-	80,284,692	
Total noncurrent liabilities	-	118,488,060	11,667,370	-	130,155,430	
Total liabilities	9,103,795	153,476,639	12,135,518	-	165,612,157	
<b>NET ASSETS</b>						
Without donor restrictions	62,223,957	256,489,657	4,019,580	-	260,509,237	
With donor restrictions	-	1,051,711,611	31,498,663	-	1,083,210,274	
Total net assets	62,223,957	1,308,201,268	35,518,243	-	1,343,719,511	
Total liabilities and net assets	\$ 71,327,752	\$ 1,461,677,907	\$ 47,653,761	\$ -	\$ 1,509,331,668	

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**STATEMENT OF ACTIVITIES, Major Component Units**

**FASB BASIS**

	<b>BSC</b>	<b>MISU</b>	<b>NDSCS</b>	<b>NDSU</b>	<b>NDSU</b>	<b>UND</b>	<b>UND Alumni</b>
	<b>Foundation</b>	<b>Development</b>	<b>Foundation</b>	<b>Foundation</b>	<b>Research &amp;</b>	<b>Aerospace</b>	<b>Association &amp;</b>
	<b>June 30, 2022</b>	<b>Foundation</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>Technology</b>	<b>Foundation</b>	<b>UND</b>
		<b>June 30, 2022</b>	<b>June 30, 2022</b>		<b>Park</b>	<b>June 30, 2022</b>	<b>Foundation</b>
					<b>June 30, 2022</b>		<b>June 30, 2022</b>
<b>Support and revenue</b>							
Gifts, Grants and contributions	\$ 4,219,000	\$ 7,687,158	\$ 3,258,832	\$ 157,739,820	\$ 762,012	\$ 3,359,785	\$ 45,855,025
Investment income	(3,335,933)	(4,992,733)	(3,969,333)	30,724,398	486,956	94,565	(4,721,560)
Grant Revenue	-	712,464	-	-	-	560,336	-
Net realized and unrealized gains (losses) on investment securities	-	-	-	20,930,677	-	-	(25,225,085)
Program and event income	41,865	-	-	-	58,600	24,159,181	9,393,427
Other income	560,946	1,677,681	1,389,990	1,747,594	1,015,587	3,657,730	-
<b>Total support and revenue</b>	<b>1,485,878</b>	<b>5,084,570</b>	<b>679,489</b>	<b>211,142,489</b>	<b>2,323,155</b>	<b>31,831,597</b>	<b>25,301,807</b>
<b>Expenses</b>							
Program services	2,006,598	2,902,059	1,806,190	19,885,008	1,074,687	-	46,191,574
Supporting services	1,004,067	331,393	604,127	5,725,142	691,162	28,089,344	3,058,827
Fundraising expense	69,469	415,877	58,787	4,021,063	-	5,706	3,877,040
<b>Total expenses</b>	<b>3,080,134</b>	<b>3,649,329</b>	<b>2,469,104</b>	<b>29,631,213</b>	<b>1,765,849</b>	<b>28,095,050</b>	<b>53,127,441</b>
<b>Change in Net Assets</b>	<b>(1,594,256)</b>	<b>1,435,241</b>	<b>(1,789,615)</b>	<b>181,511,276</b>	<b>557,306</b>	<b>3,736,547</b>	<b>(27,825,634)</b>
<b>Net Assets, beginning of year, as restated</b>	<b>43,656,535</b>	<b>41,378,845</b>	<b>48,515,400</b>	<b>415,214,770</b>	<b>7,524,774</b>	<b>78,257,430</b>	<b>455,398,692</b>
<b>Net Assets, end of year</b>	<b>\$ 42,062,279</b>	<b>\$ 42,814,086</b>	<b>\$ 46,725,785</b>	<b>\$ 596,726,046</b>	<b>\$ 8,082,080</b>	<b>\$ 81,993,977</b>	<b>\$ 427,573,058</b>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
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**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, 2022</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	\$ -	\$ 222,881,632	\$ 6,825,489	\$ 229,707,121
Investment income	19,439	14,305,799	3,777,778	18,083,577
Grant Revenue	-	1,272,800	-	1,272,800
Net realized and unrealized gains (losses) on investment securities	-	(4,294,408)	(2,288,938)	(6,583,346)
Program and event income	9,644,818	43,297,891	1,794,659	45,092,550
Other income	3,893,198	13,942,726	1,770,111	15,712,837
<b>Total support and revenue</b>	<b>13,557,455</b>	<b>291,406,440</b>	<b>11,879,099</b>	<b>303,285,539</b>
<b>Expenses</b>				
Program services	903,698	74,769,814	2,822,961	77,592,775
Supporting services	11,269,276	50,773,338	3,681,910	54,455,248
Fundraising expense	381,392	8,829,334	-	8,829,334
<b>Total expenses</b>	<b>12,554,366</b>	<b>134,372,486</b>	<b>6,504,871</b>	<b>140,877,357</b>
<b>Change in Net Assets</b>	<b>1,003,089</b>	<b>157,033,954</b>	<b>5,374,228</b>	<b>162,408,182</b>
<b>Net Assets, beginning of year, as restated</b>	<b>61,220,868</b>	<b>1,151,167,314</b>	<b>30,144,015</b>	<b>1,181,311,329</b>
<b>Net Assets, end of year</b>	<b>\$ 62,223,957</b>	<b>\$ 1,308,201,268</b>	<b>\$ 35,518,243</b>	<b>\$ 1,343,719,511</b>

**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, 2022**

**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.

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**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 2 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.

**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.

**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

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**NOTES TO THE FINANCIAL STATEMENTS**

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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, 2021. 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 (seven of ten) 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.

**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 year 2015, the UND AF formed a wholly-owned subsidiary, SunRay Property Holdings, LLC, to support its training programs in Arizona. During fiscal 2022, UND Aerospace Foundation formed a wholly-owned subsidiary, Blue Sky Property, 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 financial statements 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

**June 30, 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

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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.

**Non-major Component Unit**

**Williston State College Foundation (WSCF)** is a legally separate that receives, holds and manages contributions from alumni and private sources. 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, NDSU 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, 2022, the TCU had net position of approximately \$768,000 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, 2022 were:

BSC:	Bismarck Innovations Foundation	DSU	Dickinson State University Heritage
	1200 Edwards Avenue		Foundation
	Bismarck, ND 58506-5587		290 Campus Drive



June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS

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	Mystic Athletic Club 1500 Edwards Ave. PO Box 5587 Bismarck, ND 58505-5587	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  Mayville State University Foundation 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  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  NDSU Research Foundation 1735 NDSU Research Park Drive Suite 124 Fargo, ND 58102  NDSU Team Makers Dept 1200 PO Box 6050 Fargo, ND 58108-6050	UND: EERC Foundation Energy & Environmental Research Center 15 N 23 <sup>rd</sup> St., Ste9018 Grand Forks, ND 58202  The Fellows of the University of North Dakota 264 Centennial Drive PO Box 6050 Grand Forks, ND 58502 Dakota  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 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,

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**NOTES TO THE FINANCIAL STATEMENTS**

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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, 2022**

## **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, invested from bond proceeds or enabling legislation 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, 2022**

**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 and right-to-use leased assets 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

**June 30, 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

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for debt service” on the Statement of Net Position.

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
Right-to-use assets	2 – 30 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

June 30, 2022

## NOTES TO THE FINANCIAL STATEMENTS

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and auxiliary revenues are presented net of scholarships applied to student's accounts.

### 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. The Statement of Net Position reports \$133,276,990 of restricted net position, of which \$1,621,244 is restricted by enabling legislation.

### RESTATEMENT OF BEGINNING NET POSITION

<b>Net Position, beginning of the year, as previously reported</b>	\$ 1,522,674,259
<u>Prior period adjustments:</u>	
Change in accounting method	11,691,034
Correction of error	(22,350)
Other	105,037
<b>Net Position, beginning of the year, as restated</b>	<u>\$ 1,534,447,980</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

During fiscal year 2022, the System adopted GASB Statement No. 87, Leases, GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, and GASB Statement No. 92, Omnibus 2020.

#### Accounting Standards Issued but Not Yet Implemented

The System will implement the following new pronouncements for fiscal years ending after 2022: GASB Statement No. 91, Conduit Debt Obligations, GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, GASB Statement No. 96, Subscription-Based Information Technology Arrangements, GASB Statement No. 99, Omnibus 2022, GASB Statement No. 100, Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62, and GASB Statement No. 101, Compensated Absences. The effect that these GASB Statements will have on future financial statements has not yet been determined.

### 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

**June 30, 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

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:

	<u>June 30, 2022</u>	
	<u>Carrying Amount</u>	<u>Bank Balance</u>
<b>Statement of Net Position</b>		
Cash Deposits at the Bank of North Dakota	\$ 345,810,507	\$ 360,596,770
Cash Deposits at institutions other than the Bank of North Dakota	13,986,667	16,148,725
Certificates of Deposit at the Bank of North Dakota	299,268,948	299,268,948
Certificates of Deposit at institutions other than the Bank of North Dakota	<u>118,223</u>	<u>115,823</u>
Total Bank Deposits	659,184,346	<u>\$ 676,130,266</u>
Cash on Hand/Petty Cash	167,836	
Amounts credit risked as deposits but reported as investments	(299,387,171)	
Total Cash and Cash Equivalents	<u>\$ 359,965,010</u>	
 <b>Statement of Fiduciary Net Position</b>		
Cash Deposits at the Bank of North Dakota	\$ 483,780	
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	<u>-</u>	<u>-</u>
Total Bank Deposits	\$ 483,780	<u>\$ -</u>
Cash on Hand/Petty Cash	52	
Amounts credit risked as deposits but reported as investments	-	
Total Cash and Cash Equivalents	<u>\$ 483,832</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, 2022, \$674.3 million of the System’s bank balance of \$676.1 million was exposed to custodial credit risk as follows:

June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS

Statement of Net Position:

Uninsured and uncollateralized	\$659.9 million
Uninsured and collateral held by pledging bank not in system's name	\$ 14.4 million

Investments

Investments are reported at fair value (market). The balances at June 30, 2022 are:

Investment Type	Market Value	Maturities			
		Less than 1 year	1-5 years	6-10 years	More than 10 years
US Treasuries	\$ 15,659	\$ 15,659	\$ -	\$ -	\$ -
Mutual Bond Funds	916,411	-	916,411	-	-
Money Market Mutual funds	953,100	953,082	-	-	18
Debt Securities Subtotal	1,885,170	\$ 968,741	\$ 916,411	\$ -	\$ 18
Stocks	576,845				
Exchange Transfer Funds (ETF's)	752,006				
Certificates of Deposit - BND	299,268,948				
Certificates of Deposit - non-BND	118,300				
Investment in Real Estate	11,193,980				
Investments held with Foundation	-				
Equity Securities Subtotal	311,910,079				
Total Investments	\$ 313,795,249				

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, 2022, 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	BBB	Not Rated	
Mutual Bond Funds	\$ 916,411	\$ -	\$ -	\$ 916,411	\$ 916,411
Money market mutual funds	953,100	18	159,338	793,744	953,100
Total	\$ 1,869,511	\$ 18	\$ 159,338	\$ 1,710,155	\$ 1,869,511

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



**June 30, 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

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**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.

The balances of assets measured at fair value on a recurring basis at June 30, 2022 are:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$ 576,844	\$ -	\$ -	\$ 576,844
US Treasuries	-	15,659.00	-	15,659
ETF funds	752,006	-	-	752,006
Mutual bond funds	104,570	811,841.00	-	916,411
Mutual funds	-	793,744	-	793,744
Real estate	-	-	11,193,979	11,193,979
Total	<u>\$ 1,433,420</u>	<u>\$ 1,621,244</u>	<u>\$ 11,193,979</u>	<u>\$ 14,248,643</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:

June 30, 2022

**NOTES TO THE FINANCIAL STATEMENTS**

	Current	Non-current	Total
<b>Statement of Net Position</b>			
Student & General	\$ 37,488,038	\$ -	\$ 37,488,038
Interest Receivable	599,219	-	599,219
Allowance for doubtful Accts	(7,524,397)	-	(7,524,397)
Accounts Receivable, net	<u>\$30,562,860</u>	<u>-</u>	<u>\$ 30,562,860</u>
Grants & Contracts Receivable	\$ 37,917,989	\$ -	\$ 37,917,989
Due from Other State Agencies	32,400,868	-	32,400,868
Grants & Contracts Receivable, net	<u>\$70,318,856</u>	<u>\$ -</u>	<u>\$ 70,318,857</u>
Student	3,076,299	13,137,339	16,213,638
Allowance for Doubtful Notes	(321,114)	(1,604,771)	(1,925,885)
Notes Receivable, net	<u>\$ 2,755,185</u>	<u>\$ 11,532,568</u>	<u>\$ 14,287,753</u>
<b>Statement of Fiduciary Net Position</b>			
Student & General	\$ 952,649	\$ -	\$ 952,649
Allowance for doubtful Accts	(345)	-	(345)
Accounts Receivable, net	<u>\$952,304</u>	<u>\$ -</u>	<u>\$ 952,304</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 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’s endowment principal is held at a steady amount. All gains are recorded in restricted scholarship funds. The spending of endowment earnings is based on an annual evaluation. Net appreciation on investments is available for expenditure and consists of the following at June 30, 2022:

		<u>Reflected in net position as:</u>
North Dakota State University	\$ 439,776	Expendable scholarships and fellowships
University of North Dakota	626,947	Non-expendable scholarships and fellowships
Total NDUS	<u>\$ 1,066,723</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, 2022 are \$223.7 million and \$8.2 million, respectively.

**June 30, 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 – Leases Receivable**

UND leases space in buildings to the Center for Innovation Foundation, University of North Dakota Foundation and an external party. The lease receivables and deferred inflows of resources are recorded based on the present value of expected receipts over the term of the leases, discounted using the interest rate in the lease. UND recognized revenues relates to these lease agreements of \$465,000 in fiscal year 2022. The lease receivables and deferred inflow of resources are recorded based on the present value of expected receipts over the term of the respective leases.

**NOTE 6 – CAPITAL AND INTANGIBLE ASSETS –**

Capital asset activity for the year ended June 30, 2022 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	\$ 19,833,549	\$ 304,436	\$ -	\$ 840,000	\$ 20,977,985
Construction in progress	195,799,242	181,876,735	-	(126,077,898)	251,598,079
Total non-depreciable capital assets	<u>215,632,791</u>	<u>182,181,171</u>	<u>-</u>	<u>(125,237,898)</u>	<u>272,576,064</u>
Land improvements/infrastructure	275,723,801	8,259,113	46,563	1,279,279	285,215,630
Buildings	1,800,905,545	25,027,704	14,097,590	123,238,366	1,935,074,025
Furniture, fixtures, and equipment	389,236,454	32,438,992	33,334,235	720,253	389,061,463
Intangibles:					
Computer software	26,060,959	492,154	1,220,688	-	25,332,425
Websites	811,770	51,700	-	-	863,470
Right-to-use assets	42,036,215	2,606,725	328,133	-	44,314,807
Other	1,306,429	-	-	-	1,306,429
Library materials	81,970,428	1,136,410	1,559,316	-	81,547,521
Total depreciable capital assets	<u>2,618,051,601</u>	<u>70,012,798</u>	<u>50,586,525</u>	<u>125,237,898</u>	<u>2,762,715,771</u>
Less accumulated depreciation and amortization					
Land improvements/infrastructure	126,494,188	7,731,498	7,450	-	134,218,236
Buildings	683,283,849	42,514,914	7,495,408	-	718,303,355
Furniture, fixtures, and equipment	267,016,443	24,603,384	24,391,452	-	267,228,376
Intangibles:					
Computer software	24,920,580	202,619	1,161,572	-	23,961,627
Websites	566,667	280,623	-	-	847,290
Right-to-use assets	236,209	6,071,444	217,872	-	6,089,781
Other	776,140	57,502	-	-	833,642
Library materials	73,555,553	2,157,177	1,480,939	-	74,231,791
Total accumulated depreciation and amortization	<u>1,176,849,629</u>	<u>83,619,161</u>	<u>34,754,693</u>	<u>-</u>	<u>1,225,714,097</u>
Total depreciable capital assets, net	<u>1,441,201,972</u>	<u>(13,606,364)</u>	<u>15,831,832</u>	<u>125,237,898</u>	<u>1,537,001,674</u>
Capital assets, net	<u>\$ 1,656,834,763</u>	<u>\$ 168,574,807</u>	<u>\$ 15,831,832</u>	<u>\$ -</u>	<u>\$ 1,809,577,738</u>

June 30, 2022

**NOTES TO THE FINANCIAL STATEMENTS**

Construction in progress for the year ended June 30, 2022 was as follows:

	<u>Total Amount Authorized</u>	<u>Expended (CIP Asset)</u>	<u>Capitalized Equipment</u>	<u>Expended (Non capitalized)</u>	<u>Remaining Authorized Balance</u>
Bismarck State College	\$ -	\$ -	\$ -	\$ -	\$ -
Dakota College of Bottineau	10,050,000	2,799,308	-	94,227	7,156,465
Dickinson State University	12,278,053	6,172,111	-	-	6,105,942
Lake Region State College	-	-	-	-	-
Mayville State University	2,653,730	1,321,669	-	-	1,332,061.00
Minot State University	26,506,860	632,027	-	137,430	25,737,403
North Dakota State College of Science	670,464	647,394	-	3,390	19,680
North Dakota State University	197,692,085	71,792,419	-	-	125,899,666
University of North Dakota	263,105,154	168,151,126	116,844	6,799,085	88,038,099
Valley City State University	23,379,700	80,771	-	-	23,298,929
Williston State College	-	1,254	-	-	(1,254)
<b>Total NDUS</b>	<u>\$ 536,336,046</u>	<u>\$ 251,598,079</u>	<u>\$ 116,844</u>	<u>\$ 7,034,132</u>	<u>\$ 277,586,991</u>

Additional information on leased right-of-use assets is provided in Note 12.

**NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consisted of the following at June 30, 2022:

	<b><u>Totals</u></b>
Accounts Payable	\$ 34,450,767
Due to other state agencies	6,629,565
Sales Tax Payable	44,679
Accrued Interest	3,654,655
Contractor Payable/Retainage	8,885,892
Other liabilities	383,474
<b>Total Payables &amp; Accrued Liabilities</b>	<u>\$ 54,049,031</u>

**Statement of Fiduciary Net Position**

	<b><u>Totals</u></b>
Accounts Payable	\$ 49,121

**NOTE 8 – LONG-TERM LIABILITIES**

The changes in long-term liabilities during fiscal year 2022 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Current Portion</u>	<u>Non-current Portion</u>
Bonds payable	\$ 329,954,152	\$16,775,184	\$46,657,625	\$300,071,711	\$11,702,426	\$288,369,285
Bonds payable to component units	14,929,999	-	1,830,000	13,099,999	1,385,000	11,714,999
Certificates of participation	104,122,927	159,651,572	1,557,324	262,217,172	1,490,000	260,727,172
Notes payable	19,970,641	16,405,953	11,136,443	25,240,151	4,142,784	21,097,367
Notes payable to component units	3,330,537	1,009,755	332,757	4,007,535	352,750	3,654,785
Leases payable	32,202,278	1,645,418	4,884,876	28,962,820	3,987,780	24,975,040

June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS

Leases payable with component units	10,776,031	560,829	930,417	10,406,443	1,012,781	9,393,662
Special assessments	20,080,878	-	1,350,334	18,730,544	696,177	18,034,367
Compensated absences	35,168,822	389,858	462,333	35,096,347	2,938,869	32,157,478
Total	\$ 570,536,262	\$196,438,569	\$69,142,109	\$697,832,722	\$27,708,567	\$670,124,155

**NOTE 9 – 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, 2022, is presented below and the detail is presented in the Supplementary Information section following these notes.

	Original Balances	Interest Rates	Balances Outstanding
Bismarck State College	\$ 10,184,334	2.0 - 4.0%	\$ 6,239,503
Dakota College at Bottineau	2,610,538	2.0 - 5.0%	2,605,316
Mayville State University	4,685,057	1.25 - 6.63%	2,253,506
Minot State University	7,668,816	0.40 – 3.0%	7,656,510
North Dakota State College of Science	6,506,892	3.00%	6,495,829
North Dakota State University	151,397,818	1.5 - 5.0%	112,746,370
University of North Dakota	187,825,190	0.75 - 5.0%	165,218,601
Valley City State University	5,858,248	3.35-4.0%	4,826,075
Williston State College	5,347,000	3.10%	5,130,000
Total Bonds Payable	\$ 382,083,893		\$313,171,710

At June 30, 2022, NDSU had pledged \$10.6 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.

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

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

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

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

**June 30, 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

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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.

**Minot State University**

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

**North Dakota State College of Science**

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

**University of North Dakota**

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

**Industrial Commission Bonds**

For the 2021-2023 biennium, the System Office received an appropriation of \$13.4 million to act as the fiscal agent for the institutions on bond payments to the North Dakota Industrial Commission. During fiscal year 2022, the System Office paid \$7.3 million in general funds to the North Dakota Industrial Commission.

June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS

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Scheduled Maturities of Bonds Payable

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 13,087,426	\$ 11,068,111	\$ 24,155,537
2024	13,373,631	10,453,998	23,827,629
2025	12,577,554	9,949,571	22,527,125
2026	13,161,749	9,465,390	22,627,139
2027	14,514,526	9,000,127	23,514,653
2028 - 2032	70,215,603	37,390,712	107,606,315
2033 - 2037	66,812,972	25,126,182	91,939,154
2038 - 2042	50,999,649	14,877,967	65,877,616
2043 - 2047	40,599,024	7,189,021	47,788,045
2048 - 2052	17,829,576	1,235,400	19,064,976
	<u>\$ 313,171,710</u>	<u>\$ 135,756,478</u>	<u>\$ 448,928,188</u>

**NOTE 10 – 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 July 26, 2021, UND issued tax-exempt Certificates of Participation, Series 2021A, in the amount of \$133,010,000 to fund the costs of a major renovation to student housing facilities; demolition of nine student housing facilities based upon student demand; and the construction of a new 400 and 477-bed student housing facility.

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

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

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

June 30, 2022

**NOTES TO THE FINANCIAL STATEMENTS**

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

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

During fiscal year 2022, UND issued certificates of participation to advance refund certain bonds, as discussed in Note 9.

**Scheduled Maturities of Certificates of Participation**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,490,000	\$ 9,214,615	\$ 10,704,615
2024	9,555,146	9,202,496	18,757,642
2025	1,677,742	8,786,733	10,464,475
2026	1,793,451	8,760,703	10,554,154
2027	2,628,791	10,598,978	13,227,769
2028 - 2032	11,410,946	42,802,600	54,213,546
2033 - 2037	14,632,856	40,844,573	55,477,429
2038 - 2042	22,113,311	37,381,065	59,494,376
2043 - 2047	28,916,394	32,240,025	61,156,419
2048 - 2052	47,783,029	24,742,950	72,525,979
2053 - 2057	76,333,362	14,223,450	90,556,812
2058 - 2062	43,882,144	3,118,200	47,000,344
	<u>\$ 262,217,172</u>	<u>\$ 241,916,389</u>	<u>\$ 504,133,561</u>

**NOTE 11 – NOTES PAYABLE**

LRSC has a note to 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. UND has a note payable with Bremer Bank for a building purchased from the University of North Dakota Research Foundation in fiscal year 2013. WSC has a note payable of \$1.8 million to the Bank of North Dakota for construction of the Petroleum Safety and Technology Center.

<u>Institution</u>	<u>Original Balance</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Outstanding Balance June 30, 2022</u>
Lake Region State College	\$4,881,045	June 2027	3.27% - 5.15%	\$1,940,388
Mayville State University	4,338,457	December 2024	2.73%	1,782,196
North Dakota State University	6,200,185	May 2025 through October 2030	1.0% - 3.98%	3,525,117
University of North Dakota	23,454,300	July 2023 through April 2037	1.029% - 4.75%	20,183,658
Williston State College	3,000,000	January 2022 and May 2035	1.75% - 3.0%	1,816,327
Total Notes Payable	\$41,873,987			\$29,247,686



**June 30, 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

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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 NDSU note to the NDSU Foundation for the Renaissance Hall Project contains a nonappropriation clause. In the event of nonappropriation, NDSU may, upon prior written notice to the Foundation, terminate the lease at the end of the then current biennium. The Foundation may take any available remedy by law to enforce payment of the outstanding bonds.

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

The UND note for the steam line contains a provision that in the event of default, outstanding amounts become payable immediately and the lessor may retake possession of the equipment or require lessee, at lessee's expense, to return all equipment to lessor.

**Scheduled Maturities of Notes Payable**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 4,495,534	\$ 718,060	\$ 5,213,594
2024	5,511,946	601,311	6,113,257
2025	3,643,306	449,178	4,092,484
2026	3,052,004	371,282	3,423,286
2027	3,750,491	349,833	4,100,324
2028 - 2032	5,891,256	752,948	6,644,204
2033 - 2037	2,903,149	211,352	3,114,501
	<u>\$ 29,247,683</u>	<u>\$ 3,453,964</u>	<u>\$ 32,701,650</u>

**NOTE 12 –Leases Payable**

The institutions lease land, office space and equipment from external parties. Institutions record right-to-use assets and lease liabilities based on the present value of expected payments over the term of the leases. The expected payments are discounted using the interest rate charged in the lease, if available, or the System's incremental borrowing rate. The right-to-use assets are amortized over the shorter of the lease term or the underlying asset useful life.

For leases featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate. Institutions do not have any leases with variable payments or any leases subject to residual value guarantees. There were no commitments under leases before the start of the lease term. Additionally, there were no sales-leaseback or lease-leaseback transactions in fiscal year 2022. NDSU has ten subleases with five external parties by which NDSU subleases space in a NDSU Research & Technology Park building. NDSU recognized revenue of \$127,600 for the rent received on these subleases.

Leased assets by major class of underlying assets at June 30, 2022, are as follows:

June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS

<u>Asset Class</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Land	\$ 314,724	\$ 101,715
Buildings	39,832,584	4,960,529
Infrastructure	2,998,676	609,900
Equipment	1,168,825	417,637
	<u>\$ 44,314,809</u>	<u>\$ 6,089,781</u>

Scheduled Maturities of Lease Obligations

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 5,000,561	\$ 1,415,104	\$ 6,415,665
2024	4,144,999	1,161,243	5,306,242
2025	3,707,597	1,043,547	4,751,145
2026	3,006,926	887,205	3,894,131
2026	2,322,941	783,033	3,105,974
2027 - 2032	11,419,869	2,719,436	14,139,305
2033 - 2037	6,056,261	1,439,289	7,495,550
2038 - 2042	744,605	737,395	1,482,000
2043 - 2047	1,186,665	530,142	1,716,807
2048 - 2052	1,778,839	210,138	1,988,977
	<u>\$39,369,263</u>	<u>\$10,926,533</u>	<u>\$50,295,796</u>

NOTE 13 – 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>
2023	\$ 696,177	\$ 636,880	\$ 1,333,057
2024	703,174	614,725	1,317,899
2025	720,294	590,233	1,310,527
2026	668,534	565,186	1,233,720
2027	686,784	541,939	1,228,723
2028 - 2032	3,566,192	2,348,831	5,915,023
2033 - 2037	4,049,451	1,706,325	5,755,776
2038 - 2042	4,612,809	985,398	5,598,207
2043 - 2047	3,027,129	205,834	3,232,963
	<u>\$ 18,730,544</u>	<u>\$ 8,195,351</u>	<u>\$ 26,925,895</u>

Compensated Absences

The compensated absences liability of the institutions at June 30, 2022 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. The liability at June 30, 2022 totaled \$35.1 million. Leave policies restrict the

**June 30, 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

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accumulation of unused vacation and thus limit the actual payments made to employees upon termination or retirement.

**NOTE 14 – Deferred Outflows and Deferred Inflows**

Deferred outflows and deferred inflows consist of the following:

<b>Deferred Outflows</b>	
Pension	\$ 109,075,438
Other post employment retirement benefits	2,093,190
Deferred outflows from debt refunding	2,985,419
	<u>\$ 114,154,047</u>
<b>Deferred Inflows</b>	
Pension	\$ 182,983,199
Other post employment retirement benefits	2,201,717
Lease receivable	378,607
Grant amounts received prior to meeting time requirements	70,933
Deferred inflows from debt refunding	57,335
	<u>\$ 185,691,791</u>

**NOTE 15 – 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 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% 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% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

**June 30, 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

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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% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the 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% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for disabled is set by the 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.

**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% and employer contribution rates are 7.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 8.26% 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, 2022, the System reported a liability of \$90.6 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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

**June 30, 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

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covered payroll of all participating Main System employers. At June 30, 2021, the System's proportionate share was 8.70 percent and decreased 0.26 percent from measurement at June 30, 2020.

For the year ended June 30, 2022, the System recognized pension expense of \$10.2 million. At June 30, 2022, 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	\$ 1,564,969	\$ 9,251,604
Changes of assumptions	100,326,851	130,805,245
Net difference between projected and actual earnings on pension plan investments	-	\$33,618,948
Changes in proportion and differences between employer contributions and proportionate share of contributions	763,093	9,307,400
Employer contributions subsequent to the measurement date	6,420,524	-
Total	<u>\$ 109,075,437</u>	<u>\$ 182,983,197</u>

Deferred outflows of resources of \$6.4 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, 2023.

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:

<b>Year ended June 30:</b>	
2023	\$ (13,492,440)
2024	(18,613,893)
2025	(14,826,425)
2026	(33,395,526)
2027	-
Thereafter	-

**Actuarial assumptions.** The total pension liability in the July 1, 2021 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, including inflations
Investment rate of return	7.0 percent, net of investment expenses
Cost-of-living adjustments	None

June 30, 2022

**NOTES TO THE FINANCIAL STATEMENTS**

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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%	6.00%
International Equity	21%	6.70%
Private Equity	7%	9.50%
Domestic Fixed Income	23%	0.73%
International Fixed Income	0%	0.00%
Global Real Assets	19%	4.77%
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 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%; the municipal bond rate is 1.92%; and the resulting Single Discount Rate is 7.00%.

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

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**NOTES TO THE FINANCIAL STATEMENTS**

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>6.00%</b>	<b>7.00%</b>	<b>8.00%</b>
Employer's proportionate share of the net pension liability	\$ 144,156,647	\$90,645,397	\$ 46,088,872

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

**NDUS 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 retirement resolution with Teachers Insurance and Annuity Association of America (TIAA) as recordkeeper of the plan. 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 North Dakota University System Office, 600 E. Blvd, Bismarck, North Dakota 58505.

**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.

<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 \$45.2 million to TIAA during the fiscal years ending June 30, 2022.

**June 30, 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 16 – 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% of covered compensation. The employer contribution for employees of the state board of career and technical education is 2.99% 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% 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 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, 2022, the System reported a liability of \$4.6 million for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net



**June 30, 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

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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 8.29 percent, which was a decrease of 0.21 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the System recognized OPEB expense of \$507,627. At June 30, 2022, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 264,652	\$ 126,315
Changes of assumptions	713,652	-
Net difference between projected and actual earnings on OPEB plan investments	-	1,578,929
Changes in proportion and differences between employer contributions and proportionate share of contributions	78,708	496,473
Employer contributions subsequent to the measurement date	1,036,176	-
Total	<u>\$ 2,093,188</u>	<u>\$ 2,201,717</u>

Deferred outflows of resources of \$1.0 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, 2023.

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

**Year ended June 30:**

2023	\$ (217,471)
2024	(228,838)
2025	(302,020)
2026	(401,326)
2027	4,951
Thereafter	-

**Actuarial assumptions.** The total OPEB liability in the July 1, 2021 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% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates

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**NOTES TO THE FINANCIAL STATEMENTS**

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

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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	5.85%
Small Cap Domestic Equities	6%	6.75%
Domestic Fixed Income	40%	0.50%
International Equities	21%	6.25%

**Discount rate.** The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	1% Decrease 5.5%	Current Discount Rate 6.5%	1% Increase 7.5%
Employer's proportionate share of the net OPEB liability	\$ 6,834,758	\$ 4,608,336	\$ 2,724,454

**NOTE 17 – 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 16 employees for a cost of \$1.2 million in fiscal year 2022. The terms for these agreements range from one month to twelve months. The System recorded a liability at June 30, 2022 of \$149,525 for future payments.

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**NOTES TO THE FINANCIAL STATEMENTS**

During the same time-period, the System entered into involuntary separation agreements with two employees for a cost of \$80,865. The terms for these agreements range from one to two months. The future liability for these arrangements at June 30, 2022 was \$20,164.

In fiscal year 2022, the System incurred \$790,058 in expenses related to voluntary termination agreements entered into in prior fiscal years for 26 employees. The terms for these agreements range from one month to sixty months. At June 30, 2022, the liability for future payments was \$16,422.

In fiscal year 2022, there were no expenses or related liability associated with involuntary termination agreements entered into in prior fiscal years.

**NOTE 18 – CONSTRUCTION COMMITMENTS AND FINANCING**

The institutions have contracted for various construction projects as of June 30, 2022. Estimated costs to complete the various projects and the sources of anticipated funding are as follows:

Institution	Contracts Awarded	Expended Through June 30, 2022	Total Cost To Complete	Funding for Remaining Costs			
				Federal Sources	State Sources	Institutional Funds	Other Sources
BSC	\$ 38,000,000	\$ 271,400	\$ 37,728,600	\$ 37,728,600	\$ -	\$ -	\$ -
DCB	3,769,352	2,708,402	1,060,950	763,568	297,382	-	-
DSU	7,020,804	174,417	6,846,387	-	1,268,862	-	5,577,525
LRSC	-	-	-	-	-	-	-
MaSU	1,903,062	632,236	1,270,826	35,513	1,088,847	40,366	106,100
MiSU	4,332,533	730,169	3,602,364	2,149,399	1,176,373	276,593	-
NDSCS	661,488	641,808	19,680	-	-	19,680	-
NDSU	170,869,494	69,358,185	101,511,309	-	12,803,037	1,663,499	87,044,773
UND	285,508,485	229,066,822	56,441,663	7,298,999	4,361,622	4,414,012	40,367,030
VCSU	27,763,122	26,059,005	1,704,117	-	816,132	887,985	-
WSC	-	-	-	-	-	-	-
Total	\$ 539,828,340	\$ 329,642,444	\$ 210,185,896	\$ 47,976,079	\$ 21,812,255	\$ 7,302,135	\$ 133,095,428

**NOTE 19 – COMPONENT UNITS**

**Major Component Units Investments**

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

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NOTES TO THE FINANCIAL STATEMENTS

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	\$ 334,810	\$ 119,524	\$ 215,286	\$ -	\$ -
US Agencies	1,994,165	403,103	399,378	-	1,191,684
Corporate Bonds	32,755,677	6,878,090	22,144,945	2,691,287	1,041,355
Mutual Bond Funds	229,534,654	44,665,497	20,330,352	37,633,795	126,905,010
Money Market Mutual Funds	104,284,107	104,284,107	-	-	-
Other	352,625	264,873	50,425	-	37,327
Subtotal	369,256,038	\$ 156,615,194	\$ 43,140,386	\$ 40,325,082	\$ 129,175,376
Equity Mutual Funds	364,188,740				
Investment in Real Estate	74,395,267				
Commodity Hedge and Limited Partnerships	119,680,089				
Stocks	37,206,099				
Other	100,439,021				
Total Investments	\$ 1,065,165,254				

**Interest Rate Risk**

Bismarck State College Foundation employs multiple investment strategies including capital appreciation, local fixed income, and balanced portfolios. Investment managers rebalance at least semi-annually and review the target asset mix on an ongoing basis.

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 throughout the year at one financial institution. REA Arena, Inc., has obtained a \$8.0 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, 2022 was as follows:

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**NOTES TO THE FINANCIAL STATEMENTS**

	Beginning				Ending
	Balance-Restated	Additions	Retirements	Transfers	Balance
Land	\$ 13,832,948	\$ 200,573	\$ -	\$ -	\$ 14,033,521
Construction in progress	3,363,009	17,584,148	-	(421,314)	20,525,843
Total non-depreciable capital assets	17,195,957	17,784,721	-	(421,314)	34,559,364
Land improvements/infrastructure	1,877,689	10,744	-	-	1,888,433
Buildings	208,306,622	1,596,239	285,515	421,314	210,038,660
Furniture, fixtures, and equipment	56,661,907	2,336,587	5,948,447	-	53,050,047
Total depreciable capital assets	266,846,218	3,943,570	6,233,962	421,314	264,977,140
Less accumulated depreciation					
Land improvements/infrastructure	832,643	37,635	-	-	870,278
Buildings	85,223,213	5,929,748	54,663	-	91,098,298
Furniture, fixtures, and equipment	26,020,420	3,876,657	3,473,344	-	26,423,733
Total accumulated depreciation	112,076,276	9,844,040	3,528,007	-	118,392,309
Total depreciable capital assets, net	154,769,942	(5,900,470)	2,705,955	421,314	146,584,831
Capital assets, net	\$ 171,965,899	\$ 11,884,251	\$ 2,705,955	\$ -	\$ 181,144,195

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

	Beginning			Ending	Current	Noncurrent
	Balance	Additions	Retirements	Balance	Portion	Portion
Bonds payable	\$ 32,722,541	\$ 11,500,001	\$ 4,696,270	\$ 39,526,272	\$3,064,693	\$ 36,461,579
Notes payable	24,933,204	3,000,000	3,786,835	24,146,369	2,195,345	21,951,024
Special assessments	561,636	94,655	36,087	620,204	40,360	579,844
Lease obligations	1,185,106	-	70,872	1,114,234	74,359	1,039,875
Other	8,585,000	-	-	8,585,000	-	8,585,000
Total	\$ 67,987,487	\$ 14,594,656	\$ 8,590,064	\$ 73,992,079	\$5,374,757	\$ 68,617,322

**MAJOR COMPONENT UNITS BONDS PAYABLE**

Bonds payable for the major component units at June 30, 2022 was as follows:

Component Unit	Maturity		
	Date (Fiscal Year)	Interest Rate	Balance Outstanding
BSC Foundation	2032-2039	2.76% - 7.33%	\$ 4,591,271
NDSU Foundation	2023-2036	2.00% - 4.00%	10,285,000
NDSU Research & Technology Park, Inc.	2032	2.32% - 3.54%	10,610,000
UND Alumni Foundation	2027-2032	0.75% - 4.20%	14,040,001
Total Component Unit Bonds Payable			\$ 39,526,272

June 30, 2022

**NOTES TO THE FINANCIAL STATEMENTS**

**Scheduled Maturities of Major Component Bonds Payable**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 675,000	\$ 369,335	\$ 1,044,335
2023	3,084,693	1,138,041	4,222,734
2024	3,440,244	1,112,920	4,553,164
2025	3,549,646	1,008,516	4,558,162
2026	3,664,002	898,665	4,562,667
2027	6,844,286	1,476,628	8,320,914
2028 - 2032	16,034,088	1,788,541	17,822,629
2033 - 2037	1,613,290	184,588	1,797,878
2038 - 2042	621,023	22,227	643,250
	<u>\$ 39,526,272</u>	<u>\$ 7,999,461</u>	<u>\$ 47,525,733</u>

**MAJOR COMPONENT UNITS NOTES PAYABLE**

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

<b>Component Unit</b>	<b>Interest Rate</b>	<b>Maturity Date (Fiscal Year)</b>	<b>Balance Outstanding</b>
MiSU Development Foundation	2.15% - 2.6%	2025 - 2029	\$5,817,937
NDSU Foundation	2.25%	2027	1,409,759
NDSU Foundation	1.50% - 3.25%	2024 - 2029	10,417,605
UND Alumni Association & UND Foundation	4.35%	2036	370,155
UND Aerospace Foundation	1.00% - 3.90%	2026-2031	6,130,913
<b>Total Component Unit Notes Payable</b>			<u>\$ 24,146,369</u>

**Scheduled Maturities of Major Component Units Notes Payable**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 44,366	\$ 210,588	\$ 254,954
2023	6,524,218	508,155	7,032,373
2024	1,773,711	426,076	2,199,787
2025	2,048,753	384,160	2,432,913
2026	6,012,335	292,198	6,304,533
2027	3,337,685	215,282	3,552,967
2028 - 2032	4,275,737	555,629	4,831,366
2033 - 2037	129,564	11,834	141,398
	<u>\$ 24,146,369</u>	<u>\$ 2,603,922</u>	<u>\$ 26,750,291</u>

**Scheduled Maturities of Major Component Units Lease Obligations**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 74,359	\$ 53,259	\$ 127,618
2024	78,017	49,601	127,618
2025	81,854	45,764	127,618
2026	85,881	41,737	127,618

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**NOTES TO THE FINANCIAL STATEMENTS**

2027		90,105	37,513	127,618
2028	- 2032	521,533	116,555	638,088
2033	- 2037	182,485	8,941	191,426
		<u>\$ 1,114,234</u>	<u>\$ 353,370</u>	<u>\$ 1,467,604</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		Institutions Payable to	
Component Units - Current	\$ 17,880,958	Component Units - Current	\$ 1,286,390
Institutions Receivable		Institutions Long Term	
Component Units - Non-Current	-	Liability to Component	
Total Due from Component Units	<u>17,880,958</u>	Unit - Current Portion	2,750,529
Reconciling Differences:		Institutions Long Term	
Transactions with Component		Liability to Component Unit	
Units having fiscal year ends		- Non-Current Portion	24,763,447
other than June 30, 2022	(5,772,854)	Total Due to Component Units	<u>28,800,366</u>
Transactions in transit		Reconciling Differences:	
at June 30, 2022	(2,593,629)	Transactions with Component	
Receivables from insignificant		Units having fiscal year ends	
component units	(3,244,695)	other than June 30, 2022	520,208
Other	29,056	Transaction with insignificant component	
Total Component Unit Payable		units that are not discretely	
to Institutions	<u>\$ 6,298,835</u>	presented	83,646
		Transactions in transit	
		at June 30, 2022	1,634,188
		Other	(21,404)
		Total Receivable from	
		Institutions	<u>\$ 31,017,004</u>
		Component Unit Current	
		Receivable from	
		Institutions - Current	\$ 4,838,901
		Component Unit Non-Current	
		Receivable from	
		Institutions	26,178,103
		Total Component Unit Receivable	
		from Institutions	<u>\$ 31,017,004</u>

June 30, 2022

**NOTES TO THE FINANCIAL STATEMENTS**

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**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	(3,280,043)	(3,754,335)
	<u>\$6,268,946</u>	<u>\$ 7,091,781</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.

**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, 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

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

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

**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.

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 May 1, 2022 and May, 2032. On May 1, 2022, NDSU and NDSU RTP entered into an annual service agreement for Research Building I to continue the services provided as the bonds related to Research Building I have been paid in full and NDSU exercised its option to terminate the Research Building I Lease and purchase Research Building I. During fiscal year 2022, total annual rent of \$327,000 was paid by NDSU for these two buildings, in addition to the \$1.39 million of principal and interest paid by NDSU directly to the bond trustee. The annual rent will be re-adjusted by mutual agreement every two years. These agreements are subject to funding and legislative appropriations.

**NDSU Foundation (The Foundation)**

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

**Barry Hall Business Building and Klai Hall Architecture Building**

Effective November 28, 2007, NDSU and the Foundation entered into lease agreements for two buildings in downtown Fargo, formerly known as the "Pioneer Mutual Building" and "Lincoln Mutual building". The Foundation financed the construction of the Barry Hall business building and Klai Hall architecture building projects through the sale of \$18.52 million of 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

**June 30, 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

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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 2022, NDSU paid \$774,647 to the bond trustee on-behalf of the Foundation under the new leases for debt service on Barry Hall & Klai Hall. NDSU has an option to acquire the property upon full payment of the bonds. As of June 30, 2022, the outstanding balance on the bonds, reflected as "Due to Component Units" by NDSU, is \$7.3 million.

**Other Transactions**

The Foundation provides meeting space rental and database support service to NDSU for an annually negotiated fee. NDSU paid the foundation \$837,176 for the fiscal year ending December 31, 2021.

In addition to the debt service payments on the Fargodome, Renaissance, Barry and Klai Halls, NDSU reimburses the Foundation for other operating expenses related to those buildings, such as property insurance, flood insurance, boiler inspection fees, real estate taxes and bond administrative fees. Those costs totaled \$129,008 during the fiscal year ending December 31, 2021.

Based on an agreement that began January 1, 2015, and automatically renewed annually since then, NDSU pays \$87,592 of annual building rent to the Foundation for use the Criminal Justice and Public Policy building next to the NDSU main campus. This rent was paid again by NDSU during the fiscal year ending June 30, 2022.

The Foundation's fiscal year end is December 31, NDSU'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 \$8.7 million in fiscal year 2022. This operating agreement has no specific term and is intended to memorialize various operating agreements, rate structures, duties, and obligations each party has to the other. Expenses reimbursed to UND represent actual costs incurred and are included in supporting services in the consolidated statements of activities.

UND AF recorded revenue for service and hangar, CRJ, 360-degree tower, and aircraft rental to UND of \$5.1 million in fiscal year 2022, which is included in training and support services in the consolidated statements of activities.

As of June 30, 2022, the UND AF recorded accounts payable to UND of \$2.0 million for reimbursable costs and services. As of June 30, 2022, the UND AF had recorded accounts receivable from UND of approximately \$798,000, which are included in accounts receivable in the consolidated statements of financial position.

**June 30, 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

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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 \$1.4 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 2022, gross tickets sales were \$5.2 million of which REA recognized revenue of \$2.7 million.

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

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

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

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

**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.

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

During the year ended June 30, 2022, the Organization paid \$27,393,534 to the University of North Dakota for building projects.

**June 30, 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

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The Organization is leasing 45,000 square feet of land for the Gorecki Alumni Center from the University of North Dakota. Starting in 2016 the rate is \$0.10 per square foot per year. The cost in 2022 was \$4,500.

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

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

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

**NON-MAJOR COMPONENT UNITS**

**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, 2022 was \$377,411.

**NOTE 20 – PLEDGED REVENUES**

Pledged revenue required for	
future principal and interest	
on existing bonds	\$ 380,190,521
Term of commitment ranging from	2023-2050
Percentage of revenue pledged	5%

Current year pledged revenue, by source:	Pledged Revenue	Recognized Revenue	Percentage of Pledged Revenue to Recognized Revenue
Net revenues from auxiliaries	\$ 13,074,337	\$ 101,257,529	13%
Tuition and student fees	7,055,713	375,134,736	2%
Other	516,842	10,189,743	5%
Total	\$ 20,646,892	\$ 486,582,008	4%

Current year principal and interest paid	\$ 20,646,892
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**June 30, 2022**

**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 21 – 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, 2022, using the functional classification are as follows:

Instruction	\$ 353,532,720
Academic Support	89,869,545
Student Services	103,023,181
Institutional Support	133,170,154
Physical Plant	101,160,198
Scholarships and Fellowships	79,238,862
Auxiliary Enterprises	90,189,405
Public Service	84,056,947
Research	199,567,815
Depreciation	83,619,161
Total	<u>\$ 1,317,427,989</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, 2022**

**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**

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

**North Dakota University System**  
**Required Supplementary Information (RSI)**  
**June 30, 2022**

**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>2022</b>	8.70%	\$ 90,645,397	\$ 98,480,254	92.04%	78.26%
<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\***  
*this is fiscal year date*

	<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>2022</b>	\$ 6,420,524	\$ 6,420,524	\$ -	\$ 105,496,634	6.09%
<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, 2022**

**Change of benefit Terms**

The interest rate earned on member contributions decreased from 7.00 percent to 6.50 percent effective January 1, 2021 (based on the adopted decrease in the investment return assumption). 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 fixed employer contribution for new members of the Main System increased from 7.12 percent to 8.26 percent. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

**Changes of assumptions**

All actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020.

**North Dakota University System**  
**Required Supplementary Information (RSI)**  
**June 30, 2022**

**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>2022</b>	8.29%	\$ 4,608,336	\$ 90,336,572	5.10%	76.63%
<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>2022</b>	\$ 1,036,573	\$ 1,036,573	\$ -	\$ 105,496,634	0.98%
<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.*

**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, 2020.

**Changes of assumptions**

All other actuarial assumptions and the actuarial cost method are unchanged from the last actuarial valuation as of July 1, 2020.



**COMBINING STATEMENT OF 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	\$25,724,778	\$12,808,771	\$ 2,888,843	\$11,982,292	\$ 5,486,258	\$ 7,463,490	\$ 24,305,734
Investments	-	3,480,000	-	1,500,000	2,850,000	400,077	3,377,400
Accounts receivable, net	10	639,035	245,730	403,904	462,021	481,691	858,620
Due from component units - investments held on behalf of the institutions	-	-	-	-	-	-	-
Due from component units	-	79,967	-	747,997	4,805	-	137,065
Due from other NDUS institutions	534,328	39,222	6,579	12,302	54,731	34,958	146,528
Due from State general fund	58,811	-	111,781	(214,085)	9,438	20,501	69,426
Grants and contracts receivables, net	55,927	1,127,417	1,021,888	160,687	490,321	631,515	2,133,615
Inventories	-	664,943	132,670	-	231,176	218,878	-
Lease receivable	-	-	-	-	-	-	-
Notes receivable, net	-	35,168	23,052	(343,760)	39,363	45,385	230,156
Other assets	481,474	63,534	24,936	-	50,000	12,458	7,514
Total current assets	<u>26,855,328</u>	<u>18,938,057</u>	<u>4,455,479</u>	<u>14,249,337</u>	<u>9,678,113</u>	<u>9,308,953</u>	<u>31,266,058</u>
Noncurrent assets							
Restricted cash and cash equivalents	-	99,611	404,384	-	-	207,541	3
Restricted investments	1,621,244	-	-	-	-	-	-
Endowment investments	-	-	-	-	-	17,000	-
Lease receivable	-	-	-	-	-	-	-
Notes receivable, net	-	9,685	17,390	833,762	60,019	144,766	1,281,781
Other long-term investments	-	146,000	-	-	-	-	-
Due from component units - investments held	-	-	-	375,904	-	-	3,203,925
Other noncurrent assets	-	-	-	-	-	-	-
Capital assets, net	415,904	55,203,239	11,702,648	47,623,137	14,438,408	25,476,290	68,843,706
Total noncurrent assets	<u>2,037,148</u>	<u>55,458,535</u>	<u>12,124,422</u>	<u>48,832,803</u>	<u>14,498,427</u>	<u>25,845,597</u>	<u>73,329,415</u>
Total assets	<u>28,892,476</u>	<u>74,396,592</u>	<u>16,579,901</u>	<u>63,082,140</u>	<u>24,176,540</u>	<u>35,154,550</u>	<u>104,595,473</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
	<u>4,087,795</u>	<u>5,432,335</u>	<u>774,818</u>	<u>2,404,287</u>	<u>2,207,452</u>	<u>3,406,508</u>	<u>5,050,024</u>
<b>LIABILITIES</b>							
Current liabilities							
Accounts payable and accrued liabilities	1,133,359	2,017,354	673,604	1,395,720	516,782	673,033	1,621,913
Due to other NDUS institutions	161,433	37,352	81,764	36,288	24,467	21,023	61,435
Due to component units	-	7,862	19,998	-	7,649	(111,293)	-
Accrued payroll	909,412	1,542,074	321,400	981,562	619,217	922,052	2,337,512
Unearned revenue	-	813,117	121,085	4,074,180	1,238,812	705,194	2,430,845
Deposits	148,032	17,231	47,215	290,639	241,221	17,820	222,434
Long-term liabilities - current portion							
Due to component units	-	45,508	-	-	-	-	-
Due to others	153,553	703,086	198,965	600,435	499,071	1,261,486	828,189
Total current liabilities	<u>2,505,789</u>	<u>5,183,584</u>	<u>1,464,031</u>	<u>7,378,824</u>	<u>3,147,219</u>	<u>3,489,315</u>	<u>7,502,328</u>
Noncurrent liabilities							
Pension liability	3,046,058	4,367,436	616,600	1,932,663	1,697,855	2,762,889	4,159,429
OPEB liability	161,149	216,204	32,875	102,283	78,706	127,252	221,766
Other noncurrent liabilities	-	-	-	-	-	-	8,400
Long - term liabilities							
Due to component units	-	529,697	-	-	-	-	-
Due to others	1,678,820	8,951,322	3,777,364	6,249,480	2,217,977	3,562,919	13,327,081
Total noncurrent liabilities	<u>4,886,027</u>	<u>14,064,659</u>	<u>4,426,839</u>	<u>8,284,426</u>	<u>3,994,538</u>	<u>6,453,060</u>	<u>17,716,676</u>
Total liabilities	<u>7,391,816</u>	<u>19,248,243</u>	<u>5,890,870</u>	<u>15,663,250</u>	<u>7,141,757</u>	<u>9,942,375</u>	<u>25,219,004</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
	<u>6,099,079</u>	<u>8,877,351</u>	<u>1,261,562</u>	<u>4,474,474</u>	<u>3,569,088</u>	<u>5,687,937</u>	<u>8,511,135</u>
<b>NET POSITION</b>							
Net investment in capital assets	415,481	46,120,394	7,890,262	41,229,096	12,256,156	20,697,827	56,027,762
Restricted for:							
Nonexpendable:							
Scholarships and fellowships	-	-	-	-	-	17,524	3,078,554
Expendable:							
Scholarships and fellowships	-	37,442	11,943	391,244	-	(6,116)	2,266,379
Research	-	-	-	-	-	(4,956)	-
Institutional	-	120,782	349,850	39,062	(64,232)	521,467	1,341,610
Loans	-	60,909	79,371	726,201	117,522	221,877	2,139,699
Capital projects	-	-	-	1,000,000	-	(588,958)	-
Debt service	-	16,416	11,858	8,867	340,148	150,196	-
Other	13,231,443	-	-	-	-	-	-
Unrestricted	<u>5,842,452</u>	<u>5,347,388</u>	<u>1,859,003</u>	<u>1,954,232</u>	<u>3,023,553</u>	<u>1,921,884</u>	<u>11,061,355</u>
Total net position	<u>\$19,489,376</u>	<u>\$51,703,331</u>	<u>\$10,202,287</u>	<u>\$45,348,702</u>	<u>\$15,673,147</u>	<u>\$22,930,745</u>	<u>\$ 75,915,359</u>

**COMBINING STATEMENT OF 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	\$29,716,600	\$ 85,783,332	\$ 108,898,449	\$10,202,842	\$ 4,704,600	\$ -	\$ 329,965,989
Investments	3,673,748	36,000,001	137,000,000	393,606	-	-	188,674,832
Accounts receivable, net	1,384,984	6,492,935	19,128,967	543,813	421,127	(499,977)	30,562,860
Due from component units - investments held on behalf of the institutions	-	-	-	79,200	-	-	79,200
Due from component units	45,000	7,321,428	9,387,956	111,653	45,087	-	17,880,958
Due from other NDUS institutions	5,105	409,617	468,859	34,777	(26,019)	(1,720,987)	-
Due from State general fund	556,777	8,481,409	629,226	756,119	-	-	10,479,403
Grants and contracts receivables, net	1,583,241	22,038,586	40,559,473	132,286	383,901	-	70,318,857
Inventories	823,903	1,400,141	3,405,779	109,867	181,706	-	7,169,063
Lease receivable	-	-	208,930	-	-	-	208,930
Notes receivable, net	104,796	510,998	2,046,093	54,928	9,006	-	2,755,185
Other assets	-	5,602,739	1,354,179	63,167	138,749	-	7,798,750
Total current assets	<u>37,894,154</u>	<u>174,041,186</u>	<u>323,087,911</u>	<u>12,482,258</u>	<u>5,858,157</u>	<u>(2,220,964)</u>	<u>665,894,027</u>
Noncurrent assets							
Restricted cash and cash equivalents	-	1,827,546	27,199,145	17,566	243,225	-	29,999,021
Restricted investments	-	17	22,250,000	159,338	-	-	24,030,599
Endowment investments	-	459,111	-	47,217	52,200	-	575,528
Lease receivable	-	-	204,952	-	-	-	204,952
Notes receivable, net	121,550	2,029,783	6,849,959	175,894	7,979	-	11,532,568
Other long-term investments	-	65,280,777	33,887,513	1,200,000	-	-	100,514,290
Due from component units - investments held	-	60,684	17,230,474	945,763	-	-	21,816,750
Other noncurrent assets	-	-	100,000	-	-	-	100,000
Capital assets, net	<u>47,238,855</u>	<u>578,360,122</u>	<u>839,092,813</u>	<u>71,209,756</u>	<u>49,972,860</u>	<u>-</u>	<u>1,809,577,738</u>
Total noncurrent assets	<u>47,360,405</u>	<u>648,018,040</u>	<u>946,814,856</u>	<u>73,755,534</u>	<u>50,276,264</u>	<u>-</u>	<u>1,998,351,446</u>
Total assets	<u>85,254,559</u>	<u>822,059,226</u>	<u>1,269,902,767</u>	<u>86,237,792</u>	<u>56,134,421</u>	<u>(2,220,964)</u>	<u>2,664,245,473</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
	<u>5,687,856</u>	<u>37,300,461</u>	<u>44,261,224</u>	<u>2,434,698</u>	<u>1,106,589</u>	<u>-</u>	<u>114,154,047</u>
<b>LIABILITIES</b>							
Current liabilities							
Accounts payable and accrued liabilities	1,150,462	21,480,679	21,151,262	1,284,436	728,424	222,003	54,049,031
Due to other NDUS institutions	694,064	528,763	774,912	2,545	18,921	(2,442,967)	-
Due to component units	-	21,404	1,320,770	-	20,000	-	1,286,390
Accrued payroll	2,072,802	13,041,236	19,269,288	1,323,482	592,993	-	43,933,030
Unearned revenue	903,247	11,172,730	9,551,430	407,165	101,650	-	31,519,455
Deposits	(80,473)	827,015	3,250,436	141,759	(367,095)	-	4,756,264
Long-term liabilities - current portion							
Due to component units	-	2,023,261	681,760	-	-	-	2,750,529
Due to others	511,602	9,308,578	9,877,587	477,519	537,967	-	24,958,038
Total current liabilities	<u>5,251,704</u>	<u>58,403,666</u>	<u>65,877,445</u>	<u>3,636,906</u>	<u>1,632,860</u>	<u>(2,220,964)</u>	<u>163,252,707</u>
Noncurrent liabilities							
Pension liability	4,673,915	29,048,332	35,592,530	1,860,100	887,582	-	90,645,389
OPEB liability	241,768	1,477,257	1,818,780	91,905	38,389	-	4,608,334
Other noncurrent liabilities	-	-	-	-	7,802	-	16,202
Long - term liabilities							
Due to component units	-	21,247,991	2,985,759	-	-	-	24,763,447
Due to others	7,399,483	119,853,716	454,555,737	9,857,135	13,929,674	-	645,360,708
Total noncurrent liabilities	<u>12,315,166</u>	<u>171,627,296</u>	<u>494,952,806</u>	<u>11,809,140</u>	<u>14,863,447</u>	<u>-</u>	<u>765,394,080</u>
Total liabilities	<u>17,566,870</u>	<u>230,030,962</u>	<u>560,830,251</u>	<u>15,446,046</u>	<u>16,496,307</u>	<u>(2,220,964)</u>	<u>928,646,787</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
	<u>9,761,735</u>	<u>59,586,819</u>	<u>72,032,595</u>	<u>3,743,723</u>	<u>2,086,293</u>	<u>-</u>	<u>185,691,791</u>
<b>NET POSITION</b>							
Net investment in capital assets	40,498,709	448,562,074	433,218,477	61,651,947	35,508,133	-	1,204,076,318
Restricted for:							
Nonexpendable:							
Scholarships and fellowships	900	521,867	14,786,459	462,990	56,898	-	18,925,192
Expendable:							
Scholarships and fellowships	154,250	473,589	2,794,640	130,119	(80,466)	-	6,173,024
Research	-	5,262,524	3,076,390	-	-	-	8,333,958
Institutional	473,648	2,263,126	5,126,508	223,378	(102,023)	-	10,293,176
Loans	476,366	3,697,807	18,816,504	366,870	38,034	-	26,741,160
Capital projects	-	-	-	-	-	-	411,042
Debt service	(95,843)	1,876,034	5,327,859	159,338	(109,300)	-	7,685,573
Other	-	38,669	-	525,740	-	-	13,795,852
Unrestricted	<u>22,105,780</u>	<u>107,046,215</u>	<u>198,154,307</u>	<u>5,962,339</u>	<u>3,347,137</u>	<u>-</u>	<u>367,625,645</u>
Total net position	<u>\$63,613,810</u>	<u>\$569,741,905</u>	<u>\$ 681,301,144</u>	<u>\$69,482,721</u>	<u>\$38,658,413</u>	<u>\$ -</u>	<u>\$ 1,664,060,940</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN 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>OPERATING REVENUES</b>							
Student tuition and fees (net of scholarship allowances of \$68.2 million and bad debt allowance of \$861,000)	\$ 4,510,997	\$ 13,543,288	\$ 2,768,788	\$ 7,602,659	\$ 3,473,524	\$ 5,706,795	\$ 15,224,217
Federal grants and contracts (net of bad debt allowance of \$1,000)	-	1,125,883	525,495	217,494	716,957	4,286,830	4,425,772
State grants and contracts	-	2,318,006	332,832	5,450	748,390	631,347	2,155,683
Nongovernmental grants and contracts	5,000	376,157	110,684	(3,818,584)	276	105,009	331,991
Sales and services of educational departments (net of bad debt allowance of \$53,000)	1,690,993	3,122,487	240,135	550,363	731,924	1,282,733	1,440,793
Auxiliary enterprises (net of scholarship allowances of \$1.4 million and bad debt allowance of \$372,000)	-	4,321,306	1,442,029	1,866,507	1,626,858	1,982,131	3,083,901
Other (net of bad debt allowance of \$233,000)	-	4,970	5,291	92,372	5,756	11,521	87,161
Total operating revenues	6,206,990	24,812,097	5,425,254	6,516,261	7,303,685	14,006,366	26,749,518
<b>OPERATING EXPENSES</b>							
Salaries and wages	18,141,252	29,935,099	6,992,199	15,655,467	12,286,777	15,439,000	37,875,349
Operating expenses	13,108,463	8,866,946	3,556,825	5,569,317	3,012,511	4,385,584	12,751,741
Data processing	2,780,101	796,237	199,226	1,443,582	272,440	288,839	538,527
Depreciation expense	397,826	3,163,905	518,255	2,288,327	1,418,242	2,268,881	4,603,774
Scholarships and fellowships	18,068,956	3,365,863	466,643	885,152	527,928	850,891	1,740,773
HEERF Act Aid to Student	-	2,017,916	678,707	1,080,000	833,383	781,506	2,536,911
Cost of sales and services	-	1,879,074	389,694	-	642,945	736,924	-
Total operating expenses	52,496,598	50,025,040	12,801,549	26,921,845	18,994,226	24,751,625	60,047,075
Operating income (loss)	(46,289,608)	(25,212,943)	(7,376,295)	(20,405,584)	(11,690,541)	(10,745,259)	(33,297,557)
<b>NONOPERATING REVENUES (EXPENSES)</b>							
State appropriations	69,231,042	15,850,150	4,411,927	9,687,564	6,902,525	8,973,256	20,050,000
Federal appropriations	-	-	-	-	-	-	-
Federal grants and contracts (net of bad debt allowance of \$75,000)	-	2,642,097	958,462	1,733,160	949,032	1,436,677	3,086,099
Federal grants and contracts stimulus	2,489,193	4,163,651	1,639,068	6,795,544	2,126,471	1,396,401	6,158,570
Other appropriations	-	-	-	-	-	-	-
Gifts (net of bad debt allowance of \$47)	353,500	2,033,110	300,515	1,673,429	883,916	800,473	3,534,465
Endowment and investment income	(131,335)	16,497	144,405	155,705	10,206	377,972	(351,751)
Interest on capital asset - related debt	-	(464,635)	(64,106)	(349,583)	(99,198)	(144,708)	(453,637)
Gain (loss) on disposal of capital assets	-	(8,084)	(5,475)	-	16,332	(660)	(11,216)
Insurance proceeds	-	16,790	-	-	8,094	-	1,538
Tax revenues	-	-	-	-	-	245,929	-
General and special grant expenditures	(32,242,660)	-	-	-	-	-	-
Transfers to North Dakota Industrial Commission	(7,266,607)	-	-	-	-	-	-
Other nonoperating revenues (expenses)	25,332,721	(13,989)	(114,677)	(103,944)	(40,696)	(87,699)	(490,367)
Net nonoperating revenues (expenses)	57,765,854	24,235,587	7,270,119	19,591,875	10,756,682	12,997,641	31,523,701
Income (loss) before capital grants, gifts, and transfers	11,476,246	(977,356)	(106,176)	(813,709)	(933,859)	2,252,382	(1,773,856)
Federal appropriations - capital assets	-	-	-	-	-	-	-
State appropriations - capital assets	-	28,242	457,939	1,588,461	64,958	646,554	564,951
Inter-institutional transfers	-	-	-	-	-	-	-
Capital grants and gifts	-	680,930	130,744	272,757	-	11,136	27,279
Total other revenue	-	709,172	588,683	1,861,218	64,958	657,690	592,230
Increase (decrease) in net position	11,476,246	(268,184)	482,507	1,047,509	(868,901)	2,910,072	(1,181,626)
<b>NET POSITION</b>							
Net position - beginning of year, as restated	8,013,130	51,971,515	9,719,780	44,301,193	16,542,048	20,020,673	77,096,985
Net position - end of year	\$ 19,489,376	\$ 51,703,331	\$ 10,202,287	\$ 45,348,702	\$ 15,673,147	\$ 22,930,745	\$ 75,915,359

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN 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>OPERATING REVENUES</b>							
Student tuition and fees (net of scholarship allowances of \$68.2 million and bad debt allowance of \$861,000)	\$ 8,498,163	\$116,718,433	\$188,709,679	\$ 6,983,893	\$ 1,442,259	\$ (47,959)	\$ 375,134,736
Federal grants and contracts (net of bad debt allowance of \$1,000)	837,186	55,875,718	89,920,171	415,375	101,625	(3,625,865)	154,822,641
State grants and contracts	600,212	8,882,839	30,517,029	28,044	933,531	(6,739,302)	40,414,061
Nongovernmental grants and contracts	50,952	7,344,050	26,082,124	23,822	49,047	-	30,660,528
Sales and services of educational departments (net of bad debt allowance of \$53,000)	3,788,829	40,449,104	47,443,182	875,893	2,623,106	(938,841)	103,300,701
Auxiliary enterprises (net of scholarship allowances of \$1.4 million and bad debt allowance of \$372,000)	8,678,597	43,166,032	31,027,051	2,674,942	1,730,473	(342,298)	101,257,529
Other (net of bad debt allowance of \$233,000)	172,410	364,609	285,440	13,599	20,006	-	1,063,135
Total operating revenues	22,626,349	272,800,785	413,984,676	11,015,568	6,900,047	(11,694,265)	806,653,331
<b>OPERATING EXPENSES</b>							
Salaries and wages	27,134,637	287,466,014	327,663,470	18,388,967	9,889,155	\$ -	806,867,386
Operating expenses	11,446,918	99,069,316	138,629,764	3,724,524	4,095,999	(8,063,675)	300,154,233
Data processing	733,429	5,415,198	9,723,656	1,066,200	324,843	(71,558)	23,510,720
Depreciation expense	3,761,632	29,777,246	29,952,206	2,493,887	2,974,980	-	83,619,161
Scholarships and fellowships	1,212,736	6,732,211	11,602,945	1,199,433	1,231,179	(1,226,254)	46,658,456
HEERF Act Aid to Student	2,691,193	11,487,017	10,200,800	1,038,300	977,779	-	34,323,512
Cost of sales and services	3,062,427	7,969,015	6,713,546	446,923	453,973	-	22,294,521
Total operating expenses	50,042,972	447,916,017	534,486,387	28,358,234	19,947,908	(9,361,487)	1,317,427,989
Operating income (loss)	(27,416,623)	(175,115,232)	(120,501,711)	(17,342,666)	(13,047,861)	(2,332,778)	(510,774,658)
<b>NONOPERATING REVENUES (EXPENSES)</b>							
State appropriations	17,253,095	121,708,877	106,497,912	11,735,277	5,544,468	(964,476)	396,881,617
Federal appropriations	-	6,304,541	-	-	-	-	6,304,541
Federal grants and contracts (net of bad debt allowance of \$75,000)	2,731,832	9,625,544	8,942,405	1,381,507	1,047,022	-	34,533,837
Federal grants and contracts stimulus	4,644,235	19,488,211	25,144,029	1,689,661	1,187,629	(1,323,408)	75,599,255
Other appropriations	-	-	-	-	-	-	-
Gifts (net of bad debt allowance of \$47)	1,652,822	21,433,179	14,461,522	1,986,202	2,949,500	(320,250)	51,742,383
Endowment and investment income	998,178	5,740,979	2,444,877	373,997	2,924	-	9,782,654
Interest on capital asset - related debt	(250,677)	(4,931,111)	(15,850,692)	(397,572)	(450,199)	-	(23,456,118)
Gain (loss) on disposal of capital assets	55,325	(1,414,751)	(3,960,547)	(6,606)	(108,678)	-	(5,444,360)
Insurance proceeds	260,494	581,961	609,018	-	-	-	1,477,895
Tax revenues	-	500,000	5,381,766	-	20,000	-	6,147,695
General and special grant expenditures	-	-	-	-	-	16,107,638	(16,135,022)
Transfers to North Dakota Industrial Commission	-	(241,758)	-	-	-	-	(7,508,365)
Other nonoperating revenues (expenses)	(224,221)	(147,480)	(3,719,330)	(87,421)	(9,543)	(11,166,726)	9,126,628
Net nonoperating revenues (expenses)	27,121,083	178,648,192	139,950,960	16,675,045	10,183,123	2,332,778	539,052,640
Income (loss) before capital grants, gifts, and transfers	(295,540)	3,532,960	19,449,249	(667,621)	(2,864,738)	-	28,277,982
Federal appropriations - capital assets	-	-	-	-	-	-	-
State appropriations - capital assets	965,104	21,101,646	9,774,566	11,541,442	-	-	46,733,863
Inter-institutional transfers	-	-	-	-	-	-	-
Capital grants and gifts	9,444	25,657,872	27,674,766	108,706	27,481	-	54,601,115
Total other revenue	974,548	46,759,518	37,449,332	11,650,148	27,481	-	101,334,978
Increase (decrease) in net position	679,008	50,292,478	56,898,581	10,982,527	(2,837,257)	-	129,612,960
<b>NET POSITION</b>							
Net position - beginning of year, as restated	62,934,802	519,449,427	624,402,563	58,500,194	41,495,670	-	1,534,447,980
Net position - end of year	\$ 63,613,810	\$569,741,905	\$681,301,144	\$ 69,482,721	\$ 38,658,413	\$ -	\$ 1,664,060,940

**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	\$ 4,429,458	\$ 13,499,669	\$ 2,703,625	\$ 7,849,520	\$ 3,792,038	\$ 5,394,018	\$ 15,090,075
Grants and contracts	(12,404)	3,256,158	939,538	(2,675,771)	1,823,122	5,309,989	6,238,387
Payments to suppliers	(16,413,793)	(11,412,932)	(4,035,067)	(7,428,419)	(4,133,706)	(5,196,848)	(13,073,332)
Payments to employees	(17,698,051)	(29,445,467)	(6,973,022)	(15,774,275)	(12,123,853)	(15,436,873)	(37,640,783)
Payments for scholarships and fellowships	(18,068,956)	(3,365,864)	(466,643)	(885,152)	(527,929)	(850,892)	(1,740,774)
HEERF Act payments to students	-	(2,017,916)	(678,707)	(1,080,000)	(833,383)	(781,506)	(2,536,911)
Loans issued to students	-	-	-	(23,007)	-	83,097	(204,092)
Collection of loans to students	-	643,962	96,939	206,960	20,802	46,940	387,378
Auxiliary enterprise charges	-	4,277,013	1,464,675	1,888,424	1,620,403	1,988,384	3,058,851
Sales and service of educational departments	2,054,290	3,094,014	303,592	(352,193)	764,023	1,520,967	1,508,943
Cash received/(paid) on deposits	(43,332)	63,552	36,031	188,351	218,282	(387,830)	21,039
Other receipts (payments)	24,992,585	82,312	(133,749)	(77,805)	(75,181)	(62,115)	(396,261)
Net cash provided (used) by operating activities	(20,760,203)	(21,325,499)	(6,742,788)	(18,163,367)	(9,455,382)	(8,372,669)	(29,287,480)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
State appropriations	69,223,495	15,850,150	4,411,927	10,413,173	6,902,525	8,973,256	20,050,000
Federal appropriations	-	-	-	-	10,461	-	-
Grants and gifts received for other than capital purposes	353,500	4,802,888	1,233,451	3,524,260	1,972,041	2,311,851	6,573,839
Grants given for other than capital purposes	(32,242,661)	-	-	-	-	-	-
Federal stimulus revenues	2,489,195	4,163,651	1,639,069	6,795,545	2,126,471	1,396,402	6,158,570
Direct lending receipts	-	5,901,196	1,566,122	4,780,602	1,600,331	3,868,158	7,423,539
Direct lending disbursements	-	(5,926,178)	(1,541,820)	(4,780,602)	(1,600,331)	(3,868,158)	(7,415,491)
Agency fund cash increase(decrease)	-	-	-	-	-	-	-
Transfers to Industrial Commission	(7,266,607)	-	-	-	-	-	-
Tax revenues	-	-	-	-	-	245,930	-
Net cash flows provided (used) by noncapital financing activities	32,556,922	24,791,707	7,308,749	20,732,978	11,011,498	12,927,439	32,790,457
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Proceeds from issuance of debt	-	-	2,610,538	-	48,256	850,956	7,690,867
Capital appropriations	(14,258)	28,243	503,393	2,442,986	55,521	646,554	498,590
Capital grants and gifts received	-	680,930	130,745	4,037,557	353	11,136	1,099,991
Proceeds from sale of capital assets	-	-	-	-	16,332	-	8,469
Purchases of capital assets	(218,814)	(1,350,423)	(2,285,098)	(2,955,375)	(698,671)	(2,536,212)	(1,421,627)
Insurance proceeds	-	16,790	-	-	8,094	-	1,538
Principal paid on capital debt and lease	-	(1,121,238)	(87,259)	(445,746)	(426,827)	(1,215,726)	(2,856,528)
Deposits with capital debt payment trustees	-	-	-	-	-	-	(8,220,000)
Interest paid on capital debt and lease	-	(473,895)	(47,555)	(349,583)	(99,199)	(146,152)	(722,698)
Net cash provided (used) by capital and related financing activities	(233,072)	(2,219,593)	824,764	2,729,839	(1,096,141)	(2,389,444)	(3,921,398)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Proceeds from sales and maturities of investments	1,572,801	-	-	3,500,000	300,000	-	5,951,679
Interest on investments	15,523	16,752	144,406	156,366	10,206	378,263	259,562
Purchase of investments	(3,340,902)	-	-	-	-	-	(2,644,148)
Net cash provided (used) by investing activities	(1,752,578)	16,752	144,406	3,656,366	310,206	378,263	3,567,093
Net increase (decrease) in cash	9,811,069	1,263,367	1,535,131	8,955,816	770,181	2,543,589	3,148,672
CASH - BEGINNING OF YEAR, as restated	15,913,709	11,645,015	1,758,096	3,026,476	4,716,077	5,127,442	21,157,065
CASH - END OF YEAR	\$ 25,724,778	\$ 12,908,382	\$ 3,293,227	\$ 11,982,292	\$ 5,486,258	\$ 7,671,031	\$ 24,305,737

# NORTH DAKOTA UNIVERSITY SYSTEM

Supplementary Information

June 30, 2022

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
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## COMBINING STATEMENT OF CASH FLOWS -Continued

### RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income (loss)	\$ (46,289,608)	\$ (25,212,943)	\$ (7,376,295)	\$(20,405,584)	\$(11,690,541)	\$ (10,745,259)	\$ (33,297,557)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		-					
Depreciation expense	397,826	3,163,905	518,255	2,288,327	1,418,244	2,268,881	4,603,774
Other nonoperating revenues (expenses)	25,332,723	100,706	(114,680)	(170,178)	(40,699)	(87,700)	(481,971)
Change in assets, deferred outflows, liabilities and deferred inflows							
Accounts receivable adjusted for interest receivable	281,757	(101,640)	35,768	(657,678)	293,434	37,174	(17,802)
Grant & contract receivables	(17,404)	(563,890)	(29,475)	919,869	357,498	286,802	(675,060)
Inventories	-	(131,006)	-	-	11,035	(20,793)	-
Notes receivable	-	650,509	51,437	125,455	41,607	82,466	145,592
Other assets	(340,138)	(23,364)	(24,360)	-	(40,237)	14,064	(1,451)
Accounts payable and accrued liabilities adjusted for interest payable	(525,227)	242,886	164,394	(385,118)	(234,856)	299,903	248,176
Pension liability	(5,954,863)	(9,652,996)	(1,328,790)	(4,687,885)	(3,750,016)	(6,242,660)	(8,963,679)
OPEB liability	(71,742)	(136,980)	(17,294)	(69,018)	(56,717)	(93,670)	(116,664)
Net change in deferred outflows	1,641,642	3,233,334	426,049	1,664,150	1,288,413	2,082,641	2,874,018
Net change in deferred inflows	4,704,790	6,817,732	933,422	3,003,852	2,571,813	4,363,837	6,296,630
Accrued payroll	55,576	268,001	42,850	(18,463)	100,445	(56,915)	187,220
Compensated absences	67,800	(39,459)	(37,058)	(11,444)	8,986	(51,105)	(42,958)
Unearned revenue	-	(3,846)	(23,043)	51,996	47,930	(122,503)	(66,788)
Deposits	(43,335)	63,552	36,032	188,352	218,279	(387,832)	21,040
Net cash provided (used) by operating activities	<u>\$ (20,760,203)</u>	<u>\$ (21,325,499)</u>	<u>(6,742,788)</u>	<u>\$ (18,163,367)</u>	<u>\$ (9,455,382)</u>	<u>\$ (8,372,669)</u>	<u>\$ (29,287,480)</u>

### SUPPLEMENTAL DISCLOSURE ON NON CASH TRANSACTIONS

Assets acquired through capital lease	\$ -	\$ -	71,552	\$ 52,302	\$ -	\$ 234,950	\$ -
Assets acquired through special assessment	-	-	-	-	-	-	-
Expenses paid by capital lease/special assessments	-	114,695	-	-	-	-	-
Gifts of capital assets	-	-	-	-	-	-	-
Net increases (decrease) in value of investments	(146,857)	-	-	-	-	-	-
Total non-cash transactions	<u>\$ (146,857)</u>	<u>\$ 114,695</u>	<u>\$ 71,552</u>	<u>\$ 52,302</u>	<u>\$ -</u>	<u>\$ 234,950</u>	<u>\$ -</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Supplementary Information**  
**June 30, 2022**

**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	\$ 8,586,400	\$ 116,353,329	\$ 187,381,732	\$ 6,927,397	\$ 1,428,321	\$ (47,958)	\$ 373,387,624
Grants and contracts	1,236,287	71,233,841	160,044,708	1,089,604	1,336,231	(10,365,167)	239,454,523
Payments to suppliers	(15,185,806)	(118,964,330)	(167,361,054)	(5,099,157)	(4,783,295)	8,135,233	(364,952,506)
Payments to employees	(27,182,144)	(286,431,006)	(323,774,557)	(18,175,280)	(9,907,574)	-	(800,562,885)
Payments for scholarships and fellowships	(1,212,737)	(6,732,211)	(11,602,946)	(1,199,433)	(1,231,179)	1,226,254	(46,658,462)
HEERF Act payments to students	(2,691,194)	(11,487,017)	(10,200,800)	(1,038,300)	(977,780)	-	(34,323,514)
Loans issued to students	-	(137,051)	(1,415,750)	-	54,465	-	(1,642,338)
Collection of loans to students	93,613	1,002,483	2,232,038	64,167	9,119	-	4,804,401
Auxiliary enterprise charges	8,748,685	43,335,874	30,598,282	2,657,203	1,802,494	(342,298)	101,097,990
Sales and service of educational departments	3,854,527	40,479,234	39,356,179	586,259	2,380,056	(938,841)	94,611,050
Cash received/(paid) on deposits	(165,650)	(26,724)	(751,485)	45,524	36,213	-	(766,029)
Other receipts (payments)	(80,324)	(1,481,245)	(3,803,452)	(88,189)	522,029	(11,166,724)	8,231,881
Net cash provided (used) by operating activities	(23,998,343)	(152,854,823)	(99,297,105)	(14,230,205)	(9,330,900)	(13,499,501)	(427,318,265)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
State appropriations	17,253,095	121,793,108	106,497,913	11,735,277	6,361,478	(964,476)	398,500,921
Federal appropriations	-	6,304,541	-	-	-	-	6,315,002
Grants and gifts received for other than capital purposes	4,581,214	30,945,914	23,147,814	3,366,085	3,996,522	(320,250)	86,489,129
Grants given for other than capital purposes	-	-	-	-	-	16,107,635	(16,135,026)
Federal stimulus revenues	4,644,235	19,488,211	25,144,029	1,689,661	1,187,629	(1,323,408)	75,599,260
Direct lending receipts	5,995,831	66,279,852	103,341,770	-	1,094,081	-	201,851,482
Direct lending disbursements	(5,995,831)	(66,279,852)	(103,643,663)	-	(1,094,081)	-	(202,146,007)
Agency fund cash increase(decrease)	-	-	-	-	-	-	-
Transfers to Industrial Commission	-	(241,758)	-	-	-	-	(7,508,365)
Tax revenues	-	500,000	5,381,767	-	20,000	-	6,147,697
Net cash flows provided (used) by noncapital financing activities	26,478,544	178,790,016	159,869,630	16,791,023	11,565,629	13,499,501	549,114,093
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Proceeds from issuance of debt	6,506,893	-	169,153,825	-	-	-	186,861,335
Capital appropriations	988,458	21,878,240	10,742,140	12,844,579	-	-	50,614,446
Capital grants and gifts received	9,444	20,284,151	34,255,983	108,706	8,918	-	60,627,914
Proceeds from sale of capital assets	-	51,234	652,862	-	-	-	728,897
Purchases of capital assets	(3,142,587)	(55,826,681)	(151,145,745)	(16,065,435)	(819,147)	-	(238,465,815)
Insurance proceeds	260,495	581,961	609,018	-	-	-	1,477,896
Principal paid on capital debt and lease	(6,957,883)	(10,627,404)	(19,720,521)	(250,436)	(564,805)	-	(44,274,373)
Deposits with capital debt payment trustees	-	-	(17,300,000)	-	-	-	(25,520,000)
Interest paid on capital debt and lease	(271,911)	(5,106,427)	(16,961,908)	(398,082)	(436,762)	-	(25,014,172)
Net cash provided (used) by capital and related financing activities	(2,607,091)	(28,764,926)	10,285,654	(3,760,668)	(1,811,796)	-	(32,963,872)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Proceeds from sales and maturities of investments	-	25,000,032	119,250,000	400,807	-	-	155,975,319
Interest on investments	997,589	4,811,758	4,232,233	373,998	3,135	-	11,399,791
Purchase of investments	-	(25,000,000)	(159,368,831)	(2,336)	-	-	(190,356,217)
Net cash provided (used) by investing activities	997,589	4,811,790	(35,886,598)	772,469	3,135	-	(22,981,107)
Net increase (decrease) in cash	870,699	1,982,057	34,971,581	(427,381)	426,068	-	65,850,849
CASH - BEGINNING OF YEAR, as restated	28,845,901	85,628,821	101,126,013	10,647,789	4,521,757	-	294,114,161
CASH - END OF YEAR	\$ 29,716,600	\$ 87,610,878	\$ 136,097,594	\$ 10,220,408	\$ 4,947,825	\$ -	\$ 359,965,010

# NORTH DAKOTA UNIVERSITY SYSTEM

Supplementary Information

June 30, 2022

	North Dakota State College of Science	North Dakota State University	University of North Dakota	Valley City State University	Williston State College	Eliminations	Total
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## COMBINING STATEMENT OF CASH FLOWS -Continued

### RECONCILIATION OF NET OPERATING

### REVENUES (EXPENSES) TO

### NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income (loss)	\$ (27,416,623)	\$ (175,115,232)	\$ (120,501,711)	\$ (17,342,666)	\$ (13,047,861)	\$ (2,332,778)	\$ (510,774,658)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities							
Depreciation expense	3,761,632	29,777,246	29,952,206	2,493,887	2,974,980	-	83,619,163
Other nonoperating revenues (expenses)	(252,734)	92,857	(3,584,219)	(87,423)	248,155	(11,166,724)	9,788,113
Change in assets, deferred outflows, liabilities and deferred inflows							
Accounts receivable adjusted for interest receivable	(9,901)	133,736	(9,855,436)	(297,896)	12,356	2,220,964	(7,925,164)
Grant & contract receivables	(252,064)	(68,412)	13,525,381	622,362	252,027	-	14,357,634
Inventories	(272,654)	(156,758)	(482,137)	73,502	4,740	-	(974,071)
Notes receivable	185,993	944,566	1,178,557	95,521	79,604	-	3,581,307
Other assets	-	(1,938,711)	(504,674)	(14,366)	253,867	-	(2,619,370)
Accounts payable and accrued liabilities adjusted for interest payable	291,427	(6,487,122)	(12,763,270)	31,298	(38,500)	(2,220,963)	(21,376,972)
Pension liability	(10,253,359)	(62,362,622)	(71,938,072)	(3,986,938)	(2,067,508)	-	(191,189,388)
OPEB liability	(142,668)	(847,106)	(903,863)	(52,994)	(26,621)	-	(2,535,337)
Net change in deferred outflows	3,341,970	19,970,670	21,804,661	1,305,799	730,020	-	60,363,367
Net change in deferred inflows	7,085,479	43,237,422	52,148,986	2,842,345	1,330,694	-	135,337,002
Accrued payroll	33,875	394,976	2,505,173	94,624	(6,385)	-	3,600,977
Compensated absences	(112,804)	(158,686)	272,029	10,851	21,382	-	(72,466)
Unearned revenue	179,738	(244,923)	600,765	(63,635)	(88,066)	-	267,625
Deposits	(165,650)	(26,724)	(751,481)	45,524	36,216	-	(766,027)
Net cash provided (used) by operating activities	\$ (23,998,343)	\$ (152,854,823)	\$ (99,297,105)	\$ (14,230,205)	\$ (9,330,900)	\$ (13,499,501)	\$ (427,318,265)

### SUPPLEMENTAL DISCLOSURE ON NON CASH TRANSACTIONS

Assets acquired through capital lease	\$ 63,395	\$ 1,766,892	\$ (1,819,942)	\$ 92,134	\$ -	\$ -	\$ 461,283
Assets acquired through special assessment	-	-	-	19,250	-	-	19,250
Expenses paid by capital lease/special assessments	-	-	(378,607)	-	-	-	(263,912)
Gifts of capital assets	-	100,000	(339,500)	-	18,564	-	(220,936)
Net increases (decrease) in value of investments	144	935,910	(1,612,210)	-	-	-	(823,013)
Total non-cash transactions	\$ 63,539	\$ 2,802,802	\$ (4,150,259)	\$ 111,384	\$ 18,564	\$ -	\$ (827,328)



**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Supplementary Information**  
**June 30, 2022**

**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	\$ -	\$ (68,797)	\$ 13,565	\$ 52,347	\$ 1,799	\$ 94,063	\$ 96,211
Accounts receivable, net	-	257,927	35	38	-	-	2,160
Due from component units	-	-	-	-	-	-	-
Due from other NDUS institutions	-	-	318	-	-	-	1,226
Total current assets	-	189,130	13,918	52,385	1,799	94,063	99,597
Total assets	-	189,130	13,918	52,385	1,799	94,063	99,597
<b>LIABILITIES</b>							
Current liabilities							
Accounts payable and accrued liabilities	-	24,703	922	3,832	-	47	1,041
Accrued payroll	-	-	-	-	-	-	2,156
Deposits	-	4,566	-	-	1,799	-	-
Total current liabilities	-	29,269	922	3,832	1,799	47	3,197
Total liabilities	-	29,269	922	3,832	1,799	47	3,197
<b>NET POSITION</b>							
Restricted for:							
Individuals, organizations and other governments	-	159,860	12,996	48,554	-	94,016	96,399
Total net position	\$ -	\$ 159,860	\$ 12,996	\$ 48,554	\$ -	\$ 94,016	\$ 96,399

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Supplementary Information**  
**June 30, 2022**

**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	\$ -	\$ (210,605)	\$ 346,464	\$ 81,937	\$ 76,848	\$ -	\$ 483,832
Accounts receivable, net	-	699,895	642	2,877	(11,270)	-	952,304
Due from component units	-	774	-	-	-	-	774
Due from other NDUS institutions	-	-	-	-	-	-	1,544
Total current assets	-	490,064	347,106	84,814	65,578	-	1,438,454
Total assets	-	490,064	347,106	84,814	65,578	-	1,438,454
<b>LIABILITIES</b>							
Current liabilities							
Accounts payable and accrued liabilities	-	14,469	9,188	103	(5,184)	-	49,121
Accrued payroll	-	99,143	-	-	-	-	101,299
Deposits	-	-	6,663	5,619	2,286	-	20,933
Total current liabilities	-	113,612	15,851	5,722	(2,898)	-	171,353
Total liabilities	-	113,612	15,851	5,722	(2,898)	-	171,353
<b>NET POSITION</b>							
Restricted for:							
Individuals, organizations and other governments	-	376,451	331,253	79,092	68,476	-	1,267,097
Total net position	\$ -	\$ 376,451	\$ 331,253	\$ 79,092	\$ 68,476	\$ -	\$ 1,267,097

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Supplementary Information**  
**June 30, 2022**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY 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>ADDITIONS</b>							
Student tuition and fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nongovernmental grants and contracts	-	-	-	-	-	-	-
Sales and services of educational departments	-	259,448	25,631	16,760	-	68,850	195,020
Auxiliary enterprises	-	48,268	-	-	-	-	-
Gifts	-	-	500	4,837	-	-	48,780
Other nonoperating revenues	-	991	-	-	-	-	-
Total additions	\$ -	\$ 308,707	26,131	21,597	-	68,850	243,800
<b>DEDUCTIONS</b>							
Salaries and wages	-	93,479	2,321	0	-	-	103,642
Operating expenses	-	172,034	22,806	27,302	-	55,918	141,729
Data processing	-	0	0	0	-	-	-
Scholarships and fellowships	-	-	-	-	-	-	-
Cost of sales and services	-	(26,215)	-	-	-	-	-
Total deductions	\$ -	\$ 239,298	\$ 25,127	\$ 27,302	-	55,918	245,371
Operating income (loss)	\$ -	\$ 69,409	\$ 1,004	\$ (5,705)	-	12,932	(1,571)
Increase (decrease) in net position	\$ -	\$ 69,409	\$ 1,004	\$ (5,705)	-	12,932	(1,571)
<b>NET POSITION</b>							
Net position - beginning of year, as restated	-	90,449	11,992	54,258	-	81,084	97,971
Net position - end of year	\$ -	\$ 159,858	\$ 12,996	\$ 48,553	\$ -	\$ 94,016	\$ 96,400

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Supplementary Information**  
**June 30, 2022**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY 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>ADDITIONS</b>							
Student tuition and fees	\$ -	\$ -	\$ -	\$ 8,960	\$ (30)		\$ 8,930
Nongovernmental grants and contracts	-	2,374,333	-	-	-		2,374,333
Sales and services of educational departments	-	188,601	160,065	42,807	13,177		970,359
Auxiliary enterprises	-	165	-	-	151		48,584
Gifts	-	27,216	-	6,838	9,200		97,371
Other nonoperating revenues	-	-	-	-	-		991
Total additions	-	2,590,315	160,065	58,605	22,498	-	3,500,568
<b>DEDUCTIONS</b>							
Salaries and wages	-	2,490,260	(703)	309	-		2,689,308
Operating expenses	-	85,879	123,193	46,123	20,944		695,928
Data processing	-	7,020	-	-	-		7,020
Scholarships and fellowships	-	-	-	1,336	-		1,336
Cost of sales and services	-	-	-	-	-		(26,215)
Total deductions	-	2,583,159	122,490	47,768	20,944	-	3,367,377
Operating income (loss)	-	7,156	37,575	10,837	1,554	-	133,191
Increase (decrease) in net position	-	7,156	37,575	10,837	1,554	-	133,191
<b>NET POSITION</b>							
Net position - beginning of year, as restated	-	369,294	293,677	68,254	66,921		1,133,900
Net position - end of year	\$ -	\$ 376,450	\$ 331,252	\$ 79,091	\$ 68,475	\$ -	\$ 1,267,091

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

<b>FASB Basis</b>	<b>WSC Foundation June 30, 2022</b>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 7,843,789
Accounts receivable, net	6,500
Notes receivable	265,556
Receivable from primary institution	20,000
Unconditional promises to give, net of allowance	153,696
Other assets	15,222
Total current assets	<u>8,304,763</u>
Noncurrent assets	
Restricted cash and cash equivalents	393,836
Investments:	
Investments, net of current portion	17,992,059
Other long-term investments	225,641
Total investments	<u>18,217,700</u>
Long term pledges receivable/unconditional promises to give	3,392,304
Other noncurrent assets	1,829,807
Capital assets, net	15,515,351
Total noncurrent assets	<u>39,348,998</u>
Total assets	<u>47,653,761</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued liabilities	250,824
Payable to university	61,334
Accrued payroll	6,300
Long-term liabilities--current portion	149,690
Total current liabilities	<u>468,148</u>
Noncurrent liabilities	
Long-term liabilities	11,667,370
Total noncurrent liabilities	<u>11,667,370</u>
Total liabilities	<u>12,135,518</u>
<b>NET ASSETS</b>	
Without donor restrictions	4,019,580
With donor restrictions	31,498,663
Total net assets	<u>35,518,243</u>
Total liabilities and net assets	<u>\$ 47,653,761</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Supplementary Information**  
**June 30, 2022**

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

<b>FASB BASIS</b>	<b>WSC Foundation June 30, 2022</b>
<b>Support and revenue</b>	
Contributions, grants and donations	\$ 6,825,489
<b>Investment income</b>	3,777,778
<b>Net realized and unrealized gains (losses) on investment securities</b>	(2,288,938)
<b>Program and event income</b>	1,794,659
<b>Other income</b>	1,770,111
<b>Total support and revenue</b>	<u>11,879,099</u>
<b>EXPENSES</b>	
<b>Program services</b>	2,822,961
<b>Supporting services</b>	3,681,910
<b>Total expenses</b>	<u>6,504,871</u>
<b>Change in Net Assets</b>	5,374,228
<b>Net Assets, Beginning of Year, as restated</b>	<u>30,144,015</u>
<b>Net Assets, End of Year</b>	<u>\$ 35,518,243</u>

# North Dakota University System

## Supplementary Information

June 30, 2022

### SCHEDULE OF BONDS PAYABLE and CERTIFICATES OF PARTICIPATION- Primary Institutions

Issue	Original Balance	Original Discount (Premium)	Original Balance, Net of Discount (Premium)	Interest Rate	Installments	Balance Outstanding
<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	\$ 1,797,422
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	4,442,083
Total BSC	<u>10,005,000</u>	<u>179,334</u>	<u>10,184,334</u>			<u>6,239,505</u>
<b>Dakota College at Bottineau</b>						
Dakota College of Bottineau Housing & Auxiliary Facilities Revenue Bonds Series 2022 due through the year 2026. Collateralized with revenues from auxiliaries.	2,480,000	130,538	2,610,538	2.0-5.0%	\$65,000 to \$145,000	2,605,316
Total DCB	<u>2,480,000</u>	<u>130,538</u>	<u>2,610,538</u>			<u>2,605,316</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	418,505
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	1,835,000
Total MaSU	<u>4,650,000</u>	<u>35,057</u>	<u>4,685,057</u>			<u>2,253,505</u>
<b>Minot State University</b>						
2021 Student Services Facilities Revenue Refunding Bonds, Series 2021, refunded 2010 Wellness Bonds, due August 1, 2040. Collateralized by student fees from Wellness Center, and net revenues from housing and student union	7,435,000	233,816	7,668,816	0.40-3.0%	\$320,000 to \$470,000	7,656,510
Total MISU	<u>7,435,000</u>	<u>233,816</u>	<u>7,668,816</u>			<u>7,656,510</u>
<b>North Dakota State College of Science</b>						
2022 Housing Facilities Revenue Bonds, due through 2037, fixed rate collateralized by net housing and auxiliary facilities pledged revenues.	6,175,000	331,892	6,506,892	3.0%	\$320,000 to \$505,000	6,495,829
Total NDSCS	<u>6,175,000</u>	<u>331,892</u>	<u>6,506,892</u>			<u>6,495,829</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	2,149,699
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	5,663,343
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	11,209,611
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	7,161,897
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 \$541,373	8,251,023
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	10,610,000
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	47,055,549

# North Dakota University System

## Supplementary Information

June 30, 2022

### SCHEDULE OF BONDS PAYABLE and CERTIFICATES OF PARTICIPATION- Primary Institutions

Issue	Original Balance	Original Discount (Premium)	Original Balance, Net of Discount (Premium)	Interest Rate	Installments	Balance Outstanding
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	20,645,248
Total NDSU	<u>145,340,000</u>	<u>6,057,818</u>	<u>151,397,818</u>			<u>112,746,370</u>
<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	80,166,738
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	29,089,645
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	570,500
2012 EERC Revenue Bonds, maturity June 1, 2027, variable interest rate.	6,405,000	-	6,405,000	0.75-4.2%	\$325,000 to \$540,000	2,490,000
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	22,752,728
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%	\$715,000 to \$1,860,000	30,148,990
Total UND	<u>169,910,000</u>	<u>17,915,190</u>	<u>187,825,190</u>			<u>165,218,601</u>
<b>Valley City State University</b>						
2020 Housing & Auxiliary Facilities Revenue Bonds for the renovation of Snoeyenbos Hall Revenue Bonds auxiliary facilities system revenues, interest is variable and ranges from 3.35% to 4.0%	3,200,000	93,248	3,293,248	3.35% -4%	\$188,000	3,131,074
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% - 4%	\$40,000 to \$185,000	1,695,000
Total VCSU	<u>5,765,000</u>	<u>93,248</u>	<u>5,858,248</u>			<u>4,826,074</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			5,130,000
Total WSC	<u>5,347,000</u>	<u>-</u>	<u>5,347,000</u>			<u>5,130,000</u>
Total Bonds Payable	<u>\$ 357,107,000</u>	<u>\$ 24,976,893</u>	<u>\$ 382,083,893</u>			<u>\$ 313,171,710</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
Series 2021A, New Housing, due through 2061, collateralized by rental payments and rights under the Lease-Purchase Agreement	133,010,000	8,311,572	141,321,572	4.0% - 5.0%	\$1,000,000 to \$ 11,065,000	141,321,572
Series 2021B, Wellness Center & Housing, due through 2034, collateralized by rental payments and rights under the Lease-Purchase Agreement	18,330,000	-	18,330,000	0.42 - 2.34%	\$1,315,000 to \$ 1,545,000	16,890,000
Total UND	<u>244,370,000</u>	<u>12,124,413</u>	<u>256,494,413</u>			<u>255,054,413</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	7,162,759
Total WSC	<u>7,355,000</u>	<u>(77,592)</u>	<u>7,277,408</u>			<u>7,162,759</u>
Total COPs Payable	<u>\$ 251,725,000</u>	<u>\$ 12,046,821</u>	<u>\$ 263,771,821</u>			<u>\$ 262,217,172</u>



# NORTH DAKOTA UNIVERSITY SYSTEM

## Supplementary Information

June 30, 2022

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

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

	<u>Bismarck State College</u>	<u>Dakota College of Bottineau</u>	<u>Dickinson State University</u>	<u>Lake Region State College</u>	<u>Mayville State University</u>	<u>Minot State University</u>
Operating Revenues	\$ 4,775,169	\$ 719,811	-	-	\$ 480,776	\$ 449,979
Operating Expenses	5,178,206	884,279	-	-	527,860	357,400
Net Operating Revenues	<u>(403,037)</u>	<u>(164,468)</u>	<u>-</u>	<u>-</u>	<u>(47,084)</u>	<u>92,579</u>
Pledged Fees	465,849	-	-	-	103,611	467,708
Non Operating Revenue	567,200	204,062	-	-	245,930	-
CARES Act - Part B used to reimburse housing, dining and parking	117,808	-	-	-	-	-
Investment Income	126	-	-	-	-	512
Debt Service Grants	-	-	-	-	-	-
Capitalized Interest	-	-	-	-	-	-
Net Revenue Available for Debt Retirement	<u>747,946</u>	<u>39,594</u>	<u>-</u>	<u>-</u>	<u>302,457</u>	<u>560,799</u>
Current year Debt Service						
Principal	515,000	-	-	-	195,000	-
Interest	205,611	31,067	-	-	58,919	191,895
Total Debt Service	<u>\$ 720,611</u>	<u>\$ 31,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 253,919</u>	<u>\$ 191,895</u>

# NORTH DAKOTA UNIVERSITY SYSTEM

## Supplementary Information

June 30, 2022

### 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	\$ 8,797,141	\$ 43,167,625	\$ 29,747,035	2,826,070	\$ 553,523	\$ 91,517,129
Operating Expenses	6,582,177	34,952,991	22,582,583	2,669,635	209,011	73,944,142
Net Operating Revenues	<u>2,214,964</u>	<u>8,214,634</u>	<u>7,164,452</u>	<u>156,435</u>	<u>344,512</u>	<u>17,572,987</u>
Pledged Fees	338,991	5,705,454	7,024,771	112,359	-	14,218,743
Non Operating Revenue	78,018	4,186,031	3,475,568	593,247	147,803	9,497,859
CARES Act - Part B used to reimburse housing, dining and parking	-	155,000	-	-	-	272,808
Investment Income	2,359	15	40,940	38.68	-	43,991
Debt Service Grants	-	-	-	-	-	-
Capitalized Interest	-	-	-	-	-	-
Net Revenue Available for Debt Retirement	<u>2,634,332</u>	<u>18,261,134</u>	<u>17,705,731</u>	<u>862,080</u>	<u>492,315</u>	<u>41,606,388</u>
Current year Debt Service						
Principal	320,000	5,230,000	4,200,000	205,000	217,000	10,882,000
Interest	256,806	3,733,328	8,309,199	167,629	159,037	13,113,491
Total Debt Service	<u>\$ 576,806</u>	<u>\$ 8,963,328</u>	<u>\$ 12,509,199</u>	<u>\$ 372,629</u>	<u>\$ 376,037</u>	<u>\$ 23,995,491</u>