



# Annual Financial Report

June 30, 2024

# **NORTH DAKOTA UNIVERSITY SYSTEM**

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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 and the aggregate discretely presented component units of the North Dakota University System, as of and for the year ended June 30, 2024, 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 and the aggregate discretely presented component units of the North Dakota University System, as of June 30, 2024, 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 Matter***

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 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, 2024, 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.

### ***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 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 November 26, 2024, 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  
November 26, 2024

# **NORTH DAKOTA UNIVERSITY SYSTEM MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024**

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The North Dakota University System's (NDUS) discussion and analysis (MD&A) provides an overview of the System's financial activities for the year ended June 30, 2024 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 at a point in time. The Statement of Revenues, Expenses, and Changes in Net Position reports revenue and expense information. 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 NDUS 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 NDUS.

**The Statement of Net Position** is a financial snapshot of the NDUS at June 30, 2024. 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 NDUS.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### JUNE 30, 2024

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Nonoperating revenues and expense are derived from non-exchange transactions and include state appropriations, non-operating grants and contracts, 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 in accordance with Government Accounting Standards Board (GASB) standards. 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 NDUS, how cash was expended, and the change in the cash balance during the year.

State appropriations are included in cash flows from noncapital financing activities in accordance with GASB standards, even though the campus budgets depend on this revenue for operations. Other noncapital financing activities includes gifts received from endowment and charitable gift annuities.

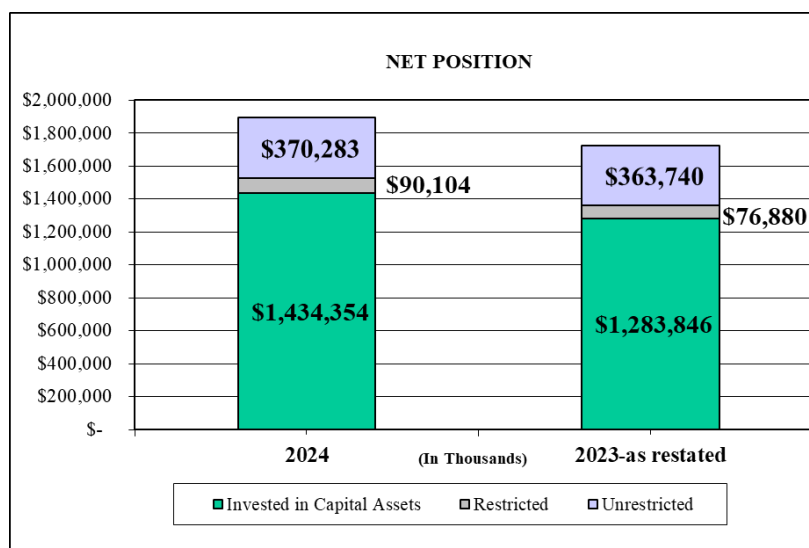
Cash flows from capital and related financing activities include all plant funds and related long-term debt activities (except depreciation and amortization), as well as capital gifts, grants and appropriations.

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 \$3.1 billion and total liabilities and deferred inflows were \$1.2 billion, resulting in a net position of \$1.9 billion. Net position increased \$167.6 million from fiscal year 2023.

The following graph illustrates the net position breakdown for fiscal years ending June 30, 2024 and 2023, as restated:



Invested in capital assets is the largest category of net position due to the significant size of the NDUS' physical infrastructure. Additional information explaining the increase in fiscal year 2024 from fiscal year 2023 is explained in the Capital Assets and Intangibles section on page 12 of this MD&A.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### JUNE 30, 2024

#### STATEMENT OF NET POSITION

The following table shows the Condensed Statement of Net Position at June 30, 2024 and 2023, as restated:

	June 30 (in thousands)		Dollar	Percent
	2024	2023-restated	Change	Change
Current assets	\$ 862,437	\$ 711,164	\$ 151,273	21%
Capital assets, net	2,043,155	1,926,851	116,304	6%
Other noncurrent assets	116,113	124,460	(8,347)	-7%
Total assets	3,021,705	2,762,475	259,230	9%
Deferred outflows of resources	121,269	178,007	(56,738)	-32%
Current liabilities	296,567	192,684	103,883	54%
Noncurrent liabilities	814,121	917,541	(103,420)	-11%
Total liabilities	1,110,688	1,110,225	463	0%
Deferred inflows of resources	137,544	105,718	31,826	30%
Invested in capital assets	1,434,354	1,283,919	150,435	12%
Restricted	90,104	76,880	13,224	17%
Unrestricted	370,283	363,740	6,543	2%
Total Net Position	\$ 1,894,742	\$ 1,724,539	\$ 170,203	10%

The increase in current assets is mainly attributed to increases in cash of \$35.3 million and investments of \$100.0 million. NDSU's cash increased \$99.4 million, which is mainly attributed to a \$97.0 million appropriation by the 2023 North Dakota Legislature for the new NDSU Agriculture Field Lab Facility. UND's cash decreased by \$78.5 million as a result of a shift from cash to certificates of deposit investments. The NDUS System Office's cash increased \$15.8 million due to the appropriation of \$24.0 million from the 2023 North Dakota Legislature to establish a capital building fund for NDUS institutions. The funds were distributed to various institutions in fiscal year 2025. Cash balances at year-end may also fluctuate from year-to-year depending on operational needs and the accounts payable payment cycles.

Capital assets, net increased \$116.3 million or 6 percent 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, 2024 and 2023.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### JUNE 30, 2024

	June 30 (in thousands)		Dollar	Percent
	2024	2023	Change	Change
Operating revenues	\$ 870,520	\$ 859,965	\$ 10,555	1%
Operating expenses	1,460,212	1,394,641	65,571	5%
Operating loss	(589,692)	(534,676)	(55,016)	10%
Nonoperating revenues, net of expenses	661,270	521,804	139,466	27%
Income (loss) before capital grants, gifts, and transfer	71,578	(12,872)	84,450	-656%
Capital appropriations, grants and gifts	98,695	75,375	23,320	31%
Increase (loss) in net position	\$ 170,273	\$ 62,503	\$ 107,770	172%

Operating revenues and expenses fluctuations are discussed in later sections of this MD&A analysis.

### Revenues

The following table shows revenues by source for the fiscal years ended June 30, 2024 and 2023:

	June 30 (in Thousands)		Dollar	Percent
	June 30 (in thousand)	2023	Change	Change
<b>Operating revenues</b>				
Student tuition and fees	\$ 370,739	\$ 380,216	\$ (9,477)	-2%
Grants and contracts	281,637	262,251	19,386	7%
Sales and services of education departments	103,175	109,689	(6,514)	-6%
Auxiliary enterprises	114,001	106,909	7,092	7%
Other	968	900	68	8%
Total operating revenues	870,520	859,965	10,555	1%
<b>Nonoperating revenues, capital gifts and grants</b>				
State appropriations	\$ 479,449	\$ 399,158	\$ 80,291	20%
Federal appropriations	7,516	6,793	723	11%
Federal grants and contracts	118,743	70,860	47,883	68%
Gifts	64,041	63,478	563	1%
Endowment and investment income	17,782	13,151	4,631	35%
Insurance proceeds	620	727	(107)	-15%
Tax revenues	6,620	6,323	297	5%
State appropriations-capital assets	56,182	44,357	11,825	27%
Capital grants and gifts	42,513	31,019	11,494	37%
Other nonoperating, net	22,667	(1,890)	24,557	1299%
Total	816,131	633,976	182,155	29%
<b>Total Revenues</b>	\$ 1,686,651	\$ 1,493,941	\$ 192,710	13%

Operating grants and contracts increased mainly due to increases at NDSU and UND. NDSU's awards increased \$4.5 million in NDSU's College of Engineering and \$3.8 million in NDSU's North Dakota Agriculture Experiment Station. UND's awards increased \$14.4 million in UND's College of Engineering and the EERC.

State appropriations are appropriated by the North Dakota Legislature on a biennial basis.

Federal grants and contracts (nonoperating revenues) increased \$47.9 million compared to FY2023. The increase is mostly attributed to the federal State and Local Fiscal Recovery Funds (SLFRF) monies received for the

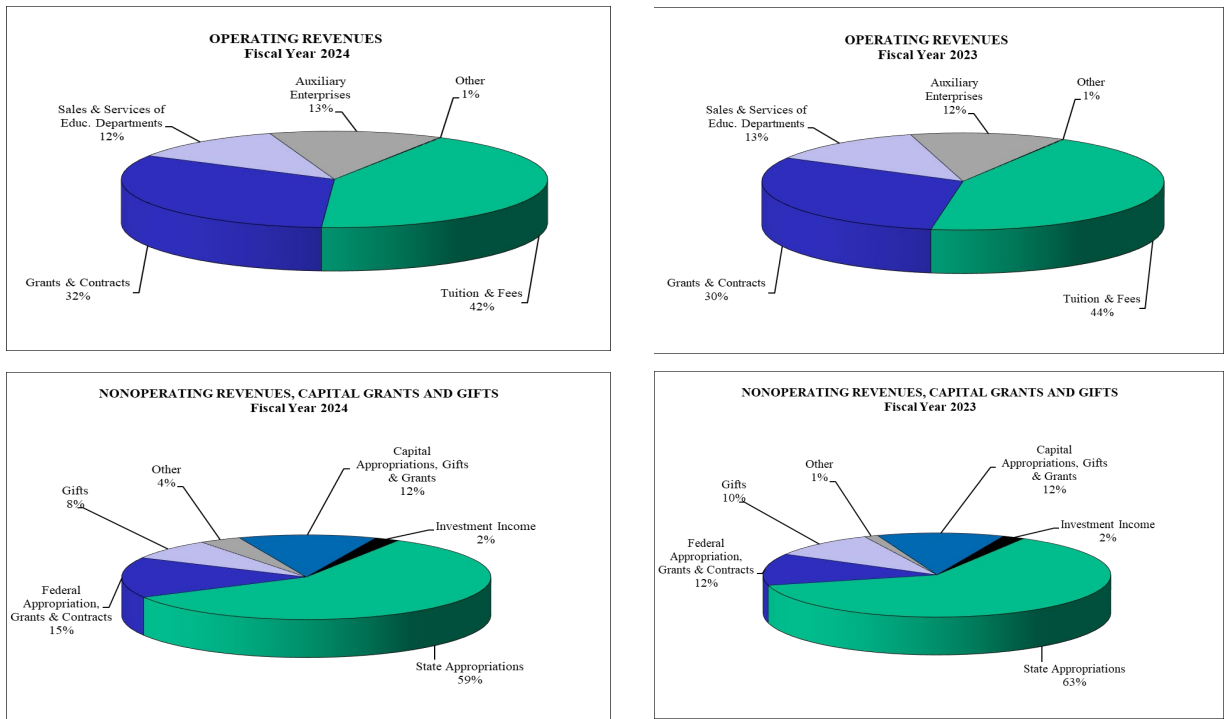
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2024**

Polytechnic Building at BSC and the remodeling of Merrifield Hall at UND, resulting in an increase of \$29.3 million at BSC and \$18.9 million at UND.

The increase in capital grants and gifts of \$11.5 million is mainly the result of an increase at UND relating to gifts received from the UND Alumni Association and UND Foundation for the UND High Performance Center.

Other net nonoperating revenue (expense) increased \$24.4 million primarily as a result of the establishment of a capital building fund of \$24.0 million by the 2023 North Dakota Legislative Assembly.

The following graphs depict sources of operating and nonoperating revenues for fiscal year 2024 and 2023:



**Expenses**

The following table shows expenses by natural classification for the fiscal years ended June 30, 2024 and 2023.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

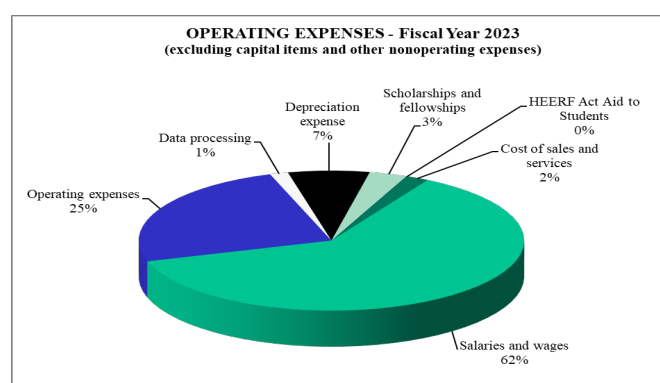
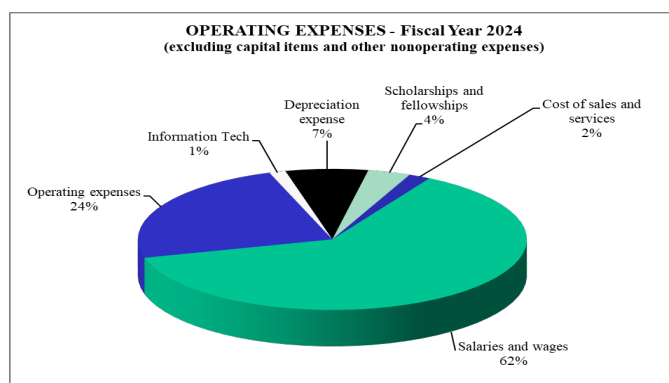
## JUNE 30, 2024

	June 30 (in Thousands)		Dollar	Percent
	June 30, 2024	June 30, 2023	Change	Change
<b>Operating expenses</b>				
Salaries and wages	\$ 912,268	\$ 862,716	\$ 49,552	6%
Operating expenses	349,452	343,708	5,744	2%
Information technology	19,943	21,304	(1,361)	-6%
Depreciation expense	100,268	95,303	4,965	5%
Scholarships and fellowships	51,786	44,428	7,358	17%
HEERF Act Aid to Students	(7)	321	(328)	-102%
Cost of sales and services	26,503	26,861	(359)	-1%
Total operating expenses	1,460,212	1,394,641	65,571	5%
<b>Nonoperating expenses</b>				
Interest on capital asset related debt	23,056	23,430	(374)	-2%
Loss on sale of capital assets	3,708	(1,107)	4,815	-435%
General and special grant expenditures	23,060	8,175	14,885	182%
Transfers to North Dakota Industrial Commission	6,343	6,299	44	1%
Total nonoperating expenses	56,166	36,797	19,369	53%
<b>Total expenses</b>	<b>\$ 1,516,379</b>	<b>\$ 1,431,438</b>	<b>\$ 84,941</b>	<b>6%</b>

The change in total operating expense of \$65.6 million is mainly due to an increase in salaries and wages. The increase in salaries and wages is due to the appropriated salary increases approved by the North Dakota State Legislature and increases in health insurance, offset by a decrease in pension expense. Salaries and wages, excluding benefits and payroll taxes, increased \$48.0 million and health insurance increased \$16.5 million. Pension expense decreased \$19.7 million. NDUS participates in the North Dakota Public Employees Retirement System (NDPERS). Pension expense is actuarially-determined each year by an actuarial firm hired by NDPERS.

General and special grant expenditures increased due to increased expenditures in the North Dakota Challenge Grant and Nursing Education Consortium payments, which typically are spent primarily in the first fiscal year of the biennium.

The following chart depicts the uses of operating funds according to natural classification for fiscal year 2024:



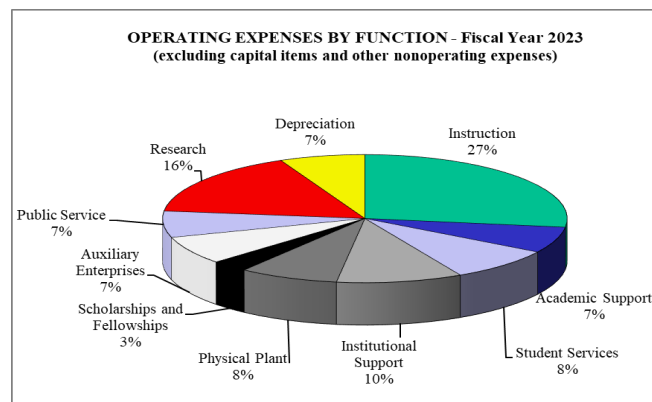
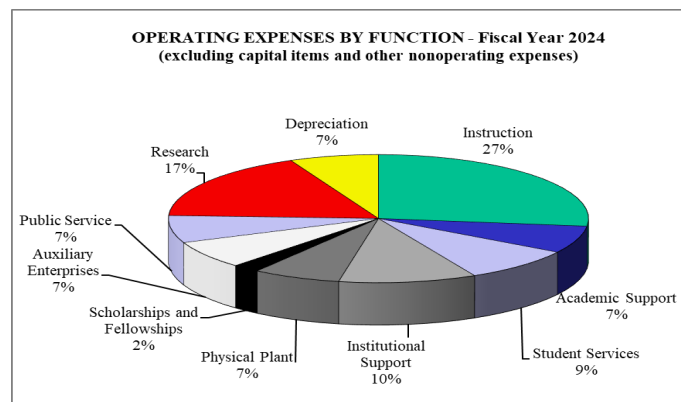
The allocation of operating expenses among the natural classification categories has not changed significantly from fiscal year 2023.

The following chart illustrates operating expenses by function for fiscal year 2024:

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### JUNE 30, 2024

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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.

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, 2024 and 2023 is shown below:

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### JUNE 30, 2024

	June 30 (in thousands)	
	2024	2023
Cash flows from operating activities	\$ (447,659)	\$ (410,931)
Cash flows from noncapital financing activities	574,291	527,092
Cash flows from capital and related financing activities	(15,455)	(164,464)
Cash flows from investing activities	(79,232)	63,025
Increase in cash and cash equivalents during the year	\$ 31,946	\$ 14,722

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 \$480.3 million in fiscal year 2024 and \$397.9 million in fiscal year 2023. If these amounts are added to the cash flows from operating activities, the result is a cash inflow of \$32.6 million in fiscal year 2024 and a cash outflow of \$13.0 million in fiscal year 2023.

## CAPITAL ASSET AND LONG-TERM LIABILITIES HIGHLIGHTS

### CAPITAL ASSETS AND INTANGIBLES

On June 30, 2024, the NDUS had \$2.0 billion invested in net capital assets and intangibles, which represents a net increase of \$116.3 million or six percent during the fiscal year.

	June 30 (in thousands)	
	2024	2023-restated
Land	\$ 22,647	\$ 21,038
Land improvements/infrastructure	301,192	292,295
Buildings	2,258,703	2,013,337
Furniture, fixtures, and equipment	432,754	412,757
Library materials	81,626	81,677
Construction in progress	227,121	309,407
Capitalized software	24,381	24,144
Right-of-use on long-term leases	43,930	47,357
SBITAs	38,591	34,761
Other intangibles	2,273	2,271
Total	3,433,219	3,239,044
Total accumulated depreciation and amortization	(1,390,064)	(1,312,193)
Capital assets, net	\$ 2,043,155	\$ 1,926,851

Total additions to depreciable capital assets and intangibles in fiscal year 2024 were \$52.8 million.

Construction in progress for other projects underway totaled \$227.1 million at June 30, 2024. Major projects and their total project costs through June 30, 2024 include:

- BSC
  - Polytechnic Building - \$28.0 million
- DCB
  - Old Main Renovation - \$5.5 million
- MiSU
  - Hartnett Hall Renovation - \$25.2 million

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### JUNE 30, 2024

#### NDSU

- Agriculture Products Development Center - \$78.3 million

#### UND

- Merrifield Hall Renovation - \$36.9 million
- High Performance Center - \$13.0 million

Outstanding commitments for these and other capital projects as of June 30, 2024 totaled \$261.8 million. More information about the System's capital assets is presented in Note 5 and Note 18 to the financial statements.

#### LONG-TERM LIABILITIES

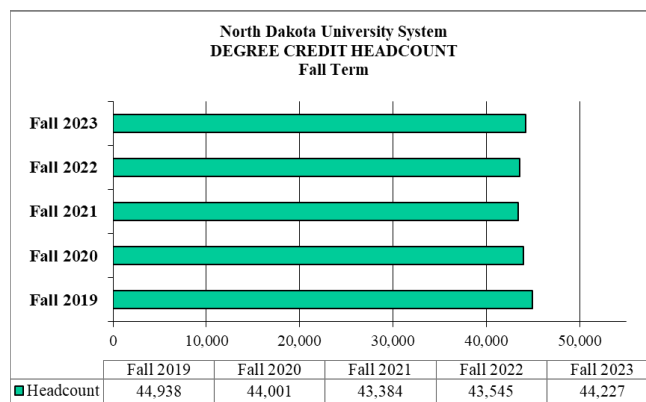
	June 30 (in thousands)	
	2024	2023-as restated
Bonds payable	\$ 286,705	\$ 300,080
Certificates of participation	251,166	260,727
Notes payable	20,583	25,133
Leases payable	32,697	37,091
Special assessments	17,245	18,008
Compensated absences	37,789	36,556
Total Long-term liabilities	\$ 646,185	\$ 677,596

Long-term liabilities added in fiscal year 2024 totaled \$3.4 million and retirements totaled \$34.8 million.

#### OTHER HIGHLIGHTS

##### STUDENT ENROLLMENTS -

As illustrated in the chart below, Annual Degree Credit Headcount enrollment for fall 2023 increased by 682 or 1.6 percent compared to fall 2022 and decreased by 711 or 1.6 percent compared to fall 2019.



Source: 2023 Fall Enrollment Report: Table 1-System Duplicated and Institutional Headcount Enrollments

Additional detailed enrollment data is contained in the 2023 NDUS Fall Enrollment Report.

#### STATE FUNDING

The 2023 Legislative Assembly approved a state general fund appropriation for all entities of the North Dakota University System of \$989.2 million for the 2023-25 biennium. This is an increase of \$176.2 million above the

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **JUNE 30, 2024**

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2021-23 original appropriation. Of the total increases, \$117.4 million was base funding and \$58.8 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, 2024**

**STATEMENT OF NET POSITION**

	<b>Primary Institutions</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 395,808,452
Investments	285,286,524
Accounts receivable, net	35,874,238
Due from component units - investments held on behalf of the institutions	293,284
Due from component units	18,497,546
Due from State general fund	15,386,422
Grants and contracts receivables, net	90,124,867
Inventories	8,792,828
Lease receivable	31,904
Notes receivable, net	2,408,699
Other assets	9,931,830
Total current assets	<u>862,436,594</u>
Noncurrent assets	
Restricted cash and cash equivalents	10,824,129
Restricted investments	3,240,386
Endowment investments	575,525
Lease receivable	767,130
Notes receivable, net	7,975,653
Other long-term investments	68,837,226
Due from component units - investments held on behalf of the institutions	23,893,307
Capital assets, net	2,043,154,869
Total noncurrent assets	<u>2,159,268,225</u>
Total assets	<u>3,021,704,819</u>
Deferred outflows of resources	121,269,086
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued liabilities	58,308,822
Due to component units	386,285
Accrued payroll	48,892,878
Unearned revenue	148,729,440
Deposits	6,079,785
SBITA liabilities current portion	8,189,515
Long-term liabilities - current portion	
Due to component units	2,771,126
Due to others	23,209,498
Total current liabilities	<u>296,567,349</u>
Noncurrent liabilities	
Pension liability	171,826,866
OPEB liability	8,368,580
SBITA liabilities noncurrent portion	8,672,314
Other noncurrent liabilities	5,048,724
Long-term liabilities	
Due to component units	19,627,716
Due to others	600,576,806
Total noncurrent liabilities	<u>814,121,006</u>
Total liabilities	<u>1,110,688,355</u>
Deferred inflows of resources	137,543,980
<b>NET POSITION</b>	
Net investment in capital assets	1,434,354,359
Restricted for:	
Nonexpendable:	
Scholarships and fellowships	20,240,640
Expendable:	
Scholarships and fellowships	5,625,803
Research	7,806,954
Institutional	10,479,892
Loans	21,073,168
Capital projects	306,850
Debt service	5,516,025
Other	19,054,480
Unrestricted	370,283,399
Total net position	<u>\$ 1,894,741,570</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**STATEMENT OF FINANCIAL POSITION**

<b>FASB Basis</b>	<b>Component Units</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 85,698,781
Investments	51,612,676
Accounts receivable, net	1,864,936
Notes receivable	3,236,905
Receivable from primary institution	3,979,790
Unconditional promises to give, net of allowance	33,470,421
Inventories	1,591,062
Current portion of net investment in direct financing leases	902,725
Other assets	33,863,278
Total current assets	<u>216,220,574</u>
Noncurrent assets	
Restricted cash and cash equivalents	13,302,718
Investments	
Investments, net of current portion	1,035,722,658
Investments, restricted	5,019,063
Investments held in trust	32,676,636
Beneficial interest in trust	21,392,095
Charitable gift annuity investments	6,247,350
Charitable remainder trust account investments	14,687,576
Real estate and equipment held for investment, net of accumulated depreciation	15,606,852
Other long-term investments	36,271,829
Total investments	<u>1,167,624,059</u>
Contracts for deed and notes receivable, net of current portions	449,619
Long term pledges receivable/ unconditional promises to give	68,341,767
Other receivables	2,499,948
Receivable from primary institution	19,569,699
Notes receivable, net	6,000,000
Net investment in direct financing leases, net of current portion	8,053,434
Other noncurrent assets	5,761,507
Capital assets, net	194,568,791
Total noncurrent assets	<u>1,486,171,542</u>
Total assets	<u>1,702,392,116</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued liabilities	6,736,439
Investments held on behalf of institutions	1,928,333
Payable to primary institutions	12,493,750
Accrued payroll	1,640,368
Current portion of gift annuities and life income agreements	2,720,674
Deferred revenue	15,733,711
Deposits held in custody for others	-
Other current liabilities	1,716,167
Long-term liabilities--current portion	15,954,813
Total current liabilities	<u>58,924,255</u>
Noncurrent liabilities	
Deposits	22,567,210
Payable to primary institutions	446,628
Investments held on behalf of Institutions	3,928,210
Gift annuities and life income agreements, net of current portion	17,576,952
Obligations under split-interest agreement	7,844,784
Other noncurrent liabilities	1,090,565
Long-term liabilities	100,732,596
Total noncurrent liabilities	<u>154,186,945</u>
Total liabilities	<u>213,111,200</u>
<b>NET ASSETS</b>	
Without donor restrictions	309,132,308
With donor restrictions	1,180,148,607
Total net assets	<u>1,489,280,915</u>
Total liabilities and net assets	<u>\$ 1,702,392,115</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Financial Statements**  
**June 30, 2024**

**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 \$86.5 million and bad debt allowance of \$752,000)	\$ 370,739,297
Federal grants and contracts	192,396,167
State grants and contracts	51,780,475
Nongovernmental grants and contracts	37,460,320
Sales and services of educational departments (net of bad debt allowance of \$42,000)	103,175,113
Auxiliary enterprises (net of scholarship allowances of \$1.4 million and bad debt allowance of \$419,000)	114,000,519
Other (net of bad debt allowance of \$111,000)	968,294
Total operating revenues	<u>870,520,185</u>
<b>OPERATING EXPENSES</b>	
Salaries and wages	912,267,714
Operating expenses	349,451,935
Information technology	19,943,272
Depreciation expense	100,268,165
Scholarships and fellowships	51,785,502
HEERF Act Aid to Students	(7,255)
Cost of sales and services	26,503,074
Total operating expenses	<u>1,460,212,407</u>
Operating income (loss)	<u>(589,692,222)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
State appropriations	479,448,552
Federal appropriations	7,515,704
Federal grants and contracts (net of bad debt allowance of \$31,000)	39,629,563
Federal grants and contracts stimulus	79,113,522
Gifts	64,040,673
Endowment and investment income	17,781,723
Interest on capital asset - related debt	(23,055,551)
Gain (loss) on disposal of capital assets	(3,707,718)
Insurance proceeds	619,611
Tax revenues	6,619,870
General and special grant expenditures	(23,060,095)
Transfers to North Dakota Industrial Commission	(6,342,945)
Other nonoperating revenues (expenses)	22,666,908
Net nonoperating revenues (expenses)	<u>661,269,817</u>
Income (loss) before capital grants, gifts, and transfers	71,577,595
State appropriations - capital assets	56,182,159
Capital grants and gifts	42,512,985
Total other revenue	<u>98,695,144</u>
Increase (decrease) in net position	<u>170,272,739</u>
<b>NET POSITION</b>	
Net position - beginning of year, as restated	1,724,468,831
Net position - end of year	<u>\$ 1,894,741,570</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**STATEMENT OF ACTIVITIES**

**FASB BASIS**

	<b>Component Units</b>
<b>Support and revenue</b>	
Gifts and contributions	\$ 151,998,178
Investment income	48,148,175
Grant revenue	1,166,050
Net realized and unrealized gains (losses) on investment securities	62,426,452
Program and event income	57,749,385
Other income	9,894,810
Total support and revenue	<u>331,383,050</u>
<b>Expenses</b>	
Program services	95,984,009
Supporting services	60,958,358
Fundraising expense	10,428,921
Total operating expenses	<u>167,371,288</u>
Change in net assets	164,011,762
Net assets, beginning of year	<u>1,325,269,153</u>
Net assets, end of year	<u>\$ 1,489,280,915</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**STATEMENT OF CASH FLOWS**

	<b>Primary Institution</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Student tuition and fees	\$ 368,719,761
Grants and contracts	305,697,211
Payments to suppliers	(406,251,827)
Payments to employees	(904,026,091)
Payments for scholarships and fellowships	(51,785,506)
HEERF Act payments to students	7,255
Loans issued to students	(1,159,268)
Collection of loans to students	2,674,709
Auxiliary enterprise charges	113,103,629
Sales and service of educational departments	99,596,640
Cash received/(paid) on deposits	363,175
Other receipts (payments)	25,401,698
Net cash used by operating activities	<u>(447,658,614)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State appropriations	480,266,004
Federal appropriations	7,763,230
Grants and gifts received for other than capital purposes	102,371,254
Grants given for other than capital purposes	(23,738,148)
Federal stimulus revenues	7,290,324
Direct lending receipts	208,583,253
Direct lending disbursements	(208,521,816)
Transfers to Industrial Commission	(6,342,946)
Tax revenues	6,619,872
Net cash flows provided by noncapital financing activities	<u>574,291,027</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital appropriations	150,748,706
Capital grants and gifts received	38,549,340
Federal stimulus revenue capital	71,823,200
Proceeds from sale of capital assets	1,572,620
Proceeds from lease receivables	56,018
Purchases of capital assets	(215,074,594)
Insurance proceeds	619,611
Principal paid on capital debt and leases	(41,335,834)
Interest paid on capital debt and lease	(22,413,782)
Net cash used by capital and related financing activities	<u>(15,454,715)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sales and maturities of investments	297,029,440
Interest on investments	16,403,379
Purchase of investments	(392,664,479)
Net cash provided by investing activities	<u>(79,231,660)</u>
Net increase (decrease) in cash	31,946,038
CASH - BEGINNING OF YEAR	\$ 374,686,543
CASH - END OF YEAR	<u>\$ 406,632,581</u>
<b>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ (589,692,222)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities	
Depreciation and amortization expense	100,268,165
Other nonoperating revenues (expenses)	30,041,422
Change in assets, deferred outflows, liabilities and deferred inflows	
Accounts receivable adjusted for interest receivable	(918,832)
Grant & contract receivables	24,062,092
Inventories	(903,603)
Notes receivable	2,074,361
Other assets	(5,608,024)
Accounts payable and accrued liabilities adjusted for interest payable	(13,215,656)
Pension liability	(81,714,142)
OPEB liability	(1,583,874)
Net change in deferred outflows	56,545,392
Net change in deferred inflows	31,282,237
Accrued payroll	2,550,570
Compensated absences	1,159,584
Unearned revenue	(2,369,267)
Deposits	363,183
Net cash provided (used) by operating activities	<u>\$ (447,658,614)</u>
<b>SUPPLEMENTAL DISCLOSURE ON NON CASH TRANSACTIONS</b>	
Assets acquired through long-term leases	\$ 1,586,877
Assets acquired through note payable	100,000
Assets acquired through long-term software based IT arrangements	3,801,600
Assets acquired through special assessments	46,189
Long-term leases retired before end of term	1,260,806
Long-term lease receivable initialed	(618,798)
Gifts of capital assets	273,489
Net increase (decrease) in value of investments	<u>1,092,428</u>
Total non-cash transactions	<u>\$ 7,542,591</u>

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Financial Statements**  
**JUNE 30, 2024**

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

FASB BASIS	BSC Foundation June 30, 2024	MiSU Development Foundation June 30, 2024	NDSU Foundation June 30, 2024	NDSU Foundation December 31, 2023	NDSU Research & Technology Park June 30, 2024	UND Aerospace Foundation June 30, 2024	UND Alumni Association & UND Foundation June 30, 2024
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 1,002,196	\$ 2,136,658	3,165,121	\$ 8,082,829	\$ 306,826	\$ 37,059,796	\$ 19,913,537
Investments	-	-	33,025,953	12,043,942	488,000	-	-
Accounts receivable, net	12,331	13,475	-	214,489	118,432	760,327	-
Notes Receivable	-	-	2,155,823	66,795	-	740,000	-
Receivable from primary institution	50,273	-	-	606,136	-	607,110	-
Unconditional promises to give, net of allowance	2,666,721	436,654	500,855	20,254,306	-	142,000	7,581,350
Inventories	-	-	-	-	-	925,548	2,120
Current portion of net investment in direct financing leases	-	-	-	-	902,725	-	-
Other assets	48,218	16,953	11,699	413,598	255,415	449,017	32,698,188
Total current assets	3,779,739	2,603,740	38,859,451	41,682,095	2,071,398	40,683,798	60,195,195
Noncurrent assets							
Restricted cash and cash equivalents	-	-	-	7,647,285	-	-	4,084,079
Investments							
Investments, net of current portion	38,350,998	41,237,457	-	499,795,905	664,913	-	424,830,441
Investments, restricted	-	-	-	-	-	-	-
Investments held in trust	6,181,215	3,928,210	-	-	-	-	22,567,211
Beneficial interest in trust	1,550,430	-	-	-	-	-	19,841,665
Charitable gift annuity investments	-	-	-	-	-	-	6,247,350
Charitable remainder trust account investments	-	-	-	-	-	-	14,687,576
Real estate and equipment held for investment, net of accumulated depreciation	192,000	-	-	24,391,047	-	-	-
Other long-term investments	46,758	-	-	17,638,219	-	424,991	13,233,021
Total investments	46,321,401	45,165,667	-	541,825,171	664,913	424,991	501,407,264
Contracts for deed and notes receivable, net of current portions	-	-	-	449,619	-	-	-
Long term pledges							
receivable/unconditional promises to give	3,105,608	1,262,964	3,376,500	31,587,580	-	426,000	27,471,650
Other receivables	-	-	-	-	-	-	3,638,954
Receivable from primary institution	431,593	-	-	-	-	-	-
Notes receivable, net	-	-	-	-	6,000,000	-	-
Net investment in direct financing leases, net of current portion	-	-	-	-	7,485,229	-	568,205
Other noncurrent assets	177,103	1,415,573	54,730	1,187,777	464,116	1,097,114	-
Capital assets, net	12,381,206	11,235,964	23,664,358	3,473,933	7,350,559	66,980,999	13,284,190
Total noncurrent assets	62,416,911	59,080,168	27,095,588	586,171,365	21,964,817	68,929,104	550,454,342
Total assets	66,196,650	61,683,908	65,955,039	627,853,460	24,036,215	109,612,902	610,649,537
<b>LIABILITIES</b>							
Current liabilities							
Accounts payable and accrued liabilities	172,824	46,885	938,711	693,338	97,302	377,032	1,977,320
Investments held on behalf of institutions	-	-	-	-	-	-	-
Payable to primary institution	140,347	264,281	-	2,508,352	18,152	1,170,606	4,389,996
Accrued payroll	-	-	-	-	52,287	970,231	617,850
Current portion of gift annuities and life income agreements	349,726	89,635	-	867,174	-	-	1,414,139
Deferred revenue	-	-	1,500,000	-	20,000	5,117,018	2,870,531
Other current liabilities	31,346	-	-	1,160,954	49,432	152,357	-
Long-term liabilities-current portion	293,381	285,290	5,482,882	4,574,619	998,810	627,998	3,527,870
Total current liabilities	987,624	686,091	7,921,593	9,804,437	1,235,983	8,415,242	14,797,706
Noncurrent liabilities							
Deposits	-	-	-	-	-	-	22,567,210
Payable to primary institution	-	446,628	-	-	-	-	-
Investments held on behalf of institutions	-	3,928,210	-	-	-	-	-
Gift annuities and life income agreements, net of current portion	2,769,994	425,254	426,429	-	-	-	13,955,275
Obligations under split-interest agreement membership units	85,952	-	-	7,758,832	-	-	-
Other noncurrent liabilities	386,629	-	-	-	63,333	640,603	-
Long-term liabilities	3,879,732	4,795,046	-	34,796,268	14,027,330	6,073,847	25,795,159
Total noncurrent liabilities	7,122,307	9,595,138	426,429	42,555,100	14,090,663	6,714,450	62,317,644
Total liabilities	8,109,931	10,281,229	8,348,022	52,359,537	15,326,646	15,129,692	77,115,350
<b>NET ASSETS</b>							
Without donor restrictions	10,517,272	9,277,918	2,474,178	32,151,518	8,659,569	86,737,471	83,400,147
With donor restrictions	47,569,447	42,124,761	55,132,839	543,342,405	50,000	7,745,739	450,134,040
Total net assets	58,086,719	51,402,679	57,607,017	575,493,923	8,709,569	94,483,210	533,534,187
Total liabilities and net assets	\$ 66,196,650	61,683,908	65,955,039	\$ 627,853,460	\$ 24,036,215	\$ 109,612,902	\$ 610,649,537

**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 May 31, 2024				
	Total Major Component Units	Non-major Component Units	Reclassifications	Total Component Units	
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 6,568,803	\$ 78,235,766	\$ 7,463,015	\$ -	\$ 85,698,781
Investments	6,054,781	51,612,676	-	-	51,612,676
Accounts receivable, net	744,300	1,863,354	1,582	-	1,864,936
Notes receivable	-	2,962,618	274,287	-	3,236,905
Receivable from primary institution	-	1,263,519	-	2,716,271	3,979,790
Unconditional promises to give, net of allowance	-	31,581,886	1,888,535	-	33,470,421
Inventories	663,394	1,591,062	-	-	1,591,062
Current portion of net investment in direct financing leases	-	902,725	-	-	902,725
Other assets	296,949	34,190,037	240,783	(567,542)	33,863,278
Total current assets	14,328,227	204,203,643	9,868,202	2,148,729	216,220,574
Noncurrent assets					
Restricted cash and cash equivalents	1,027,239	12,758,603	544,115	-	13,302,718
Investments:					
Investments, net of current portion	-	1,004,879,714	30,842,944	-	1,035,722,658
Investments, restricted	5,019,063	5,019,063	-	-	5,019,063
Investments held in trust	-	32,676,636	-	-	32,676,636
Beneficial interest in trust	-	21,392,095	-	-	21,392,095
Charitable gift annuity investments	-	6,247,350	-	-	6,247,350
Charitable remainder trust account investments	-	14,687,576	-	-	14,687,576
Real estate and equipment held for investment, net of accumulated depreciation	-	24,583,047	-	(8,976,195)	15,606,852
Other long-term investments	4,703,199	36,046,188	225,641	-	36,271,829
Total investments	9,722,262	1,145,531,669	31,068,585	(8,976,195)	1,167,624,059
Contracts for deed and notes receivable, net of current portions	-	449,619	-	-	449,619
Long term pledges receivable/unconditional promises to give	-	67,230,302	1,111,465	-	68,341,767
Other receivables	-	3,638,954	-	(1,139,006)	2,499,948
Receivable from primary institution	-	431,593	-	19,138,106	19,569,699
Notes receivable, net	-	6,000,000	-	-	6,000,000
Net investment in direct financing leases, net of current portion	-	8,053,434	-	-	8,053,434
Other noncurrent assets	-	4,396,413	1,365,094	-	5,761,507
Capital assets, net	53,108,831	191,480,040	14,263,917	(11,175,166)	194,568,791
Total noncurrent assets	63,858,332	1,439,970,627	48,353,176	(2,152,261)	1,486,171,542
Total assets	78,186,559	1,644,174,270	58,221,378	(3,532)	1,702,392,116
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable and accrued liabilities	2,184,498	6,487,910	351,495	(102,966)	6,736,439
Investments Held on Behalf of Institutions	-	-	1,928,333	-	1,928,333
Payable to primary institution	3,894,906	12,386,640	7,676	99,434	12,493,750
Accrued payroll	-	1,640,368	-	-	1,640,368
Current portion of gift annuities and life income agreements	-	2,720,674	-	-	2,720,674
Deferred revenue	6,226,162	15,733,711	-	-	15,733,711
Other current liabilities	322,078	1,716,167	-	-	1,716,167
Long-term liabilities--current portion	-	15,790,850	163,963	-	15,954,813
Total current liabilities	12,627,644	56,476,320	2,451,467	(3,532)	58,924,255
Noncurrent liabilities					
Deposits	-	22,567,210	-	-	22,567,210
Payable to primary institution	-	446,628	-	-	446,628
Investments held on behalf of institutions	-	3,928,210	-	-	3,928,210
Gift annuities and life income agreements, net of current portion	-	17,576,952	-	-	17,576,952
Obligations under split-interest agreement membership units	-	7,844,784	-	-	7,844,784
Other noncurrent liabilities	-	1,090,565	-	-	1,090,565
Long-term liabilities	-	89,367,382	11,365,214	-	100,732,596
Total noncurrent liabilities	-	142,821,731	11,365,214	-	154,186,945
Total liabilities	12,627,644	199,298,051	13,816,681	(3,532)	213,111,200
<b>NET ASSETS</b>					
Without donor restrictions	65,558,914	298,776,987	10,355,321	-	309,132,308
With donor restrictions	-	1,146,099,231	34,049,376	-	1,180,148,607
Total net assets	65,558,914	1,444,876,218	44,404,697	-	1,489,280,915
Total liabilities and net assets	\$ 78,186,558	\$ 1,644,174,269	\$ 58,221,378	\$ (3,532)	\$ 1,702,392,115

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**FINANCIAL STATEMENTS**  
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**STATEMENT OF ACTIVITIES, Major Component Units**

**FASB BASIS**

	MiSU		NDSCS		NDSU		UND	UND Alumni
	BSC	Development	Foundation	NDSU Foundation	Research &	Technology	Aerospace	Association &
	Foundation	Foundation	Foundation	December 31, 2023	Park	Foundation	Foundation	Foundation
	June 30, 2024	June 30, 2024	June 30, 2024	December 31, 2023	June 30, 2024	June 30, 2024	June 30, 2024	June 30, 2024
<b>Support and revenue</b>								
Gifts and contributions	\$ 10,396,745	\$ 3,403,523	\$ 4,069,253	\$ 49,820,901	\$ 608,718	\$ 8,125,616	\$ 73,277,203	
Investment income	6,050,897	4,837,668	4,214,018	20,635,060	493,432	1,193,688	4,089,008	
Grant revenue	-	1,166,050	-	-	-	-	-	
Net realized and unrealized gains (losses) on investment securities	-	-	-	22,881,209	-	-	37,874,418	
Program and event income	47,215	-	3,529,144	-	5,000	27,766,785	12,589,086	
Other income	462,746	1,597,897	288,825	1,564,340	1,077,596	455,221	-	
Total support and revenue	16,957,603	11,005,138	12,101,240	94,901,510	2,184,746	37,541,310	127,829,715	
<b>Expenses</b>								
Program services	3,625,215	6,015,705	2,242,153	39,460,118	1,271,776	-	38,007,732	
Supporting services	789,132	593,376	734,750	10,638,888	800,843	25,785,934	3,653,918	
Fundraising expense	89,598	526,307	67,510	4,546,677	-	93,514	4,571,849	
Total expenses	4,503,945	7,135,388	3,044,413	54,645,683	2,072,619	25,879,448	46,233,499	
<b>Change in net assets</b>	12,453,658	3,869,750	9,056,827	40,255,827	112,127	11,661,862	81,596,216	
<b>Net Assets, beginning of year, as restated</b>	45,633,061	47,532,929	48,550,190	535,238,096	8,597,442	82,821,348	451,937,971	
<b>Net assets, end of year</b>	\$ 58,086,719	\$ 51,402,679	\$ 57,607,017	\$ 575,493,923	\$ 8,709,569	\$ 94,483,210	\$ 533,534,187	



**NORTH DAKOTA UNIVERSITY SYSTEM**  
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**STATEMENT OF ACTIVITIES, Major Component Units - Continued**

	RE Arena, Inc UND Arena Services, Inc. UND Sports Facilities, Inc. Arena Holdings Charitable LLC & Affiliates May 31, 2024		Total Major Component Units	Non-Major Component Units	Total Component Units
<b>Support and revenue</b>					
Gifts and contributions	\$ -	\$	149,701,959	\$ 2,296,219	\$ 151,998,178
Investment income	823,303		42,337,074	5,811,101	48,148,175
Grant Revenue	-		1,166,050	-	1,166,050
Net realized and unrealized gains (losses) on investment securities	-		60,755,627	1,670,825	62,426,452
Program and event income	11,157,281		55,094,511	2,654,874	57,749,385
Other income	2,632,885		8,079,510	1,815,300	9,894,810
Total support and revenue	14,613,469		317,134,731	14,248,319	331,383,050
<b>Expenses</b>					
Program services	835,800		91,458,499	4,525,510	95,984,009
Supporting services	13,879,695		56,876,536	4,081,822	60,958,358
Fundraising expense	533,466		10,428,921	-	10,428,921
Total expenses	15,248,961		158,763,956	8,607,332	167,371,288
<b>Change in Net Assets</b>	(635,492)		158,370,775	5,640,987	164,011,762
<b>Net Assets, Beginning of Year, as restated</b>	66,194,406		1,286,505,443	38,763,710	1,325,269,153
<b>Net Assets, End of Year</b>	\$ 65,558,914	\$	1,444,876,218	\$ 44,404,697	\$ 1,489,280,915

**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 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). Includes the NDUS System Office and Core Technology Services (CTS).

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

**June 30, 2024**

## **NOTES TO THE FINANCIAL STATEMENTS**

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North Central Research Extension Center  
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

**NOTES TO THE FINANCIAL STATEMENTS**

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provide services directly to it, is included in the primary institutions financial statements using the blending method.

**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. 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 eleven 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 22-member board of directors as well as six 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.

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## **NOTES TO THE FINANCIAL STATEMENTS**

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

The NDSU Foundation's fiscal year-end is December 31. Financial statements and footnote disclosures are presented as of December 31, 2022. 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 separate 501(c)3 non-profit organization developed to promote an economic environment dedicated to research and technology discovery for the benefit of NDSU, its faculty, staff and students, and the citizens of North Dakota. The majority of the NDSU RTP's board of directors (five of eight) are private sector members. Officers of NDSU fill the remaining three positions with the President of NDSU serving as president of the board of directors. 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.

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## **NOTES TO THE FINANCIAL STATEMENTS**

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These organizations operate and maintain a multipurpose sports and entertainment complex in Grand Forks, North Dakota. The complex is used primarily for UND athletics and activities. UND Sports Facilities Inc. (UNDSF) is the sole member of Arena Holdings Charitable LLC (AHC). REA conducts day-to-day operations of the arena through a contract with UAS. UAS 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, NDSCS and NDSU, as a means of maximizing higher educational services for the region. The organization serves as an agency through which resources are received and dispensed to supplement the educational endeavors of the five member institutions. The organization also serves as a means for promoting and strengthening existing and potential educational programs and courses.

An eight-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, 2024, the TCU had net position of approximately \$858,000 and is not considered a financial burden to NDSU.

As of June 30, 2024 NDSCS has withdrawn from the TCU. The TCU is closing effective December 31, 2024.

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, 2024 were:

**June 30, 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

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BSC:	Bismarck Innovations Foundation 1200 Edwards Avenue Bismarck, ND 58506-5587	DSU	Dickinson State University Heritage Foundation 230 8 <sup>th</sup> Ave. West Dickinson, ND 58601
	Mystic Athletic Club 1500 Edwards Ave. PO Box 5587 Bismarck, ND 58505-5587	LRSC:	Lake Region Community College 1801 College Drive North Devils Lake, ND 58301-1598n
DCB:	DCB Foundation 105 Simrall Boulevard Bottineau, ND 58318	MiSU:	MiSU Alumni Association, Inc. Minot State University 500 University Ave W Minot, ND 58707
MaSU:	Mayville Mutual Aid Corporation 330 3 <sup>rd</sup> Street NE Mayville, ND 58257		Beaver Boosters, Inc Minot State University 500 University Ave W Minot, ND 58707
	Mayville State University Foundation 330 3 <sup>rd</sup> Street NE Mayville, ND 58257	UND:	EERC Foundation Energy & Environmental Research Center 15 N 23 <sup>rd</sup> St., Ste9018 Grand Forks, ND 58202
NDSU	NDSU Research Foundation 1735 NDSU Research Park Drive Suite 124 Fargo, ND 58102		UND Center for Innovation Foundation 4200 James Ray Drive, Stop 8272 Grand Forks, ND 58203
	NDSU Team Makers Dept 1200 PO Box 6050 Fargo, ND 58102 - 6050	WSC	Teton Booster Club PO BOX 100 Williston, ND 58802
VCSU:	VCSU Foundation 101 College Street SW Valley City, ND 58072		TrainND Foundation PO Box 4095 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, 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

**June 30, 2024**

## **NOTES TO THE FINANCIAL STATEMENTS**

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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.

### **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,



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## **NOTES TO THE FINANCIAL STATEMENTS**

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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.
- 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

**June 30, 2024**

## **NOTES TO THE FINANCIAL STATEMENTS**

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market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

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

### **RECEIVABLES**

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

### **INVENTORIES**

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

### **CAPITAL AND INTANGIBLE ASSETS**

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

Capital assets, including purchased software, with a unit cost of \$5,000 or greater and all library books, are recorded at cost at the date of acquisition, or if donated, at fair market value at the date of donation. Infrastructure assets are included in the financial statements and are depreciated. Depreciation is not allocated to the functional categories. Intangible assets, including right-to-use leased assets with a unit cost of \$25,000 and SBITA assets, with a unit cost of \$200,000 or more are recorded at cost at the date of acquisition, or if donated, at fair market value at the date of donation. Internally developed intangible assets with a unit cost of \$50,000 or more are recorded at cost and are amortized.

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

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

Depreciation and intangible amortization are 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.

**June 30, 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

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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 the subsequent year's residence hall, apartment reservations and flight training costs and funds held by an institution in a fiduciary capacity are classified as deposits.

**COMPENSATED ABSENCES**

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

**PENSIONS**

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

**OTHER POST-EMPLOYMENT BENEFITS**

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

**SCHOLARSHIP ALLOWANCES**

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

**SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

The System has entered into subscription-based information technology arrangements (SBITAs) for:

- Athletic department software for recruiting, performance management and compliance,
- Cloud backup services software and web hosting software,
- Communications and call center software,
- Customer relationship management (CRM) software,
- Data analytics software,
- Desktop and server software subscriptions,
- Document management software,
- Effort reporting software,
- Electronic health records management software,
- Emergency management system software,
- Events and organizations management software,
- Facilities and heating plant control software,
- Food services operations software,
- Human resources recruiting, performance and compensation management software,
- Information technology security software,
- Intellectual property software,
- Medical residency program and clinical management software,
- Online learning and instructional design software,
- Procurement and contract management software,
- Program evaluation and reporting system,
- Project management software,
- Recreation department management software,
- Research management and compliance software,
- Scholarship funds and awards management software,
- Student, recruitment, engagement, and success software,
- Survey software,
- Transcript software.
- Video creation software,
- Wellness Center software,

SBITA right-to-use assets are recorded as capital assets, net and the corresponding liability is recorded as a SBITA liability in the Statement of Net Position. Additional information is provided in footnotes 5 and 7.

#### **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.

**June 30, 2024**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**RESTATEMENT OF BEGINNING NET POSITION**

<b>Net Position, beginning of the year, as previously reported</b>	<b>\$ 1,724,411,153</b>
<u>Prior period adjustments:</u>	
Change in accounting method	-
Change of estimate	
Correction of error	57,679
<b>Net Position, beginning of the year, as restated</b>	<u><b>\$ 1,724,468,832</b></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 2024, the System adopted the following standards:

- GASB Statement No. 100, Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62,

Accounting Standards Issued but Not Yet Implemented

The System will implement the following new pronouncements for fiscal years ending after 2024:

- GASB Statement No. 101, Compensated Absences,
- GASB Statement No. 102, Certain Risk Disclosures,
- GASB Statement No. 103, Financial Reporting Model Improvements,

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 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

**June 30, 2024**  
**NOTES TO THE FINANCIAL STATEMENTS**

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21-03-01.

**DEPOSITS**

Cash and cash equivalents are as follows:

	<b>June 30, 2024</b>	
	<b>Carrying Amount</b>	<b>Bank Balance</b>
Cash Deposits at the Bank of North Dakota	\$ 392,766,879	\$ 409,060,899
Cash Deposits at institutions other than the Bank of North Dakota	13,705,333	18,823,525
Certificates of Deposit at the Bank of North Dakota	345,280,623	345,280,623
Certificates of Deposit at institutions other than the Bank of North Dakota	118,228	118,228
	<u>751,871,063</u>	<u>\$ 773,283,275</u>
Cash on hand/petty cash	160,369	
Amounts credit risked as investments but reported as investments	(345,398,851)	
Total Cash and Cash Equivalents	<u>\$ 406,632,581</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, 2024, \$771.0 million of the System's bank balance of \$773.3 million was exposed to custodial credit risk as follows:

Statement of Net Position:

Uninsured and uncollateralized	\$754.8 million
Uninsured and collateral held by pledging bank not in system's name	\$ 16.2 million

**Investments**

Investments are reported at fair value (market). The balances at June 30, 2024 are:

June 30, 2024

## NOTES TO THE FINANCIAL STATEMENTS

Investment Type	Market Value	Maturities	
		Less than 1 year	1-5 years
US Treasuries	\$ 6,369	\$ 6,369	\$ -
Mutual Bond Funds	450,449	-	450,449
Money Market Mutual funds	646,225	646,225	-
Debt Securities Subtotal	1,103,043	652,594	450,449
Stocks	690,716		
Exchange Transfer Funds (ETF's)	1,032,436		
Certificates of Deposit - BND	345,280,623		
Certificates of Deposit - non-BND	118,321		
Investment in Real Estate	9,714,522		
Equity Securities Subtotal	356,836,618		
Total Investments	\$ 357,939,661		

### 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, 2024, the system's debt portfolio (excluding US Treasuries and US Agencies) included Standard & Poor's quality ratings as follows:

	Market Value	Credit Quality Rating		
		AAA	BBB	Not Rated
Mutual bond funds	\$ 450,449	\$ -	\$ -	\$ 450,449
Money market mutual funds	646,225	884	306,450	338,891
<b>Total</b>	<b>\$ 1,096,674</b>	<b>\$ 884</b>	<b>\$ 306,450</b>	<b>\$ 789,340</b>

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

### Fair Value Hierarchy

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

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

**June 30, 2024**

**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.

The balances of assets measured at fair value on a recurring basis at June 30, 2024 are:

	<b>Quoted Prices in Active Markets for Identical Assets Level 1</b>	<b>Significant Other Observable Inputs Level 2</b>	<b>Significant Unobservable Inputs Level 3</b>	<b>Total</b>
Equity securities	\$ 690,716	\$ -	\$ -	\$ 690,716
US Treasuries	-	6,369	-	6,369
ETF funds	1,032,436	-	-	1,032,436
Mutual bond funds	112,654	337,795	-	450,449
Mutual funds	-	338,891	-	338,891
Real estate	-	-	9,714,532	9,714,532
Total	<u>\$ 1,835,806</u>	<u>\$ 683,055</u>	<u>\$ 9,714,532</u>	<u>\$ 12,233,393</u>

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, 2024

NOTES TO THE FINANCIAL STATEMENTS

	Current	Noncurrent	Total
Student and general	44,068,276		44,068,276
Interest receivable	801,838		801,838
Allowance for doubtful accounts	(8,995,876)		(8,995,876)
Accounts receivable, net	\$35,874,238		\$35,874,238
Grants and contracts receivable	56,562,270		56,562,270
Appropriation receivable - other	168,811		168,811
Due from other state agencies	33,393,786		33,393,786
Allowance for doubtful grants and contracts receivable	-		-
Grants and contracts receivable, net	\$90,124,867		\$90,124,867
Student	\$ 2,603,524	\$ 8,718,018	\$ 11,321,542
Others	22,957	-	22,957
Allowance for doubtful notes	(217,781)	(742,365)	(960,146)
Notes receivable, net	\$2,408,700	\$7,975,653	\$10,384,353

**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.

NDSU's endowment principal is held at a steady amount and all gains are recorded in restricted scholarship funds. The spending of endowment earnings is based on an annual evaluation. UND's distributions for spending from endowments each fiscal year are 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 is forecast to UND for planning purposes in February, and these distribution amounts will be available for spending in the upcoming fiscal year. Net appreciation on investments is available for expenditure and consists of the following at June 30, 2024.

		<u>Reflected in net position as:</u>
North Dakota State University	\$ 678,950	Expendable scholarships and fellow
University of North Dakota	671,697	Non-expendable scholarships and f
Total	<u>\$ 1,350,647</u>	

Endowment funds reported herein do not include the Federal Land Grant Fund held by the Department of Trust Lands. The annual proceeds from assets held by the State Land Commissioner are deposited into each

**June 30, 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

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 Department of Trust Lands. Total assets held by Department of Trust Lands and proceeds for the fiscal year ended June 30, 2024 are \$262.2 million and \$9.5 million, respectively.

**NOTE 5 – CAPITAL AND INTANGIBLE ASSETS –**

Capital asset activity for the year ended June 30, 2024 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	\$ 21,037,985	\$ 1,609,280	\$ -	\$ -	\$ 22,647,265
Construction in progress	309,406,551	171,161,433	-	(253,446,688)	227,121,296
Total non-depreciable capital assets	330,444,536	172,770,713	-	(253,446,688)	249,768,561
Land improvements/infrastructure	292,294,503	805,779	1,176,604	9,268,546	301,192,224
Buildings	2,013,336,841	12,799,971	10,288,256	242,854,186	2,258,702,742
Furniture, fixtures, and equipment	412,756,888	30,788,597	14,158,045	3,366,497	432,753,937
Intangibles:					
Computer software	24,143,786	242,250	5,000	-	24,381,036
Websites	966,734	-	-	-	966,734
Right-of-use on leased assets	47,356,664	1,908,906	3,292,702	(2,042,541)	43,930,327
SBITA right-of-use intangible	34,038,584	4,533,707	1,693,948	693,693	37,572,036
SBITA development in process	721,801	1,019,190	28,108	(693,693)	1,019,190
Other	1,306,429	-	-	-	1,306,429
Library materials	81,676,801	681,350	732,573	-	81,625,578
Total depreciable capital assets	2,908,599,031	52,779,750	31,375,236	253,446,688	3,183,450,233
Less accumulated depreciation and amortization					
Land improvements/infrastructure	142,394,994	8,421,236	588,569	-	150,227,661
Buildings	769,004,035	50,595,547	6,944,349	1,737,870	814,393,103
Furniture, fixtures, and equipment	279,819,662	23,642,838	11,205,733	304,671	292,561,438
Intangibles:					
Computer software	23,046,887	321,421	5,000	-	23,363,308
Websites	803,990	47,839	-	-	851,829
Right-to-use leased assets	11,544,254	5,422,594	1,939,121	(2,042,541)	12,985,186
SBITA right-of-use accumulated amortization	9,375,737	10,240,251	981,168	-	18,634,820
Other	887,256	41,952	-	-	929,208
Library materials	75,315,817	1,534,487	732,932	-	76,117,372
Total accumulated depreciation and amortization	1,312,192,632	100,268,165	22,396,872	-	1,390,063,925
Total depreciable capital assets, net	1,596,406,399	(47,488,415)	8,978,364	253,446,688	1,793,386,308
Capital assets, net	\$ 1,926,850,935	\$ 125,282,298	\$ 8,978,364	\$ -	\$ 2,043,154,869

**June 30, 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

Construction in progress for the year ended June 30, 2024 was as follows:

	<b>Total Amount Authorized</b>	<b>Expended (CIP Asset)</b>	<b>Capitalized Equipment</b>	<b>Expended (Non capitalized)</b>	<b>Remaining Authorized Balance</b>
Bismarck State College	\$ 90,400,000	\$ 29,698,242	\$ -	\$ -	\$ 60,701,758
Dakota College of Bottineau	9,450,000	5,607,565	-	-	3,842,435
Dickinson State University	31,895,678	2,492,566	-	-	29,403,112
Lake Region State College	-	-	-	-	-
Mayville State University	17,807,494	614,789	-	-	17,192,705
Minot State University	34,508,831	25,112,940	-	997,152	8,398,739
North Dakota State College of Science	19,975,000	860,705	-	-	19,114,295
North Dakota State University	287,760,230	94,479,118	169,945	-	193,111,167
University of North Dakota	232,357,486	64,671,828	-	3,798,695	163,886,963
Valley City State University	56,989,429	1,195,383	-	-	55,794,046
Williston State College	44,063,939	2,388,160	-	138	41,675,641
Total	\$ 825,208,087	\$ 227,121,296	\$ 169,945	\$ 4,795,985	\$ 593,120,861

Additional information on SBITA right-of-use asset is provided in Note 7. Additional information on leased right-of-use assets is provided in Note 12.

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

Accounts payable and accrued liabilities consisted of the following at June 30, 2024:

	<b>Totals</b>
Accounts payable	\$ 36,553,857
Due to other state agencies	6,608,293
Due to other funds	-
Sales tax payable	54,726
Accrued interest	3,902,718
Contractor payable/retainage	10,521,129
Other liabilities	668,100
Total payables and accrued liabilities	<u>\$ 58,308,822</u>

**NOTE 7 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGMENTS LIABILITIES (SBITAs)**

The future subscription payments under SBITA agreements are as follows.

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	8,189,515	621,723	8,811,238
2026	3,654,610	374,689	4,029,299
2027	2,452,670	210,324	2,662,993
2028	1,493,450	106,540	1,599,990
2029	605,527	43,203	648,730
2030 - 2034	466,057	28,896	494,953
	<u>\$ 16,861,829</u>	<u>\$ 1,385,374</u>	<u>\$ 18,247,203</u>

In addition to the amounts presented above, NDUS incurred variable SBITA expense of \$90,000 that was not

**June 30, 2024**

## NOTES TO THE FINANCIAL STATEMENTS

included in the measurement of the subscription liability.

NDUS has committed to SBITAs involving a full-service food management system, system-wide Financial Aid Management System and a cloud-based video communications platform. The SBITAs are currently being implemented and \$1,019,000 has been paid related to these agreements. These outflows are recorded as SBITA development in progress at June 30, 2024.

### NOTE 8 – LONG-TERM LIABILITIES

The changes in long-term liabilities during fiscal year 2024 are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion	Non-current Portion
Bonds payable	\$ 288,365,700	\$ -	\$ 11,951,041	\$ 276,414,659	\$ 11,102,474	\$ 265,312,185
Bonds payable to Component Units	11,715,000	-	1,425,000	10,290,000	1,475,000	8,815,000
Certificates of articipation	260,727,172	-	9,560,794	251,166,378	1,681,294	249,485,084
Notes payable	21,336,784	100,000	4,254,990	17,181,794	3,267,027	13,914,767
Notes payable to Component Units	3,796,172	-	394,865	3,401,307	420,965	2,980,342
Leases payable	27,661,588	1,394,384	5,066,017	23,989,955	3,098,842	20,891,114
Leases payable with Component Units	9,430,049	284,962	1,007,472	8,707,539	875,163	7,832,375
Special assessments	18,007,740	46,187	808,985	17,244,942	697,674	16,547,268
Compensated absences	36,556,253	1,544,921	312,602	37,788,572	3,362,185	34,426,387
Total	\$ 677,596,458	\$ 3,370,454	\$ 34,781,766	\$ 646,185,146	\$ 25,980,624	\$ 620,204,522

### 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, 2024, 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%	\$ 5,150,155
Dakota College at Bottineau	2,610,538	2.0% - 5.0%	2,434,873
Mayville State University	2,800,000	1.25% - 3.25%	1,420,001
Minot State University	7,668,816	0.40% - 3.00%	6,981,898
North Dakota State College of Science	6,506,892	3.00%	5,786,577
North Dakota State University	151,397,818	1.1% - 5.0%	99,490,860
University of North Dakota	187,825,190	0.75% - 5.0%	156,338,391
Valley City State University	5,858,248	3.0% - 4.0%	4,388,904
Williston State College	5,347,000	3.10%	4,713,000
Total Bonds Payable	\$ 380,198,836		\$ 286,704,659

**June 30, 2024**

## **NOTES TO THE FINANCIAL STATEMENTS**

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At June 30, 2024, NDSU pledged \$11.1 million of assets as collateral for bonds payable issued for the Research I and Research II buildings and \$721,000 for agricultural equipment leases. UND pledged \$6.9 million for the Tech Accelerator Building, \$942,000 for an airport hangar and \$6.4 million for aircraft simulator and information technology and research equipment leases.

The MiSU and VCSU bonds as well as the BSC 2012 bonds 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.

### **Industrial Commission Bonds**

For the 2023-2024 biennium, the System Office received an appropriation of \$11.2 million to act as the fiscal agent for the institutions on bond payments to the North Dakota Industrial Commission. During fiscal year 2024, the System Office paid \$6.1 million in general funds to the North Dakota Industrial Commission.

### **Scheduled Maturities of Bonds Payable**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 12,577,474	\$ 9,949,571	\$ 22,527,045
2026	13,158,242	9,465,389	22,623,631
2027	13,774,528	8,964,324	22,738,852
2028	13,246,819	8,465,716	21,712,535
2029	13,877,993	8,164,720	22,042,713
2030 - 2034	72,771,815	32,292,756	105,064,571
2035 - 2039	60,364,788	20,693,347	81,058,135
2040 - 2044	45,212,773	11,542,675	56,755,448
2045 - 2049	34,964,157	4,468,678	39,432,835
2050 - 2054	6,756,066	227,600	6,983,666
	<u>\$ 286,704,655</u>	<u>\$ 114,234,776</u>	<u>\$ 400,939,431</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 4.0 to 5.0 percent and are subject to annual appropriations by the North Dakota Legislature as part of the general operating appropriations.

**June 30, 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

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The Series 2018A certificates were issued at a par value of \$76.6 million, with a net premium of \$3.8 million. In fiscal year 2019, UND began making semi-annual interest-only payments through fiscal year 2040. The semi-annual interest-only payments in fiscal years 2019 and 2020 are for capitalized interest paid with bond proceeds. The first principal payment 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 commenced on June 30, 2023, with extensions through June 30, 2061.

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

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

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

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

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

**June 30, 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

**Scheduled Maturities of Certificates of Participation**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 1,681,294	\$ 8,786,733	\$ 10,468,027
2026	1,797,909	8,760,703	10,558,612
2027	1,925,174	8,727,652	10,652,826
2028	2,002,276	8,687,321	10,689,597
2029	2,038,731	8,641,263	10,679,994
2030 - 2034	13,176,412	42,301,859	55,478,271
2035 - 2039	16,503,005	39,910,870	56,413,875
2040 - 2044	23,493,094	35,729,160	59,222,254
2045 - 2049	37,139,663	29,823,363	66,963,026
2050 - 2054	58,946,071	20,910,600	79,856,671
2055 - 2059	69,439,921	9,249,250	78,689,171
2060 - 2064	23,022,828	970,500	23,993,328
	<u>\$ 251,166,378</u>	<u>\$ 222,499,274</u>	<u>\$ 473,665,652</u>

**NOTE 11 – NOTES PAYABLE**

<b>Institution</b>	<b>Original Balance</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Outstanding Balance June 30, 2024</b>
Lake Region State College	\$ 5,036,548	June 2027 and June 2032	3.27% - 5.15%	\$ 1,277,642
Mayville State University	4,338,547	December 2024	2.73%	375,637
North Dakota State University	6,755,076	August 2025	Various from 1.00% to 4.74%	3,110,998
University of North Dakota	21,508,814	November 2024 - April 2037	Various from 1.03% to 4.88%	14,248,433
Williston State College	2,500,000	May 2035	5.25%	1,570,391
Total	<u>\$ 40,138,985</u>			<u>\$ 20,583,101</u>

LRSC has a note to Banc of America Public Capital Corp for a wind turbine and a note to Lake Region State College Foundation for an easement related to the wind turbine.

MaSU has a note payable to Capital One, for energy improvements through a performance contract.

NDSU has seven notes payable with Banc of America Public Capital Corp for various purchased and leased equipment and a note with the NDSU Foundation for Renaissance Hall.

UND has a note payable with Alerus Bank for a building purchased from the University of North Dakota Research Foundation in fiscal year 2013. UND has a note payable with Wells Fargo for a spectrometer and nine notes payable with Banc of America for aircraft and aircraft simulators. UND also has a notes payable with Dell Financial Services for a server.

WSC has a note payable to the Bank of North Dakota for construction of the Petroleum Safety and Technology Center.

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.

**June 30, 2024**

## **NOTES TO THE FINANCIAL STATEMENTS**

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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 Banc of America Public Capital Corp contains a clause that upon default, the lender may declare all payments immediately due and payable and may retake possession or require return of equipment. The lender may then sell or lease the equipment. The NDSU Foundation for the Renaissance Hall Project note 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.

UND has a master agreement with Banc of America Public Capital Corp. In the event of default, the lender may declare all rental payments payable by UND to the end of the current fiscal biennium to be immediately due and payable. The lender may take possession of such equipment or require UND to promptly return such equipment to the lender who may then sell or lease the equipment.

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

### **Scheduled Maturities of Notes Payable**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 3,687,992	\$ 565,949	\$ 4,253,941
2026	3,165,755	470,730	3,636,485
2027	3,218,241	399,262	3,617,503
2028	2,038,414	314,465	2,352,879
2029	1,527,943	262,865	1,790,808
2030 - 2034	5,047,286	772,846	5,820,132
2035 - 2039	1,897,470	3,479	1,900,949
	<u>\$ 20,583,101</u>	<u>\$ 2,789,596</u>	<u>\$ 23,372,697</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's 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 recognized \$110,000 in variable payments not included in the measurement of the lease liability. There are no leases subject to residual value guarantees or commitments under leases before the start of the lease term. Additionally, there were no sales-leaseback or lease-leaseback transactions in fiscal year 2024. NDSU has five subleases with six external parties by which NDSU subleases space in a NDSU Research & Technology Park building. NDSU recognized revenue of \$265,566 for the rent received on these subleases.

Leased assets by major class of underlying assets at June 30, 2024, are as follows:



June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS

<b>Asset Class</b>	<b>Cost</b>	<b>Accumulated Amortization</b>
Land	\$ 5,367,860	\$ 1,588,723
Buildings	6,506,500	1,410,176
Infrastructure	29,402,677	8,312,579
Equipment	2,653,290	1,673,707
	<u>\$ 43,930,327</u>	<u>\$ 12,985,186</u>

**Scheduled Maturities of Lease Obligations**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 3,974,005	\$ 1,104,242	\$ 5,078,247
2026	2,930,664	986,272	3,916,936
2027	2,681,617	896,787	3,578,404
2028	2,745,526	812,678	3,558,204
2029	2,639,720	724,824	3,364,544
2030 - 2034	11,374,709	2,219,950	13,594,659
2035 - 2039	2,917,889	933,659	3,851,548
2040 - 2044	896,759	665,998	1,562,757
2045 - 2049	1,394,103	417,560	1,811,663
2050 - 2054	1,142,502	80,211	1,222,713
	<u>\$ 32,697,494</u>	<u>\$ 8,842,181</u>	<u>\$ 41,539,675</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**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 697,674	\$ 575,594	\$ 1,273,268
2026	629,632	551,828	1,181,460
2027	649,365	529,940	1,179,305
2028	652,877	507,347	1,160,224
2029	658,078	484,947	1,143,025
2030 - 2034	3,638,392	2,074,077	5,712,469
2035 - 2039	4,188,830	1,417,606	5,606,436
2040 - 2044	4,808,731	668,284	5,477,015
2045 - 2049	1,139,328	72,882	1,212,210
2050 - 2054	99,295	26,768	126,063
2055 - 2059	50,505	11,288	61,793
2060 - 2064	32,235	3,115	35,350
	<u>\$ 17,244,942</u>	<u>\$ 6,923,676</u>	<u>\$ 24,168,618</u>

**June 30, 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

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**Compensated Absences**

The compensated absences liability of the institutions at June 30, 2024 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, 2024 totaled \$37.8 million. Leave policies restrict the accumulation of unused vacation and 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 at June 30, 2024:

<b>Deferred Outflows</b>	
Pension	\$ 115,078,158
Other post employment retirement benefits	3,587,538
Deferred outflows from debt refunding	2,603,390
	<u>\$ 121,269,086</u>
<b>Deferred Inflows</b>	
Pension	\$ 135,571,073
Other post employment retirement benefits	1,069,079
Lease receivable	808,397
Grant amounts received prior to meeting time r	92,682
Deferred inflows from debt refunding	2,749
	<u>\$ 137,543,980</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 eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

**Pension Benefits**

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 was replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00 percent of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00 percent multiplier was replaced with a 1.75 percent multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

**June 30, 2024**

## **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 percent of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100 percent Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25 percent of their final average salary with a minimum benefit of \$100. To qualify under this section, the member 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 percent and employer contribution rates are 7.12 percent of covered compensation. As of January 1, 2024, the employer contribution rates are 8.12 percent. For members hired on or after January 1, 2020 member contribution rates are 7 percent and employer contribution rates are 8.26 percent of covered compensation. As of January 1, 2024, the employer contribution rates are 9.26 percent.

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, 2024, the System reported a liability of \$171.8 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 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

**June 30, 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

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net pension liability was based on their share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2023, the System's proportionate share was 8.91 percent and increased 0.11 percent from measurement at June 30, 2022.

For the year ended June 30, 2024, the System recognized pension expense of \$12.4 million. At June 30, 2024, 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	\$ 5,593,528	\$ 947,613
Changes of assumptions	94,747,353	130,420,961
Net difference between projected and actual earnings on pension plan investments	4,508,425	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,249,688	4,202,499
Employer contributions subsequent to the measurement date	5,979,161	-
Total	<u>\$ 115,078,155</u>	<u>\$ 135,571,073</u>

Deferred outflows of resources of \$6.0 million are related employer contributions after the measurement date and will be recognized as a reduction of net pension liability in the fiscal year ended June 30, 2025.

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:

**Year ended June 30:**

2025	\$ (638,049)
2026	(19,695,851)
2027	3,568,401
2028	(9,706,580)
2029	-

**Actuarial assumptions.** The total pension liability in the July 1, 2023 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	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 Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were

**June 30, 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

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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	31%	6.25%
International Equity	20%	6.95%
Private Equity	7%	9.45%
Domestic Fixed Income	23%	2.51%
International Fixed Income	0%	0.00%
Global Real Assets	19%	4.33%
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 6.50 percent; the municipal bond rate is 3.86 percent; and the resulting Single Discount Rate is 6.5 percent.

**Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.** The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.50 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 (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate

June 30, 2024

## NOTES TO THE FINANCIAL STATEMENTS

	1.0 percent Decrease 5.50 percent	Current Discount Rate 6.50 percent	1.0 percent Increase 7.50 percent
Employer's proportionate share of the net pension liability	\$ 236,907,980	\$171,826,775	\$ 117,837,051

**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 mandatory enrollment for permanent employees based upon their employment classification. Employee and employer contributions are based upon years of service as per the following schedule.

Class I: Teaching and research faculty with ranks of professor or associate professor, research personnel with equivalent rank, and executive and administrative staff.

Class II: Teaching and research faculty with ranks of assistant professor or instructor, research personnel and lecturers with equivalent rank, and professional staff.

Class III: A closed group of administrative assistants who elected participation in the Plan prior to January 1, 1965.

Class IV: A closed group of employees as established on June 30, 1980, otherwise eligible for participation in the Plan as Class I or Class II employees, who have elected to continue participation in the Teacher's Fund for Retirement (TFFR) as provided by the 1979 North Dakota Legislature.

Employment Class	Years of Service	Contributions by the Participant	Contributions by the Institution
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%

**June 30, 2024**

## **NOTES TO THE FINANCIAL STATEMENTS**

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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 \$50.1 million to TIAA during the fiscal years ending June 30, 2024.

### **NOTE 16 – POST-EMPLOYMENT BENEFITS**

#### **STATE GROUP HEALTH PLAN**

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

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

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

#### **OPEB Benefits**

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

**June 30, 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

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

At June 30, 2024, the System reported a liability of \$8.4 million for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The System's proportion of the net OPEB liability was based on the System's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2023, the System's proportion was 8.37 percent, which was an increase of 0.08 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the System recognized OPEB expense of \$1.5 million. At June 30, 2024, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience	\$ 157,450	\$ 95,769
Changes of assumptions	1,784,827	693,023
Net difference between projected and actual earnings on OPEB plan investments	604,441	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	111,191	280,287
Employer contributions subsequent to the measurement date	929,628	-
Total	<u>\$ 3,587,537</u>	<u>\$ 1,069,079</u>

Deferred outflows of resources of \$930,000, 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, 2025.

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

<b>Year ended June 30:</b>	
2025	553,825
2026	453,227
2027	803,341
2028	(221,563)
2028	-
Thereafter	-

**Actuarial assumptions.** The total OPEB liability in the July 1, 2023 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	5.75 percent, net of investment expenses



June 30, 2024

## NOTES TO THE FINANCIAL STATEMENTS

Cost-of-living adjustments      None

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

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	6.10%
Small Cap Domestic Equities	6%	7.10%
Domestic Fixed Income	35%	2.59%
International Equities	26%	6.50%

**Discount rate.** The discount rate used to measure the total OPEB liability was 5.75 percent. 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, 2023, calculated using the discount rate of 5.75%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1 percent Decrease 4.75 percent	Current Discount Rate 5.75 percent	1 percent Increase 6.75 percent
Employer's proportionate share of the net OPEB liability	\$ 10,998,365	\$ 8,368,582	\$ 6,154,626

### 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

**June 30, 2024**

## NOTES TO THE FINANCIAL STATEMENTS

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 32 employees for a cost of \$2.8 million in fiscal year 2024. The terms for these agreements range from one month to two months. The System recorded a liability at June 30, 2024 of \$868,000 for future payments.

### NOTE 18 – CONSTRUCTION COMMITMENTS AND FINANCING

The institutions have contracted for various construction projects as of June 30, 2024. Estimated costs to complete the various projects and the sources of anticipated funding are as follows:

Institution	Contracts Awarded	Expended	Total Cost To Complete	Funding for Remaining Costs			
		Through June 30, 2024		Federal Sources	State Sources	Institutional Funds	Other Sources
BSC	\$ 47,093,656	\$ 29,687,629	\$ 17,406,027	\$ 13,956,859	\$ -	\$ 3,449,168	
DCB	12,097,890	9,299,333	2,798,557	-	1,661,371	-	1,137,186
DSU	27,919,304	8,036,439	19,882,865	-	18,785,207	1,097,658	-
LRSC	1,057,582	140,000	917,582	-	431,509	486,073	-
MaSU	4,445,225	614,789	3,830,436	-	3,413,511	416,925	-
MiSU	25,738,557	24,381,062	1,357,495	519,042	216,654	621,799	-
NDSCS	17,797,249	860,705	16,936,544	-	16,797,249	139,295	-
NDSU	200,544,774	96,374,555	104,170,219	2,270,038	91,688,388	5,867,608	4,344,185
UND	110,247,162	67,412,484	42,834,678	15,516,112	9,434,779	421,066	17,462,721
VCSU	13,213,778	930,034	12,283,744	-	10,164,663	2,119,081	-
WSC	41,400,000	2,053,472	39,346,528	-	27,070,418	-	12,276,110
<b>Total</b>	<b>\$ 501,555,177</b>	<b>\$ 239,790,502</b>	<b>\$ 261,764,675</b>	<b>\$ 32,262,051</b>	<b>\$ 179,663,749</b>	<b>\$ 14,618,673</b>	<b>\$ 35,220,202</b>

### NOTE 19 – COMPONENT UNITS

#### Major Component Units Investments

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

Investment Type	Market Value	Maturities			
		Less than 1 year	1 year to 5 years	6 years to 10 years	More than 10 years
US Treasuries	\$ 7,993,349	\$ 649,738	\$ 6,587,948	\$ 731,295	\$ 24,368
US Agencies	4,165,707	1,650,667	2,180,236	-	334,804
Corporate Bonds	47,983,245	14,563,203	27,783,799	3,448,874	2,187,369
Mutual Bond Funds	265,744,154	22,593,696	27,776,757	77,413,913	137,959,788
Money Market Mutual Funds	4,514,172	4,514,172	-	-	-
Other	267,065	171,609	83,148	-	12,308
Subtotal	\$ 330,667,692	\$ 44,143,085	\$ 64,411,888	\$ 81,594,082	\$ 140,518,637
Equity Mutual Funds	480,750,975				
Investment in Real Estate	91,829,217				
Commodity Hedge and Limited Partnerships	146,164,484				
Stocks	24,819,091				
Certificate of Deposits	988,242				
Other	121,924,644				
Total Investments	<u>\$ 1,197,144,345</u>				

**June 30, 2024**

## **NOTES TO THE FINANCIAL STATEMENTS**

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### **Interest Rate Risk**

Bismarck State College Foundation employs multiple investment strategies including capital appreciation, local fixed income, and balanced portfolios.

MiSU Development Foundation's policy states that assets may be invested in a portfolio composed of equity, fixed income, professionally managed funds (mutual funds, variable annuities, etc.), alternative investment and cash equivalent strategies.

The NDSCS Foundation maintains securities with a stock brokerage firm. Securities investments that are bought and held principally for the purpose of selling them in the near term are classified as trading securities.

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**

BSC Foundation maintains its cash in bank deposit accounts which exceed federally insured limits. At June 30, 2024, the BSC Foundation had approximately \$533,100 in excess of the FDIC-insured limit of \$250,000.

The MiSU Development Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits as guaranteed by the FDIC. The Foundation has not experienced any losses in such accounts nor does the Foundation believe it is exposed to any significant credit risk in its cash accounts.

The NDSCS Foundation maintains cash balances at several financial institutions, and they may exceed federally insured limits. The Foundation monitors the health of these banking institutions. Historically, the Foundation has not experienced any credit losses.

The North Dakota State University Foundation had approximately \$6.6 million in excess of FDIC-insured limits. To date, the Foundation has not experienced losses in any of these accounts.

The NDSU Research & Technology Park and Subsidiary maintains its cash accounts and other deposits in various financial institutions and had approximately \$652,000 in excess of FDIC-insured limits.

The UND Alumni Association and Foundation places substantially all of their cash and liquid investments with high quality financial institutions and limits the amount of credit exposure to any one financial institution. At June 30, 2024, the Foundation had approximately \$17.2 million in excess of FDIC-insured limits.

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 \$8.5 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, 2024 was as follows:

**June 30, 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

	<b>Beginning</b>				<b>Ending</b>
	<b>Balance-Restated</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>Balance</b>
Land	14,033,521	-	-	-	\$ 14,033,521.00
Construction in progress	11,391,302	9,422,856	-	(800,000)	20,014,158
Total non-depreciable capital assets	25,424,823	9,422,856	-	(800,000)	34,047,679
Land improvements/infrastructure	1,888,433	-	107,266	-	1,781,167
Buildings	232,500,016	1,100,805	2,670,926	800,000	231,729,895
Furniture, fixtures, and equipment	54,687,178	6,347,001	1,503,880	-	59,530,299
Total depreciable capital assets	289,075,627	7,447,806	4,282,072	800,000	293,041,361
Less accumulated depreciation					
Total non-depreciable capital assets	907,777	36,681	51,414	-	893,044
Land improvements/infrastructure	97,249,050	6,951,511	72,553	-	104,128,008
Buildings	28,240,383	3,452,185	1,104,617	-	30,587,951
Total accumulated depreciation	126,397,210	10,440,377	1,228,584	-	135,609,003
Total depreciable capital assets, net	162,678,417	(2,992,571)	3,053,488	800,000	157,432,358
Capital assets, net	\$ 188,103,240	\$ 6,430,285	\$ 3,053,488	\$ -	\$ 191,480,037

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

	<b>Beginning</b>			<b>Ending</b>	<b>Current</b>	<b>Noncurrent</b>
	<b>Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance</b>	<b>Portion</b>	<b>Portion</b>
Bonds Payable	\$ 53,393,300	\$ -	\$ 5,152,702	\$ 48,240,598	\$ 5,423,833	\$ 42,816,765
Notes Payable	32,591,521	20,007,599	4,210,392	48,388,728	10,160,982	38,227,746
Special Assessments	584,472	7,553	76,068	515,957	37,359	478,598
Financed Leases	2,173,609	-	160,660	2,012,949	168,676	1,844,273
Other	6,000,000	-	-	6,000,000	-	6,000,000
Total	\$ 94,742,902	\$ 20,015,152	\$ 9,599,822	\$ 105,158,232	\$ 15,790,850	\$ 89,367,382

**MAJOR COMPONENT UNITS BONDS PAYABLE**

Bonds payable for the major component units at June 30, 2024 are as follows:

	<b>Maturity</b>		
<b>Component Unit</b>	<b>Date</b>	<b>Interest</b>	<b>Balance</b>
	<b>(Fiscal Year)</b>	<b>Rate</b>	<b>Outstanding</b>
BSC Foundation	2032 - 2040	2.70% - 5.01%	\$ 4,173,113
NDSU Foundation	2031 - 2037	3.00% - 4.00%	8,915,000
NDSU Research & Technology Park, Inc.	2032	2.94% - 3.54%	8,735,000
UND Alumni Foundation	2027 - 2033	0.75% - 4.20%	26,417,484
Total			<u>\$ 48,240,597</u>

June 30, 2024

## NOTES TO THE FINANCIAL STATEMENTS

### Scheduled Maturities of Major Component Bonds Payable

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	725,000	322,056	1,047,056
2025	5,448,833	1,410,121	6,858,954
2026	5,568,006	1,248,502	6,816,508
2027	5,726,495	1,080,180	6,806,675
2028	5,347,192	902,425	6,249,617
2029	5,505,828	741,901	6,247,729
2030 - 2034	17,314,131	1,491,079	18,805,210
2035 - 2039	2,546,537	181,910	2,728,447
2040 - 2044	58,575	517	59,092
	<u>\$ 48,240,597</u>	<u>\$ 7,378,691</u>	<u>\$ 55,619,288</u>

### MAJOR COMPONENT UNITS NOTES PAYABLE

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

<u>Component Unit</u>	<u>Interest Rate</u>	<u>Maturity Date (Fiscal Year)</u>	<u>Balance Outstanding</u>
MiSU Development Foundation	2.60% - 3.0%	2026-2029	\$ 5,080,336
NDSU Foundation	2.25%	2027	5,482,882
NDSU Foundation	0.95% - 1.50%	2029 - 2034	30,231,070
UND Alumni Association & UND Foundation	2.00% - 4.35%	2034 - 2036	2,330,011
UND Aerospace Foundation	3.25% - 3.90%	2026 - 2032	5,264,429
<b>Total Component Unit Notes Payable</b>			<u>\$ 48,388,728</u>

### Scheduled Maturities of Major Component Units Notes Payable

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,831,070	\$ 296,554	\$ 4,127,624
2025	10,779,912	765,116	11,545,028
2026	9,347,270	574,201	9,921,471
2027	5,122,247	364,043	5,486,290
2028	5,394,123	291,141	5,685,264
2029	3,955,738	225,636	4,181,374
2030 - 2034	6,336,848	459,484	6,796,332
2035 - 2039	1,688,164	215,145	1,903,309
2040 - 2044	1,533,356	86,064	1,619,420
2045 - 2049	400,000	1,900	401,900
	<u>\$ 48,388,728</u>	<u>\$ 3,279,284</u>	<u>\$ 51,668,012</u>

June 30, 2024

## NOTES TO THE FINANCIAL STATEMENTS

### Scheduled Maturities of Major Component Units Lease Obligations

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 168,676	\$ 87,887	\$ 256,563
2026	173,503	79,485	252,988
2027	141,668	71,994	213,662
2028	148,683	64,979	213,662
2029	156,048	57,615	213,663
2030 - 2034	693,133	174,906	868,039
2035 - 2039	29,068	92,932	122,000
2040 - 2044	34,942	87,058	122,000
2045 - 2049	42,004	79,996	122,000
2050 - 2054	50,493	71,507	122,000
2055 - 2059	60,698	61,302	122,000
2060 - 2064	72,966	49,035	122,001
2065 - 2069	241,067	51,733	292,800
	<u>\$ 2,012,949</u>	<u>\$ 1,030,429</u>	<u>\$ 3,043,378</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	\$ 18,497,546	Component Units - Current	\$ 386,285
Institutions Receivable		Institutions Long Term	
Component Units - Non-Current		Liability to Component	
Total Due from Component Units	18,497,546	Unit - Current Portion	2,771,126
Reconciling Differences:			
Transactions with Component		Institutions Long Term	
Units having fiscal year ends		Liability to Component Unit	
other than June 30, 2024	(959,824)	- Non-Current Portion	19,627,716
		Total Due to Component Units	22,785,127
Transactions in transit		Reconciling Differences:	
at June 30, 2024	(898,995)	Transactions with Component	
		Units having fiscal year ends	
Receivables from insignificant		other than June 30, 2024	606,146
component units	(3,706,026)		
Other	-	Transaction with insignificant component	
		units that are not discretely	
Total Component Unit Payable		presented	(82,291)
to Institutions	<u>\$ 12,932,702</u>		
		Transactions in transit	
		at June 30, 2024	224,595
		Other	15,912
		Total Receivable from	

June 30, 2024

## NOTES TO THE FINANCIAL STATEMENTS

Institutions	\$ 23,549,489
Component Unit Current	
Receivable from	
Institutions - Current	\$ 3,979,790
Component Unit Non-Current	
Receivable from	
Institutions	19,569,699
Total Component Unit Receivable	
from Institutions	\$ 23,549,489

### SIGNIFICANT TRANSACTIONS AND DEVELOPMENTS

#### Bismarck State College Foundation (BSCF)

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.

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

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

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

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

**June 30, 2024**

## **NOTES TO THE FINANCIAL STATEMENTS**

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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 2024, total annual rent of \$402,000 was paid by NDSU for these two buildings, in addition to the \$1.28 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 \$419,000 in fiscal year 2024 for debt service under this agreement. As of June 30, 2024, the outstanding balance on the bonds are reflected as "Due to Component Units" by NDSU, is \$2.4 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 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 amount of the previously issued bonds. During fiscal year 2024, NDSU paid \$620,000 to the bond trustee on-behalf of the Foundation under



**June 30, 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

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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, 2024, the outstanding balance on the bonds, reflected as “Due to Component Units” by NDSU, is \$6.5 million.

**Other Transactions**

The Foundation provides meeting space rental and database support service to NDSU for an annually negotiated fee. NDSU paid the foundation \$999,000 for the fiscal year ending December 31, 2023.

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 \$169,000 during the fiscal year ending December 31, 2023.

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 \$4.5 million in fiscal year 2024. 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 \$2.1 million in fiscal year 2024, which is included in training and support services in the consolidated statements of activities.

As of June 30, 2024, the UND AF recorded accounts payable to UND of \$1.2 million for reimbursable costs and services. As of June 30, 2024, the UND AF had recorded accounts receivable from UND of approximately \$607,000, which are included in accounts receivable in the consolidated statements of financial position.

UND AF entered into a sublease with UND to lease the aircraft storage hangar/ground support equipment facility. The lease term is for 20 years, commencing on July 7, 2003, until July 6, 2023. The lease was extended in October 2023 for an additional five-year term. For the first fifteen years of the sublease, UND paid UND AF’s monthly minimum payment of \$12,672, beginning on October 1, 2003, subject to actual cost adjustments. At the end of the fifteen 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.

**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 UND athletic events (hockey, football, men’s and women’s basketball, and volleyball), RE Arena, Inc. retains 52 percent of such ticket revenue and remits 48 percent to UND, and (ii) RE Arena, Inc. collects all sponsorship sales revenue from UND athletic events at the arena, RE Arena, Inc. retains 50 percent of such sponsorship revenue, net of direct costs, and remits 50 percent to 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 athletic events.

REA may contract with UND for materials and personnel in service, utility and other areas and will reimburse UND

**June 30, 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

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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 2024, gross tickets sales were \$5.9 million of which REA recognized revenue of \$3.1 million, with a net paid to UND of \$2.8 million.

Gross tickets sales for the next athletic season year are recorded in deferred revenue at gross by REA for a total of \$3.7 million.

REA recognized net sponsorship (advertising) revenue of \$1.1 million and net paid to UND in sponsorship (advertising) income of \$1.1 million. REA allocated \$500,000 of net income to UND athletic department for the year ended May 31, 2024. REA paid \$1.1 million to UND for utilities, maintenance staff, phone service and other.

At the end of the fiscal year REA owed UND \$179,000 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 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, 2024, UND provided approximately \$2.0 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 \$267,000 in investment management fees during the fiscal year ended June 30, 2024.

During the year ended June 30, 2024, UND Foundation paid \$12.0 million to the University of North Dakota for building projects.

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, 2024 were \$1.6 million. The bonds are secured by a lease with UND.

On March 23, 2021, the UND Foundation financed the building of the College of Business and Public Administration building in part with First International Bank & Trust, in an amount up to \$30.0 million. On July 23, 2023 the UND Foundation modified the University Facilities Bonds, Series 2021 (College of Business and Public Administration Building) to allocate \$13.0 million of the \$30.0 million to finance the building of the Frederick "Fritz" Pollard, Jr. Athletic Center. The bonds are now secured by pledged receivables for both building projects. As of June 30, 2024, the outstanding balance on the bonds is \$24.9 million and the bonds mature on March 5, 2032. UND is not legally obligated for the payment of these bonds.

**June 30, 2024**

## **NOTES TO THE FINANCIAL STATEMENTS**

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On April 26, 2024, The University of North Dakota Foundation entered into a loan agreement with the City of Grand Forks in an amount of \$2.0 million to assist in the construction of a UND Softball Complex. The interest rate is variable between 2 percent – 4 percent. Annual payments on the loan begin in 2025 and are required through 2034. UND is not legally obligated for the payment of the loan.

### **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 matters. WSCF records these amounts as expenses. The amount reimbursed for the years ending June 30, 2024 was \$386,000.

### **NOTE 20 – PLEDGED REVENUES**

Pledged revenue required for

future principal and interest

on existing bonds \$ 335,913,627

Term of commitment ranging from 2025-2050

Percentage of revenue pledged 6%

Current year pledged revenue, by source:	Pledged Revenue	Recognized Revenue	Percentage of Pledged Revenue to Recognized Revenue
Net revenues from auxiliaries	\$ 16,994,895	\$ 114,000,519	15%
Tuition and student fees	3,354,832	370,739,297	1%
Other	258,346	22,666,908	0%
Total	\$ 20,608,073	\$ 507,406,724	1%
			4%

Current year principal and interest paid 20,608,073

### **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, 2024, using the functional classification are as follows:

Instruction	\$ 393,248,928
Academic Support	100,568,352
Student Services	126,239,993
Institutional Support	154,139,281
Physical Plant	98,525,763
Scholarships and Fellowships	30,694,601
Auxiliary Enterprises	101,838,965
Public Service	100,559,818
Research	254,128,541
Depreciation	100,268,165
Total	<u>\$ 1,460,212,407</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.

**June 30, 2024**

## **NOTES TO THE FINANCIAL STATEMENTS**

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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 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.

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

**June 30, 2024**

**NOTES TO THE FINANCIAL STATEMENTS**

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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**

On August 7, 2024, BSC issued \$30.0 million in bonds to finance the construction of an athletic center. Bond payments will be made from student fees. The bonds mature on May 1, 2054 with a net interest cost of 4.66 percent.

The UND Alumni Association and Foundation(UNDAAF) issued lease revenue bonds of \$24.5 million (Series 2024A, non-taxable) and \$5.3 million (Series 2024B, taxable) at an interest rate of 5.00 percent on August 13, 2024. The UNDAAF issued the bonds to demolish specific existing structures used by the Energy and Environmental Research Center of the University of North Dakota (EERC), construct a new multi-story building for the EERC, containing 28,750 square feet of research demonstration plans, fuels processing plans, offices, locker rooms, and support space, renovate an existing building occupied by EERC to include the upgrades to allow for the continued operation of systems located within the building being demolished.

UNDAAF will lease property to the UND per a lease agreement dated August 1, 2024. The bonds are a limited obligation of the UNDAAF and the Bank of North Dakota (BND). The principal and interest are not a debt, pledge of faith, credit, or general obligation of the Foundation.

In fiscal year 2025, UNDAAF is changing its fiscal year from June 30<sup>th</sup> to December 31<sup>st</sup>.

**North Dakota University System**  
**Required Supplementary Information (RSI)**  
**June 30, 2024**

**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>2024</b>	8.91%	\$ 171,826,870	\$ 108,970,179	157.68%	65.31%
<b>2023</b>	8.80%	\$ 253,541,017	\$ 102,191,967	248.10%	54.47%
<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%

**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>2024</b>	\$ 5,979,162	\$ 5,979,162	\$ -	\$ 122,878,566	4.87%
<b>2023</b>	\$ 5,712,363	\$ 5,712,363	\$ -	\$ 108,970,179	5.24%
<b>2022</b>	\$ 6,420,524	\$ 6,420,524	\$ -	\$ 102,191,967	6.28%
<b>2021</b>	\$ 6,808,541	\$ 6,808,541	\$ -	\$ 98,480,254	6.91%
<b>2020</b>	\$ 7,175,888	\$ 7,175,888	\$ -	\$ 98,822,521	7.26%
<b>2019</b>	\$ 7,268,591	\$ 7,268,591	\$ -	\$ 97,100,937	7.49%
<b>2018</b>	\$ 7,134,215	\$ 7,134,215	\$ -	\$ 98,685,274	7.23%
<b>2017</b>	\$ 7,546,708	\$ 7,546,708	\$ -	\$ 99,755,332	7.09%
<b>2016</b>	\$ 7,654,994	\$ 7,654,994	\$ -	\$ 104,177,803	7.26%
<b>2015</b>	\$ 7,380,713	\$ 7,380,713	\$ -	\$ 98,721,150	7.44%

**Notes to Required Supplementary Information for the Year Ended June 30, 2024**

**Change of benefit Terms**

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

**Changes of assumptions**

All actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

**North Dakota University System**  
**Required Supplementary Information (RSI)**  
**June 30, 2024**

**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>2024</b>	8.37%	\$ 8,368,581	\$ 84,140,480	9.95%	62.74%
<b>2023</b>	8.29%	\$ 9,952,456	\$ 85,602,614	11.63%	56.28%
<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>2024</b>	\$ 920,112	\$ 920,112	\$ -	\$ 122,878,566	0.75%
<b>2023</b>	\$ 921,522	\$ 921,522	\$ -	\$ 84,140,480	1.10%
<b>2022</b>	\$ 1,036,573	\$ 1,036,573	\$ -	\$ 85,602,614	1.21%
<b>2021</b>	\$ 1,098,698	\$ 1,098,698	\$ -	\$ 90,336,572	1.22%
<b>2020</b>	\$ 1,157,241	\$ 1,157,241	\$ -	\$ 96,809,287	1.20%
<b>2019</b>	\$ 1,150,435	\$ 1,150,435	\$ -	\$ 97,762,911	1.18%
<b>2018</b>	\$ 1,148,790	\$ 1,148,790	\$ -	\$ 99,296,140	1.16%

*\*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, 2022.

**Changes of assumptions**

All actuarial assumptions used in the actuarial valuation as of July 1, 2022 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2022.

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Supplementary Information**  
**June 30, 2024**

	<b>COMBINING STATEMENT OF NET POSITION</b>						
	<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	\$ 32,177,421	\$ 7,432,519	\$ 3,967,200	\$ 3,940,127	\$ 4,136,312	\$ 10,978,542	\$ 25,733,890
Investments	-	3,480,000	-	1,500,000	3,255,000	400,092	2,277,400
Accounts receivable, net	9	886,361	501,786	310,910	1,243,016	613,442	707,201
Due from component units - investments on behalf of the institutions	-	-	-	-	-	-	-
Due from component units	-	144,523	314,549	1,278,237	4,353	-	334,612
Due from other NDUS institutions	659,987	28,561	(4,670)	-	60,326	115,491	326,806
Due from State general fund	1,280	-	1,291,830	409,077	3,045	9,551	11,513
Grants and contracts receivables, net	-	10,514,529	799,271	149,881	504,616	1,265,857	2,165,391
Inventories	-	602,379	132,669	-	386,185	219,689	9,451
Lease receivable	-	-	-	-	-	-	-
Notes receivable, net	-	7,562	7,390	44,043	12,960	26,741	170,760
Other assets	110,243	66,982	24,352	-	40,000	21,414	40,371
Total current assets	32,948,940	23,163,416	7,034,377	7,632,275	9,645,813	13,650,819	31,777,395
Noncurrent assets							
Restricted cash and cash equivalents	-	99,610	-	-	-	207,540	51
Restricted investments	683,054	-	-	-	-	-	-
Endowment investments	-	-	-	-	-	17,000	-
Lease receivable	-	-	-	-	-	-	-
Notes receivable, net	-	3,776	3,018	320,184	18,722	154,843	1,042,203
Other long-term investments	-	146,000	-	-	-	-	-
Due from component units - investments held held on behalf of the institutions	-	-	-	375,904	-	-	3,928,210
Capital assets, net	3,929,314	81,826,835	21,473,060	50,970,813	12,047,162	24,188,391	89,039,331
Total noncurrent assets	4,612,368	82,076,221	21,476,078	51,666,901	12,065,884	24,567,774	94,009,795
Total assets	37,561,308	105,239,637	28,510,455	59,299,176	21,711,697	38,218,593	125,787,190
<b>Deferred outflows of resources</b>							
Deferred outflows	3,968,825	6,068,992	793,273	2,303,159	2,805,304	2,918,005	5,174,495
Total deferred outflows of resources	3,968,825	6,068,992	793,273	2,303,159	2,805,304	2,918,005	5,174,495
<b>LIABILITIES</b>							
Current liabilities							
Accounts payable and accrued liabilities	1,774,331	3,984,214	1,851,511	422,207	526,217	577,793	2,461,480
Due to other NDUS institutions	147,415	11,750	124,408	65,141	97,569	126,139	74,920
Due to component units	-	6,035	188,179	-	7,648	(113,286)	-
Accrued payroll	841,600	1,800,344	319,502	1,019,197	597,677	843,102	2,632,613
Unearned revenue	93,000	1,473,887	886,055	898,345	971,065	648,674	2,669,129
Deposits	379,663	104,946	46,171	247,745	231,838	(448,845)	251,046
SBITA liabilities current portion	2,254,449	-	-	10,136	-	-	22,208
Long-term liabilities - current portion							
Due to component units	-	50,273	-	-	8,116	-	-
Due to others	174,277	1,374,396	178,859	563,631	513,437	721,480	928,924
Total current liabilities	5,664,735	8,805,845	3,594,685	3,226,402	2,953,567	2,355,057	9,040,320
Noncurrent liabilities							
Pension liability	5,531,054	8,586,892	1,146,553	3,437,936	3,693,355	4,315,660	7,734,359
OPEB liability	325,757	387,668	58,643	180,422	163,319	212,693	395,584
SBITA liabilities noncurrent portion	428,591	-	-	-	-	-	-
Other noncurrent liabilities	-	-	-	-	-	-	-
Long - term liabilities							
Due to component units	-	431,593	-	-	61,549	-	-
Due to others	1,788,309	6,795,150	3,507,434	5,079,441	1,400,836	1,653,793	12,066,754
Total noncurrent liabilities	8,073,711	16,201,303	4,712,630	8,697,799	5,319,059	6,182,146	20,196,697
Total liabilities	13,738,446	25,007,148	8,307,315	11,924,201	8,272,626	8,537,203	29,237,017
<b>Deferred inflows of resources</b>							
Deferred inflows of resources	4,548,174	6,786,023	905,579	3,012,386	2,942,195	4,152,382	6,109,769
Total deferred inflows of resources	4,548,174	6,786,023	905,579	3,012,386	2,942,195	4,152,382	6,109,769
<b>NET POSITION</b>							
Net investment in capital assets	1,245,851	74,577,527	17,955,991	45,506,222	10,658,057	22,294,550	77,477,245
Restricted for:							
Nonexpendable:							
Scholarships and fellowships	-	-	-	-	-	17,524	3,270,538
Expendable:							
Scholarships and fellowships	-	69,487	15,742	391,994	-	(168,480)	2,361,263
Research	-	-	-	-	-	(9,745)	-
Institutional	-	(9)	1,819	2,881	(126,249)	1,146,494	1,793,332
Loans	-	14,185	24,970	478,278	39,637	82,510	1,516,602
Capital projects	-	-	-	-	-	-	306,850
Debt service	-	57,113	12,649	8,867	261,173	150,196	-
Other	18,492,013	-	-	-	-	-	-
Unrestricted	3,505,649	4,797,155	2,079,663	277,506	2,469,562	4,933,964	8,889,069
Total net position	\$ 23,243,513	\$ 79,515,458	\$ 20,090,834	\$ 46,665,748	\$ 13,302,180	\$ 28,447,013	\$ 95,614,899



**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Supplementary Information**  
**June 30, 2024**

	COMBINING STATEMENT OF NET POSITION - continued						
	North Dakota State College of Science	North Dakota State University	University of North Dakota	Valley City State University	Williston State College	Eliminations	Total
<b>ASSETS</b>							
Current assets							
Cash and cash equivalents	\$ 36,392,487	\$ 199,711,579	\$ 57,029,018	\$ 11,327,658	\$ 2,981,699	\$ -	\$ 395,808,452
Investments	4,673,408	33,000,000	235,707,014	993,610	-	-	285,286,524
Accounts receivable, net	1,358,547	6,151,286	23,897,980	726,725	399,801	(922,826)	35,874,238
Due from component units - investments on behalf of the institutions	-	-	-	293,284	-	-	293,284
Due from component units	-	7,198,420	7,088,854	31,985	2,102,013	-	18,497,546
Due from other NDUS institutions	8,442	284,315	629,807	53,513	(6,610)	(2,155,968)	-
Due from State general fund	649,122	9,779,439	3,221,215	10,350	-	-	15,386,422
Grants and contracts receivables, net	659,230	31,923,123	41,120,575	311,703	710,691	-	90,124,867
Inventories	1,342,213	1,592,023	4,259,720	123,115	125,384	-	8,792,828
Lease receivable	-	27,845	4,059	-	-	-	31,904
Notes receivable, net	25,119	342,706	1,719,099	27,643	24,676	-	2,408,699
Other assets	-	3,497,077	5,950,342	60,469	120,580	-	9,931,830
Total current assets	45,108,568	293,507,813	380,627,683	13,960,055	6,458,234	(3,078,794)	862,436,594
Noncurrent assets							
Restricted cash and cash equivalents	-	1,525,000	8,731,132	17,571	243,225	-	10,824,129
Restricted investments	-	883	2,250,000	306,449	-	-	3,240,386
Endowment investments	-	459,110	-	47,216	52,199	-	575,525
Lease receivable	-	129,622	637,508	-	-	-	767,130
Notes receivable, net	34,689	868,342	5,443,811	82,930	3,135	-	7,975,653
Other long-term investments	-	64,580,398	3,510,828	600,000	-	-	68,837,226
Due from component units - investments held held on behalf of the institutions	-	56,773	18,554,267	978,153	-	-	23,893,307
Capital assets, net	43,117,636	687,711,374	914,064,754	65,460,276	49,325,923	-	2,043,154,869
Total noncurrent assets	43,152,325	755,331,502	953,192,300	67,492,595	49,624,482	-	2,159,268,225
Total assets	88,260,893	1,048,839,315	1,333,819,983	81,452,650	56,082,716	(3,078,794)	3,021,704,819
<b>Deferred outflows of resources</b>							
Deferred outflows	6,291,026	38,193,341	48,985,515	2,565,841	1,201,310	-	121,269,086
Total deferred outflows of resources	6,291,026	38,193,341	48,985,515	2,565,841	1,201,310	-	121,269,086
<b>LIABILITIES</b>							
Current liabilities							
Accounts payable and accrued liabilities	840,097	18,368,651	25,995,357	641,239	865,725	-	58,308,822
Due to other NDUS institutions	749,333	429,033	1,225,031	13,876	14,179	(3,078,794)	-
Due to component units	-	-	297,959	-	(250)	-	386,285
Accrued payroll	2,171,458	14,871,874	21,715,159	1,557,264	523,088	-	48,892,878
Unearned revenue	1,173,486	112,382,763	25,989,894	1,479,966	63,176	-	148,729,440
Deposits	198,492	857,553	4,267,204	242,673	(298,701)	-	6,079,785
SBITA liabilities current portion	-	603,623	5,254,617	44,482	-	-	8,189,515
Long-term liabilities - current portion							
Due to component units	-	2,065,880	646,857	-	-	-	2,771,126
Due to others	533,692	6,956,639	10,214,839	546,625	502,699	-	23,209,498
Total current liabilities	5,666,558	156,536,016	95,606,917	4,526,125	1,669,916	(3,078,794)	296,567,349
Noncurrent liabilities							
Pension liability	8,858,006	54,358,898	68,930,721	3,579,453	1,653,979	-	171,826,866
OPEB liability	439,001	2,653,290	3,334,869	158,265	59,069	-	8,368,580
SBITA liabilities noncurrent portion	-	955,086	7,288,637	-	-	-	8,672,314
Other noncurrent liabilities	-	-	5,040,922	-	7,802	-	5,048,724
Long - term liabilities							
Due to component units	-	17,143,839	1,990,735	-	-	-	19,627,716
Due to others	6,549,078	108,143,523	431,151,873	9,333,093	13,107,522	-	600,576,806
Total noncurrent liabilities	15,846,085	183,254,636	517,737,757	13,070,811	14,828,372	-	814,121,006
Total liabilities	21,512,643	339,790,652	613,344,674	17,596,936	16,498,288	(3,078,794)	1,110,688,355
<b>Deferred inflows of resources</b>							
Deferred inflows of resources	7,204,359	43,149,617	54,307,256	2,835,480	1,590,760	-	137,543,980
Total deferred inflows of resources	7,204,359	43,149,617	54,307,256	2,835,480	1,590,760	-	137,543,980
<b>NET POSITION</b>							
Net investment in capital assets	37,218,954	574,482,838	480,407,183	56,361,393	36,168,548	-	1,434,354,359
Restricted for:							
Nonexpendable:							
Scholarships and fellowships	900	517,957	15,921,021	458,659	54,041	-	20,240,640
Expendable:							
Scholarships and fellowships	348,950	700,660	1,675,395	307,972	(77,180)	-	5,625,803
Research	-	6,380,115	1,436,584	-	-	-	7,806,954
Institutional	408,969	2,144,157	4,875,774	236,890	(4,166)	-	10,479,892
Loans	236,423	1,862,617	16,506,222	293,337	18,387	-	21,073,168
Capital projects	-	-	-	-	-	-	306,850
Debt service	(101,798)	1,525,000	3,153,424	306,449	142,952	-	5,516,025
Other	-	-	-	562,467	-	-	19,054,480
Unrestricted	27,722,519	116,479,043	191,177,965	5,058,908	2,892,396	-	370,283,399
Total net position	\$ 65,834,917	\$ 704,092,387	\$ 715,153,568	\$ 63,586,075	\$ 39,194,978	\$ -	\$ 1,894,741,570

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Supplementary Information**  
**JUNE 30, 2024**

	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 \$86.5 million and bad debt allowance of \$752,000)	\$ 4,743,693	\$ 14,376,102	\$ 2,704,084	\$ 6,956,038	\$ 4,221,938	\$ 5,235,160	\$ 14,530,690
Federal Grants & Contracts	-	1,129,992	240,386	-	315,953	3,473,962	6,842,403
Federal PassThruGrants-State	-	425,313	29,542	63,331	556,448	883,032	-
Federal grants and contracts	-	1,555,305	269,928	63,331	872,401	4,356,994	6,842,403
State Grants & Contracts	-	661,328	3,174	60,601	807,548	380,296	2,560,406
State grants and contracts	-	661,328	3,174	60,601	807,548	380,296	2,560,406
Nongovernmental grants and contracts	12,500	805,118	9,421	(16,471)	66,737	123,423	582,149
Sales and services of educational departments (net of bad debt allowance of \$42,000)	1,810,082	4,726,640	169,503	729,440	947,726	1,368,947	1,981,023
Auxiliary enterprises (net of scholarship allowances of \$1.4 million and bad debt allowance of \$419,000)	3,000	5,251,401	1,549,049	2,196,888	2,146,332	1,897,328	3,620,440
Other (net of bad debt allowance of \$111,000)	-	326	738	90,996	1,382	2,749	89,802
Total operating revenues	6,569,275	27,376,220	4,705,897	10,080,823	9,064,064	13,364,897	30,206,913
<b>OPERATING EXPENSES</b>							
Salaries and wages	21,001,022	35,244,926	7,582,917	16,839,938	13,455,058	15,568,882	43,126,686
Operating expenses	9,427,980	10,237,766	3,515,851	6,832,898	3,223,675	5,365,162	15,396,408
Information technology	2,974,160	709,488	194,699	390,185	291,352	286,576	465,674
Depreciation expense	4,515,072	3,284,129	625,311	2,735,609	1,268,002	1,865,906	4,580,777
Scholarships and fellowships	19,561,691	1,816,979	405,503	1,170,031	523,258	1,075,970	2,502,684
HEERF Act Aid to Student	-	-	-	-	-	(2,405)	-
Cost of sales and services	-	1,820,962	261,079	11,477	765,811	521,416	151,910
Total operating expenses	57,479,925	53,114,250	12,585,360	27,980,138	19,527,156	24,681,507	66,224,139
Operating income (loss)	(50,910,650)	(25,738,030)	(7,879,463)	(17,899,315)	(10,463,092)	(11,316,610)	(36,017,226)
<b>NONOPERATING REVENUES (EXPENSES)</b>							
State appropriations	85,287,387	18,147,474	5,441,126	11,662,795	7,390,105	11,350,362	23,560,222
Federal appropriations	-	-	-	-	-	-	-
Federal grants and contracts (net of bad debt allowance of \$31,000)	-	3,118,995	854,492	2,462,769	991,578	1,668,837	3,483,792
Federal grants and contracts stimulus	371,385	26,177,960	3,910	5,000	-	(69,620)	13,249,392
Gifts	1,000	2,471,229	230,347	2,649,815	786,778	1,015,957	4,310,484
Endowment and investment income	134,001	89,337	198,921	228,213	63,870	502,233	725,180
Interest on capital asset - related debt	(267,667)	(266,457)	(114,202)	(153,015)	(66,534)	(107,694)	(323,690)
Gain (loss) on disposal of capital assets	(6,287)	(10,285)	-	(654)	(4,738)	34,691	11,645
Insurance proceeds	-	-	-	-	-	-	-
Tax revenues	-	-	-	-	-	205,001	-
General and special grant expenditures	(38,832,075)	-	-	-	-	-	-
Transfers to North Dakota Industrial Commission	(6,094,689)	-	-	-	-	-	-
Other nonoperating revenues (expenses)	26,159,074	(3,496)	10	(17,487)	(15,504)	162,632	(125,779)
Net nonoperating revenues (expenses)	66,752,129	49,724,757	6,614,604	16,837,436	9,145,555	14,762,399	44,891,246
Income (loss) before capital grants, gifts, and transfers	15,841,479	23,986,727	(1,264,859)	(1,061,879)	(1,317,537)	3,445,789	8,874,020
State appropriations - capital assets	-	-	3,180,029	409,077	360,155	-	1,548,679
Capital grants and gifts	-	1,649,005	5,414,930	1,102,041	-	-	3,250,518
Total other revenue	-	1,649,005	8,594,959	1,511,118	360,155	-	4,799,197
Increase (decrease) in net position	15,841,479	25,635,732	7,330,100	449,239	(957,382)	3,445,789	13,673,217
<b>NET POSITION</b>							
Net position - beginning of year, as restated	7,402,034	53,879,726	12,760,734	46,216,509	14,259,562	25,001,224	81,941,682
Net position - end of year	\$ 23,243,513	\$ 79,515,458	\$ 20,090,834	\$ 46,665,748	\$ 13,302,180	\$ 28,447,013	\$ 95,614,899

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Supplementary Information**  
**JUNE 30, 2024**

	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 \$86.5 million and bad debt allowance of \$752,000)	\$ 8,922,608	\$ 111,158,652	\$ 190,474,532	\$ 7,007,996	\$ 831,339	\$ (423,535)	\$ 370,739,297
Federal Grants & Contracts	191,319	74,577,488	102,294,360	85,653	355,554	-	189,507,070
Federal PassThruGrants-State	371,346	-	-	952,331	43,740	-	3,325,083
Federal grants and contracts	562,665	75,256,297	104,513,301	1,037,985	399,294	(3,333,737)	192,396,167
State Grants & Contracts	892,204	9,494,842	42,340,140	153,421	1,355,313	-	58,709,273
State grants and contracts	892,204	9,494,842	42,340,140	153,421	1,355,313	(6,928,798)	51,780,475
Nongovernmental grants and contracts	22,267	10,402,597	25,356,819	67,872	27,888	-	37,460,320
Sales and services of educational departments (net of bad debt allowance of \$42,000)	4,502,261	39,882,417	51,015,839	1,070,495	3,259,952	(8,289,212)	103,175,113
Auxiliary enterprises (net of scholarship allowances of \$1.4 million and bad debt allowance of \$419,000)	9,603,143	47,292,199	35,521,107	3,008,610	2,009,184	(98,162)	114,000,519
Other (net of bad debt allowance of \$111,000)	139,794	412,799	209,872	7,471	17,865	(5,500)	968,294
Total operating revenues	24,644,942	293,899,803	449,431,610	12,353,850	7,900,835	(19,078,944)	870,520,185
<b>OPERATING EXPENSES</b>							
Salaries and wages	30,132,865	319,036,000	379,992,683	20,684,741	9,512,886	89,110	912,267,714
Operating expenses	10,154,979	103,381,566	179,585,045	5,987,701	4,262,784	(7,919,880)	349,451,935
Information technology	709,514	5,591,435	7,350,171	653,351	375,266	(48,599)	19,943,272
Depreciation expense	3,749,574	32,309,170	38,974,324	3,467,126	2,893,165	-	100,268,165
Scholarships and fellowships	1,402,458	7,940,498	13,840,913	1,021,123	1,411,155	(886,761)	51,785,502
HEERF Act Aid to Student	-	-	-	(4,850)	-	-	(7,255)
Cost of sales and services	2,940,199	8,977,493	10,074,236	443,798	534,693	-	26,503,074
Total operating expenses	49,089,589	477,236,162	629,817,372	32,252,990	18,989,949	(8,766,130)	1,460,212,407
Operating income (loss)	(24,444,647)	(183,336,359)	(180,385,762)	(19,899,140)	(11,089,114)	(10,312,814)	(589,692,222)
<b>NONOPERATING REVENUES (EXPENSES)</b>							
State appropriations	18,660,218	144,193,704	134,211,217	13,431,681	6,112,261	-	479,448,552
Federal appropriations	-	7,515,704	-	-	-	-	7,515,704
Federal grants and contracts (net of bad debt allowance of \$31,000)	3,084,321	11,018,052	10,313,747	1,618,123	1,014,857	-	39,629,563
Federal grants and contracts stimulus	-	5,534,103	33,488,732	(4,850)	357,510	-	79,113,522
Gifts	2,210,719	24,534,591	20,744,345	1,877,238	3,886,222	(678,052)	64,040,673
Endowment and investment income	1,289,482	4,923,947	8,697,686	919,953	8,900	-	17,781,723
Interest on capital asset - related debt	(155,121)	(4,382,781)	(16,381,935)	(367,790)	(468,665)	-	(23,055,551)
Gain (loss) on disposal of capital assets	(45,456)	(604,604)	(3,078,093)	(3,937)	-	-	(3,707,718)
Insurance proceeds	-	269,514	350,097	-	-	-	619,611
Tax revenues	-	500,000	5,914,869	-	-	-	6,619,870
General and special grant expenditures	-	-	-	-	-	15,771,980	(23,060,095)
Transfers to North Dakota Industrial Commission	-	(248,256)	-	-	-	-	(6,342,945)
Other nonoperating revenues (expenses)	(72,233)	312,616	(879,171)	(422)	(2,588)	(2,850,744)	22,666,908
Net nonoperating revenues (expenses)	24,971,930	193,566,590	193,381,494	17,469,996	10,908,497	12,243,184	661,269,817
Income (loss) before capital grants, gifts, and transfers	527,283	10,230,231	12,995,732	(2,429,144)	(180,617)	1,930,370	71,577,595
State appropriations - capital assets	1,786,076	42,263,480	6,999,139	1,710,938	1,894,336	(3,969,750)	56,182,159
Capital grants and gifts	18,931	17,356,537	13,214,140	16,272	490,611	-	42,512,985
Total other revenue	1,805,007	59,620,017	20,213,279	1,727,210	2,384,947	(3,969,750)	98,695,144
Increase (decrease) in net position	2,332,290	69,850,248	33,209,011	(701,934)	2,204,330	(2,039,380)	170,272,739
<b>NET POSITION</b>							
Net position - beginning of year, as restated	63,502,627	634,242,139	681,944,557	64,288,009	36,990,648	2,039,380	1,724,468,831
Net position - end of year	\$ 65,834,917	\$ 704,092,387	\$ 715,153,568	\$ 63,586,075	\$ 39,194,978	\$ -	\$ 1,894,741,570

# NORTH DAKOTA UNIVERSITY SYSTEM

Supplementary Information

June 30, 2024

## COMBINING STATEMENT OF CASH FLOWS

	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>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Student tuition and fees	\$ 4,838,750	\$ 14,252,681	\$ 2,552,906	\$ 7,037,962	\$ 3,953,808	\$ 5,202,275	\$ 14,379,916
Grants and contracts	116,995	(3,654,345)	(1,288,817)	(387,337)	1,839,155	4,163,255	10,480,746
Payments to suppliers	(11,809,884)	(11,818,363)	(4,852,977)	(7,027,777)	(4,134,625)	(6,079,273)	(16,924,518)
Payments to employees	(20,882,003)	(34,627,518)	(7,608,658)	(17,283,358)	(13,148,249)	(15,898,667)	(42,665,791)
Payments for scholarships and fellowships	(19,561,691)	(1,816,979)	(405,503)	(1,170,031)	(523,259)	(1,075,970)	(2,502,684)
HEERF Act payments to students	-	-	-	-	-	2,405	-
Loans issued to students	-	-	-	(33,412)	-	(56,353)	(122,015)
Collection of loans to students	-	1,454	5,259	64,326	7,524	24,821	273,243
Auxiliary enterprise charges	3,000	5,274,333	1,514,077	2,235,368	2,106,406	1,834,664	3,548,947
Sales and service of educational departments	1,751,532	4,654,914	(1,174,123)	756,707	1,018,793	1,219,774	951,769
Cash received/(paid) on deposits	106,805	170,202	31,024	305,839	(25,802)	(441,851)	28,653
Other receipts (payments)	26,239,755	(101,102)	55,638	91,889	15,096	205,747	(40,694)
Net cash provided (used) by operating activities	(19,196,741)	(27,664,723)	(11,171,174)	(15,409,824)	(8,891,153)	(10,899,173)	(32,592,428)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
State appropriations	85,286,106	18,619,087	5,441,126	12,083,884	7,398,040	11,372,262	23,576,699
Federal appropriations	-	-	-	257,124	(9,598)	-	-
Local appropriations	-	-	-	-	-	-	-
Grants and gifts received for other than capital purposes	1,000	5,556,107	1,084,840	4,600,959	1,737,404	2,684,795	7,794,276
Grants given for other than capital purposes	(38,832,076)	-	-	-	-	-	-
Federal stimulus revenues	371,386	918,931	3,911	5,000	-	(69,621)	-
Direct lending receipts	-	5,444,126	1,097,126	4,241,982	2,081,753	3,202,304	7,131,873
Direct lending disbursements	-	(5,328,557)	(1,151,258)	(4,241,982)	(2,081,753)	(3,202,304)	(7,131,873)
Transfers to Industrial Commission	(6,094,690)	-	-	-	-	-	-
Tax revenues	-	-	-	-	-	205,002	-
Net cash flows provided (used) by noncapital financing activities	40,731,726	25,209,694	6,475,745	16,946,967	9,125,846	14,192,438	31,370,975
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Capital appropriations	5,081	217,280	2,976,828	-	406,381	-	1,537,167
Capital grants and gifts received	-	1,649,006	5,414,931	798,479	(1,430)	-	3,250,519
Federal stimulus revenue capital	-	25,259,029	-	-	-	-	13,249,393
Proceeds from sale of capital assets	-	-	-	654	-	-	34,465
Proceeds from lease receivables	-	-	-	-	-	-	-
Purchases of capital assets	(851,623)	(27,990,045)	(6,498,449)	(2,938,181)	(137,968)	(862,929)	(16,335,641)
Insurance proceeds	-	-	-	-	-	-	-
Principal paid on capital debt and leases	(3,950,086)	(1,142,710)	(153,608)	(591,880)	(463,484)	(1,295,818)	(832,749)
Interest paid on capital debt and lease	(267,667)	(275,867)	(119,750)	(153,017)	(66,535)	(107,691)	(333,518)
Net cash provided (used) by capital and related financing activities	(5,064,295)	(2,283,307)	1,619,952	(2,883,945)	(263,036)	(2,266,438)	569,636
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Proceeds from sales and maturities of investments	415,945	-	-	-	-	-	1,191,682
Interest on investments	84,380	82,569	198,915	228,214	63,870	499,088	420,389
Purchase of investments	-	-	-	-	(505,000)	(53)	(610,259)
Net cash provided (used) by investing activities	500,325	82,569	198,915	228,214	(441,130)	499,035	1,001,812
Net increase (decrease) in cash	16,971,015	(4,655,767)	(2,876,562)	(1,118,588)	(469,473)	1,525,862	349,995
CASH - BEGINNING OF YEAR	15,206,406	12,187,896	6,843,762	5,058,715	4,605,785	9,660,220	25,383,946
CASH - END OF YEAR	\$ 32,177,421	\$ 7,532,129	\$ 3,967,200	\$ 3,940,127	\$ 4,136,312	\$ 11,186,082	\$ 25,733,941

# NORTH DAKOTA UNIVERSITY SYSTEM

## Supplementary Information

June 30, 2024

	North Dakota University System Office	Bismarck State College	Dakota College of Bottineau	Dickinson State University	Lake Region State College	Mayville State University	Minot State University
<b>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>							
Operating income (loss)	\$ (50,910,650)	\$ (25,738,030)	\$ (7,879,463)	\$ (17,899,315)	\$ (10,463,092)	\$ (11,316,610)	\$ (36,017,226)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities							
Depreciation and amortization expense	4,515,072	3,284,129	625,311	2,735,609	1,268,002	1,865,906	4,580,777
Other nonoperating revenues (expenses)	26,159,076	(108,847)	54,142	1,947	(15,504)	199,825	(125,780)
Change in assets, deferred outflows, liabilities and deferred inflows							
Accounts receivable adjusted for interest receivable	36,505	(203,027)	(559,087)	61,362	(193,963)	(176,235)	(252,885)
Grant & contract receivables	104,495	(6,676,097)	(1,571,343)	(494,799)	92,467	(697,459)	495,786
Inventories	-	37,437	-	-	(93,538)	-	893
Notes receivable	-	1,752	8,911	86,365	117,434	(17,731)	266,930
Other assets	80,679	7,419	757	(1,055)	29,218	3,172	(4,716)
Accounts payable and accrued liabilities adjusted for interest payable	592,258	939,431	(879,830)	188,686	85,572	(95,194)	(1,033,859)
Pension liability	(3,096,240)	(3,839,529)	(557,412)	(1,732,040)	(1,698,475)	(3,322,161)	(3,760,156)
OPEB liability	(53,729)	(78,181)	(9,650)	(38,906)	(25,202)	(77,310)	(65,099)
Net change in deferred outflows	2,280,772	2,622,808	392,893	1,253,883	1,291,746	2,338,460	2,650,378
Net change in deferred inflows	1,060,440	1,649,809	198,907	411,614	654,888	924,965	1,341,782
Accrued payroll	(118,962)	194,844	(54,657)	(173,188)	59,125	(118,877)	259,467
Compensated absences	46,738	67,658	4,177	(164,783)	24,727	(74,861)	34,524
Unearned revenue	-	3,499	(975,856)	48,958	1,245	106,786	(991,897)
Deposits	106,805	170,202	31,026	305,838	(25,803)	(441,849)	28,653
Net cash provided (used) by operating activities	\$ (19,196,741)	\$ (27,664,723)	(11,171,174)	\$ (15,409,824)	\$ (8,891,153)	\$ (10,899,173)	\$ (32,592,428)
<b>SUPPLEMENTAL DISCLOSURE ON NON CASH TRANSACTIONS</b>							
Assets acquired through long-term leases	\$ -	\$ 508,914	\$ 50,108	\$ -	\$ 126,990	\$ -	\$ 243,153
Assets acquired through note payable	-	-	-	-	-	-	-
Assets acquired through long-term software based IT	(13,238)	-	-	-	-	-	-
Assets acquired through special assessments	-	-	-	-	-	-	-
Long-term leases retired before end of term	-	-	-	-	-	-	-
Expenses paid by capital lease/special assessments	-	-	-	-	-	-	-
Long-term lease receivable initialted	-	-	-	-	-	-	-
Gifts of capital assets	-	-	-	-	-	-	-
Net increases (decrease) in value of investments	-	-	-	-	-	-	297,179
Total non-cash transactions	\$ (13,238)	\$ 508,914	\$ 50,108	\$ -	\$ 126,990	\$ -	\$ 540,332

# NORTH DAKOTA UNIVERSITY SYSTEM

Supplementary Information

June 30, 2024

## COMBINING STATEMENT OF CASH FLOWS -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>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Student tuition and fees	\$ 8,953,993	\$ 110,502,216	\$ 190,127,246	\$ 6,966,135	\$ 375,408	\$ (423,535)	\$ 368,719,761
Grants and contracts	1,816,025	97,654,297	201,951,867	1,654,991	1,612,914	(10,262,535)	305,697,211
Payments to suppliers	(14,357,271)	(127,205,611)	(198,126,389)	(7,033,755)	(4,849,863)	7,968,479	(406,251,827)
Payments to employees	(29,940,004)	(316,432,688)	(375,699,560)	(20,372,669)	(9,377,816)	(89,110)	(904,026,091)
Payments for scholarships and fellowships	(1,402,458)	(7,940,498)	(13,840,914)	(1,021,124)	(1,411,156)	886,761	(51,785,506)
HEERF Act payments to students	-	-	-	4,850	-	-	7,255
Loans issued to students	-	(42,521)	(882,010)	-	(22,957)	-	(1,159,268)
Collection of loans to students	45,826	562,095	1,643,385	43,338	3,438	-	2,674,709
Auxiliary enterprise charges	9,647,378	47,036,576	35,170,334	3,005,699	1,825,009	(98,162)	113,103,629
Sales and service of educational departments	4,614,228	40,286,350	50,859,087	1,003,090	1,943,731	(8,289,212)	99,596,640
Cash received/(paid) on deposits	(126,051)	317,682	(141,469)	134,644	3,499	-	363,175
Other receipts (payments)	34,626	662,121	1,109,159	(28,910)	14,617	(2,856,244)	25,401,698
Net cash provided (used) by operating activities	(20,713,708)	(154,599,981)	(107,829,264)	(15,643,711)	(9,883,176)	(13,163,558)	(447,658,614)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
State appropriations	18,660,218	143,922,002	134,341,799	13,445,614	6,119,167	-	480,266,004
Federal appropriations	-	7,515,704	-	-	-	-	7,763,230
Local appropriations	-	-	-	-	-	-	-
Grants and gifts received for other than capital purposes	5,295,041	35,665,210	29,555,181	3,495,361	4,901,080	-	102,371,254
Grants given for other than capital purposes	-	-	-	-	-	15,093,928	(23,738,148)
Federal stimulus revenues	-	5,534,103	173,954	(4,850)	357,510	-	7,290,324
Direct lending receipts	5,750,738	65,453,476	109,737,127	3,588,017	854,731	-	208,583,253
Direct lending disbursements	(5,750,738)	(65,453,476)	(109,737,127)	(3,588,017)	(854,731)	-	(208,521,816)
Transfers to Industrial Commission	-	(248,256)	-	-	-	-	(6,342,946)
Tax revenues	-	500,000	5,914,870	-	-	-	6,619,872
Net cash flows provided (used) by noncapital financing activities	23,955,259	192,888,763	169,985,804	16,936,125	11,377,757	15,093,928	574,291,027
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Capital appropriations	1,657,078	137,965,408	4,224,332	1,795,184	1,894,337	(1,930,370)	150,748,706
Capital grants and gifts received	18,931	17,979,045	7,858,014	1,091,234	490,611	-	38,549,340
Federal stimulus revenue capital	-	-	33,314,778	-	-	-	71,823,200
Proceeds from sale of capital assets	-	109,651	1,427,850	-	-	-	1,572,620
Proceeds from lease receivables	-	31,021	24,997	-	-	-	56,018
Purchases of capital assets	(2,874,964)	(90,858,317)	(60,235,611)	(1,710,117)	(3,780,749)	-	(215,074,594)
Insurance proceeds	-	269,514	350,097	-	-	-	619,611
Principal paid on capital debt and leases	(427,787)	(9,831,434)	(21,526,177)	(625,433)	(494,668)	-	(41,335,834)
Interest paid on capital debt and lease	(157,711)	(4,558,008)	(15,537,056)	(368,295)	(468,667)	-	(22,413,782)
Net cash provided (used) by capital and related financing activities	(1,784,453)	51,106,880	(50,098,776)	182,573	(2,359,136)	(1,930,370)	(15,454,715)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Proceeds from sales and maturities of investments	-	35,022,356	260,000,000	399,457	-	-	297,029,440
Interest on investments	1,278,027	5,787,170	6,831,902	919,954	8,901	-	16,403,379
Purchase of investments	-	(31,000,000)	(360,000,000)	(549,167)	-	-	(392,664,479)
Net cash provided (used) by investing activities	1,278,027	9,809,526	(93,168,098)	770,244	8,901	-	(79,231,660)
Net increase (decrease) in cash	2,735,125	99,205,188	(81,110,334)	2,245,231	(855,654)	-	31,946,038
CASH - BEGINNING OF YEAR	33,657,362	102,031,391	146,870,484	9,099,998	4,080,578	-	374,686,543
CASH - END OF YEAR	\$ 36,392,487	\$ 201,236,579	\$ 65,760,150	\$ 11,345,229	\$ 3,224,924	\$ -	\$ 406,632,581

# NORTH DAKOTA UNIVERSITY SYSTEM

## Supplementary Information

June 30, 2024

	North Dakota State College of Science	North Dakota State University	University of North Dakota	Valley City State University	Williston State College	Eliminations	Total
							\$ -
<b>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>							
Operating income (loss)	\$ (24,444,647)	\$ (183,336,359)	\$ (180,385,762)	\$ (19,899,140)	\$ (11,089,114)	\$ (10,312,814)	\$ (589,692,222)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities							
Depreciation and amortization expense	3,749,574	32,309,170	38,974,324	3,467,126	2,893,165	-	100,268,165
Other nonoperating revenues (expenses)	(105,169)	338,058	6,458,362	(423)	36,479	(2,850,744)	30,041,422
Change in assets, deferred outflows, liabilities and deferred inflows							
Accounts receivable adjusted for interest receivable	313,274	47,998	(1,055,859)	(83,938)	(1,931,771)	3,078,794	(918,832)
Grant & contract receivables	338,888	2,502,419	29,741,606	395,711	(169,582)	-	24,062,092
Inventories	(504,918)	267,732	(748,813)	68,130	69,474	-	(903,603)
Notes receivable	56,726	593,111	929,812	50,611	(19,560)	-	2,074,361
Other assets	-	(88,735)	(5,559,076)	(35,959)	(39,728)	-	(5,608,024)
Accounts payable and accrued liabilities adjusted for interest payable	(102,618)	(9,951,201)	(79,215)	(47,149)	246,257	(3,078,794)	(13,215,656)
Pension liability	(3,687,910)	(26,067,969)	(30,970,205)	(1,814,739)	(1,167,306)	-	(81,714,142)
OPEB liability	(72,518)	(507,255)	(611,702)	(34,849)	(9,473)	-	(1,583,874)
Net change in deferred outflows	2,285,467	18,369,700	20,818,099	1,359,743	881,443	-	56,545,392
Net change in deferred inflows	1,665,924	9,409,670	13,086,201	638,859	239,178	-	31,282,237
Accrued payroll	41,067	851,066	1,269,792	149,665	191,228	-	2,550,570
Compensated absences	(39,168)	546,241	700,938	13,393	-	-	1,159,584
Unearned revenue	(81,630)	(201,311)	(256,297)	(5,398)	(17,366)	-	(2,369,267)
Deposits	(126,050)	317,684	(141,469)	134,646	3,500	-	363,183
Net cash provided (used) by operating activities	\$ (20,713,708)	\$ (154,599,981)	\$ (107,829,264)	\$ (15,643,711)	\$ (9,883,176)	\$ (13,163,558)	\$ (447,658,614)
<b>SUPPLEMENTAL DISCLOSURE ON NON CASH TRANSACTIONS</b>							
Assets acquired through long-term leases	\$ -	\$ 196,837	\$ 262,052	\$ 198,823	\$ -	\$ -	\$ 1,586,877
Assets acquired through note payable	-	100,000	-	-	-	-	100,000
Assets acquired through long-term software based I	-	979,508	2,835,330	-	-	-	3,801,600
Assets acquired through special assessments	-	-	46,189	-	-	-	46,189
Long-term leases retired before end of term	-	1,260,806	-	-	-	-	1,260,806
Expenses paid by capital lease/special assessments	-	-	-	-	-	-	-
Long-term lease receivable initialted	-	(180,424)	(438,374)	-	-	-	(618,798)
Gifts of capital assets	-	7,070	266,419	-	-	-	273,489
Net increases (decrease) in value of investments	1,052	(958,420)	1,752,617	-	-	-	1,092,428
Total non-cash transactions	\$ 1,052	\$ 1,405,377	\$ 4,724,233	\$ 198,823	\$ -	\$ -	\$ 7,542,591

# NORTH DAKOTA UNIVERSITY SYSTEM

## Supplementary Information

June 30, 2024

### FASB Basis

### WSC Foundation June 30, 2024

#### Assets

Current assets	
Cash and cash equivalents	\$ 7,463,015
Accounts receivable, net	1,582
Notes receivable	274,287
Unconditional promises to give, net of allowance	1,888,535
Other assets	240,783
Total current assets	9,868,202
Noncurrent assets	
Restricted cash and cash equivalents	544,115
Investments:	
Investments, net of current portion	30,842,944
Other long-term investments	225,641
Total investments	31,068,585
Long term pledges	
receivable/unconditional promises to give	1,111,465
Other noncurrent assets	1,365,094
Capital assets, net	14,263,917
Total noncurrent assets	48,353,176
Total assets	58,221,378

#### LIABILITIES

Current liabilities	
Accounts payable and accrued liabilities	351,495
Payable to university	1,928,333
Accrued payroll	7,676
Long-term liabilities--current portion	163,963
Total current liabilities	2,451,467
Noncurrent liabilities	
Long-term liabilities	11,365,214
Total noncurrent liabilities	11,365,214
Total liabilities	13,816,681

#### NET ASSETS

Without donor restrictions	10,355,321
With donor restrictions	34,049,376
Total net assets	44,404,697
Total liabilities and net assets	\$ 58,221,378



**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Supplementary Information**  
**June 30, 2024**

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

**FASB BASIS**

	<b>WSC Foundation June 30, 2024</b>
<b>Support and revenue</b>	
Contributions, gifts and contributions	\$ 2,296,219
<b>Investment income</b>	5,811,101
<b>Net realized and unrealized gains (losses) on investment securities</b>	1,670,825
<b>Program and event income</b>	2,654,874
<b>Other income</b>	1,815,300
<b>Total support and revenue</b>	14,248,319
<b>EXPENSES</b>	
<b>Program Services</b>	4,525,510
<b>Supporting services</b>	4,081,822
<b>Total expenses</b>	8,607,332
<b>Change in Net Assets</b>	5,640,987
<b>Net Assets, Beginning of Year, as restated</b>	38,763,710
<b>Net Assets, End of Year</b>	\$ 44,404,697

# North Dakota University System

## Supplementary Information

June 30, 2024

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

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	\$ 1,398,828
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	3,751,329
Total BSC	<u>\$ 10,005,000</u>	<u>\$ 179,334</u>	<u>\$ 10,184,334</u>			<u>5,150,157</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	2,434,873
Total DCB	<u>\$ 2,480,000</u>	<u>\$ 130,538</u>	<u>\$ 2,610,538</u>			<u>2,434,873</u>
<b>Mayville State University</b>						
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	1,420,000
Total MaSU	<u>\$ 2,800,000</u>	<u>\$ -</u>	<u>\$ 2,800,000</u>			<u>1,420,000</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	6,981,898
Total MiSU	<u>\$ 7,435,000</u>	<u>\$ 233,816</u>	<u>\$ 7,668,816</u>			<u>6,981,898</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	5,786,577
Total NDSCS	<u>\$ 6,175,000</u>	<u>\$ 331,892</u>	<u>\$ 6,506,892</u>			<u>5,786,577</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	1,321,404
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	4,867,407
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%	\$536,900 to \$2,351,200	7,398,122
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	6,269,736
2016 Housing & Auxiliary Facilities Refunding Bonds, Maturity April 1, 2036, collateralized by net revenues of housing and auxiliary services.	10,405,000	310,288	10,715,288	2.0 - 4.0%	\$534,469 to \$671,575	7,324,602
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	8,735,000
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	44,707,878
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	18,866,711
Total NDSU	<u>\$ 145,340,000</u>	<u>\$ 6,057,818</u>	<u>\$ 151,397,818</u>			<u>99,490,860</u>

# North Dakota University System

## Supplementary Information

June 30, 2024

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

Issue	Original Balance	Original Discount (Premium)	Original Balance, Net of Discount (Premium)	Interest Rate	Installments	Balance Outstanding
<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%	\$735,000 to \$5,690,000	78,981,511
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%	\$1,855,000 to \$2,620,000	25,575,516
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%	\$70,000 to \$71,500	427,500
2012 EERC Revenue Bonds, maturity June 1, 2027, variable interest rate.	6,405,000	-	6,405,000	0.75-4.2%	\$495,000 to \$540,000	1,555,000
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%	\$745,000 to \$1,465,000	21,314,321
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%	\$840,000 to 1860000	28,484,543
Total UND	<u>\$ 169,910,000</u>	<u>\$ 17,915,190</u>	<u>\$ 187,825,190</u>			<u>156,338,391</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	2,958,903
2013 Housing & Auxiliary Facilities Revenue Bonds due through 2033, collateralized by net housing and auxiliary facilities system revenues.	<u>\$ 2,565,000</u>	<u>-</u>	<u>2,565,000</u>	3% - 4%	\$40,000 to \$185,000	<u>1,430,000</u>
Total VCSU	<u>\$ 5,765,000</u>	<u>\$ 93,248</u>	<u>\$ 5,858,248</u>			<u>4,388,903</u>
<b>Williston State College</b>						
2021 Housing and Auxiliary Services, matures 2041 collateralized by net housing revenues. Interest rate is fixed.	<u>\$ 5,347,000</u>	<u>\$ -</u>	<u>\$ 5,347,000</u>	3.10%	\$120,000 to \$470,000	<u>4,713,000</u>
<b>Total Bonds Payable</b>						<u>\$ 286,704,659</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%	\$200,000 to \$2,460,000	17,035,971
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	133,326,118
Series 2021B, Wellness Center & Housing, due through 2034, collateralized by rental payments and rights under the Lease-Purchase Agreement	<u>18,330,000</u>	<u>-</u>	<u>\$18,330,000</u>	0.42 - 2.34%	\$1,335,000 to \$1,545,000	<u>14,250,000</u>
Total UND	<u>\$244,370,000</u>	<u>\$12,124,413</u>	<u>\$256,494,413</u>			<u>244,313,619</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.	<u>7,355,000.00</u>	<u>(77,592)</u>	<u>7,277,408</u>	3.00%	\$120,000 to \$470,000	<u>6,852,760</u>
<b>Total COPs Payable</b>						<u>\$ 251,166,379</u>

# NORTH DAKOTA UNIVERSITY SYSTEM

## Supplementary Information

June 30, 2024

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

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

	<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>
Operating Revenues	\$ 5,779,329	\$ 1,713,895	\$ -	\$ -	\$ 538,377	\$ 5,983,577
Operating Expenses	6,218,389	1,659,131	-	-	212,706	4,804,659
Net Operating Revenues	(439,060)	54,764	-	-	325,671	1,178,918
Pledged Fees	534,414	-	-	-	-	478,257
Non Operating Revenue	640,800	226,924	-	-	-	
Investment Income	326	-	-	-	-	199
Net Revenue Available for Debt Retirement	736,480	281,688	-	-	325,671	1,657,374
Current year Debt Service						
Principal	545,000	65,000	-	-	210,000	330,000
Interest	174,261	85,179	-	-	46,694	148,257
Total Debt Service	\$ 719,261	\$ 150,179	\$ -	\$ -	\$ 256,694	\$ 478,257

# NORTH DAKOTA UNIVERSITY SYSTEM

## Supplementary Information

June 30, 2024

### 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	\$ 9,789,642	\$ 47,298,382	\$ 35,209,229	3,097,555	\$ 698,594	\$ 110,108,580
Operating Expenses	7,768,229	39,780,280	28,273,794	2,707,420	295,755	91,720,363
Net Operating Revenues	2,021,413	7,518,102	6,935,435	390,135	402,839	18,388,217
Pledged Fees	363,558	5,805,654	7,247,908	149,177	90,000	14,668,968
Non Operating Revenue	74,906	4,735,111	52,391	622,637	2,500	6,355,269
Investment Income	7,691	6,114	50,797	1200.56	-	66,328
Net Revenue Available for Debt Retirement	2,467,568	18,064,981	14,286,531	1,163,150	495,339	39,478,782
Current year Debt Service						
Principal	345,000	5,395,000	3,135,000	220,000	217,000	10,462,000
Interest	175,650	3,252,663	5,782,410	152,704	142,740	9,960,558
Total Debt Service	\$ 520,650	\$ 8,647,663	\$ 8,917,410	\$ 372,704	\$ 359,740	\$ 20,422,558