

STATE OF NORTH DAKOTA

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30,

1996

Prepared by the Office of Management and Budget

Cover photo:

California bighorn sheep were transplanted to North Dakota in 1956, filling a niche previously held by Audubon bighorn sheep, which became extinct in the early 1900s. Bighorns live in the Badlands of Western North Dakota.

All photos by Craig Bihle, North Dakota Game and Fish Department

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INTRODUCTORY SECTION



Great-horned Owls

Young great-horned owls raised in a nesting structure intended to attract giant Canada geese.

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December 11, 1996

To the Governor, Legislators and Citizens of the State of North Dakota:

In accordance with North Dakota Century Code (NDCC) Section 54-44-04(14), we are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the State of North Dakota for the fiscal year ended June 30, 1996. This report has been prepared by the Office of Management and Budget. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the state's management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds, account groups and component units of the state. All disclosures necessary to enable the reader to gain an understanding of the State of North Dakota's activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical. The introductory section, which is unaudited, contains this transmittal letter, Certificate of Achievement for Excellence in Financial Reporting, the state organization chart and a list of principal officials. The financial section includes the general purpose financial statements and notes to the financial statements and the individual and combining fund and account group financial statements and schedules as well as the independent auditor's report on these financial statements and schedules. The statistical section, which is unaudited, includes a history of selected financial and demographic information.

The notes to the financial statements are considered an integral and essential part of adequate disclosure and fair presentation of the general purpose financial statements. They include the summary of significant accounting policies applied to the matters relating to the financial position and results of operations of the state. The notes provide significant insight and are necessary to understand the financial statements.

The State of North Dakota is required to undergo a single audit in conformity with the provision of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's Circular A-128, *Audits of State and Local Governments*. Information related to this single audit, including a schedule of federal financial assistance, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separately issued biennial single audit report.

This report includes all the funds and account groups of the state as legally defined, as well as all of its component units. Component units are legally separate entities for which the state is financially accountable. Note 1A in the Notes to the Financial Statements provides a more complete description of the state's reporting entity. The state provides for a full range of services, including education, health and social services, highway maintenance and construction, law enforcement, judicial, public safety, business regulation, community and economic development and resource development.

ECONOMIC CONDITIONS AND OUTLOOK

The North Dakota economy continues to grow at a moderate, steady pace. Non-agricultural employment in the state (as of August 1996) has grown by 6,300 jobs over the same period in the previous year, representing a 2.1% increase. Seven of the nine major employment sectors showed growth. Construction showed the largest increase at 9% followed by mining at 4.9%, and services at 4.2%. Sectors with decreases were government, down 1.3% and transportation, communication and public utilities, down 1.1%.

North Dakota's unemployment rate in August was 2.5%, the lowest August rate since 1974, and less than half of the nation's unemployment rate of 5.1%. Combined, the labor force and unemployment picture is fairly robust in North Dakota.

Agriculture, North Dakota's mainstay industry, continues to deal with falling grain prices and poor prices for cattle producers. Lower grain prices will be somewhat offset by high production levels from this year's wheat crop. Current estimates measure the crop at 394 million bushels, but it may reach the 400 million mark. Farmer-owned cooperatives operating value-added agricultural processing ventures continue to be planned and developed in the state. This popular economic development trend, which brings price and market stability to the agriculture sector, is good news for the state as a whole.

Taxable sales and purchases reported by the state's merchants grew by a healthy 6.5% in the second quarter of 1996, compared to the second quarter of 1995. The mining and oil extraction sector grew by the greatest percentage, increasing nearly 83% from year ago levels. Retail trade, the state's largest sector, grew by nearly \$40 million, or 5.2%, from second quarter 1995. This is the thirty-fourth consecutive quarter in which the state posted an increase in taxable sales and purchases.

The energy industry in North Dakota continues its rebound, reversing nearly a decade of decline. Preliminary figures for August show oil production in the state at approximately 91,000 barrels of oil per day - up over 12% from last year's levels. Technological advancements coupled with geological finds have helped to maintain oil company interest in the Williston Basin steady. Currently, oil prices are averaging about \$22 per barrel.

North Dakota can expect to continue on its path of moderate growth for the remainder of the decade. While its production-based economy can be sensitive to certain factors, it can also be the basis for some stability, less prone to the "peaks and valleys" experienced by other regions in the country.

MAJOR INITIATIVES

In Governor Schafer's 1995-97 budget message, he said "... a world-class education system is our best economic development tool." He recommended, and the Legislature passed, an increase of \$40 million to elementary and secondary education. The funds set a course to begin correcting inequities in the foundation aid formula. Additional funds were also provided to special education to decrease the burden on local school districts.

A new initiative began in the area of employee compensation. Funds equal to one percent of each agency's salary line item were provided to the agency for equity and merit salary increases and to address salary compression problems. These additional funds were successfully administered by all agencies. In addition, an employee incentive program was started. Employees suggesting cost saving ideas receive an incentive of 10% of the savings with a maximum of \$1,000.

In the fall of 1994, the North Dakota Supreme Court struck down the sovereign immunity sections of the State's Constitution, but allowed time for the Legislature to enact a Risk Management program to cover the possible exposures of the state. The Risk Management Program, established within the Office of Management and Budget, has been very successful with minimal payouts for claims against the state.

North Dakota began participation in AFIS (Automated Fingerprint Identification System). Currently surrounding states share fingerprints electronically with long-term plans to expand nationally. Searching fingerprint files takes only seconds compared to days that were spent manually comparing prints.

A new statewide budget computer system was developed and implemented. The Statewide Integrated Budget and Reporting System (SIBR) is on a client server platform. Every agency prepared its 1997-99 budget request on-line using the new system. Legislators and the general public can access the state budget information through personal computers.

The Growing North Dakota initiative, which is the state's economic development program, is now in its third biennium. Growing North Dakota has concentrated efforts in the Workforce 2000 program which was funded with \$1.5 million. These funds are used to train employees of new and expanding businesses to remain competitive in the global market.

Twelve North Dakota state agencies have begun using performance measures to manage government programs and services. The pilot project, *North Dakota Delivers*, is designed to make government programs more effective and efficient by incorporating two key phases of the management process - planning and controlling. A fiscal year 1996 performance report presenting outcomes for each pilot agency was issued in October of 1996. The twelve agencies participating in the project include the Office of Management and Budget, Office of the State Auditor, Land Department, portions of the Department of Human Services, Office of the Insurance Commissioner, Office of the Securities Commissioner, Highway Patrol, The Parole and Probation Division of the Department of Corrections and Rehabilitation, Economic Development and Finance, Parks and Recreation, Department of Tourism and Department of Transportation.

The Department of Human Services has received approval from the U.S. Departments of Health and Human Services and of Agriculture to operate a welfare reform demonstration project. The project, known as Training, Education, Employment, and Management (TEEM) Project, will be implemented in eleven counties across the state as a replacement for the AFDC program. In support of the project, a state-of-the-art computer system has been developed and will be used to support the eligibility, benefit calculation, and assessment components of TEEM. The TEEM demonstration provides for a uniform treatment of income and assets, a uniform budget methodology, standard certification periods and reporting requirements, and employment and training with adequate child care as a means of helping participants to become self-sufficient, and incorporates child support enforcement issues.

North Dakota state government has developed an extensive presence on the world wide web. Many state agencies are providing information and assistance via the internet.

FINANCIAL INFORMATION

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

BUDGETING CONTROLS. Budgetary control is maintained through biennial legislative appropriation. The Governor is required to submit a biennial budget to the General Assembly. The budget is legally required to be adopted through passage of appropriation bills by the General Assembly and signed by the Governor.

The state's budgetary policies and procedures are further explained in Note 1E of the Notes to the Financial Statements.

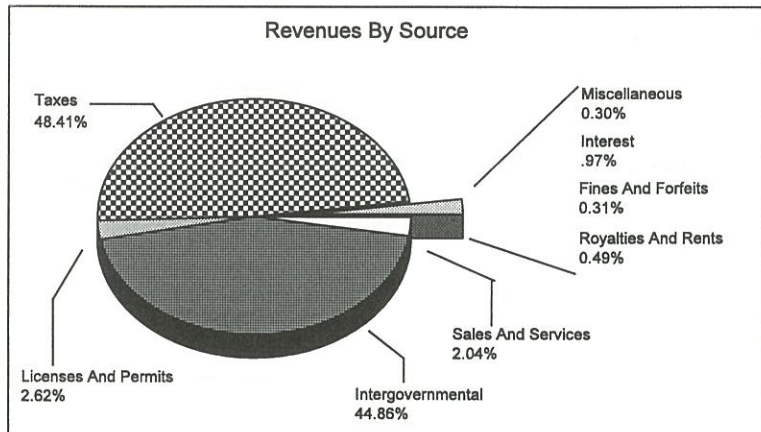
GENERAL GOVERNMENTAL FUNCTIONS. General governmental activities are accounted for in four governmental fund types: the general (GAAP basis), special revenue, capital projects and debt service funds. Revenues for general governmental functions totaled approximately \$1.5 billion for the fiscal year ended June 30, 1996. The amount of revenues from various sources are presented below:

General Government Revenues
(Expressed in Thousands)

Revenue Source	Amount	Percent Of Total	Increase/(Decrease) From 1995	
			Amount	Percent
Taxes	\$ 722,954	48.41%	\$ 42,334	6.22%
Licenses And Permits	39,120	2.62%	4,300	12.35%
Intergovernmental	669,853	44.86%	46,333	7.43%
Sales And Services	30,403	2.04%	(4,485)	(12.86%)
Royalties And Rents	7,361	0.49%	250	3.52%
Fines And Forfeits	4,583	0.31%	2,682	141.08%
Interest	14,459	0.97%	883	6.50%
Miscellaneous	4,520	0.30%	(227)	(4.78%)
Total Revenues	<u>\$ 1,493,253</u>	<u>100.00%</u>	<u>\$ 92,070</u>	<u>6.57%</u>

The largest increase in taxes on a budgetary basis comes from individual income taxes with an increase of \$10 million for the fiscal year. This increase is due to personal income increasing approximately 4%.

General fund revenue increases also include a \$5 million increase in corporate taxes due to a strong and growing economy; a \$4.7 million increase in insurance premium taxes due to economic growth and the timing of the distributions to Fire Districts; a \$2.9 million increase in Motor Vehicle taxes due to economic growth; and a \$1.3 million increase in oil production taxes because of increased oil production and oil prices.



Highway distribution taxes increased approximately \$3.2 million due to an increase in the gas tax during fiscal year 1996.

There is a \$12.5 million increase in sales and use tax receivables recorded as revenue. These increased tax revenues are due to a strong and growing economy. The remaining tax revenue increases are from a variety of other tax collections.

Intergovernmental revenue collection increases of approximately \$46.3 million was the largest dollar increase in fiscal year 1996. The majority of this increase, \$32.3 million in food stamp distributions, is due to the implementation of GASB 24. Under GASB 24, distributions of food stamp benefits are recognized as expenditures and revenues by state governments whether the state government distributes the benefits directly or through an agent and whether the benefits are in paper or electronic form. Disaster assistance revenues continued to increase because of annual

Presidential Flood Declarations since 1993. The Office of Intergovernmental Assistance revenues for community flood disaster grants increased by about \$5.4 million and the Department of Emergency Management also received increased funds of approximately \$3.7 million for disaster assistance programs. The remaining intergovernmental revenues came from a variety of programs.

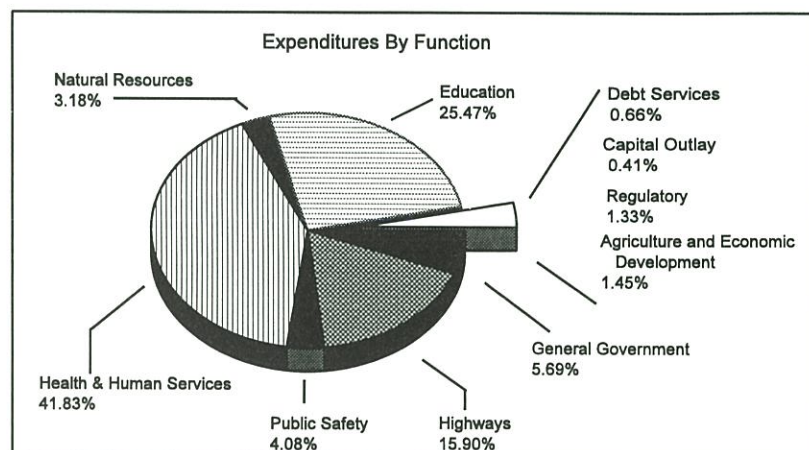
Expenditures for GAAP general government functions totaled approximately \$1.3 billion for the fiscal year ended June 30, 1996. The amount of expenditures and other uses by function are presented below:

General Government Expenditures
(Expressed in Thousands)

<u>Function</u>	<u>Amount</u>	<u>Percent Of Total</u>	<u>Increase/(Decrease)</u> <u>From 1995</u>	
			<u>Amount</u>	<u>Percent</u>
General Government	\$ 76,034	5.69%	\$ 1,780	2.40%
Education	340,073	25.47%	10,824	3.29%
Health And Human Services	558,607	41.83%	30,555	5.79%
Regulatory	17,713	1.33%	2,913	19.68%
Public Safety	54,443	4.08%	7,203	15.25%
Agriculture And Economic Development	19,319	1.45%	(338)	(1.72%)
Natural Resources	42,402	3.18%	4,153	10.86%
Highways	212,335	15.90%	(14,291)	(6.31%)
Capital Outlay	5,427	.41%	2,070	61.66%
Debt Service:				
Principal	3,878	.29%	890	29.79%
Interest And Other Charges	4,936	.37%	682	16.03%
Total Expenditures	<u>\$ 1,335,167</u>	<u>100.00%</u>	<u>\$ 46,441</u>	<u>3.60%</u>

Education expenditures increased by \$10.8 million of which approximately \$7 million is due to increased special education grants and supplemental foundation aid payments. Additional expenditures of about \$3.4 million were from increased and new federal awards.

Health and Human Services expenditures increased by \$30.5 million because of the \$32.3 million recognition of revenue for the distribution of food stamp benefits with the implementation of GASB 24 and because of small decreases in revenues for various programs.



Expenditures for the highway function decreased about \$14 million. About \$10 million of the decrease is due to less road construction than in fiscal year 1995, in which year there was emergency road construction because of flooding in the Devils Lake area. The remaining decrease is due to the reduction of road material supply inventory needs.

GENERAL FUND BALANCE. The GAAP General Fund undesignated balance increased from \$64.6 million on June 30, 1995, to \$85.4 million as of June 30, 1996. The primary reason for the increase has been explained in the Revenues section.

GAAP - basis fund balances for the General Fund at June 30 for the last three years were:

General Fund	1996	1995	1994 (Restated)
Reserved	\$ 35,674,303	\$ 32,651,030	\$ 22,371,283
Unreserved	85,444,158	64,560,749	72,049,705
Total General Fund	<u>\$ 121,118,461</u>	<u>\$ 97,211,779</u>	<u>\$ 94,420,988</u>

The 1996 general fund reserved fund balance includes a \$35 million appropriation receivable from the Bank of North Dakota.

The "reserved fund balance" is the portion of fund balance that is not available for appropriation. The remaining amount or "unreserved fund balance" represents a measure of the net financial resources available for spending or appropriation in the future.

INTERNAL SERVICE OPERATIONS. The internal service funds provide services to state and local governments and are financed through user charges. Most funds attempt to operate on a break-even basis. Rates are adjusted annually for over or under recovery of costs. The internal service operations provide printing, motor pool, data processing, telecommunications and investment services.

ENTERPRISE OPERATIONS. The Bank of North Dakota and the State Mill and Elevator Association are state owned enterprise funds. The Bank's purpose is to encourage and promote agriculture, commerce and industry. The Mill and Elevator Association operates flour milling for the bread industry (spring wheat), semolina milling for the pasta industry (durum wheat) and a terminal elevator to handle grain for the mills and grain sales domestically and internationally.

On a cash basis, the Bank transferred \$15 million during the fiscal year to the General Fund. The General Fund has an appropriation receivable of \$35 million for an authorized transfer from the Bank for the fiscal year ending June 30, 1996. The transfers are to be made from the Bank beginning July 1, 1995, and ending June 30, 1997, from its earnings and accumulated and undivided profits. The Mill didn't transfer any of the \$1 million appropriated transfer for the 1995-97 biennium to the General Fund during the current year.

There are 18 other separate and distinct enterprise operations including five component units that have been established for a variety of purposes such as economic development, low cost housing loans, agricultural loans, workers compensation and other purposes for the benefit of the state's citizenry.

The enterprise funds are presented below with highlights of segment financial information (expressed in thousands) for the fiscal year ended June 30, 1996:

	Operating Revenue	Operating Income (Loss)	Operating Transfers		Net Income (Loss)	Total Assets	Liabilities Payable From Operating Revenue	Total Equity
			In	Out				
Bank of North Dakota	\$ 71,603	\$ 21,639	\$ 12	\$ (46,159)	\$ (24,508)	\$ 1,033,816	\$ 69,247	\$ 76,000
Beginning Farmer Revolving Loan	619	275	950	-	1,225	14,838	-	14,823
Bonding	93	(15)	-	-	229	3,864	131	3,723
Community Water Facility Loan	456	306	-	-	306	14,794	-	14,775
Developmentally Disabled Facility Loan	727	329	-	(950)	(621)	11,828	5,762	6,053
Fire And Tornado	2,629	456	6	(370)	1,157	16,266	1,619	14,547
Guaranteed Student Loan	2,034	(274)	-	-	398	13,018	-	10,116

	Operating Transfers				Net Income (Loss)	Total Assets	Liabilities Payable From Operating Revenue	Total Equity
	Operating Revenue	Operating Income (Loss)	In	Out				
Housing Finance	41,863	3,183	-	(25)	3,172	432,280	398,593	18,841
Mill And Elevator	79,566	2,138	9	(29)	1,809	44,792	386	37,164
PERS Uniform Group Insurance	701	186	-	-	245	15,799	23	810
Real Estate Trust	3,143	219	23,157	-	23,377	39,991	38,835	219
Roughrider Industries	2,590	(29)	-	-	(13)	1,839	63	1,620
State Fair	3,142	144	354	-	357	10,003	3,036	6,712
Student Loan	18,779	2,643	-	-	2,643	261,195	195,948	59,019
Workers Compensation	137,838	33,966	-	-	66,769	459,715	480,681	(72,692)
Total Primary Government	\$ 365,783	\$ 65,166	\$ 24,488	\$ (47,533)	\$ 76,545	\$ 2,374,038	\$ 1,194,326	\$ 191,730
Comprehensive Health Association	4,354	(96)	-	-	(75)	1,388	1,125	40
North Dakota Development Fund, Inc.	1,057	(408)	1,973	-	1,565	21,801	-	21,799
Municipal Bond Bank	6,312	135	-	-	6,192	109,643	82,702	25,727
Myron G. Nelson	94	(404)	-	-	(1,551)	-	-	-
Technology Transfer, Inc.	47	(715)	1,487	(203)	644	3,090	8	2,998
Total Reporting Entity	\$ 377,647	\$ 63,678	\$ 27,948	\$ (47,736)	\$ 83,320	\$ 2,509,960	\$ 1,278,161	\$ 242,294

PENSION TRUST OPERATIONS. The state administers four major retirement systems: North Dakota Public Employees' Retirement System (PERS), North Dakota Highway Patrolmen's Retirement System (NDHPRS), the Teachers' Fund for Retirement (TFFR) and the Retirement Plan for Employees of Job Service North Dakota (JSND).

Some key funding progress actuarial amounts (expressed in millions) for the retirement systems at June 30, 1996 are:

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess)	Funded Ratio
PERS				
July 1, 1994	\$ 505.8	\$ 511.2	\$ 5.4	98.9%
July 1, 1995	554.6	539.8	(14.8)	102.7%
July 1, 1996	621.7	597.9	(23.8)	104.0%
NDHPRS				
July 1, 1994	18.3	20.7	2.4	88.4%
July 1, 1995	20.0	22.3	2.3	89.7%
July 1, 1996	22.2	23.8	1.6	93.3%
JSND				
July 1, 1994	30.5	12.0	(18.5)	254.2%
July 1, 1995	40.8	11.4	(29.4)	357.9%
July 1, 1996	46.1	10.6	(35.5)	434.9%
TFFR				
July 1, 1994	606.8	764.2	157.4	79.4%
July 1, 1995	661.2	799.8	138.6	82.7%
July 1, 1996	733.3	851.6	118.3	86.1%

The retirement systems continue to reflect positive progress being made in accumulating sufficient assets to pay benefits when due.

DEBT ADMINISTRATION. North Dakota continues to receive high bond ratings from both Moody's Investors Service (Aa) and Standard and Poor's Corporation (AA-) on general obligation bond issues, reflecting a history of good financial management.

At June 30, 1996, the state had a number of debt issues outstanding. These issues include:

General Obligation Bonds

General obligation bonds have been authorized and issued to provide funds to the Bank of North Dakota.

General obligation bonds issued according to the constitution and enabling statutes are backed by the full faith, credit and taxing power of the State of North Dakota. Debt service requirements are provided by repayment of the real estate loans and transfers from the Bank of North Dakota. On July 14, 1995, the Bank of North Dakota transferred \$23M to fund the June 30, 1995, deficit of the Real Estate Trust. As of June 30, 1996, there are sufficient assets in the Real Estate Trust to fund the Trust's future debt service payments for the general obligation debt.

General obligation bonds currently outstanding are as follows (expressed in thousands):

<u>Bond Description</u>	<u>Balance June 30, 1996</u>	<u>Balance June 30, 1995</u>	<u>Balance June 30, 1994</u>
Real Estate Trust			
1984 and 1986 Real Estate Series	<u>\$ 38,835</u>	<u>\$ 39,046</u>	<u>\$ 39,230</u>

Revenue Bonds

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

Revenue bonds outstanding (expressed in thousands):

<u>Bond Issue - Primary Government</u>	<u>Balance June 30, 1996</u>	<u>Balance June 30, 1995</u>	<u>Balance June 30, 1994</u>
State Fair	\$ 3,231	\$ 3,421	\$ 3,330
Student Loan Trust	195,948	199,320	224,253
Building Authority	77,663	65,613	68,600
Housing Finance	396,504	425,149	304,757
Lignite Research Fund	8,825	N/A	N/A
University System	60,213	65,571	65,128
Total Revenue Bonds Primary Government	<u>\$ 742,384</u>	<u>\$ 759,074</u>	<u>\$ 666,068</u>
<u>Bond Issue - Component Unit</u>			
Municipal Bond Bank	70,455	66,365	65,987
Total Revenue Bonds Outstanding	<u>\$ 812,839</u>	<u>\$ 825,439</u>	<u>\$ 732,055</u>

Long-Term Notes:

The Bank of North Dakota has long-term notes in the amount of \$57 million. The Fuji Bank, Ltd. notes (\$50M) were issued December, 1986 and are due December, 1996. The rate of interest is 7.875 percent with an effective interest rate of 7.94 percent. The bank has two advances from the Federal Home Loan Bank in the amounts of \$3.5 million and \$3.5 million. The rates of interest are 7.84-8.34.

For additional debt administration details, see Note 4J Long Term Debt, in the Notes to the Financial Statements.

CONSTITUTIONAL DEBT LIMITATION. Article X, Section 13, of the Constitution of North Dakota provides that the state may issue or guarantee the payment of bonds provided that all bonds in excess of \$2 million are: secured by first mortgage upon property and no further indebtedness may be incurred by the state unless evidenced by a bond issue; authorized by law, for a certain purpose; provisioned to pay the interest semiannually, and pay the principal within 30 years. The law authorizing the bond issue must specifically appropriate the provisions to the payment of the principal and interest of the bond. The state is currently in compliance with the constitutional debt limitation.

CASH MANAGEMENT. NDCC 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. Cash balances, as required by law, are pooled by the State Treasurer and deposited in the Bank of North Dakota. All interest revenue is allocated to the General Fund unless state law (as outlined in the North Dakota Century Code) requires allocations of interest to other funds. For the fiscal year ended June 30, 1996, pooled deposits in the Bank of North Dakota yielded an average of 3.96 percent on a cash pool that ranged from \$69 to \$194 million. Cash is primarily invested in demand deposits and certificates of deposit in the Bank of North Dakota. Cash deposits not held in the State Treasury and controlled by various other state officials are generally held in interest bearing accounts.

RISK MANAGEMENT. The state as of April 22, 1995 is self-insured against certain liability claims resulting from the elimination of the state's sovereign immunity. The Legislature established the Risk Management Fund (RMF) to pay for commercial insurance or to accumulate reserves for the self-insured portion of certain property and liability risks. Revenues are generated from premiums charged to state agencies and the University System.

The RMF continues to transfer liabilities for medical malpractice, aviation, specified professional liabilities and the state owned auto fleet managed by the Department of Transportation to private insurance carriers.

The statutory liability of the state is limited to a total of \$250,000 per person and \$750,000 per occurrence.

The state has several other funds which accumulate assets to cover risks that the state may incur. The State Fire and Tornado fund insures against loss to public buildings, fixtures and permanent contents. All losses occasioned by the hazards provided for in the North Dakota Century Code must be paid out of the fund, with the fund reinsured by a third party insurance carrier for losses in excess of \$1 million per occurrence during a 12-month period. The State Bonding Fund covers bonding of public employees and public officials. The state is self-insured for substantially all automobile insurance (i.e. comprehensive, collision) with liability insurance provided by a private third party insurance carrier. Workers Compensation is a state insurance fund and a "no-fault" insurance system, which covers the state's employers and employees. The Unemployment Compensation fund was established for the purpose of paying qualifying unemployment compensation claims. Revenues are generated from premiums charged to state agencies, the University System and local political subdivisions for the above self-insurance programs.

INDEPENDENT AUDIT: In compliance with state statute, an annual financial audit of the State's General Purpose Financial Statements was completed by the Office of the State Auditor. Their examination was conducted in accordance with Government Auditing Standards as published by the Comptroller General of the United States. Their report on the general purpose financial statements has been included in the financial section of this report.

The audit described above is not intended to meet all the requirements of the Federal Single Audit Act of 1984. The Single Audit reports for the state are issued separately.

CERTIFICATE OF ACHIEVEMENT: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of North Dakota for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1995. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The State of North Dakota has received a Certificate of Achievement for the last five consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting it to GFOA. We are committed to this effort, and we intend to maintain a highly qualified and professional staff to make this certification possible.

In addition the State of North Dakota received the GFOA's Award for Distinguished Budget Presentation for its 1995-1997 budget. In order to qualify for the Distinguished Budget Presentation Award, the state's budget document was judged to be proficient in several categories, including policy documentation, financial planning and organization.

ACKNOWLEDGEMENTS: The Comprehensive Financial Report was prepared by a project team which included staff members of the Fiscal Management Division of the Office of Management and Budget. Their professional expertise and dedicated work is greatly appreciated. We also extend gratitude to all the agencies, institutions and departments of state government, especially the Office of the State Auditor for their commitment to assist us in preparing this report. A thank you also goes to Craig Bihle, the North Dakota Game and Fish Department, for the photography.

Sincerely,

A handwritten signature in black ink, appearing to read "Rod Backman", with a stylized, flowing script.

Rod Backman, Director
Office of Management and Budget

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of
North Dakota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1995

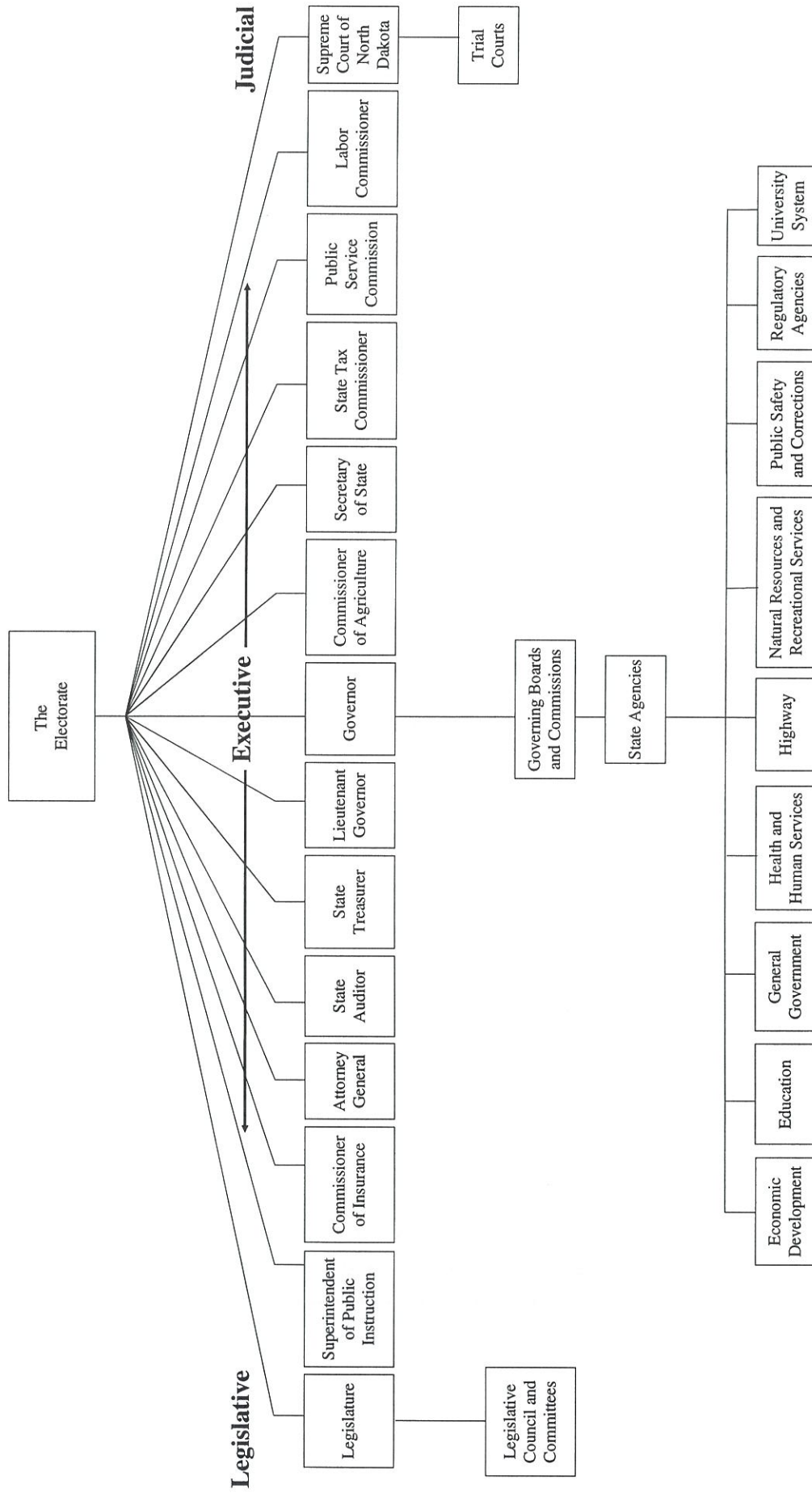
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Arthur R. Lynch
President

Jeffrey L. Esser
Executive Director

STATE OF NORTH DAKOTA



STATE OF NORTH DAKOTA

Principal State Officials

June 30, 1996

EXECUTIVE

Edward T. Schafer, Governor
Rosemarie Myrdal, Lieutenant Governor
Alvin A. Jaeger, Secretary of State
Heidi Heitkamp, Attorney General
Bruce Hagen, Public Service Commissioner
Leo Reinbold, Public Service Commissioner
Susan Wefald, Public Service Commissioner
Sarah Vogel, Commissioner of Agriculture
Robert Peterson, State Auditor
Glenn Pomeroy, Commissioner of Insurance
Craig Hagen, Commissioner of Labor
Wayne Sanstead, Superintendent of Public Instruction
Robert Hanson, Tax Commissioner
Kathi Gilmore, State Treasurer

LEGISLATIVE

Clarence Martin, Speaker of the House
John Dorso, House Majority Leader
Bill Oban, House Minority Leader
Rosemarie Myrdal, President of the Senate
Gary J. Nelson, Senate Majority Leader
Dan Wogsland, Senate Minority Leader

JUDICIAL

Gerald VandeWalle, Chief Justice, North Dakota Supreme Court
Herbert L. Meschke, Justice
Mary Muehlen Maring, Justice
William A. Neumann, Justice
Dale Sandstrom, Justice



Mink

The slender mink lives in or near North Dakota's wetlands and rivers. The aggressive predator feeds primarily on muskrats, but is also fond of ducks, frogs, salamanders and other wetland animals.

FINANCIAL SECTION



STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVENUE
BISMARCK, NORTH DAKOTA 58505

INDEPENDENT AUDITOR'S REPORT

The Honorable Edward T. Schafer, Governor
of the State of North Dakota

Members of the Legislative Assembly
of the State of North Dakota

We have audited the accompanying general-purpose financial statements of the State of North Dakota as of and for the year ended June 30, 1996, as listed in the table of contents. These general-purpose financial statements are the responsibility of the State of North Dakota's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of certain state entities and discretely presented component units, which represent the following percentages of total assets or liabilities and revenues of the indicated fund types, account groups, and discretely presented component units:

	<u>Percent of Total Assets (Liabilities)</u>	<u>Percent of Total Revenues</u>
Special Revenue Fund Type	19%	5%
Debt Service Fund Type	93%	99%
Capital Projects Fund Type	100%	100%
Enterprise Fund Type	99%	98%
Internal Service Fund Type	1%	4%
Trust and Agency Fund Type	95%	100%
General Fixed Assets Account Group	5%	----
General Long-Term Debt Account Group	(71%)	----
Discretely Presented Component Units	100%	100%

Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the general-purpose financial statements, insofar as it relates to the amounts included for those entities, is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards, and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of North Dakota as of June 30, 1996, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the State of North Dakota. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, based upon our audit and the reports of other auditors, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report, and accordingly, we do not express an opinion thereon.

As discussed in Note 1 W. to the general-purpose financial statements, the State of North Dakota implemented Government Accounting Standards Board Statement Number 24 *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance* for fiscal year 1996. Implementation of this standard increased Special Revenue Fund assets and liabilities by the amount of food stamps on hand at year end and increased revenues and expenditures by the amount of food stamps distributed during the fiscal year.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 1996 on our consideration of the State of North Dakota's internal control structure and a report dated December 10, 1996 on its compliance with laws and regulations.



Robert W. Peterson
State Auditor



Edwin J. Nagel, Jr., CPA
Director, Division of State Audit

December 10, 1996



Coyote

The coyote is North Dakota's largest resident predator. While they occasionally attack young cattle and sheep, they subsist primarily on small mammals such as rabbits, ground squirrels and mice.

General Purpose Financial Statements

STATE OF NORTH DAKOTA

Combined Balance Sheet

All Fund Types, Account Groups And Discretely Presented Component Units

June 30, 1996

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets:				
Cash Deposits At The Bank Of North Dakota	\$ 47,568,867	\$ 134,985,400	\$ 1,040,500	\$ 15,227,000
Cash And Cash Equivalents	486,850	2,707,015	-	-
Investments At The Bank Of North Dakota	-	17,219,577	6,025,000	-
Investments	-	46,273,650	4,906,000	-
Accounts Receivable - Net	1,141,568	11,671,160	-	-
Taxes Receivable - Net	80,329,332	336,491	-	-
Interest Receivable - Net	84,174	1,273,767	48,000	-
Loans And Notes Receivable - Net	88,000	40,546,152	-	-
Interfund Receivable	47,974,860	-	-	-
Due From Component Units	-	-	-	-
Due From Other Funds	35,834,448	25,854,768	-	-
Intergovernmental Receivable - Net	36,666	80,142,022	-	-
Advances To Component Units	-	-	-	-
Advances To Primary Government	-	-	-	-
Advances To Other Funds	-	17,176,000	-	-
Prepaid Items	-	747,499	-	-
Inventory	586,303	15,753,329	-	-
Unamortized Bond Issuance Costs	-	-	-	-
Fixed Assets (Net Of Depreciation)	-	-	-	-
Other Assets	-	-	-	-
Other Debits:				
Amount Available In Debt Service Fund	-	-	-	-
Amount To Be Provided For Long Term Debt	-	-	-	-
Total Assets and Other Debits	\$ 214,131,068	\$ 394,686,830	\$ 12,019,500	\$ 15,227,000
Liabilities, Equity and Other Credits				
Liabilities:				
Accounts Payable	\$ 18,947,422	\$ 63,752,356	\$ -	\$ -
Notes Payable	-	1,325,446	-	-
Interest Payable	-	4,494	-	-
Contracts Payable	12,970	3,379,640	-	-
Federal Funds Purchased	-	-	-	-
Reverse Repurchase Agreements	-	-	-	-
Tax Refunds Payable	23,882,055	-	-	-
Intergovernmental Payable	-	639,837	-	-
Claims/Judgements Payable	-	-	-	-
Accrued Payroll	10,114,266	8,627,821	-	-
Compensated Absences Payable	-	-	-	-
Amounts Held In Custody For Others	-	-	-	-
Deposits Held For Other Funds	-	-	-	-
Other Deposits	-	-	-	-
Interfund Payable	-	12,974,860	-	-
Due To Primary Government	-	-	-	-
Due To Other Funds	5,832,504	32,465,894	-	2,512,000
Advances From Other Funds	-	13,676,000	-	-
Advances From Component Units	-	-	-	-
Advances From Primary Government	-	-	-	-
Bonds Payable	-	-	-	-
Capital Leases Payable	-	-	-	-
Deferred Compensation	-	-	-	-
Deferred Revenue	34,223,390	21,574,783	-	-
Other Liabilities	-	-	-	-
Total Liabilities	93,012,607	158,421,131	-	2,512,000
Equity and Other Credits				
Investment In Fixed Assets	-	-	-	-
Contributed Capital	-	-	-	-
Unrealized Gain On Investments	-	-	-	-
Retained Earnings:				
Reserved	-	-	-	-
Unreserved	-	-	-	-
Fund Balance:				
Reserved For:				
Inventory	586,303	6,396,601	-	-
Long - Term Receivables	35,088,000	57,722,152	-	-
Debt Service	-	-	12,019,500	-
Capital Projects	-	-	-	12,715,000
Other	-	3,868,182	-	-
Unreserved:				
Designated For:				
University System	-	-	-	-
Other	-	8,316,478	-	-
Undesignated	85,444,158	159,962,286	-	-
Total Equity and Other Credits	121,118,461	236,265,699	12,019,500	12,715,000
Total Liabilities, Equity and Other Credits	\$ 214,131,068	\$ 394,686,830	\$ 12,019,500	\$ 15,227,000

The Accompanying Notes Are An Integral Part Of The Financial Statements

Proprietary Fund Types		Fiduciary Fund Type	Account Groups			Totals (Memorandum Only) Primary Government	Totals (Memorandum Only) Reporting Entity
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-term Debt	University System	June 30 1996	Component Units June 30 1996
\$ 81,083,446	\$ 4,881,305	\$ 65,756,401	\$ -	\$ -	\$ 29,345,691	\$ 379,888,610	\$ 8,645,303
314,966,191	100	47,112,437	-	-	5,997,257	370,669,850	1,066,725
60,725,965	-	18,725,096	-	-	29,331,139	132,026,777	8,812,000
835,379,142	-	2,031,470,815	-	-	46,984,307	2,965,013,914	95,624,250
48,254,833	982,770	14,215,083	-	-	11,519,640	87,785,054	295,047
-	-	34,987,546	-	-	-	115,653,369	-
23,536,622	9,432	14,199,106	-	-	607,826	39,758,927	1,528,063
935,853,419	-	49,306,340	-	-	39,711,747	1,065,505,658	6,600,908
-	-	-	-	-	8,025,792	56,000,652	-
17,000	-	-	-	-	71,883	88,883	-
1,490,194	2,634,928	501,005	-	-	7,037,219	73,352,562	-
2,781,242	40,166	235,610	-	-	14,754,512	97,990,218	26,054
12,247,000	-	-	-	-	-	12,247,000	-
-	-	-	-	-	-	-	12,247,000
-	-	6,935,112	-	-	90,831	24,201,943	-
2,656,254	719,293	-	-	-	144,079	4,267,125	135,000
12,726,041	155,702	-	-	-	7,716,813	36,938,188	-
7,024,901	-	-	-	-	14,892	7,039,793	906,000
33,024,129	36,021,454	315,837	433,750,142	-	783,348,163	1,286,459,725	35,793
2,871,445	-	17,718	-	-	4,242,273	7,131,436	-
-	-	-	-	12,019,500	-	12,019,500	-
-	-	-	-	106,371,860	-	106,371,860	-
\$ 2,374,037,824	\$ 45,445,150	\$ 2,283,778,106	\$ 433,750,142	\$ 118,391,360	\$ 988,944,064	\$ 6,880,411,044	\$ 135,922,143
\$ 7,016,333,187							
\$ 4,312,218	\$ 737,314	\$ 3,039,082	\$ -	\$ -	\$ 11,473,552	\$ 102,261,944	\$ 45,728
63,200,000	2,311,177	-	-	992,930	4,559,271	72,388,824	-
21,711,511	-	-	-	-	1,252,872	22,968,877	1,005,000
-	-	-	-	-	1,367,044	4,759,654	-
164,006,000	-	-	-	-	-	164,006,000	-
950,000	-	-	-	-	-	950,000	-
-	-	523,270	-	-	-	24,405,325	-
1,153,761	528	57,198,249	-	-	-	58,992,375	182,000
482,130,275	2,484,052	1,052,000	-	3,011,086	-	488,677,413	1,125,000
209,472	600,738	30,518	-	-	6,298,777	25,881,592	9,306
890,189	626,209	14,618	-	19,779,182	11,146,249	32,456,447	8,435
16,530,967	-	38,751,826	-	-	7,767,573	63,050,366	-
424,923,000	-	-	-	-	-	424,923,000	-
239,628,000	-	-	-	-	1,508,217	241,136,217	-
50,628,000	-	-	-	-	8,025,792	71,628,652	-
-	-	-	-	-	-	-	88,883
1,373,024	422,410	30,969,467	-	-	-	73,575,299	-
5,761,999	3,500,000	584,658	-	-	90,831	23,613,488	-
12,247,000	-	-	-	-	-	12,247,000	-
-	-	-	-	-	-	-	12,247,000
634,517,829	-	-	-	86,488,000	60,213,000	781,218,829	70,455,000
-	566,421	-	-	8,120,162	35,725,355	44,411,938	-
-	-	53,414,846	-	-	-	53,414,846	-
53,193,783	1,533,897	362,038	-	-	6,565,541	117,453,432	189,885
4,939,735	-	-	-	-	512,839	5,452,574	2,441
2,182,306,763	12,782,746	185,940,572	-	118,391,360	156,506,913	2,909,874,092	85,358,678
-	-	-	433,750,142	-	696,244,548	1,129,994,690	-
28,350,769	21,295,562	-	-	-	-	49,646,331	-
14,962,650	-	-	-	-	-	14,962,650	-
135,635,487	-	-	-	-	-	135,635,487	30,307,086
12,782,155	11,366,842	-	-	-	-	24,148,997	20,256,379
-	-	-	-	-	-	6,982,904	-
-	-	-	-	-	-	92,810,152	-
-	-	-	-	-	-	12,019,500	-
-	-	-	-	-	-	12,715,000	-
-	-	2,091,021,236	-	-	79,475,937	2,174,365,355	-
-	-	-	-	-	56,716,666	56,716,666	-
-	-	762,432	-	-	-	9,078,910	-
-	-	6,053,866	-	-	-	251,460,310	-
191,731,061	32,662,404	2,097,837,534	433,750,142	-	832,437,151	3,970,536,952	50,563,465
\$ 2,374,037,824	\$ 45,445,150	\$ 2,283,778,106	\$ 433,750,142	\$ 118,391,360	\$ 988,944,064	\$ 6,880,411,044	\$ 135,922,143
\$ 7,016,333,187							

The Accompanying Notes Are An Integral Part Of The Financial Statements

STATE OF NORTH DAKOTA
**Combined Statement Of Revenues, Expenditures And Changes In Fund Balances
All Governmental Fund Types And Expendable Trust Funds
For The Fiscal Year Ended June 30, 1996**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	June 30 1996
Revenues:						
Taxes	\$ 629,193,090	\$ 93,760,903	\$ -	\$ -	\$ 24,342,339	\$ 747,296,332
Licenses And Permits	7,491,178	31,629,235	-	-	-	39,120,413
Intergovernmental	340,154	669,513,007	-	-	1,431,622	671,284,783
Sales And Services	1,431,072	28,971,503	-	-	3,661,527	34,064,102
Royalties And Rents	2,846,928	4,514,471	-	-	361,549	7,722,948
Fines And Forfeits	1,910,289	2,673,073	-	-	1,601,908	6,185,270
Interest	5,098,467	7,970,291	678,903	711,000	3,865,972	18,324,633
Miscellaneous	224,513	4,237,697	45,000	13,000	39,433	4,559,643
Total Revenues	648,535,691	843,270,180	723,903	724,000	35,304,350	1,528,558,124
Expenditures:						
Current:						
General Government	45,389,315	30,644,292	-	-	3,506,284	79,539,891
Education	247,719,473	92,353,889	-	-	30,709	340,104,071
Health And Human Services	151,836,882	406,770,539	-	-	36,041,270	594,648,691
Regulatory	4,852,229	12,861,105	-	-	-	17,713,334
Public Safety	21,154,083	33,288,754	-	-	-	54,442,837
Agriculture And Economic Development	5,034,103	14,284,720	-	-	-	19,318,823
Natural Resources	10,727,156	31,674,601	-	-	-	42,401,757
Highways	-	212,334,723	-	-	-	212,334,723
Capital Outlay	5,315,000	-	-	112,000	-	5,427,000
Debt Service:						
Principal	-	-	3,878,000	-	-	3,878,000
Interest And Other Charges	-	-	4,936,201	-	-	4,936,201
Total Expenditures	492,028,241	834,212,623	8,814,201	112,000	39,578,263	1,374,745,328
Revenues Over (Under) Expenditures	156,507,450	9,057,557	(8,090,298)	612,000	(4,273,913)	153,812,796
Other Financing Sources (Uses):						
Operating Transfers In	22,582,212	58,407,325	8,142,798	-	61,092	89,193,427
Operating Transfers Out	(157,118,917)	(36,530,406)	-	(2,645,000)	(2,096,276)	(198,390,599)
Operating Transfers To Component Units	(3,455,982)	(4,748)	-	-	-	(3,460,730)
Proceeds From Bonds And Notes	-	8,875,227	3,179,000	12,523,000	-	24,577,227
Proceeds From Capital Leases	5,315,000	-	-	-	-	5,315,000
Proceeds From Sale Of General Fixed Assets	76,919	301,274	271,000	-	-	649,193
Total Other Financing Sources (Uses)	(132,600,768)	31,048,672	11,592,798	9,878,000	(2,035,184)	(82,116,482)
Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Uses	23,906,682	40,106,229	3,502,500	10,490,000	(6,309,097)	71,696,314
Fund Balances - Beginning Of Year As Restated	97,211,779	196,159,470	8,517,000	2,225,000	59,981,759	364,095,008
Residual Equity Transfers In	-	473,270	-	-	-	473,270
Residual Equity Transfers Out	-	(473,270)	-	-	-	(473,270)
Fund Balances - End Of Year	\$ 121,118,461	\$ 236,265,699	\$ 12,019,500	\$ 12,715,000	\$ 53,672,662	\$ 435,791,322

The Accompanying Notes Are An Integral Part Of The Financial Statements

STATE OF NORTH DAKOTA

Combined Statement Of Revenues, Expenses And Changes In Fund Equity
All Proprietary Fund Types, Similar Trust Funds And Discretely Presented Component Units
For The Fiscal Year Ended June 30, 1996

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only) Primary Government	Total (Memorandum Only) Reporting Entity	
	Enterprise	Internal Service	Non- Expendable Trust	June 30 1996	Component Units	June 30 1996
Operating Revenues:						
Taxes	\$ -	\$ -	\$ 1,436,018	\$ 1,436,018	\$ -	\$ 1,436,018
Sales And Services	231,965,518	33,991,349	-	265,956,867	4,487,526	270,444,393
Royalties And Rents	66,135	-	17,354,502	17,420,637	-	17,420,637
Fines And Forfeits	4,027,733	-	-	4,027,733	-	4,027,733
Interest	122,535,488	-	24,779,740	147,315,228	7,203,540	154,518,768
Investment	6,907,314	-	-	6,907,314	104,174	7,011,488
Miscellaneous	281,390	89,521	2,171	373,082	69,200	442,282
Total Operating Revenues	365,783,578	34,080,870	43,572,431	443,436,879	11,864,440	455,301,319
Operating Expenses:						
Cost Of Sales And Services	75,831,529	778,805	-	76,610,334	-	76,610,334
Salaries And Benefits	8,494,758	7,781,869	-	16,276,627	238,645	16,515,272
Operating	29,017,807	16,143,426	1,690,904	46,852,137	3,159,971	50,012,108
Benefits	94,518,243	2,134,307	-	96,652,550	4,247,364	100,899,914
Refunds	37,971	-	-	37,971	-	37,971
Grants	-	-	460	460	259,716	260,176
Interest	89,372,356	-	-	89,372,356	5,434,000	94,806,356
Depreciation	3,337,522	7,457,461	2,334	10,797,317	8,136	10,805,453
Miscellaneous	8,110	-	240	8,350	4,000	12,350
Total Operating Expenses	300,618,296	34,295,868	1,693,938	336,608,102	13,351,832	349,959,934
Operating Income (Loss)	65,165,282	(214,998)	41,878,493	106,828,777	(1,487,392)	105,341,385
Nonoperating Revenues (Expenses):						
Operating Grants	-	-	-	-	6,099,154	6,099,154
Interest Revenue	23,016,963	121,096	-	23,138,059	51,019	23,189,078
Interest Expense	(546,501)	(163,030)	-	(709,531)	-	(709,531)
Gain (Loss) On Sale Of Fixed Assets	(17,802)	155,970	-	138,168	2,884	141,052
Gain (Loss) On Sale Of Investments	11,992,169	-	15,010,731	27,002,900	-	27,002,900
Other	(22,623)	1,930	-	(20,693)	(1,147,526)	(1,168,219)
Total Nonoperating Revenues (Expenses)	34,422,206	115,966	15,010,731	49,548,903	5,005,531	54,554,434
Income (Loss) Before Operating Transfers	99,587,488	(99,032)	56,889,224	156,377,680	3,518,139	159,895,819
Operating Transfers In	24,489,130	-	1,606,276	26,095,406	-	26,095,406
Operating Transfers Out	(47,533,299)	-	(24,974,999)	(72,508,298)	-	(72,508,298)
Operating Transfers From Primary Government	-	-	-	-	3,460,730	3,460,730
Operating Transfers To Primary Government	-	-	-	-	(203,018)	(203,018)
Net Income (Loss)	76,543,319	(99,032)	33,520,501	109,964,788	6,775,851	116,740,639
Fund Equity - Beginning Of Year As Restated	113,083,890	27,903,131	356,191,310	497,178,331	43,787,614	540,965,945
Unrealized Gain On Investments	2,103,852	-	-	2,103,852	-	2,103,852
Contributed Capital	-	4,858,305	-	4,858,305	-	4,858,305
Fund Equity - End Of Year	\$ 191,731,061	\$ 32,662,404	\$ 389,711,811	\$ 614,105,276	\$ 50,563,465	\$ 664,668,741

The Accompanying Notes Are An Integral Part Of The Financial Statements

STATE OF NORTH DAKOTA

**Combined Statement Of Cash Flows
All Proprietary Fund Types, Nonexpendable Trust Funds
And Discretely Presented Component Units
For The Fiscal Year Ended June 30, 1996**

	Proprietary Fund Types		Fiduciary Fund Types Non- Expendable Trust
	Enterprise	Internal Service	
Cash Flows From Operating Activities:			
Operating Income (Loss)	\$ 65,165,282	\$ (214,998)	\$ 41,878,493
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:			
Depreciation	3,337,522	7,457,461	2,334
Amortization\Accretion	2,364,014	-	-
Reclassification Of Interest Revenue\Expense	(38,670,537)	-	(24,779,740)
Gain On Sale Of Real Estate	(103,660)	-	-
Gain On Sale Of Securities	(119,000)	-	-
Interest Received On Program Loans	34,771,495	-	-
Disbursements For Loans And Loan Purchases	(52,096,000)	-	-
Receipt Of Loan Principal Repayments	44,317,976	-	-
Provision For Losses	1,701,457	-	-
Premiums Collected	64,969,352	-	-
Premiums Paid	(64,969,352)	-	-
Other	324,567	(237)	-
Change In Assets And Liabilities:			
Increase In Accounts Receivable	(8,711,524)	(691,125)	-
(Increase) Decrease In Due From	1,050,594	(91,675)	(147,050)
(Increase) Decrease In Intergovernmental Receivable	(101,947)	(23,426)	-
(Increase) Decrease In Prepaid Items	(559,815)	87,922	-
Increase In Inventories	(4,983,398)	(4,345)	-
Increase In Other Assets	(878,523)	-	-
Increase (Decrease) In Accounts Payable	1,289,432	242,369	(54,497)
Increase (Decrease) In Claims\Judgements Payable	26,821,474	2,128,334	-
Increase In Intergovernmental Payable	487,943	528	-
Increase In Accrued Payroll	35,457	42,686	-
Increase In Compensated Absences Payable	73,722	74,253	-
Increase In Amounts Held For Others	4,216,260	-	-
Increase (Decrease) In Due To	(603,562)	235,672	36,550
Decrease In Deferred Revenue	(968,410)	(1,418,268)	-
Increase (Decrease) In Other Liabilities	(1,380,670)	-	-
Net Cash Provided By (Used For) Operating Activities	76,780,149	7,825,151	16,936,090
Cash Flows From Noncapital Financing Activities:			
Proceeds From Bonds	76,571,100	-	-
Proceeds From Sale Of Notes And Other Borrowings	32,900,000	-	-
Principal Payments - Bonds	(112,048,575)	-	-
Principal Payments - Notes And Other Borrowings	(23,560,000)	-	-
Interest Payments - Bonds	(40,206,385)	-	-
Interest Payments - Notes And Other Borrowings	(5,230,071)	-	-
Payment Of Bond Issue Costs	-	-	-
Operating Grant Received	-	-	-
Operating Transfers In	24,489,130	-	1,606,276
Operating Transfers Out	(26,569,299)	-	(24,974,999)
Net Increase In Non-Interest Bearing Deposits	19,242,000	-	-
Net Increase In Interest Bearing Deposits	69,925,000	-	-
Payments Of Interest On Deposits	(21,381,000)	-	-
Proceeds From Advances	932,000	3,500,000	98,724
Principal Payments On Advances	(6,211,965)	-	-
Interest Paid On Federal Funds And Reverse Repurchase Agreements	(10,282,000)	-	-
Net Increase In Federal Funds And Reverse Repurchase Agreements	9,429,000	-	-
Advances Made	(932,000)	-	-
Collection Of Advances Made	4,433,000	90,000	223,108
Interest Received On Advances To Other Funds	-	-	697,370
Net Cash Provided By (Used For) Noncapital Financing Activities	(8,500,065)	3,590,000	(22,349,521)

The Accompanying Notes Are An Integral Part Of The Financial Statements

(Continued On The Next Page)

Total (Memorandum Only) Primary Government		Total (Memorandum Only) Reporting Entity	
June 30 1996	Component Units	June 30 1996	
\$ 106,828,777	\$ (1,487,392)	\$ 105,341,385	
10,797,317	8,136	10,805,453	
2,364,014	1,000	2,365,014	
(63,450,277)	(1,786,440)	(65,236,717)	
(103,660)	-	(103,660)	
(119,000)	(104,174)	(223,174)	
34,771,495	-	34,771,495	
(52,096,000)	-	(52,096,000)	
44,317,976	-	44,317,976	
1,701,457	1,682,122	3,383,579	
64,969,352	-	64,969,352	
(64,969,352)	-	(64,969,352)	
324,330	852	325,182	
(9,402,649)	(241,497)	(9,644,146)	
811,869	-	811,869	
(125,373)	19,894	(105,479)	
(471,893)	-	(471,893)	
(4,987,743)	-	(4,987,743)	
(878,523)	-	(878,523)	
1,477,304	(42,500)	1,434,804	
28,949,808	(100,000)	28,849,808	
488,471	182,000	670,471	
78,143	1,101	79,244	
147,975	1,073	149,048	
4,216,260	-	4,216,260	
(331,340)	2,000	(329,340)	
(2,386,678)	(29,229)	(2,415,907)	
(1,380,670)	41	(1,380,629)	
101,541,390	(1,893,013)	99,648,377	
76,571,100	9,480,000	86,051,100	
32,900,000	-	32,900,000	
(112,048,575)	(5,398,000)	(117,446,575)	
(23,560,000)	-	(23,560,000)	
(40,206,385)	(5,363,000)	(45,569,385)	
(5,230,071)	-	(5,230,071)	
-	(175,000)	(175,000)	
-	6,099,154	6,099,154	
26,095,406	3,460,730	29,556,136	
(51,544,298)	(192,971)	(51,737,269)	
19,242,000	-	19,242,000	
69,925,000	-	69,925,000	
(21,381,000)	-	(21,381,000)	
4,530,724	933,000	5,463,724	
(6,211,965)	(1,138,000)	(7,349,965)	
(10,282,000)	-	(10,282,000)	
9,429,000	-	9,429,000	
(932,000)	(933,000)	(1,865,000)	
4,746,108	1,138,000	5,884,108	
697,370	-	697,370	
(27,259,586)	7,910,913	(19,348,673)	

The Accompanying Notes Are An Integral Part Of The Financial Statements

STATE OF NORTH DAKOTA

**Combined Statement Of Cash Flows
All Proprietary Fund Types, Nonexpendable Trust Funds
And Discretely Presented Component Units (Continued)
For The Fiscal Year Ended June 30, 1996**

	Proprietary Fund Types		Fiduciary Fund Types
	Enterprise	Internal Service	Non- Expendable Trust
Cash Flows From Capital And Related Financing Activities:			
Acquisition And Construction Of Capital Assets	(1,993,923)	(10,619,249)	(280,135)
Proceeds From Sale Of Fixed Assets	80,491	1,495,614	-
Principal Payments - Bonds	(195,000)	-	-
Principal Payments - Notes And Other Borrowings	-	(2,461,342)	-
Interest Payments - Bonds	(181,598)	-	-
Interest Payments - Notes And Other Borrowings	-	(162,474)	-
Net Cash Used For Capital And Related Financing Activities	(2,290,030)	(11,747,451)	(280,135)
Cash Flows From Investing Activities:			
Proceeds From Sale And Maturities Of Investment Securities	227,991,157	-	73,036,083
Purchase Of Investment Securities	(276,089,944)	-	(78,458,763)
Interest And Dividends On Investments	41,940,664	111,664	21,126,359
Proceeds From Sale Of Other Real Estate	275,011	-	74,959
Net Increase In Loans	(93,375,000)	-	-
Disbursements For Loans And Loan Purchases	(5,936,424)	-	(16,922,667)
Receipt Of Loan Principal Repayments	3,720,933	-	3,849,644
Loan Income Received	38,788,837	-	3,343,433
Net Cash Provided By (Used For) Investing Activities	(62,684,766)	111,664	6,049,048
Net Change In Cash:			
Net Increase (Decrease) In Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	3,305,288	(220,636)	355,482
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1995	392,144,349	5,102,041	1,517,999
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1996	<u>\$ 395,449,637</u>	<u>\$ 4,881,405</u>	<u>\$ 1,873,481</u>
Reconciliation:			
Cash Deposits At The Bank Of North Dakota	\$ 81,083,446	\$ 4,881,305	\$ 65,756,401
Cash And Cash Equivalents	314,366,191	100	47,112,437
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota, Expendable Trust, Pension And Agency Funds	-	-	(110,995,357)
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	<u>\$ 395,449,637</u>	<u>\$ 4,881,405</u>	<u>\$ 1,873,481</u>
Noncash Transactions:			
Reinvestment Of Income On Investments	\$ 32,821,956	\$ -	\$ -
Bond Issue Costs Withheld From Bond Proceeds	289,900	-	-
Unrealized Gains On Investments	2,103,852	-	-
Transfer From Undivided Profits To Appropriations Payable	22,990,000	-	-
Purchased Fixed Assets Through Assumption Of Note Payable	-	1,607,700	-
Assets Acquired By Capital Lease	-	206,332	-
Assets Acquired By Contributed Capital	-	4,858,304	-
Loans Written Off	-	-	-
Investments Written Off	-	-	-
Loan Converted To Investment	-	-	-
Total Noncash Transactions	<u>\$ 58,205,708</u>	<u>\$ 6,672,336</u>	<u>\$ -</u>

Total (Memorandum Only) Primary Government		Total (Memorandum Only) Reporting Entity
June 30 1996	Component Units	June 30 1996
(12,893,307)	(16,494)	(12,909,801)
1,576,105	3,736	1,579,841
(195,000)	-	(195,000)
(2,461,342)	-	(2,461,342)
(181,598)	-	(181,598)
(162,474)	-	(162,474)
(14,317,616)	(12,758)	(14,330,374)
301,027,240	30,426,227	331,453,467
(354,548,707)	(38,888,840)	(393,437,547)
63,178,687	6,152,586	69,331,273
349,970	-	349,970
(93,375,000)	-	(93,375,000)
(22,859,091)	(3,045,032)	(25,904,123)
7,570,577	288,237	7,858,814
42,132,270	691,480	42,823,750
(56,524,054)	(4,375,342)	(60,899,396)
3,440,134	1,629,800	5,069,934
398,764,389	8,082,228	406,846,617
\$ 402,204,523	\$ 9,712,028	\$ 411,916,551
\$ 151,721,152	\$ 8,645,303	\$ 160,366,455
361,478,728	1,066,725	362,545,453
(110,995,357)	-	(110,995,357)
\$ 402,204,523	\$ 9,712,028	\$ 411,916,551
\$ 32,821,956	\$ -	\$ 32,821,956
289,900	-	289,900
2,103,852	-	2,103,852
22,990,000	-	22,990,000
1,607,700	-	1,607,700
206,332	-	206,332
4,858,304	-	4,858,304
-	625,171	625,171
-	395,000	395,000
-	233,280	233,280
\$ 64,878,044	\$ 1,253,451	\$ 66,131,495

STATE OF NORTH DAKOTA

Statement Of Changes In Net Plan Assets Pension Trust Funds For The Fiscal Year Ended June 30, 1996

	Highway Patrolmen's Retirement	Job Service Retirement	Prefunded Retiree Health Program	Public Employees' Retirement	Teachers' Retirement	Total June 30 1996
Additions:						
Contributions:						
Employer	\$ 621,080	\$ 1,324,089	\$ 3,377,815	\$ 13,815,784	\$ 18,988,538	\$ 38,127,306
Employee	383,061	362,748	8,948	13,129,249	18,988,538	32,872,544
Total Contributions	1,004,141	1,686,837	3,386,763	26,945,033	37,977,076	70,999,850
Investment Income:						
Net Appreciation In Market Value Of Investments	2,678,287	575,941	1,336,378	73,803,790	86,340,819	164,735,215
Interest And Dividends	956,628	4,115,475	457,768	26,415,809	31,151,836	63,097,516
	3,634,915	4,691,416	1,794,146	100,219,599	117,492,655	227,832,731
Less Investment Expense	91,035	52,325	27,882	2,512,572	2,667,551	5,351,365
Net Investment Income	3,543,880	4,639,091	1,766,264	97,707,027	114,825,104	222,481,366
Repurchase Service Credit	-	-	45,813	702,579	575,800	1,324,192
Miscellaneous Income	73	-	-	7,631	-	7,704
Total Additions	4,548,094	6,325,928	5,198,840	125,362,270	153,377,980	294,813,112
Deductions:						
Benefits Paid To Participants	1,067,614	499,077	-	21,282,613	38,546,098	61,395,402
Refunds	113,697	104,678	729	3,057,407	2,644,413	5,920,924
Prefunded Credit Applied	-	-	2,505,644	-	-	2,505,644
Transfers To Other Plans	-	-	-	130,774	-	130,774
Administrative Expenses	15,161	15,033	97,002	555,421	858,258	1,540,875
Total Deductions	1,196,472	618,788	2,603,375	25,026,215	42,048,769	71,493,619
Net Increase	3,351,622	5,707,140	2,595,465	100,336,055	111,329,211	223,319,493
Net Assets Held In Trust For Pension Benefits:						
Beginning Of Year	22,345,402	41,222,166	10,884,547	620,671,528	736,009,925	1,431,133,568
End Of Year	\$ 25,697,024	\$ 46,929,306	\$ 13,480,012	\$ 721,007,583	\$ 847,339,136	\$ 1,654,453,061

The Accompanying Notes Are An Integral Part Of The Financial Statements

STATE OF NORTH DAKOTA

**Combined Statement Of Current Funds Revenues,
Expenditures And Other Changes
University System
For The Fiscal Year Ended June 30, 1996**

	Total Unrestricted	Total Restricted	Total Current Funds
Revenues And State Transfers:			
Tuition And Fees	\$ 90,669,289	\$ 26,285	\$ 90,695,574
Federal Appropriations	5,494,512	-	5,494,512
Local Appropriations	1,120,312	-	1,120,312
Federal Grants And Contracts	6,461,558	68,709,157	75,170,715
State Grants And Contracts	506,670	1,261,611	1,768,281
Private Gifts, Grants And Contracts	7,765,028	15,816,577	23,581,605
Investment And Endowment Income	1,590,669	341,147	1,931,816
Sales And Services Of Educational Departments	44,607,182	59,888	44,667,070
Sales And Services Of Hospital	213,645	-	213,645
Sales And Services Of Auxiliary Enterprises	67,961,279	-	67,961,279
Total Revenues	226,390,144	86,214,665	312,604,809
Operating Transfers In	138,954,971	6,017,747	144,972,718
Operating Transfers From Component Units	-	203,018	203,018
Total Revenues And State Transfers	365,345,115	92,435,430	457,780,545
Expenditures And Mandatory Transfers:			
Educational And General			
Instruction	136,415,242	10,362,334	146,777,576
Research	21,985,185	43,107,595	65,092,780
Public Service	18,184,797	12,915,330	31,100,127
Academic Support	32,707,034	879,262	33,586,296
Student Services	14,482,937	2,001,086	16,484,023
Institutional Support	27,552,824	464,060	28,016,884
Operation And Maintenance Of Plant	33,591,125	889,201	34,480,326
Scholarships And Fellowships	7,211,231	21,697,348	28,908,579
Total Educational And General Expenditures	292,130,375	92,316,216	384,446,591
Mandatory Transfer For Principal And Interest	670,587	-	670,587
Mandatory Transfer For Loan Fund Matching	126,506	640	127,146
Total Educational And General Expenditures And Mandatory Transfers	292,927,468	92,316,856	385,244,324
Hospital:			
Expenditures	233,645	-	233,645
Total Hospital	233,645	-	233,645
Auxiliary Enterprises:			
Expenditures	63,516,635	119,214	63,635,849
Mandatory Transfers For Principal And Interest	4,301,219	-	4,301,219
Total Auxiliary Enterprises	67,817,854	119,214	67,937,068
Total Expenditures And Mandatory Transfers	360,978,967	92,436,070	453,415,037
Other Transfers And Deductions:			
Excess Of Restricted Receipts Over			
Transfers To Revenues	-	536,542	536,542
Refunded To Grantors	(1,862)	(8,550)	(10,412)
Nonmandatory Interfund Transfers - Net	(8,339,203)	204,878	(8,134,325)
Other Deductions	(315,077)	(387,992)	(703,069)
Total Other Transfers And Deductions	(8,656,142)	344,878	(8,311,264)
Net Increase (Decrease) In Fund Balances	\$ (4,289,994)	\$ 344,238	\$ (3,945,756)

STATE OF NORTH DAKOTA

Combined Statement Of Changes In Fund Balance

University System

For The Fiscal Year Ended June 30, 1996

	Current Funds				Plant Funds			Total (Memorandum Only)
	Unrestricted	Restricted	Loan	Endowment And Similar	Unexpended	Retirement Of Indebtedness	Investment In Plant	June 30 1996
Revenues And Other Additions:								
Unrestricted Current Fund Revenue	\$ 226,390,144	\$ 59,559	\$ -	\$ -	\$ -	\$ -	\$ -	226,449,703
Student Activity Fees - Restricted	-	1,255	-	-	81,659	1,210,247	-	1,293,161
Local Appropriations - Restricted	-	-	-	-	-	4,537	-	4,537
Federal Grants And Contracts - Restricted	-	74,704,479	657,837	-	5,699,745	314,480	-	81,376,541
State Grants And Contracts - Restricted	-	1,319,369	71,307	-	658,486	-	-	2,049,162
Private Gifts, Grants And Contracts - Restricted	-	17,935,463	165,636	381,205	805,279	45,332	273,836	19,606,751
Endowment And Investment Income - Restricted	-	561,436	45,178	1,044,035	790,090	1,457,884	-	3,898,623
Interest And Late Fees On Loans Receivable	-	267	859,061	-	-	7,167	-	866,495
Sales & Services Of Educational Depts.-Restricted	-	74,358	819	-	41,626	12,760	-	129,563
Gain On Sale Of Investments	-	-	-	117,493	-	-	-	117,493
Retirement Of Indebtedness	-	-	-	-	-	-	18,132,220	18,132,220
Expended For Plant Facilities	-	-	-	-	5,203	-	41,372,800	41,378,003
Debt Issuance	-	-	-	-	5,662,082	97,639	-	5,759,721
Other Additions	2,004,800	6,703	200,520	226,447	504,983	876,487	2,685,257	6,505,197
Proceeds From Escrow	-	-	-	-	-	953,592	-	953,592
Total Revenues And Other Additions	228,394,944	94,662,889	2,000,358	1,769,180	14,249,153	4,980,125	62,464,113	408,520,762
Expenditures And Other Deductions:								
Education And General Expenditures	292,130,375	92,316,216	39,686	3,019	324,535	1,582	2,589,652	387,405,065
Auxiliary Enterprises Expenditures	63,516,635	119,214	-	-	-	-	-	63,635,849
Hospital Expenditures	233,645	-	-	-	-	-	-	233,645
Indirect Costs Recovered	-	7,904,979	35,964	-	-	-	-	7,940,943
Refunds To Grantors	1,862	8,550	19,216	-	-	-	-	29,628
Loan Cancellations And Write-Offs	-	-	279,229	-	-	340	-	279,569
Administration And Collection Costs	-	-	35,752	63,746	-	72	-	99,570
Expended For Plant Facilities	-	-	-	-	20,188,547	3,693	-	20,192,240
Retirement Of Indebtedness	-	-	-	-	-	15,174,777	-	15,174,777
Interest On Indebtedness	-	-	-	-	-	4,703,511	620,835	5,324,346
Trustee Fees	-	-	110	-	-	47,727	-	47,837
Disposal Of Plant Facilities	-	-	-	-	-	-	20,366,478	20,366,478
Debt Issuance	-	-	-	-	650,480	-	6,404,622	7,055,102
Other Deductions	2,319,877	394,695	112,147	137,632	188,289	135,744	406,912	3,695,296
Total Expenditures And Other Deductions	358,202,394	100,743,654	522,104	204,397	21,351,851	20,067,446	30,388,499	531,480,345
Transfers Among Funds And Other Additions (Deductions):								
Mandatory:								
Loan Matching Fund	(126,506)	(640)	127,146	-	-	-	-	-
Principal And Interest - Unrestricted	(670,587)	-	-	-	(68,660)	739,247	-	-
Principal And Interest - Auxiliary	(4,301,219)	-	-	-	-	4,301,219	-	-
Nonmandatory Interfund Transfers	(8,339,203)	204,878	249,374	2,920,427	5,835,244	(870,720)	-	-
Operating Transfers In	138,954,971	6,017,747	-	-	5,767,524	-	-	150,740,242
Operating Transfers In From Component Units	-	203,018	-	-	-	-	-	203,018
Total Transfers And Other Additions (Deductions)	125,517,456	6,425,003	376,520	2,920,427	11,534,108	4,169,746	-	150,943,260
Net Increase (Decrease) In Fund Balance	(4,289,994)	344,238	1,854,774	4,485,210	4,431,410	(10,917,575)	32,075,614	27,983,677
Fund Balances - Beginning Of Year As Restated	31,200,152	5,703,710	37,101,304	19,698,428	19,726,544	26,854,402	664,168,934	804,453,474
Fund Balances At End Of Year	\$ 26,910,158	\$ 6,047,948	\$ 38,956,078	\$ 24,183,638	\$ 24,157,954	\$ 15,936,827	\$ 696,244,548	\$ 832,437,151

The Accompanying Notes Are An Integral Part Of The Financial Statements

STATE OF NORTH DAKOTA
Interim 1995-1997 Biennium Combined Statement Of Revenues, Expenditures And Other Financing Sources (Uses)
Budget And Actual (Budgetary Basis) - General Fund And Other Budgeted Income
For The Fiscal Year Ended June 30, 1996

	Approved Budget 1995-97 Biennium	Appropriation Adjustments 1995-97 Biennium	Adjusted Budget 1995-97 Biennium	Actual Biennium To Date Thru 6-30-96	Difference Uncollected/ Unspent Thru 6-30-96
Revenues					
General Fund					
Sales And Use Tax	\$ 603,676,000	\$ -	\$ 603,676,000	\$ 289,638,706	\$ (314,037,294)
Income Tax	387,087,000	-	387,087,000	201,063,489	(186,023,511)
Business Privilege Tax	5,000,000	-	5,000,000	1,638,686	(3,361,314)
Oil And Gas Production Tax	17,086,000	-	17,086,000	13,319,135	(3,766,865)
Oil Extraction Tax	17,866,000	-	17,866,000	10,446,662	(7,419,338)
Insurance Premium Tax	31,000,000	-	31,000,000	18,737,678	(12,262,322)
Cigarette, Cigar And Tobacco Tax	44,968,000	-	44,968,000	22,783,767	(22,184,233)
Wholesale Liquor Tax	10,071,000	-	10,071,000	5,177,225	(4,893,775)
Coal Severance Tax	21,686,000	-	21,686,000	11,086,973	(10,599,027)
Coal Conversion Tax	23,257,000	-	23,257,000	12,170,245	(11,086,755)
Gaming Tax	22,453,000	-	22,453,000	11,741,235	(10,711,765)
Department Fees And Collections	26,814,501	-	26,814,501	14,301,572	(12,512,929)
Mineral Leasing Fees	5,400,000	-	5,400,000	1,963,173	(3,436,827)
Gas Tax Administration	1,025,000	-	1,025,000	535,939	(489,061)
Interest On Public Funds	15,508,667	-	15,508,667	7,268,627	(8,240,040)
Total General Fund Revenues	1,232,898,168	-	1,232,898,168	621,873,112	(611,025,056)
Other Budgeted Income	2,331,011,892	109,213,312	2,440,225,204	1,034,050,740	(1,406,174,464)
Total All Revenues	3,563,910,060	109,213,312	3,673,123,372	1,655,923,852	(2,017,199,520)
Expenditures By Line Item					
Salaries And Wages	806,158,480	3,205,846	809,364,326	374,101,822	435,262,504
Operating Expenses	334,898,652	1,546,281	336,444,933	149,611,725	186,833,208
Equipment	20,543,202	4,538,308	25,081,510	11,112,660	13,968,850
Capital Improvements	58,003,704	12,720,878	70,724,582	23,964,045	46,760,537
Grants	1,630,536,975	58,644,646	1,689,181,621	743,503,682	945,677,939
Special Line Items	725,851,161	35,044,316	760,895,477	338,105,074	422,790,403
Risk Management Premiums	3,619,230	(3,198,178)	421,052	72,331	348,721
Total Expenditures By Line Item	3,579,611,404	112,502,097	3,692,113,501	1,640,471,339	2,051,642,162
Expenditures By Source					
General Fund	1,337,691,510	3,288,785	1,340,980,295	643,675,923	697,304,372
Other Budgeted Income	2,241,919,894	109,213,312	2,351,133,206	996,795,416	1,354,337,790
Total Expenditures By Source	3,579,611,404	112,502,097	3,692,113,501	1,640,471,339	2,051,642,162
Revenues Over (Under) Expenditures					
General Fund	(104,793,342)	(3,288,785)	(108,082,127)	(21,802,811)	86,279,316
Other Budgeted Income	89,091,998	-	89,091,998	37,255,324	(51,836,674)
Other Financing Sources (Uses)					
General Fund - Transfers In	98,344,748	-	98,344,748	46,508,074	(51,836,674)
General Fund - Transfers Out	(9,252,750)	-	(9,252,750)	(9,252,750)	-
Other Budgeted Income - Transfers In	9,252,750	-	9,252,750	9,252,750	-
Other Budgeted Income - Transfers Out	(98,344,748)	-	(98,344,748)	(46,508,074)	51,836,674
Revenues And Other Sources Over (Under) Expenditures And Other Uses					
General Fund	(15,701,344)	(3,288,785)	(18,990,129)	15,452,513	34,442,642
Other Budgeted Income	-	-	-	-	-
Beginning Budgetary General Fund Balance, as adjusted	26,917,086	5,526,596	32,443,682	36,114,726	3,671,044
Ending Budgetary General Fund Balance	\$ 11,215,742	\$ 2,237,811	\$ 13,453,553	\$ 51,567,239	\$ 38,113,686

The Accompanying Notes Are An Integral Part Of The Financial Statements

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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The primary authority for the State's accounting and reporting requirements is the Office of Management and Budget. The Office of Management and Budget has adopted the pronouncements of the Governmental Accounting Standards Board (GASB) which is the nationally accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements of the University System Funds have been prepared in conformity with generally accepted accounting principles for Colleges and Universities as prescribed by the National Association of College and University Business Officers and the American Institute of Certified Public Accountants. The more significant of the State's accounting policies are as follows:

A. Reporting Entity

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

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

Blended Component Unit

This component unit is an entity which is legally separate from the State, but is so intertwined with the State that it is, in substance, the same as the State. It is reported as part of the State and blended into the appropriate fund types and account groups.

- Building Authority (Debt Service Fund, Capital Projects Fund and Account Groups) - The Building Authority was created by the Legislature as a separate instrumentality of the State. Its purpose is to promote the general welfare of the citizens of the State by providing financing for use by the State in altering, repairing, maintaining or constructing buildings and making any improvements connected to State buildings. The Industrial Commission is the governing board of the Building Authority. The funds and account groups of the Building Authority were audited by other independent auditors for the fiscal year ended

June 30, 1996, and their report dated September 18, 1996, has been previously issued under a separate cover.

- Minot State University Development Foundation, North Dakota State University Research Foundation and University of North Dakota Aerospace Foundation (University Systems) - Each respective university appoints a voting majority to the respective foundation's board. The North Dakota State Auditor's Office performs the audits of the Minot State University Development Foundation and North Dakota State University Research Foundation. Other independent public accountants performed the audit of the University of North Dakota Aerospace Foundation.

Discretely Presented Component Units

These component units are entities which are legally separate from the State, but are financially accountable to the State. The component units columns of the combined financial statements include the financial data of these entities:

- Comprehensive Health Association (Proprietary Fund Type) - The Association was established by the Legislature with participating membership consisting of those insurance companies, licensed or authorized to do business in the State. It provides low cost access to health insurance coverage for residents of the State who are denied adequate health insurance and are considered uninsurable. The Association is governed by a board of eight members of which five are representatives of the State. The Association was audited by other independent auditors for the calendar year ended December 31, 1995, and their report dated February 12, 1996, has been previously issued under a separate cover.
- North Dakota Development Fund, Inc. (Proprietary Fund Type) - The Development Fund was established as a statewide nonprofit development corporation with the authority to take equity positions in; to provide loans to; or to use other innovative financing mechanisms to provide capital for new or expanding businesses in North Dakota or relocating businesses to North Dakota. The corporation is managed by a board of directors consisting of eight members, all of whom are appointed by the Governor. The Fund was audited by other independent auditors for the fiscal year ended June 30, 1996, and their report dated September 11, 1996, has been previously issued under a separate cover.
- Municipal Bond Bank (Proprietary Fund Type) - The Bond Bank was created by the Legislature as a separate agency of the State. The purpose of the Bond Bank is to make funds available for borrowing by North Dakota political subdivisions through the issuance of its bonds and the purchase of municipal securities of the political subdivisions. The Bond Bank has been granted all powers required in order to accomplish this purpose and is under the control and management of the Industrial Commission. The Fund was audited by other independent auditors for the calendar year ended December 31, 1995, and their report dated March 7, 1996, has been previously issued under a separate cover.
- Myron G. Nelson Fund (Proprietary Fund Type) - The Myron G. Nelson Fund was established by the Legislature to organize

and manage an investment fund capitalized through the sale of shares of the corporation; to provide a source of investment capital for the establishment, expansion and rehabilitation of North Dakota business. The board consists of seven members elected by the shareholders of the Fund, of which two members are representatives of the State. The Fund ceased operations during 1995 and the net assets of the Fund were transferred to the Bank of North Dakota December 28, 1995.

- Technology Transfer, Inc. (Proprietary Fund Type) - Technology Transfer was organized as a nonprofit corporation for the purpose of providing a program and budgetary interface between the Department of Economic Development and Finance and the North Dakota University System. The primary objective of the interface is to focus the intellectual and technical resources of the University System on the discovery, development and application of scientific and technological principles and concepts on North Dakota's primary sector business. The corporation is managed by a seven member board; three of whom are appointed by the Governor, and the remainder are representatives of the primary government. The Fund was audited by other independent auditors for the fiscal year ended June 30, 1996, and their report dated August 13, 1996, has been previously issued under a separate cover.

Complete financial statements for each of these individual component units may be obtained at the entity's administrative offices as follows:

Building Authority
600 E. Boulevard, 10th Floor
Bismarck, ND 58505-0310

Minot State University Development Foundation
500 University Avenue West
Minot, ND 58702

North Dakota State University Research Foundation
1200 N. University Drive
P.O. Box 5790
University Station
Fargo, ND 58105

University of North Dakota Aerospace Foundation
4201 University Avenue
Grand Forks, ND 58202

Comprehensive Health Association
4510 13th Avenue SW
Fargo, ND 58108

North Dakota Development Fund, Inc.
1833 E. Bismarck Expressway
Bismarck, ND 58504

Municipal Bond Bank
418 E. Broadway Ave., Suite 246
Bismarck, ND 58501

Technology Transfer, Inc.
1833 E. Bismarck Expressway
Bismarck, ND 58504

Related Organizations

The occupational licensing boards were created by an act of the State Legislature and the board members are appointed by the Governor. The appointed board members have no continuing relationship with the State; the boards designate management and the State cannot exercise influence over their daily operations, approve budgets or provide funding. Financial reports of the occupational licensing boards may be obtained from each board.

B. Fund Accounting Structure

The State uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets (General Fixed Assets Account Group) and liabilities (General Long-Term Debt Account Group). These long-term assets and liabilities are not recorded in the funds because they do not directly affect expendable available financial resources. Funds are classified into three categories: Governmental, Proprietary, and Fiduciary. Each category, in turn, is divided into separate "fund types." These fund categories and types are presented below:

Governmental Funds

Governmental funds include:

General Fund is the principal operating fund of the State. It is used to account for all financial resources which are not accounted for in other funds.

Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds account for resources obtained and used for the payment of interest and principal on revenue bonds which are • funded primarily through taxes.

Capital Projects Funds account for resources obtained and used for the acquisition, construction or improvement of certain capital facilities (except those financed by non-governmental funds). Such resources are derived principally from proceeds of revenue bonds.

Proprietary Funds

Proprietary funds include:

Enterprise Funds account for those businesslike State activities that provide goods/services to the public, financed primarily through user charges. They are also used to account for operations where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability and other purposes.

Internal Service Funds account for the financing of goods and/or services provided by one department or agency to another department or agency of a government, or to other governments, on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary funds include:

Pension Trust Funds account for the transactions, assets, liabilities, and fund equity of the State Retirement Systems. Pension Trust Funds are accounted for in essentially the same manner as Proprietary funds.

Nonexpendable Trust Funds account for those trusts where only the earnings, but not the principal, may be expended. Nonexpendable Trust Funds are accounted for in essentially the same manner as Proprietary funds.

Expendable Trust Funds represent those trust funds whose resources, including both principal and earnings may be expended. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds.

Agency Funds account for assets held by the State as an agent for other governmental units, or other organizations, and do not involve measurement of results of operations.

Account Groups

Account Groups consists of the following:

The General Fixed Asset Account Group is used to account for land, buildings, equipment, and construction in progress of the governmental fund and similar trust fund types. Fixed assets of proprietary, similar trust and University System funds are accounted for separately in their respective funds.

The General Long-Term Debt Account Group is used to account for the State's unmatured long-term obligations related to revenue bonds, notes payable, claims/judgements, and compensated absences of the governmental fund types. Long-term obligations of the proprietary, nonexpendable trust and University System funds are accounted for in their respective funds.

C. Discrete Presentation - University System Funds

Financial activities of the State's University System Institutions are reported in the University System Funds. These funds use generally accepted accounting principles that apply to Colleges and Universities as contained in Audits of Colleges and Universities, published by the American Institute of Certified Public Accountants and those standards established by the National Association of College and University Business Officers' (NACUBO).

The University System Funds are presented in a separate column on the Combined Balance Sheet as a discrete presentation.

The University System Funds account for transactions related to resources received and used for the operation of the State's

University System Institutions and the related medical teaching hospital. The University System Funds are an aggregation of the following funds:

Current Funds (including auxiliary enterprises) account for resources the University System Institutions may use for any purpose in carrying out their primary objectives. Restricted Current Funds include resources that donors or other outside agencies have restricted for specific current operating purposes. All other current funds are accounted for as Unrestricted Current Funds.

Loan Funds account for resources available principally for loans to students of the University System.

Endowment and Similar Funds account for endowment, term endowment and quasi-endowment transactions. Endowment and term endowment funds are similar to trust funds. The State must comply with the terms of any applicable agreements. While quasi-endowment funds have been established by the institutions for the same purposes as endowment funds, any portion of the quasi-endowment funds may be expended at the institution's discretion.

Plant Funds account for transactions involving physical properties of the University System Institutions. The Unexpended Plant subgroup accounts for monies that institutions will use to acquire physical properties in future accounting periods. The Retirement of Indebtedness subgroup includes monies to pay debt service and to retire indebtedness on institutional properties. The Investment in Plant subgroup accounts for funds that institutions have expended for (and thus have invested in) their properties and any related outstanding debt.

Agency Funds within the University System Funds account for amounts that University System Institutions hold as custodians or fiscal agents for others.

The Combined Statement of Current Funds Revenues, Expenditures and Other Changes - University System is a statement of financial activities related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

D. Basis of Accounting

The State follows the pronouncements of the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard-setting body for establishing generally accepted accounting principles for governmental entities. In accordance with Governmental Accounting Standards Board Statement 20, the State, with the exception of the Bank of North Dakota, follows all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with GASB pronouncements. The Bank of North Dakota follows all applicable FASB pronouncements that have been issued since November 30, 1989, unless they conflict with the GASB pronouncements.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds and

expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary, nonexpendable trust, and pension trust funds are accounted for on a flow of economic resources measurement focus. This measurement focus includes all assets and liabilities associated with the operations of these funds on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital, unrealized gain or loss on investments and retained earnings components. Proprietary and similar trust fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The modified accrual basis of accounting is used by governmental funds and expendable trust funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). "Measurable" means the amount of the transaction can be determined. "Available" means due and collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Major revenues that are determined to be susceptible to accrual include interest, federal grants-in-aid, and taxpayer-assessed taxes such as income, sales, corporate, excise, motor fuel taxes and unemployment compensation contributions. Most revenues are determined to be available if collected within 30 days after fiscal year end. Revenues from fines, licenses, permits, fees and other miscellaneous taxes are recorded as revenue when received because they are generally not measurable until actually received. Deferred revenue is recorded for receivables that are measurable but not available at year end.

Expenditures generally are recorded when goods or services are received. An exception is that principal and interest on obligations reflected in the General Long-Term Debt Account Group are recorded as expenditures when due. Additional exceptions are that expenditures for compensated absences and claims and judgements reflected in the General Long-Term Debt Account Group are recorded when paid.

Agency funds are also accounted for on a modified accrual basis, but do not recognize revenues and expenditures. Agency funds account for assets received and disbursed by a government in its capacity as an agent for individuals, businesses, or other governments.

Proprietary funds, nonexpendable trust funds, and pension trust funds are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recognized when the related liability is incurred.

The measurement focus in University System Funds is upon determination of resources received and used. The University System Funds are recorded on the accrual basis except for depreciation on fixed assets, which is not recorded, and tuition,

which is accrued in the period when the session predominantly occurs.

E. General Budgetary Policies and Procedures

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

Once passed and signed, the appropriation bill becomes the departments' financial plan for the next two years. Changes to the appropriation are limited to Emergency Commission authorization, initiative or referendum action. The Emergency Commission can authorize receipt of federal or other moneys not appropriated by the Assembly if the Assembly did not indicate an intent to reject the money. The Emergency Commission may authorize pass-through federal funds from one State agency to another. The Emergency Commission may authorize the transfer of expenditure authority between appropriated line items. Session laws that were passed by the Legislature in 1995 authorize directors of various state agencies to transfer appropriation authority among the various divisions of their specific agency, subject to the Budget Section of the North Dakota Legislative Council's approval. Unexpended appropriations lapse at the end of each biennium, except certain capital expenditures covered under the North Dakota Century Code (NDCC), section 54-44.1-11 and except for all unexpended general funds appropriation authority which must be deposited in the special revenue funds of the institutions in the University System. (NDCC section 15-10-12)

The State of North Dakota does not use encumbrance accounting. The legal level of budgetary control is at the agency, appropriation and expenditure line item level, with administrative controls established at lower levels of detail in certain instances. The State does not formally budget revenues and it does not budget by fund. The State appropriation is defined through the use of specific expenditure line items. Capital appropriations are generally made at the agency and project level.

North Dakota's Appropriation Act does not present budgets by GAAP fund. Instead, it presents budgets for:

- **The General Fund:** This fund is the general operating fund. The resources in this fund are primarily taxes. The State expends General Funds to provide traditional State government services. The General Fund line in the Appropriation Act differs somewhat from the GAAP General Fund.
- **Other Budgeted Income.** The Other Budgeted Income line in the Appropriation Act includes all other budgeted resources. Amounts in this line include non-general fund cash carryovers from the previous biennium as well as Federal and department-generated resources.

Other Budgeted Income includes some Governmental, Proprietary, and University System activities. It also includes the administrative functions of the Pension Trust activities and

some Agency fund activities. It excludes Expendable and Nonexpendable Trust activities.

Cash transfers from the General Fund to the University System Institutions appear as expenditures on the 1995-1997 Biennium Combined Statement of Revenues, Expenditures and Other Financing Sources (Uses) -- Budget and Actual (Budgetary Basis) -- General Fund and Other Budgeted Income. On all other combined operating statements, however, such transfers appear as Operating Transfers from the General Fund to the University System Funds.

The accompanying financial statements include the interim 1995-1997 Combined Statement of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual (Budgetary Basis) - General Fund and Other Budgeted Income. The Other Budgeted Income category on this statement corresponds to the Other Budgeted Income line in the Appropriation Act. The General Fund category on the statement represents the difference between the Total Appropriation line and the Other Budgeted Income line in the Appropriation Act.

The State's budget is prepared principally on a modified accrual basis.

Actual amounts in the budgetary comparison statements are presented on a budgetary basis. Because these amounts differ from generally accepted accounting principles (GAAP) amounts, a reconciliation between the budgetary and GAAP amounts is presented in Note 3.

During 1996, the first year of the 1995-1997 biennium, there were supplemental appropriations of \$112,502,097.

For the period ended, during the biennium, June 30, 1996 the Department of Public Instruction had expenditures which exceeded appropriations at the capital improvements line item level (the legal level of budgetary control) by \$1,678.

Public Instruction originally charged amounts to the operating line that should have been charged to the capital improvements line. The correction caused the \$1,678 overexpenditure.

The level of legal control for all agencies is reported in a publication titled "State of North Dakota Interim 1995-1997 Biennium Budget and Actual Detail - (Budgetary Basis) for the Fiscal Year Ended June 30, 1996." This budget information is available through the Office of Management and Budget, 600 East Boulevard Avenue, Bismarck, ND 58505.

F. Cash And Cash Equivalents

Cash and cash equivalents for reporting purposes, includes cash and short-term, highly liquid investments that are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. This includes investments with original maturity of three months or less. Also cash, as reported, may be under the control of the State Treasurer or by other administrative bodies as determined by law. Cash and cash equivalents are

presented as "Cash Deposits at the Bank of North Dakota" and "Cash and Cash Equivalents" to present the unique nature of the relationship between the Bank of North Dakota, an enterprise fund, and other State Agencies.

Cash Deposits At The Bank Of North Dakota. State Agency cash balances, as required by law, are pooled by the State Treasurer and deposited in the Bank of North Dakota, an enterprise fund. These cash balances, in addition to other agency cash deposited at the Bank of North Dakota, are included on the Combined Balance Sheet as "Cash Deposits At The Bank Of North Dakota".

Cash And Cash Equivalents. All cash and cash equivalents, (other than cash deposits at the Bank of North Dakota), as permitted by the North Dakota Century Code, are included on the Combined Balance Sheet as "Cash And Cash Equivalents".

The State had no cash overdrafts from pooled cash and investments at June 30, 1996.

All interest revenue is allocated to the General Fund unless state law (as outlined in the North Dakota Century Code) requires allocations of interest to other funds.

G. Investments

Investments in proprietary funds are stated at amortized cost, or the lower of cost or market for equity securities with the exception of The Bank of North Dakota, Workers Compensation, Fire and Tornado and Bonding. The Bank of North Dakota follows Statement of Financial Accounting Standards (SFAS) No. 115 "Accounting for Certain Investments in Debt and Equity Securities." The Bank classifies its securities as either available for sale or held to maturity. Under SFAS No. 115 if investments are classified as available for sale, they are carried at market value and the unrealized holding gains and losses are recorded in fund equity. If investments are classified as held to maturity they are carried at cost, adjusted for amortization of premiums and accretion of discounts. For Workers Compensation, Fire and Tornado and Bonding, investments are stated at market value. The difference between market and cost has been recorded as an unrealized gain (loss) in fund equity. Equity investments of the North Dakota Development Fund, Inc., and Technology Transfer (component units of the State) are stated at estimated value in absence of a readily ascertainable market value. These values are estimated by the Funds' Board of Directors. Among the factors considered by the Funds' Directors in determining the fair value of investments are the cost of the investment, developments since the acquisition of the investment, the financial condition and operating results of the issuer, the long-term potential of the business of the issuer, and other factors generally pertinent to the valuation of investments. The Funds' Directors, in making its evaluation, has relied on financial data of the investee and, in many instances, on estimates of the investee as to the potential effect of future developments. Total equity investments in the North Dakota Development Fund, Inc. and Technology Transfer are valued at approximately \$4,880,250 and \$337,000 at June 30, 1996, respectively. Investments in pension funds and deferred compensation, an

agency fund, are reported at fair value. All investments are maintained separately by fund.

Investments in governmental funds and the University System are stated at cost or amortized cost.

Purchases of other state funds' debt issues by the Bank of North Dakota have been recorded as normal business transactions if they are the result of arms length transactions.

Investments are presented as "Investments At The Bank Of North Dakota" and "Investments" to present the unique nature of the relationship between the Bank of North Dakota, an enterprise fund, and other State Agencies.

Investments At The Bank Of North Dakota. State agency investments, primarily certificates of deposits of the Bank of North Dakota, are included on the Combined Balance Sheet as "Investments At The Bank Of North Dakota".

Investments. State agency investments invested at financial institutions other than the Bank of North Dakota are included on the Combined Balance Sheet as "Investments".

Differences on the Combined Balance Sheet between the assets, Cash At The Bank of North Dakota and Investments At The Bank Of North Dakota, and the liability, "Deposits Held for Other Funds" is attributable to timing differences resulting from the Bank of North Dakota having a different fiscal year end than many of the other State agencies.

H. Receivables

Receivables in the State's governmental funds consist primarily of tax and federal revenues. Receivables in all other funds have arisen in the ordinary course of business. Receivables are recorded when either the asset or revenue recognition criteria has been met. Intergovernmental receivables consist primarily of receivables due from other governments (i.e. grants, taxes).

I. Loans and Notes Receivable

Loans and notes receivable are primarily loans for mortgage, agricultural development, economic development, railroad construction, construction of infrastructure and education.

J. Interfund Transactions

Due To/Due From

During the course of operations, numerous transactions occur between individual funds and component units for goods provided or services rendered. These receivables and payables are classified as "due from" or "due to" on the balance sheet in the period in which transactions are executed (see Note 4F).

Interfund Receivable/Payable

Interfund Receivables/Payables represent short-term loans made

by one fund to another and appropriated transfers between the Bank of North Dakota and the State's general fund not yet made at year end (see Note 4F).

Included in interfund receivables/payables at June 30, 1996 is an appropriation payable of \$50,590,000 from the Bank of North Dakota to the State's general fund.

Advances

Advances are accounts used to report noncurrent portions of loans from one fund/component unit to another within the same reporting entity (see Note 4F).

Residual Equity Transfers

Residual equity transfers represent nonrecurring or nonroutine transfers of equity between funds (see Note 4F).

Interfund transactions have not been eliminated in the accompanying financial statements.

K. Inventories

Inventories of governmental funds are valued at cost and are recognized principally using the average cost method. Generally, the cost of governmental funds' inventories is recorded as an expenditure when consumed rather than when purchased.

Inventories of proprietary funds consist primarily of grain inventories from the North Dakota Mill and Elevator Association. Grain inventories are valued at the June 30 Minneapolis grain market values less freight costs to Minneapolis. Grain committed to production is valued at cost and grain committed to sale is valued at net commitment price. Flour, feed and resale inventories are valued at ingredient cost plus manufacturing costs incurred in their production. Proprietary funds expense the cost of consumable supplies when used.

Generally, inventories of University System Funds are valued at cost and are recognized principally using the average cost method. Generally the cost of University System Funds inventories is recorded as an expenditure when consumed rather than when purchased.

The Department of Public Instruction has food commodities inventories at June 30, 1996, valued at approximately \$1,091,089 by the USDA. All commodities received are distributed to various schools for the school lunch programs. This inventory is not included in the accompanying financial statements.

The Department of Corrections has federal commodities inventories as of June 30, 1996, valued at approximately \$8,522. This inventory is not included in the accompanying financial statements.

The Department of Human Services has approximately \$9.3 million in food stamp inventory which is included in the special revenue federal fund inventory.

L. Unamortized Bond Issuance Costs

In governmental fund types issuance costs are recognized in the operating statements when incurred. Bond premiums, discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method. The unamortized discount is shown on the balance sheet as a reduction of the bonds payable and the amortization is included in the statement of revenues, expenses and changes in fund balance as interest expense.

M. Fixed Assets

Fixed assets are valued at historical cost or at estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date of donation. Where necessary, estimates of original cost are derived by factoring price levels from the current period to the time of acquisition. Library books are not capitalized as fixed assets except for the University System.

Equipment with a cost of \$750 or more (excluding computer software which must have a cost of \$1,500 or more) and all other fixed assets with a cost of \$1,500 or more per unit are capitalized and reported in the accompanying general purpose financial statements. Fixed asset costs include the purchase price or construction cost, plus those costs necessary to place the asset in its intended location and condition for use. In governmental funds interest costs on self-constructed assets are not capitalized. In proprietary and similar trust funds, interest costs (if material) on self-constructed assets are included in the cost. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. Normal maintenance and repair costs that do not materially add to the value or extend the life of the asset are not capitalized.

Infrastructure is major State-Wide public systems and items attached thereto such as, freeways, freeway lighting systems, freeway drainage systems, freeway signs, bridges, bridge lighting systems, and sewer systems. Infrastructure is not capitalized in the financial statements.

Fixed assets in governmental funds are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and related assets are reported in the General Fixed Assets Account Group. Depreciation on general fixed assets is not recorded.

Fixed assets used in proprietary and nonexpendable trust funds are accounted for in the fund in which they are utilized. Depreciation of fixed assets used in proprietary funds is recorded as an operating expense and accumulated depreciation is reported on the balance sheet. Depreciation is computed using the straight-line method with estimated useful lives for buildings extending to fifty years. Furnishings and equipment, other improvements, and

miscellaneous fixed assets are depreciated using estimated useful lives of three to forty years.

University System Funds record expenditures when they acquire fixed assets and capitalize those assets within their plant funds. These funds capitalize interest expenditures during construction but do not record depreciation. Current Funds used to finance plant assets are accounted for as (1) expenditures for normal replacement of movable equipment and library books, (2) mandatory transfers for required provisions for debt amortization/interest and equipment rental and replacement and (3) transfers of a nonmandatory nature for all other cases.

N. Lease Commitments

The State leases land, office facilities, office and computer equipment, and other assets. Leases are classified according to FASB 13. Many of these leases have fiscal funding clauses; however these clauses have no effect on classifying these leases for accounting purposes. Leases which represent acquisitions are classified as capital leases and the related assets and liabilities are recorded in the general purpose financial statements at the inception of the lease. Other leases are classified as operating leases with the lease payments recorded as expenditures or expenses during the life of the lease.

O. Federal Funds Purchased

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

P. Claims/Judgements Payable

Claims/Judgements Payable are primarily Workers Compensation Claims Incurred But Not Yet Reported (IBNR) by the claimants as well as claims related to various litigation matters. Claims and judgements for governmental funds are reflected entirely in the General Long-Term Debt Account Group and not in individual funds as the liability is not expected to be liquidated with expendable available financial resources.

Q. Compensated Absences**Annual Leave**

State employees accrue vested annual leave at a variable rate based on years of service. Teachers employed by the State do not receive annual leave. In general, accrued annual leave cannot exceed 30 days at each year end, as set by the agency. The amount of annual leave earned ranges between 1 and 2 days per month, and is fixed by the employing unit per section 54-06-14 of the NDCC.

Governmental and expendable trust funds recognize annual leave when the liability is incurred and payable from available expendable resources. Annual leave liability incurred but not payable from available expendable resources is accounted for in

the General Long-Term Debt Account Group. These unpaid amounts will be paid from expendable resources provided for in the budget of future years. Proprietary funds and similar trust funds recognize the expense and accrued liability when the annual leave is earned.

Sick Leave

The North Dakota Century Code, section 54-06-14, states employees accrue sick leave at the rate of one to a maximum of one and one-half working days per month of employment without limitation on the amount that can be accumulated. Employees vest at 10 years of creditable service at which time the State is liable for 10 percent of the employee's accumulated unused sick leave. A liability for accumulated sick leave has been recorded in the accompanying general purpose financial statements.

Compensated absences for governmental funds are reflected entirely in the General Long-Term Debt Account Group and not in individual funds as the liability is not expected to be liquidated with expendable available financial resources.

R. Deposits

The following two liability line items are presented in the Combined Balance Sheet:

Deposits Held For Other Funds. "Deposits Held For Other Funds" are those deposits held by the Bank of North Dakota for other funds included in the reporting entity.

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

Differences on the Combined Balance Sheet between the liability "Deposits Held for Other Funds" and the assets "Cash Deposits and Investments At The Bank Of North Dakota" are attributable to timing differences resulting from the Bank of North Dakota having a different accounting year end than many of the other State Agencies.

S. Deferred Revenue

Deferred revenues arise when a potential revenue does not meet the "available" criteria for revenue recognition in the current period. Deferred revenues also arise when resources are received by the State before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the State has a legal claim to the resources, the deferred revenue is recognized as revenue.

T. Miscellaneous Revenue

Miscellaneous revenue is comprised primarily of grants from private foundations, sale of confiscated property and other nonrecurring revenues.

U. Fund Equity

Fund balance represents the difference between fund assets and fund liabilities for governmental and trust funds.

Retained earnings represents the accumulated earnings of enterprise and internal service funds.

Generally, reserves for governmental funds are established to indicate a claim against assets or for other reasons certain assets are not available for discretionary appropriation. Designated funds represent tentative plans for future use of financial resources.

Contributed capital is recorded in proprietary funds that have received contributions from the public or nonoperating transfers from other funds.

V. Totals (Memorandum Only) Column

Total columns (memorandum only) have been added to certain statements for the primary government and the reporting entity. The total columns include interfund activity and are not comparable to consolidated financial statements, but are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. The primary government includes all funds, organizations, account groups, agencies, boards, commissions, and authorities that are not legally separate from the State. The reporting entity includes the primary government and all of its component units.

W. Changes In Accounting Principles

Effective July 1, 1995, the State implemented Governmental Accounting Standards Board (GASB) Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, Statement No. 26, Financial Reporting for Postemployment Healthcare Plans administered by Defined Benefit Pension Plans and Statement No. 27, Accounting for Pensions by State and Local Governmental Employees. These statements are referred to in Note 8 and 9.

Additionally the State implemented GASB Statement No. 24, Accounting and Financial Reporting for Certain Grants and Other Financial Assistance. The effect of this change was to increase revenues and expenditures by \$32,314,550 and increase inventory and deferred revenue by \$9,356,728 of the Health and Human Services Fund, a special revenue fund. This change in accounting principle had no effect on beginning fund balance.

NOTE 2 - RESTATEMENTS

Certain restatements of fund equity balances, as of June 30, 1995, as discussed below, have been reflected in the General Purpose Financial Statements.

The Attorney General's Refund Fund was reclassified from an agency fund to a special revenue fund. This resulted in an increase of the administrative fund beginning fund balance of \$22,681.

STATE OF NORTH DAKOTA

Notes To The Financial Statements

Centennial Trees fund was reclassified from the Natural Resources special revenue fund to the University System's fund balance. This resulted in a decrease in Natural Resources and an increase in University Systems of \$164,846.

The Veterans Home Commandant's Fund was reclassified from a special revenue fund to an expendable trust fund. The amount of the fund balance reclassified was \$39,012.

Guaranteed Student Loan decreased beginning retained earnings by \$116,284 because certain collection costs retained from consolidation loan payoffs were in excess of parameters issued by the Department of Education.

The PERS Flexcomp Fund beginning fund balance was decreased

by \$6,153 to properly reflect equipment in the general fixed asset account group.

Pursuant to GASB Statement No. 14 the University System has blended in three component units that previously were not included in their system. The three component units, all foundations, resulted in an increase to beginning fund balance of \$5,575,699. Additionally, the beginning fund balance did not include the net investment in the plant of UND-Lake Region, an increase to beginning fund balance of \$1,101,057.

The following schedule reconciles the original July 1, 1995 Budgetary General Fund Balance as adopted by the Legislative Assembly and all approved carryovers, cash transfers and non-appropriated uses (expressed in thousands):

	Approved Budget 1995-97 <u>Biennium</u>	Appropriation Adjustment 1995-97 <u>Biennium</u>	Adjusted Budget 1995-97 <u>Biennium</u>	Actual Biennium To Date	Difference Uncollected/ Unspent Thru 6/30/96
Budgetary General Fund Balance, July 1, 1995	\$ 26,917	\$ -	\$ 26,917	\$ 38,969	\$ 12,052
Authorized 1993-95 Appropriation Carryovers	-	5,527	5,527	-	(5,527)
Net Authorized 1993-95 Cash Transfers	-	-	-	(2,643)	(2,643)
Net Non-Appropriated Sources and Uses	-	-	-	(211)	(211)
Budgetary General Fund Balance, July 1, 1995 as Adjusted	<u>\$ 26,917</u>	<u>\$ 5,527</u>	<u>\$ 32,444</u>	<u>\$ 36,115</u>	<u>\$ 3,671</u>

Restatements for these funds are summarized in the following table (expressed in thousands):

	June 30, 1995 Fund Balance/Equity As Previously Reported	Increase/ (Decrease) For Restatement	July 1, 1995 Fund Balance/Equity As Restated
<u>Primary Government Funds</u>			
Special Revenue Funds:			
Administrative	\$ 159	\$ 23	\$ 182
Natural Resources	11,049	(165)	10,884
Veterans	5,389	(39)	5,350
Total	<u>\$ 16,597</u>	<u>\$ (181)</u>	<u>\$ 16,416</u>
Enterprise Funds:			
Guaranteed Student Loan	<u>\$ 9,835</u>	<u>\$ (116)</u>	<u>\$ 9,719</u>
Expendable Trust Funds:			
PERS Flexcomp	\$ 575	\$ (6)	\$ 569
Veterans Home	-	39	39
Total	<u>\$ 575</u>	<u>\$ 33</u>	<u>\$ 608</u>
University System	<u>\$ 797,777</u>	<u>\$ 6,677</u>	<u>\$ 804,454</u>
Budgetary General Fund Balance	<u>\$ 38,969</u>	<u>\$ (2,854)</u>	<u>\$ 36,115</u>

STATE OF NORTH DAKOTA

Notes To The Financial Statements

NOTE 3 - BUDGET TO GAAP RECONCILIATION

Budgetary Basis vs. GAAP

The accompanying Interim 1995-1997 Statement of Revenues, Expenditures and Other Financing Sources (Uses) -Budget and

Actual - General Fund and Other Budgeted Income presents comparisons of the legally adopted budget with actual data on a budgetary basis. Since the budgetary and GAAP presentations of actual data differ, a reconciliation of the two is presented below for the fiscal year ended June 30, 1996 (expressed in thousands):

	Actual (*) Biennium To Date Thru 6/30/96 (Budgetary Basis)	Non- Appropriated Expenditures	Non- Appropriated Accruals	Difference(**) In Basis	GAAP(***) Fiscal Year 1996 Expenditures
General	\$ 652,929	\$ 211	\$ (537)	\$ -	\$ 652,603
Special Revenue	798,320	35,424	37,478	-	871,222
Debt Service	-	8,814	-	-	8,814
Capital Projects	-	2,757	-	-	2,757
Enterprise	68,756	278,097	-	1,845	348,698
Internal Service	37,214	2,732	-	(5,487)	34,459
Expendable Trust	-	41,674	-	-	41,674
Nonexpendable Trust	-	26,669	-	-	26,669
Pension Trust	1,160	70,334	-	-	71,494
Agency	32,302	-	-	(32,302)	-
University System	105,324	426,156	-	-	531,480
Total - Primary Government	1,696,005	892,868	36,941	(35,944)	2,589,870
Component Units	227	13,245	-	83	13,555
Total - Reporting Entity	\$ 1,696,232	\$ 906,113	\$ 36,941	\$ (35,861)	\$ 2,603,425

(*) Actual For Interim 1995-1997 Biennium Expenditures Includes:

Appropriated Expenditures	\$ 1,640,471
General Fund - Transfers Out	9,253
Other Budgeted Income - Transfers Out	46,508
	<u>\$ 1,696,232</u>

(**)Difference in Basis Includes:	Enterprise	Internal Service	Agency	Component Units
Appropriated Expenditures	\$ -	\$ -	\$ (32,302)	\$ -
Capital Acquisitions	(1,492)	(12,944)	-	(19)
Depreciation	3,337	7,457	-	102
Total	<u>\$ 1,845</u>	<u>\$ (5,487)</u>	<u>\$ (32,302)</u>	<u>\$ 83</u>

(***) GAAP Expenditures Reconciliation:

	Total Expenditures/ Operating Expenses	Operating Transfers Out	Operating Transfers To Component Units	Operating Transfers To Primary Government	Nonoperating Interest Expense	Residual Equity Transfer Out	GAAP Fiscal Year 1996 Expenditures
General	\$ 492,028	\$ 157,119	\$ 3,456	\$ -	\$ -	\$ -	\$ 652,603
Special Revenue	834,213	36,530	5	-	-	474	871,222
Debt Service	8,814	-	-	-	-	-	8,814
Capital Projects	112	2,645	-	-	-	-	2,757
Enterprise	300,618	47,533	-	-	547	-	348,698
Internal Service	34,296	-	-	-	163	-	34,459
Expendable Trust	39,578	2,096	-	-	-	-	41,674
Nonexpendable	1,694	24,975	-	-	-	-	26,669
Pension Trust	71,494	-	-	-	-	-	71,494

STATE OF NORTH DAKOTA

Notes To The Financial Statements

Agency	Total Expenditures/ Operating Expenses	Operating Transfers Out	Operating Transfers To Component Units	Operating Transfers To Primary Government	Nonoperating Interest Expense	Residual Equity Transfer Out	GAAP Fiscal Year 1996 Expenditures
Agency	-	-	-	-	-	-	-
University System	531,480	-	-	-	-	-	531,480
Total - Primary Government	\$ 2,314,327	\$ 270,898	\$ 3,461	\$ -	\$ 710	474	\$ 2,589,870
Component Units	13,352	-	-	203	-	-	13,555
Total - Reporting Entity	\$ 2,327,679	\$ 270,898	\$ 3,461	\$ 203	\$ 710	\$ 474	\$ 2,603,425

NOTE: University expenditures equal "Total Expenditures And Other Deductions" for all funds on the Combined Statement of Changes in Fund Balance.

NOTE 4 - DETAILED NOTES ON ACCOUNT BALANCES

A. Deposits

State law generally requires that all State funds be deposited in the Bank of North Dakota. NDCC 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. Also, NDCC 6-09-07 states "All State funds must be deposited in Bank of North Dakota..." or must be deposited in accordance with constitutional and statutory provisions.

The following summary presents the amount of the State's deposits which are fully insured or collateralized with securities held by the State or by its agent in the State's name (Category 1), those deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the State's name (Category 2) and those deposits which are not collateralized or are collateralized by the pledging financial institution trust or agent, but not in the State's name (Category 3) at June 30, 1996. Funds deposited at the Bank of North Dakota are not credit risked since the Bank is part of the State's reporting entity. The amounts are expressed in thousands.

Primary Government:

	Category			Total Bank Balance	Carrying Amount
	<u>1</u>	<u>2</u>	<u>3</u>		
Cash Deposits	\$ 8,862	\$ -	\$ 123,946	\$ 132,808	\$ 242,904
Certificates of Deposit Recorded as Investments	5,413	-	-	5,413	5,413
Total	\$ 14,275	\$ -	\$ 123,946	\$ 138,221	\$ 248,317

University System:

	Category			Total Bank Balance	Carrying Amount
	<u>1</u>	<u>2</u>	<u>3</u>		
Cash Deposits	\$ 5,436	\$ 69	\$ 509	\$ 6,014	\$ 5,627
Certificates of Deposit Recorded as Investments	4,233	-	-	4,233	4,233
Total	\$ 9,669	\$ 69	\$ 509	\$ 10,247	\$ 9,860

Component Units:

	Category			Total Bank Balance	Carrying Amount
	<u>1</u>	<u>2</u>	<u>3</u>		
Cash Deposits	\$ 1,067	\$ -	\$ -	\$ 1,067	\$ 1,067
Certificates of Deposit Recorded as Investments	-	-	15,976	15,976	15,976
Total	\$ 1,067	\$ -	\$ 15,976	\$ 17,043	\$ 17,043

B. Investments

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

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

1. State Investment Board (SIB) - NDCC 21-10 designates the SIB with investment responsibilities for Public Employees Retirement System; Bonding Fund; Teachers' Fund for Retirement; Fire and Tornado Fund; Workers Compensation Fund and other specific funds. The Century Code states the SIB shall apply the prudent investor rule in investing for funds under its supervision.

The North Dakota State Investment Board participates in a securities lending program whereby securities are loaned to brokers and, in return the Board receives collateral, held by the trustee in the Board's name, of amounts slightly in excess of the market value of the securities loaned. Collateral consists solely of cash, letters of credit, commercial paper and government securities. As of June 30, 1996 the Board had outstanding loaned investment securities having a market value of approximately \$333 million against which it had received collateral of approximately \$342 million.

Governmental Accounting Standards Board (GASB) Statement No. 28, "Accounting and Financial Reporting for Securities Lending Transactions," effective for fiscal years beginning after December 15, 1995, establishes accounting and financial reporting standards for securities lending transactions. The new standard requires governmental entities to report securities lent as assets in their balance sheets. Cash received as collateral and investments made with that cash must also be reported as assets. The statement also requires the costs of the securities lending transactions to be reported as expenses separately from income received. In addition, the statement requires disclosures about the transactions and collateral related to them. The Retirement Investment Office will adopt Statement No. 28 in fiscal year 1997, but does not expect the adoption to have an impact on fund equity or net income.

The State Investment Board's investment policy allows investment managers to use derivative securities. Managers are specifically permitted to use treasury futures and options, S & P 500 index futures and options, and currency forwards and futures to hedge

portfolio risk, but not to speculate or to leverage the portfolio. Managers may use their discretion to use other derivatives to enhance returns, reduce risk, or facilitate the management of index funds. SIB's policy with respect to these derivatives is that their use may not increase the credit, market or legal risk level associated with a fully invested portfolio of common stocks or fixed income obligations, depending on the manager's designated role.

2. North Dakota Board of University and Schools Lands - The Century Code states that the Board of University and School Lands shall apply the prudent investor rule in investing its funds. Also, NDCC 15-03-04 allows the board to invest in first mortgages on farmlands and improvements thereon in this state to the extent such mortgages are guaranteed or insured by the United States or any instrumentality thereof, or if not so guaranteed or insured, not exceeding in amount eighty percent of the actual value of the property on which the same may be loaned, such value to be determined by competent appraisal.
3. The Bank of North Dakota - NDCC 6-09 authorized the Bank of North Dakota. The bank is owned and operated by the State of North Dakota under the supervision of the North Dakota Industrial Commission. The bank may have investments in anything that any bank lawfully may do, except what is restricted by NDCC chapter 6-09.
4. The North Dakota State Treasurer's Office - The State Constitution and various sections of the century code authorize the State Treasurer to invest all State funds deposited with the State Treasury. However, the State Treasurer must invest the public funds with the Bank of North Dakota unless there is statutory authority to do otherwise. Generally, the State Treasurer pools deposits and invests in money market accounts and Bank of North Dakota certificates of deposit.

Investments on the University System balance sheet are made up of certificates of deposit, time savings certificates, U.S. treasury bills and notes, revenue bonds, and investments with broker/dealers. Investments are carried at cost, amortized cost or at fair market value at the time of the gift, if it is contributed to an institution.

The State's investments are categorized below per GASB Statement Three according to the level of credit risk assumed by the State. Category 1 includes investments which are insured, or registered, or securities which are held by the State or the State's agent in the State's name. Category 2 includes uninsured and unregistered investments, with securities held by the counterparty's trust department or agents in the State's name. Category 3 includes uninsured and unregistered investments, with securities which are held by the counterparty, or their trust departments or agents but not in the State's name. The amounts are expressed in thousands.

STATE OF NORTH DAKOTA

Notes To The Financial Statements

Primary Government:

	Category			Carrying Value	Market Value
	<u>1</u>	<u>2</u>	<u>3</u>		
Commercial Paper	\$ 20,000	\$ -	\$ -	\$ 20,000	\$ 20,000
Equity Securities	898,624	-	-	898,624	910,494
Bonds and Notes	431,463	-	-	431,463	431,297
U.S. Government & Agency Issues	1,015,728	-	-	1,015,728	1,018,375
Repurchase Agreements	450	-	-	450	450
	<u>\$ 2,366,265</u>	<u>\$ -</u>	<u>\$ -</u>	2,366,265	2,380,616
Investments in real estate pool				28,565	28,565
Investments in Unemployment Compensation Pool				45,694	45,694
Guaranteed Investment Contract				102,788	102,788
Annuities				47,033	47,033
Mutual Funds				245,522	245,522
Venture Capital				31,174	31,174
EAFE Index Fund				79,213	79,213
Collective Investment Trust				75,290	75,290
Non-Security Investments				9,925	9,925
Totals				<u>\$ 3,031,469</u>	<u>\$ 3,045,820</u>

University System:

	Category			Carrying Value	Market Value
	<u>1</u>	<u>2</u>	<u>3</u>		
Equity Securities	\$ 583	\$ 544	\$ 6,063	\$ 7,190	\$ 8,001
Bonds and Notes	1,712	223	12,075	14,010	13,892
U.S. Government & Agency Issues	6,187	675	5,304	12,166	13,305
	<u>\$ 8,482</u>	<u>\$ 1,442</u>	<u>\$ 23,442</u>	33,366	35,198
Mutual Funds				9,390	9,816
Totals				<u>\$ 42,756</u>	<u>\$ 45,014</u>

Component Units:

	Category			Carrying Value	Market Value
	<u>1</u>	<u>2</u>	<u>3</u>		
U.S. Government & Agency Issues	\$ 3,692	\$ -	\$ -	\$ 3,692	\$ 3,742
Equity Securities	275	-	-	275	250
Obligations of State and Political Subdivisions	204	-	-	204	204
	<u>\$ 4,171</u>	<u>\$ -</u>	<u>\$ -</u>	4,171	4,196
Guaranteed Investment Contract				5,033	5,033
Non-Security Investments				70,444	70,444
Totals				<u>\$ 79,648</u>	<u>\$ 79,673</u>

There were no violations of statutory authority or contractual provisions for investments during the year ended June 30, 1996.

C. Reverse Repurchase Agreements

State statutes permit the State to enter into reverse repurchase agreements, that is, the sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The market value of the securities underlying reverse repurchase agreements normally exceeds the cash received, providing the dealers a margin against a decline in market value of the securities. At June 30, 1996, the State had

reverse repurchase agreements of \$950,000. The agreements are secured by Fed book-entry securities. The market value of these securities at June 30, 1996 was \$950,000.

D. Receivables

Receivables at June 30, 1996 consist of the following (expressed in thousands):

	General	Special Revenue	Debt Service	Enterprise	Internal Service	Trust and Agency	University System	Component Units	Total
Receivables:									
Accounts	\$ 1,142	\$ 13,089	\$ -	\$ 52,408	\$ 983	\$ 14,215	\$ 12,197	\$ 295	\$ 94,329
Less Allowance	-	(1,418)	-	(4,153)	-	-	(677)	-	(6,248)
Taxes	85,236	628	-	-	-	34,988	-	-	120,852
Less Allowance	(4,907)	(292)	-	-	-	-	-	-	(5,199)
Interest	84	1,404	48	23,537	9	14,199	607	1,528	41,416
Less Allowance	-	(130)	-	-	-	-	-	-	(130)
Loans and Notes	154	44,474	-	955,791	-	49,306	41,576	7,340	1,098,641
Less Allowance	(66)	(3,928)	-	(19,938)	-	-	(1,864)	(739)	(26,535)
Net Receivables	<u>\$ 81,643</u>	<u>\$ 53,827</u>	<u>\$ 48</u>	<u>\$ 1,007,645</u>	<u>\$ 992</u>	<u>\$ 112,708</u>	<u>\$ 51,839</u>	<u>\$ 8,424</u>	<u>\$ 1,317,126</u>

E. Restricted Assets

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted,

primarily because their use is limited by applicable bond covenants or pledged for securities sold under agreements to repurchase and for other required purposes. Enterprise funds with restricted assets at June 30, 1996, are as follows (expressed in thousands):

	Cash	Investments	Loans Receivables	Other Assets
Primary Government:				
Bank of North Dakota	\$ -	\$ 60,177	\$ -	\$ -
Guaranteed Student Loan Program	-	8,480	-	-
Housing and Finance	103,449	27,109	280,890	7,831
Real Estate Trust	277	25,506	-	-
	<u>\$ 103,726</u>	<u>\$ 121,272</u>	<u>\$ 280,890</u>	<u>\$ 7,831</u>
Component Unit:				
Municipal Bond Bank	<u>\$ 590</u>	<u>\$ 27,558</u>	<u>\$ -</u>	<u>\$ 13,556</u>

F. Interfund Transactions

The following balances at June 30, 1996 represent interfund transactions among all funds and State agencies (expressed in thousands):

Due From and To Other Funds

Fund Type/Fund	Due From	Due To
General Fund	\$ 35,834	\$ 5,833
Special Revenue:		
Administrative	62	70
Aeronautics & Other Transportation	4	8

STATE OF NORTH DAKOTA

Notes To The Financial Statements

<u>Fund Type/Fund</u>	<u>Due From</u>	<u>Due To</u>
Agriculture	1	11
Commodity Promotion	7	7
Education	560	88
Federal	9,505	18,133
Health and Human Services	24	10,755
Highway	10,939	2,028
Insurance	-	12
Intergovernmental Assistance	2,341	9
Job Service - Special Revenue	372	789
Judicial and Legal	69	11
Land Dept. - Coal Severance	325	159
Land Dept. - Energy Dev. Impact	149	2
Land Dept. - Land and Mineral	46	79
Land Dept. - Land Maintenance	-	7
Motor Vehicle	116	5
National Guard	-	32
Natural Resources	295	23
Oil Tax Resources	643	-
Other Special	59	38
Public Safety and Penal Institutions	7	4
Recreation	319	189
Regulatory	2	7
Veterans	10	-
Capital Projects:		
Building Authority - Capital	-	2,512
Enterprise:		
Bank of North Dakota	1,294	206
Beginning Farmer Revolving Loan	-	15
Bonding	39	3
Community Water Facility Loan	-	18
Dev. Disabled Facility Loan	-	13
Fire and Tornado	11	36
Guaranteed Student Loan	-	171
Housing Finance	84	3
PERS Uniform Group Insurance	5	10
Roughrider Industries	57	12
Student Loan	-	817
Workers Comp. - Enterprise Fund	-	69
Internal Service:		
Central Services	137	3
Fleet Services	879	202
Information Services Division	1,611	13
Risk Management Fund	-	11
State Investment Board	8	193
Expendable Trust:		
Job Service Expendable	2	404
PERS Flexcomp	24	2
Nonexpendable Trust:		
Land Department Permanent	219	104
Pension Trust:		
Highway Patrolmen's Retirement	-	29
Job Service - Travelers Pension	-	1
Pension - Other	-	98
Public Employees Retirement	196	14

<u>Fund Type/Fund</u>	<u>Due From</u>	<u>Due To</u>
Teachers' Retirement	57	6
Agency:		
Payroll	3	26
Tax Collection	-	30,285
University System	7,037	-
Total	<u>\$ 73,352</u>	<u>\$ 73,575</u>

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

	<u>Amount</u>
Due From's	\$ 73,352
General Fund/Bank of North Dakota	(530)
Information Services/Bank of North Dakota	12
Land Dept.-Land and Mineral/Bank of North Dakota	(46)
Bank of North Dakota/Guaranteed Student Loan	(15)
Bank of North Dakota/Job Service-Expendable	404
Bank of North Dakota/Job Service-Special Revenue	564
Bank of North Dakota/Land Department - Permanent	(67)
Bank of North Dakota/Public Employees Ret. System	(43)
Bank of North Dakota/Student Loan Trust	(56)
Due To's	<u>\$ 73,575</u>

The above represents timing differences between agencies as a result of different fiscal year ends.

Due From and To Component Units

<u>Fund Type/Fund</u>	<u>Due From</u>	<u>Due To</u>
Enterprise:		
Bank of North Dakota	\$ 17	\$ -
University System	72	-
Total	<u>\$ 89</u>	<u>\$ -</u>

Due From and To Primary Government

<u>Fund Type/Fund</u>	<u>Due From</u>	<u>Due To</u>
Component Unit: (Enterprise)		
Municipal Bond Bank	\$ -	\$ 17
Technology Transfer, Inc.	-	72
Total	<u>\$ -</u>	<u>\$ 89</u>

STATE OF NORTH DAKOTA

Notes To The Financial Statements

Interfund Receivables/Payables

<u>Fund Type/Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 47,975	\$ -
Special Revenue:		
Federal	-	12,975
Enterprise:		
Bank of North Dakota	-	50,628
University System	8,026	8,026
Total	<u>\$ 56,001</u>	<u>\$ 71,629</u>

A reconciliation of Interfund Receivables/Payables is presented below (expressed in thousands):

	<u>Amount</u>
Interfund Receivables	\$ 56,001
General Fund/Bank of North Dakota	15,628
Interfund Payables	<u>\$ 71,629</u>

The above represents timing differences between the Bank of North Dakota and the General Fund's different fiscal year ends.

Operating Transfers

<u>Fund Type/Fund</u>	<u>In</u>	<u>Out</u>
General Fund	\$ 22,582	\$ 157,119
Special Revenue:		
Administrative	-	12
Aeronautics & Other Transportation	-	630
Agriculture	35	-
Commodity Promotion	-	254
Cultural and Historical	32	-
Education	26,141	2,749
Federal	9,108	15,290
Health and Human Services	2,664	1,497
Highway	458	176
Home Quarter Purchase	-	35
Insurance	-	922
Intergovernmental Assistance	2,767	285
Job Service - Special Revenue	1,370	595
Judicial and Legal	370	7
Land Department - Coal Severance	-	5,158
Land Department - Land and Mineral	712	1,920
Motor Vehicle	-	384
National Guard	359	9
Natural Resources	7,777	1,397
Oil Tax Resources	-	4,719
Other Special	491	3
PACE Funds	4,880	-
Public Safety and Penal Institutions	851	-

<u>Fund Type/Fund</u>	<u>In</u>	<u>Out</u>
Recreation	100	137
Regulatory	92	105
Veterans	202	247
Debt Service:		
Building Authority	7,051	-
Lignite Research	1,092	-
Capital Projects:		
Building Authority	-	2,645
Enterprise:		
Bank of North Dakota	12	46,159
Beginning Farmer Revolving Loan	950	-
Developmentally Disabled Facil. Loan	-	950
Fire and Tornado	6	370
Housing Finance	-	25
Mill and Elevator	9	29
Real Estate Trust	23,157	-
State Fair	354	-
Expendable Trust:		
Job Service - Expendable	61	-
Land Dept. - Abandoned Property	-	1,606
Land Dept. - Capitol Building	-	490
Nonexpendable Trust:		
Land Department - Permanent Fund	1,606	24,975
University System	150,740	-
Total	<u>\$ 266,029</u>	<u>\$ 270,899</u>

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

Operating Transfers In	\$ 266,029
General Fund/Bank of North Dakota	4,844
Industrial Commission/Bank of North Dakota	38
Bank of North Dakota/Industrial Commission	(12)
Operating Transfers Out	<u>\$ 270,899</u>

The above differences represent timing differences between agencies as a result of different fiscal year ends.

Operating Transfers In/Out of Component Units

<u>Fund Type/Fund</u>	<u>In</u>	<u>Out</u>
General	\$ -	\$ 3,456
Special Revenue:		
Job Service - Special Revenue	-	5
University System	203	-
Total	<u>\$ 203</u>	<u>\$ 3,461</u>

STATE OF NORTH DAKOTA

Notes To The Financial Statements

Operating Transfers In/Out of Primary Government

<u>Fund Type/Fund</u>	<u>In</u>	<u>Out</u>
Component Units: (Enterprise)		
ND Development Fund	\$ 1,974	\$ -
Technology Transfer, Inc.	1,487	203
Total	<u>\$ 3,461</u>	<u>\$ 203</u>

	<u>Amount</u>
Advances To Other Funds	\$ 24,202
Land Dept. - Permanent Fund	
Developmentally Disabled Facility Loan	(588)
Advances From Other Funds	<u>\$ 23,614</u>

The above represents timing differences between agencies as a result of different fiscal year ends.

Advances To and From Other Funds

<u>Fund Type/Fund</u>	<u>Advance To</u>	<u>Advance From</u>
Special Revenue:		
Federal	\$ -	\$ 13,676
Aeronautics and Other Transportation	475	-
Highway	15,525	-
Recreation	1,175	-
Insurance	1	-
Enterprise:		
Developmentally Disabled Facility Loan	-	5,762
Internal Service:		
Fleet Services	-	3,500
Expendable Trust:		
Land Dept. - Abandoned and Unclaimed Property	585	-
Nonexpendable Trust:		
Land Dept. - Permanent Fund	6,350	585
University System	91	91
Total	<u>\$ 24,202</u>	<u>\$ 23,614</u>

Advances To/From Component Units

<u>Fund Type/Fund</u>	<u>Advances To</u>	<u>Advances From</u>
Enterprise:		
Bank of North Dakota	<u>\$ 12,247</u>	<u>\$ 12,247</u>

Advances To/From Primary Government

<u>Fund Type/Fund</u>	<u>Advances To</u>	<u>Advances From</u>
Component Unit: (Enterprise)		
Municipal Bond Bank	<u>\$ 12,247</u>	<u>\$ 12,247</u>

Residual Equity Transfer

The Solid Waste Management Fund, a Special Revenue Fund, was closed out to the Health and Human Services Fund, another Special Revenue Fund. This resulted in a residual equity transfer of \$473,270.

A reconciliation of Advances To Other Funds and Advances From Other Funds is presented below (expressed in thousands):

G. Fixed Assets

The following is a summary of fixed assets at June 30, 1996 (expressed in thousands):

<u>Description</u>	<u>Enterprise</u>	<u>Internal Service</u>	<u>Fiduciary Funds</u>	<u>General Fixed Assets</u>	<u>University System</u>	<u>Component Units</u>
Land	\$ 801	\$ -	\$ -	\$ 18,215	\$ 15,183	\$ -
Buildings	25,989	-	280	255,962	461,124	-
Improvements Other Than Buildings	3,828	-	-	43,036	54,155	-
Equipment	37,828	76,820	109	91,192	244,501	76
Construction in Progress	176	-	-	25,345	8,385	-
Total Fixed Assets (Gross)	68,622	76,820	389	433,750	783,348	76
Less: Accumulated Depreciation	(35,598)	(40,799)	(74)	-	-	(40)
Total Fixed Assets (Net)	<u>\$ 33,024</u>	<u>\$ 36,021</u>	<u>\$ 315</u>	<u>\$ 433,750</u>	<u>\$ 783,348</u>	<u>\$ 36</u>

STATE OF NORTH DAKOTA

Notes To The Financial Statements

The following is a summary of changes in the General Fixed Asset Account Group during the fiscal year (expressed in thousands):

Description	Balance July 1, 1995	Adjustments to Beginning Balances	Additions	Retirements	Transfers Between Asset Class and Funds	Balance June 30, 1996
Land	\$ 18,084	\$ -	\$ 290	\$ (159)	\$ -	\$ 18,215
Buildings	242,016	113	3,635	(953)	11,151	255,962
Improvements Other Than Buildings	39,427	(233)	995	(259)	3,106	43,036
Equipment	85,942	321	9,534	(4,591)	(14)	91,192
Construction in Progress	24,650	2,756	12,196	-	(14,257)	25,345
Total General Fixed Assets	<u>\$ 410,119</u>	<u>\$ 2,957</u>	<u>\$ 26,650</u>	<u>\$ (5,962)</u>	<u>\$ (14)</u>	<u>\$ 433,750</u>

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

Project Description	Enterprise Funds	Amount Authorized	Amount Expended Through June 30, 1996	Balance Authorized
Mill and Elevator:				
New Warehouse Addition		<u>\$ 244</u>	<u>\$ 176</u>	<u>\$ 68</u>

Project Description	General Fixed Assets Account Group	Amount Authorized	Amount Expended Through June 30, 1996	Balance Authorized
C-12 Hangar		\$ 2,154	\$ 2,051	\$ 103
Heating Plant Addition		2,141	2,099	42
Grand Forks Armory		7,863	7,807	56
Moving Target Simulator Bldg.		709	674	35
Tactical Water Dispensing System		484	96	388
Paint Facility		2,246	158	2,088
Bsmk. Old Shop Heating System		97	92	5
Dozer Blade Dickinson District		3	2	1
New G.F. Lot Improvements		170	68	102
Surface West Lot Bsmk. District		30	9	21
Lake Agassiz Rest Area		716	127	589
Alex. Henry Rest Area		538	96	442
Midland Continental Rest Area		404	71	333
Software Development		10,515	9,157	1,358
ADA Improvement		413	232	181
Tunnel System-Green House		1,200	570	630
West Tower		188	5	183
Code Renovation Projects		363	29	334
Pembina Museum		2,025	1,877	148
Dickinson Office		257	34	223
Life Safety Systems		24	5	19
Building Automation		20	4	16
Baseboard Heating		70	2	68
Law Enforce. Trng. Ctr. Expansion		<u>1,200</u>	<u>80</u>	<u>1,120</u>
Total General Fixed Asset Account Group		<u>\$ 33,830</u>	<u>\$ 25,345</u>	<u>\$ 8,485</u>

<u>Project Description</u>	<u>Amount Authorized</u>	<u>Amount Expended Through June 30, 1996</u>	<u>Balance Authorized</u>
<u>University System</u>			
Science Center	\$ 8,490	\$ 451	\$ 8,039
Parking Lots	430	79	351
Votech Air Quality	165	16	149
Votech Renovation	15	12	3
Armory Repair	45	17	28
Ellig Track Complex	1,389	1,387	2
Elevator	218	217	1
Track Replacement	269	99	170
Skywalk	750	1	749
Rural Technology Center	3,500	3,259	241
Apartment Storage Facility	420	3	417
Recycling Facility	375	23	352
Abbott Renovation	4,144	228	3,916
McCannel Renovation	3,513	2,593	920
Total	<u>\$ 23,723</u>	<u>\$ 8,385</u>	<u>\$ 15,338</u>

H. Operating LeasesPayments on Operating Leases

The State is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the State's Account Groups or Proprietary fund assets and liabilities. Lease expenditures for the year ended June 30, 1996 amounted to \$9,484,193.

Future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of June 30, 1996 for all fund types are as follows (expressed in thousands):

<u>Year Ending June 30</u>	<u>Amounts</u>
1997	\$ 6,359
1998	4,839
1999	4,297
2000	3,826
2001	3,457
Thereafter	10,561
Total Minimum Lease Payments	<u>\$ 33,339</u>

Rental Receipts on Operating Leases

The following is a schedule by years of future minimum rental receipts on noncancellable operating leases as of June 30, 1996 (expressed in thousands):

<u>Year Ending June 30</u>	<u>Amounts</u>
1997	\$ 87
1998	87
1999	87
2000	74
2001	24
Thereafter	216
Future Income on Noncancellable Operating Leases	<u>\$ 575</u>

I. Capital Leases

The State is obligated under certain leases accounted for as capital leases. Capital lease obligations and the related assets for the governmental fund types and University System are reported under the General Fixed Assets Account Group and University System (discrete presentation) respectively.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 1996 (expressed in thousands):

<u>Year Ending June 30</u>	<u>Governmental Fund Types</u>	<u>Proprietary Fund Types</u>	<u>University System</u>
1997	\$ 1,787	\$ 197	\$ 7,603
1998	1,831	189	7,189
1999	1,889	165	5,568

STATE OF NORTH DAKOTA

Notes To The Financial Statements

Year Ending June 30	Governmental Fund Types	Proprietary Fund Types	University System
2000	1,619	112	5,072
2001	1,053	24	4,445
Thereafter	2,110	-	15,525
Total Minimum Lease Payments	10,289	687	45,402
Less: Amount Representing Interest	(2,169)	(121)	(9,677)
Present Value of Future Minimum Lease Payments	\$ 8,120	\$ 566	\$ 35,725

Changes in Capital Lease Obligations for the year ended June 30, 1996 are as follows (expressed in thousands):

	Governmental Fund Types	Proprietary Fund Types	University System
Balance at July 1, 1995	\$ 1,702	\$ 498	\$ 36,387
Payments	(787)	(138)	(5,969)
Leases Added	7,205	206	5,307
Balance at June 30, 1996	\$ 8,120	\$ 566	\$ 35,725

J. Long-Term Debt

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

Bonds and Notes Payable

Bonds payable at June 30, 1996 consisted of bonds issued by the State that are accounted for in the General Long-Term Debt Account Group and certain State agency bonds accounted for in proprietary funds.

1. General Obligation Bonds:

General obligation bonds have been authorized and issued to provide funds through the North Dakota Industrial Commission, to the Bank of North Dakota.

General obligation bonds issued according to the constitution and enabling statutes, are backed by the full faith, credit, and taxing power of the State of North Dakota. Debt service requirements are

provided by repayment of the real estate loans, and by transfer of funds from the Bank of North Dakota.

Real Estate Trust, reported in the Enterprise Fund, consists of one general obligation bond issue. Interest is payable semiannually on March 1 and September 1 of each year. The bonds are redeemable at 100% of principal due. The bonds are subject to early redemption based on an optional redemption clause, a mandatory sinking fund redemption clause, and a special redemption clause.

General obligation bonds currently outstanding are as follows (expressed in thousands):

	Maturity Date	Interest Rate	Balance June 30, 1996
Real Estate Trust:			
Real Estate Series	2014	6.00-7.375	\$ 38,835

Debt service requirements to maturity for general obligations bonds, for the fiscal year ended June 30, are summarized below (expressed in thousands):

Fiscal Year	Principal	Interest
1997	\$ 430	\$ 2,708
1998	2,090	2,679
1999	2,010	2,535
2000	2,015	2,394
2001	1,905	2,251
Thereafter	32,380	17,015
Less Bond Discount	(1,995)	-
Total	\$ 38,835	\$ 29,582

2. Revenue Bonds

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

PRIMARY GOVERNMENT

Building Authority

The 1988 Series A, B, and C bonds, the 1992 Series A bonds and the 1993 Series B bonds have interest payable semiannually on February 15 and August 15 of each year. The 1991 Series A bonds, the 1993 Series A bonds and the 1995 Series A bonds have interest payable semiannually on June 1 and December 1 of each year. The bonds of each series are subject to optional and extraordinary optional redemption prior to maturity upon the occurrence of certain events. The bonds are independently secured by the funds, certain mortgaged property, and all rights,

titles, and interests of the Building Authority as lessor, including all basic rent payments, investment earnings on the funds and any other income derived by the Building Authority with respect to the lease.

All the bond agreements require the establishment and maintenance of reserve funds to be used for debt service payments if amounts in the bond funds are insufficient to make payments. Reserve funds are also required for any positive arbitrage due to the federal government.

Lignite Research

The Industrial Commission is authorized by NDCC Ch. 54-17.5 (the "Act") to provide funds and financial assistance to qualified persons for projects related to the clean use of lignite in order to insure economic growth, maintain and enhance development of North Dakota lignite and general welfare in North Dakota. The Industrial Commission is authorized and has established a program to issue and sell North Dakota Lignite Research Bonds to provide funds for the purpose stated in the Act. As of June 30, 1996 there was \$16 million of authorized and \$8,825,000 issued through the Lignite Research Fund.

The 1996 Series A bonds have interest payable on May 15 and November 15 of each year. The bonds maturing on November 15, 2005 are subject to mandatory redemption equal to 100% of par plus accrued interest at various amounts in 2004 and 2005. The bonds are also subject to extraordinary redemption upon the occurrence of certain events. Proceeds of the bonds are being used to provide a grant for funding of construction of an anhydrous ammonia plant.

State Fair

On March 15, 1994, the North Dakota State Fair issued \$3,515,000 Refunding Revenue Bonds Series 1994 for the purpose of refinancing the 1991 bond issue. These bonds have interest payable semiannually with principal payments due each September 1 in each of the years 1995 through 2011.

Student Loan Trust

The 1988 Series A bonds have interest payable semiannually on January 1 and July 1 of each year. The Series B bonds are zero coupon bonds with interest accruing monthly and the face value payable at maturity. These bonds were issued to retire the 1985 Series A Bonds. The Series A bonds may be redeemed at any time on or after July 1, 1997 as a whole or in part at the option of the Industrial Commission of North Dakota at the following redemption prices: FY98-103%, FY99-102%, FY00-101% and any later dates at 100%.

The 1989 Series A and B bonds have interest payable semiannually on January 1 and July 1 of each year. The Series C bonds are zero coupon bonds with interest accruing monthly and the face value payable at maturity. The Series A and B bonds may be redeemed at any time on or after July 1, 1998 as a whole or in part at the option of the Industrial Commission of North Dakota at the following redemption prices: FY99-103%, FY00-102%, FY01-101% and any later dates at 100%.

The 1992 Series A bonds were issued to retire the 1984 Series A bonds and have interest payable semiannually on January 1 and July 1 of each year.

The proceeds of the 1996 Series A and B bonds were used to refund the July 1, 1996 principal maturity of the 1988 Series A and B, 1989 Series B, and 1992 Series A bonds. Interest is payable semiannually on January 1 and July 1 of each year. The 1996 Series A and B bonds are variable rate bonds initially issued as auction rate certificates. The rate of interest will be determined each 35-day period. The maximum rate of interest is 12% per annum. Under certain conditions, the Industrial Commission may call for early redemption of the 1996 Series A and B bonds at 100% of the principal amount plus accrued interest to date of redemption. The 1996 Series A bonds are subject to mandatory redemption prior to maturity at a redemption price equal to 100% of the principal amount of \$8,500,000 plus accrued interest on July 1, 1998.

The proceeds of the 1996 Series D bonds will be used to finance the acquisition of supplemental loans. These bonds are subject to redemption prior to maturity at the option of the Industrial Commission on July 1, 1996 at 100% of the principal amount plus accrued interest to date of redemption.

Housing Finance

Housing Finance bonds were issued to provide financing to purchase mortgage loans to finance multifamily housing projects. The bonds are the direct obligation of the Housing Finance Agency and are secured by the mortgage loans purchased under the applicable resolutions; the revenues, prepayments, insurance and foreclosure proceeds received related to the mortgage loans; and certain funds and accounts established pursuant to the applicable bond resolution. The term bonds of all bond series have mandatory sinking fund requirements starting in 1997.

In November 1995, Multifamily Mortgage Bonds Series 1985 A with a face value of \$9,210,704 consisting of \$3,215,000 in serial bonds with an average interest rate of 8.4% and the remaining balance in zero coupon bonds maturing at 9% on December 1, 1997 were refunded by the issuance of the 1995 Series A Multifamily Mortgage Finance Program Bonds with a face value of \$9,915,000 and an average interest rate of 5.9%. The Agency refunded the Bonds to decrease its total scheduled debt service payments by approximately \$9 million and to obtain an economic gain (difference between the present values of the scheduled debt service payments on the old and new debt) of \$1 million over the next 20 years.

The Agency has \$8,435,000 outstanding letters of credit related to the single family bonds at June 30, 1996. The letters of credit are issued by the Bank of North Dakota and are held by the bond trustees. The letter of credit agreements allow the trustees to draw sufficient funds to meet debt service on the bonds when due in the event there is insufficient funds in the trustees' accounts for this purpose. As of June 30, 1996, the Agency has not drawn on letters of credit.

STATE OF NORTH DAKOTA

Notes To The Financial Statements

COMPONENT UNITS

Municipal Bond Bank

The bonds of the Municipal Bond Bank were issued to provide financing to purchase municipal securities in order to provide local political subdivisions with funds to finance local projects. The bonds are direct obligations of the Municipal Bond Bank and are secured by municipal securities purchased under the applicable resolutions, interest earnings and certain accounts established pursuant to the applicable bond resolutions.

Revenue Bonds outstanding (expressed in thousands):

Description	Maturity Date	Interest Rate (%)	Balance 6/30/96
Primary Government			
General Long-Term Debt Account Group:			
<u>Building Authority</u>			
Series A:			
1988	1997-1999	6.80-7.10	\$ 455
1991	1997-2011	6.00-6.75	13,105
1992	1997-2008	5.00-6.40	2,605
1993	1997-2010	4.40-6.00	26,973
1995	1998-2017	5.00-6.10	15,928
Series B:			
1988	1997-1999	6.80-7.10	175
1993	1997-2015	3.65-5.50	15,082
Series C:			
1988	1997-1999	6.65-6.85	3,340
Subtotal			<u>77,663</u>
<u>Lignite Research</u>			
Series A:			
1995	1997-2006	3.90-5.75	<u>8,825</u>
Enterprise Funds:			
<u>State Fair</u>			
Series A:			
1994	1997-2012	3.50-6.00	<u>3,231</u>
<u>Student Loan Trust</u>			
Series A:			
1988	1997-2003	7.15-7.75	57,310
1989	2002-2006	6.90-7.00	19,066
1992	1997-2002	5.40-6.15	25,095
1996	1999-2003	3.65	15,350
Series B:			
1988	1997-2003	7.20-7.90	9,433
1989	1997-2001	7.05-7.125	52,016
1996	2006	3.70	10,550
Series C:			
1989	2003-2006	7.20-7.25	4,128
Series D:			

Description	Maturity Date	Interest Rate (%)	Balance 6/30/96
1996	2007-2015	5.80-6.40	<u>3,000</u>
Subtotal			<u>195,948</u>
<u>Housing Finance</u>			
<u>Multi-Family Bonds</u>			
Series 1990 A:			
Serial Bonds	1997-2000	7.10-7.40	220
Term Bonds	2000-2016	7.75	2,170
Series 1990 B:			
Serial Bonds	1997-2000	7.10-7.40	145
Term Bonds	2000-2016	7.75	1,445
Series 1990 C:			
Serial Bonds	1997-2000	7.10-7.40	70
Term Bonds	2000-2016	7.75	775
Series 1990 D:			
Serial Bonds	1997-2000	7.10-7.40	35
Term Bonds	2000-2016	7.75	300
Series 1990 E:			
Serial Bonds	1997-2000	7.10-7.40	35
Term Bonds	2000-2016	7.75	285
Series 1990 F:			
Serial Bonds	1997-2000	7.10-7.40	60
Term Bonds	2000-2016	7.75	570
Series 1993 A:			
Term Bonds	1997-2005	5.125	144
Term Bonds	2004-2024	5.75	1,790
Series 1995 A:			
Serial Bonds	1998-2008	4.30-5.50	1,995
Serial Bonds	1997-2005	5.95-6.85	636
Term Bonds	2016	6.125	3,590
Term Bonds	2018	6.15	1,300
Term Bonds	2021	6.20	2,325
<u>Single Family Bonds</u>			
Series 1985 A:			
Capital Appreciation Serial Bonds	1997-2001	8.25-9.00	2,317
Principal Appreciation Conversion Securities			
	2018	9.625	2,208
Series 1986 A:			
Serial Bonds	1997-2002	6.20-7.05	1,300
Term Bonds	2008	7.25	1,949
Term Bonds	2018	7.375	6,090
Series 1987 A:			
Term Bonds	2016	8.05	5,835
Term Bonds	2017	8.50	180
Series 1987 B:			
Serial Bonds	1997-2003	7.50-8.55	445
Term Bonds	2008	9.00	625
Term Bonds	2019	9.25	370
Series 1987 C:			
Serial Bonds	1997-2003	7.20-8.20	440
Term Bonds	2009	8.625	675
Term Bonds	2019	8.75	2,390

STATE OF NORTH DAKOTA

Notes To The Financial Statements

Description	Maturity Date	Interest Rate (%)	Balance 6/30/96
Series 1988 A:			
Serial Bonds	1997-2004	7.20-8.10	2,505
Term Bonds	2016	8.10	7,475
Term Bonds	2020	8.375	6,627
Series 1989 A:			
Serial Bonds	1997-2005	7.45-8.00	5,280
Cap. Apprec. Bonds	2005-2009	8.00-8.10	5,269
Term Bonds	2012	8.30	3,214
Term Bonds	2022	8.375	15,935
Series 1989 B:			
Term Bonds	2014	8.00	1,950
Series 1990 A:			
Serial Bonds	1997-2006	6.70-7.50	1,910
Term Bonds	2011	7.90	1,690
Term Bonds	2024	8.05	9,810
Series 1990 B:			
Serial Bonds	1997-2006	6.00-7.20	2,255
Term Bonds	2011	7.625	2,030
Term Bonds	2025	7.75	11,850
Series 1990 C:			
Serial Bonds	1997-2006	5.90-7.00	2,575
Term Bonds	2011	7.25	2,235
Term Bonds	2025	7.30	13,515
Series 1991 A:			
Serial Bonds	1997-2007	5.35-6.75	2,410
Term Bonds	2013	6.95	2,235
Term Bonds	2024	7.00	7,260
Series 1992 A:			
Serial Bonds	1997-2007	5.00-6.50	3,945
Term Bonds	2013	6.75	3,620
Term Bonds	2017	6.10	2,005
Term Bonds	2024	6.80	9,600
Series 1992 B:			
Serial Bonds	1997-2007	4.20-6.25	6,390
Term Bonds	2014	6.70	4,820
Term Bonds	2019	6.00	8,230
Term Bonds	2026	6.80	5,360
Series 1993 A:			
Serial Bonds	1997-2009	3.50-5.10	2,790
Term Bonds	2014	4.55	1,470
Term Bonds	2025	5.55	6,060
Series 1994 A:			
Serial Bonds	2003-2010	5.10-5.50	3,140
Term Bonds	2015	5.00	3,070
Term Bonds	2026	5.95	4,945
Series 1994 B:			
Serial Bonds	1997-2003	3.70-4.80	2,060
Term Bonds	2026	5.80	5,580
Series 1994 C:			
Serial Bonds	1997-2010	4.50-6.40	4,265
Term Bonds	2017	6.25	4,265
Term Bonds	2026	6.95	8,810
Series 1994 D:			

Description	Maturity Date	Interest Rate (%)	Balance 6/30/96
Serial Bonds	1997-2010	4.50-6.25	12,505
Term Bonds	2020	6.25	6,405
Term Bonds	2025	6.75	9,905
Series 1994 E:			
Term Bonds	2015	6.30	7,930
Series 1995 A:			
Serial Bonds	1997-2010	5.30-7.15	5,330
Term Bonds	2016	7.40	4,485
Term Bonds	2021	7.10	5,165
Term Bonds	2027	7.50	8,610
Series 1995 B:			
Serial Bonds	1998-2011	4.60-6.00	6,625
Term Bonds	2016	6.25	3,975
Term Bonds	2019	5.875	3,585
Term Bonds	2027	6.32	10,815
Series 1995 D:			
Serial Bonds	1998-2011	4.10-6.15	1,895
Term Bonds	2017	6.30	1,130
Term Bonds	2021	5.80	1,350
Term Bonds	2028	6.325	2,725
Series 1995 E:			
Interim Bonds	1997	4.20	22,000
Series 1995 F:			
Serial Bonds	1998-2011	4.20-5.85	4,810
Term Bonds	2016	6.00	2,905
Term Bonds	2020	5.50	2,635
Term Bonds	2026	6.15	1,000
Term Bonds	2027	6.15	6,650
Series 1996 A:			
Serial Bonds	1999-2012	4.45-6.15	6,025
Term Bonds	2017	6.30	3,650
Term Bonds	2021	5.80	3,830
Term Bonds	2028	6.325	9,395
Subtotal			<u>396,504</u>

University System

VCSU-Valley City:

Dormitory Bonds of 1961	2002	4.25	58
Student Center Bonds of 1968	1998	3.00-5.25	70
Dormitory Bonds of 1971	2011	7.00-7.25	540
Technology Fee-1996	2006	3.70-4.75	292

UND-Williston:

Williston Center Auxiliary	2004	4.00-6.25	385
Williston Center	2019	3.00	386
Technology Fee-1996	2006	3.70-4.75	73

UND-Lake Region:

Dorm Revenue Bonds of 1965	2004	4.20	175
Dorm Revenue Bonds of 1967	1999	5.00	70
Building Revenue Bonds of 1972	2013	5.80-5.90	875

STATE OF NORTH DAKOTA

Notes To The Financial Statements

Description	Maturity Date	Interest Rate (%)	Balance 6/30/96
UND-Grand Forks:			
Housing and Auxiliary Facilities 88A	2014	6.50-7.85	21,070
Housing and Auxiliary Facilities 88B	2004	5.00-7.40	310
EERC Revenue Bonds 92	2003	4.40-6.40	2,140
Housing and Auxiliary Facilities 93A	2013	4.25-5.25	4,850
Building Authority	2010	-	197
Technology Fee-1996	2006	3.70-4.75	1,407
Building Authority	2002	-	872
NDSU-Fargo:			
1988 Memorial Union Addition	2007	6.90-7.70	900
1992 Refunding	2011	6.355	8,810
1961 Gross Hall	2001	6.25	41
1971 Milligan	2011	4.10	286
IACC Building Match	2009	-	388
Technology Fee-1996	2006	3.70-4.75	1,005
1996B Refunding	2008	3.75-5.25	1,175
NDSCS-Wahpeton:			
Babcock Hall	2003	4.25	117
McMahon & Forkner Halls	2006	3.60-4.00	280
Robertson Hall	2008	4.50	540
Married Student Housing	2012	6.00-7.50	333
Schulz & Forkner Addition	2012	6.25-7.25	635
Nordgaard Hall	2014	6.25-6.30	1,095
Building Authority	2010	-	219
Technology Fee-1996	2006	3.70-4.75	250
MSU-Minot:			
1992 Refunding Bonds	2006	3.75-6.75	2,080
Student Center 1994	2014	2.80-5.40	1,910
Building Authority	2013	-	128
Building Authority	2010	-	1,384
Technology Fee-1996	2006	3.70-4.75	300
MSU-Mayville:			
Berg Hall	1998	3.00	25
Agassiz Hall	2007	3.00	330
Student Center	2008	7.00	710
Technology Fee-1996	2006	3.70-4.75	164
DSU-Dickinson:			
Pulver Hall	1999	4.60	130
Technology Fee-1996	2006	3.70-4.75	343
Building Authority	2002	-	275
BSC-Bismarck:			
Werner Hall 1964	2005	4.00	190
Swenson Hall 1971	2005	7.10-7.40	200
Student Union	2008	5.80-6.10	490
Revenue Bonds-1996	2003	3.80-4.40	485
Technology Fee-1996	2006	3.70-4.75	165
Building Authority	2002	-	1,060
Subtotal			60,213

Description	Maturity Date	Interest Rate (%)	Balance 6/30/96
Total Revenue Bonds Payable			
Primary Government			\$ 742,384
Component Units			
<u>Municipal Bond Bank</u>			
Series A:			
1977	1997-1997	4.75-5.00	\$ 720
1979	1997-2000	6.20-6.25	4,435
1989	1997-2014	10.20-10.50	10,255
Series A thru O:			
1990	1997-2010	6.50-7.85	1,335
Series A thru I:			
1991	1997-2012	5.40-8.75	3,895
Series A thru K:			
1992	1997-2012	4.50-6.60	9,995
Series A thru F:			
1993	1997-2013	3.50-5.75	6,640
Series A:			
1993	1997-2015	4.30-6.25	19,278
Series A:			
1994	1997-2014	4.00-6.50	4,655
Series A Thru C:			
1995	1997-2015	4.00-6.00	2,505
Series A:			
1995	1997-2016	5.00-6.30	6,742
Total Revenue Bonds Payable-Component Units			
			\$ 70,455

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

Primary Government

Fiscal Year	Principal	Interest
1997	\$ 65,945	\$ 44,158
1998	42,545	42,050
1999	36,095	39,961
2000	24,794	38,389
2001	48,055	35,953
Thereafter	530,577	404,660
Less Bond Discount	(206)	206
Accrued Interest at Maturity on Zero Coupon Bonds		
	(5,421)	5,421
Total	\$ 742,384	\$ 610,798

STATE OF NORTH DAKOTA

Notes To The Financial Statements

Component Units

Fiscal Year	Principal	Interest
1997	\$ 5,090	\$ 4,443
1998	4,725	4,164
1999	4,465	3,901
2000	4,270	3,640
2001	4,010	3,388
Thereafter	47,895	22,900
Total	<u>\$ 70,455</u>	<u>\$ 42,436</u>

3. Notes Payable

The following is a schedule of notes payable outstanding at June 30, 1996 (expressed in thousands):

Description	Maturity Date	Interest Rate (%)	Balance 6/30/96
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General Long-Term Debt Account Group

Job Service	2004	7.90-9.00	\$ 993
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Enterprise Funds

Housing Finance	1999	6.16*	2,000
Bank of North Dakota	1997-2001	7.875-8.34	57,000
Mill and Elevator	1996	7.50	4,200

Internal Service Funds

Information Services	1997-1999	5.02-6.10	2,311
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University System	2003	4.79	4,559
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Total Primary Government			<u>\$ 71,063</u>
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*Variable at 1% above T-bill rate.

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

Fiscal Year	Principal	Interest
1997	\$ 58,785	\$ 5,059
1998	1,814	748
1999	1,043	664
2000	4,109	585
2001	4,147	287
Thereafter	1,165	71
Total	<u>\$ 71,063</u>	<u>\$ 7,414</u>

4. Tax Anticipation Note

The Highway Special Revenue Fund, has a Tax Anticipation Note with the Bank of North Dakota. The note carries a variable interest

rate, (7.50% at June 30, 1996) with a maturity date of December 31, 1997. Principal is to be paid back based upon the amount of contractor tax collected each month. Debt Service requirements to maturity are not disclosed due to the uncertainty of the tax collections. The balance at June 30, 1996 is \$1,325,445.

Changes in General Long-Term Debt Account Group

Changes in General Long-Term Debt Account Group for the year ended June 30, 1996, were (expressed in thousands):

	Balance July 1, 1995	Additions	Deletions	Balance June 30, 1996
Notes Payable	\$ 1,097	\$ -	\$ (104)	\$ 993
Bonds Payable	65,613	24,753	(3,878)	86,488
Claims/Judgments Payable	2,804	472	(265)	3,011
Capital Leases	1,702	7,205	(787)	8,120
Total	<u>\$ 71,216</u>	<u>\$ 32,430</u>	<u>\$ (5,034)</u>	<u>\$ 98,612</u>

Compensated Absences at June 30, 1996 were approximately \$19,780,000 a net increase of \$250,000 from the June 30, 1995 balance of approximately \$19,530,000.

5. Defeased Bonds

PRIMARY GOVERNMENT

Building Authority Bonds

On March 11, 1993, the Authority issued \$34,740,000 in Revenue Bonds with a true interest rate of 5.75 percent to advance refund \$31,845,000 of outstanding 1990 Series A, B and C Bonds with an average interest rate of 7.4 percent. The net proceeds of \$34,058,358 (after payment of \$681,642 in underwriting fees, insurance and other issuance costs) including \$1,052,500 of 1990 Series A, B and C monies were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1990 Series A, B and C Bonds. As a result, the 1990 Series A, B and C Bonds were considered to be defeased and the liability for those bonds was not reflected on the Authority's financial statements. At June 30, 1996, \$27,685,000 of bonds outstanding are considered defeased.

UNIVERSITY SYSTEM

Minot State University

On June 2, 1992, Minot State University placed the proceeds of the \$2,620,000 Student Housing Revenue Refunding Bonds of 1992 in an irrevocable trust with an escrow agent to provide for future debt service payments of the existing revenue bonds. The purpose of the 1992 bonds was to refund in advance of maturity the 1966 Student Union Construction and Refunding Bonds and the 1985 Student Housing Revenue Bonds. As a result, the trust account

assets and the liabilities for the defeased bonds are not included in Minot State University's financial statements.

Under an advanced refunding arrangement, refunding bonds are issued and the net proceeds, plus additional resources that may be required, are used to purchase securities issued or guaranteed by the United States Government. These securities are then deposited in an irrevocable trust under an escrow agreement which provides that all proceeds from the trust will be used to fund the principal and interest payments of the previously issued bonded debt being refunded. The trust deposits have been computed so that the securities in the trust, along with future cash flow generated by the securities, will be sufficient to service the previously issued bonds. The principal amounts outstanding as of June 30, 1996 and 1995, of the original bonds refunded (considered defeased) by the advance refunding total \$445,000 and \$2,010,000, respectively.

University of North Dakota

Housing and Auxiliary Facilities Refunding Series 1985A bonds were originally issued, in addition to financing construction costs, to refund in advance of maturity the outstanding advanced refunding bonds, namely: (a) \$14,520,000 of Housing and Auxiliary Facilities Revenue Bonds Series 1984A, and (b) \$3,750,000 of Housing and Auxiliary Facilities Revenue Bonds Series 1984B.

The principal amounts outstanding as of June 30, 1996 and June 30, 1995, of the original bonds refunded by the advance refunding of 1985 totaled \$15,940,000 and \$16,260,000, respectively.

Housing and Auxiliary Revenue Refunding Bonds Series 1984A, which were included in the advance refunding of 1985, as described above, were originally issued in 1984 for the purpose of advance refunding certain outstanding bonds (Series I through Series N). The principal amounts outstanding as of June 30, 1996 and June 30, 1995, of the original bonds refunded by the advance refunding of 1984 totaled \$7,945,000 and \$9,015,000, respectively.

Housing and Auxiliary Revenue Bonds Series I and Series J, which were included in the advance refunding of 1984 as described above, were originally issued in 1975 for the purpose of advance refunding certain outstanding bonds of the university. The principal amounts outstanding as of June 30, 1996 and 1995, of the original bonds refunded by the advance refunding of 1975 totaled \$2,366,000 and \$2,531,000, respectively.

All of the refunded bonds are considered "defeased" and have debt service needs covered by U.S. Government securities which are held in a special trust administered by the Bank of North Dakota. As such, neither the assets of the trust nor the related bonds payable are included in the accompanying balance sheet.

North Dakota State University

The University, pursuant to resolutions adopted by the Board of Higher Education on November 7, 1985, issued \$4,833,813 of Housing and Auxiliary Facilities Revenue Refunding Bonds (Series 1985) on December 30, 1985. The purpose of issuing Series 1985 bonds was to refund in advance of maturity the outstanding advanced refunded bonds, which consisted of all bonds outstanding as of December 30, 1985, totaling \$7,675,000. The

Series 1985 bonds do not pay the holder interest but were sold at a discount so that principal payments will yield a return to maturity from 8.20% to 9.70%.

In accordance with Financial Accounting Standards Board Statement No. 76, all of the refunded bonds are considered "defeased". As such, neither the assets of the trust nor the related bonds payable are included in the accompanying balance sheet. The principal amounts outstanding as of June 30, 1996 and 1995, of the original bonds refunded by the advance refunding total \$4,635,000 and \$5,230,000, respectively.

The University, pursuant to resolutions adopted by the Board of Higher Education on June 4, 1992 issued \$8,810,000 of Housing and Auxiliary Facilities Revenue Refunding Bonds (Series 1992) on June 23, 1992. The purpose of issuing the Series 1992 bonds was to refund in advance of maturity the outstanding advanced refunding bonds, Series 1985. The proceeds of the Series 1992 bond issue were irrevocably deposited in an escrow account to provide for all debt service payments after the "crossover date". This crossover refunding issue retired the outstanding Series 1985 bond issue (\$8,071,500) on the "crossover date" of April 1, 1996. Therefore, only the 1992 issue is included in the financial statements at June 30, 1996. Both issues were included in the financial statements at June 30, 1995.

The University, pursuant to resolutions adopted by the Board of Higher Education on February 15, 1996, issued \$1,175,000 of Housing and Auxiliary Facilities Revenue bonds (Series 1996A) on March 13, 1996. The purpose of issuing the Series 1996A bonds was to advance refund a portion (\$975,000) of the Series 1988 Housing and Auxiliary Facilities Revenue Bonds. The portion of the Series 1988 Bonds advance refunded represents the bonds maturing April 1, 2004 through 2008. The proceeds of the Series 1996A issue were irrevocably deposited in an escrow account to provide for all debt service payments after the April 1, 2003 "crossover" date. The Series 1988 bonds are callable at the option of the Board on or after April 1, 2006.

In accordance with Financial Accounting Standards Board Statement No. 76, the portion of the Series 1988 bonds that are advance refunded are considered "defeased". As such, neither the assets of the escrow account nor the related bonds payable (i.e., the advance refunded portion of the Series 1988 bonds) are included in the accompanying balance sheet. As of June 30, 1996, the principal amount outstanding of the advance refunded portion of the Series 1988 bonds is \$975,000. As of June 30, 1996, the portion of the Series 1988 bonds that were not advance refunded by the Series 1996A bonds is reported in the University's balance sheet in the amount of \$900,000.

COMPONENT UNITS

Municipal Bond Bank Bonds

On February 17, 1993, the Bond Bank issued \$20,220,000 (Series 1993 A bonds) with an average interest rate of 6.04 percent. A portion of these bonds (\$6,250,000) was used to advance refund \$5,470,000 of outstanding 1990 Series A bonds with an average interest rate of 7.80 percent. The bonds mature October 1, 2014 and are callable on October 1, 2000. The net proceeds of \$5,972,470 (after payment of \$73,835 in underwriting fees and

STATE OF NORTH DAKOTA

Notes To The Financial Statements

other issuance costs allocated using a prorata basis of the total bonds issued), plus approximately \$165,000 in 1990 monies were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1990 Series A bonds. The advance refunding met the requirements of an in-substance debt defeasance and the liability for those bonds is not reflected in these financial statements.

At December 31, 1995, \$6,924,000 of bonds outstanding are considered defeased.

K. Arbitrage Rebate Payable

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

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

The State has an arbitrage rebate payable to the federal government of approximately \$464,000 at June 30, 1996. These amounts are reported in the Enterprise Fund as an intergovernmental payable.

NOTE 5 - CONTRIBUTED CAPITAL RECONCILIATION

Changes in contributed capital for the year ended June 30, 1996 were (expressed in thousands):

	Enterprise	Internal Service	Total
Contributed Capital, June 30, 1995	\$ 29,745	\$ 16,437	\$ 46,182
Additions	-	4,858	4,858
Deletions	(1,394)	-	(1,394)
Contributed Capital, June 30, 1996	<u>\$ 28,351</u>	<u>\$ 21,295</u>	<u>\$ 49,646</u>

Contributed capital of the Bank of North Dakota was reduced by \$1,394,000 as a result of the Bank writing off its investment in the Myron G. Nelson Fund, Inc.

Contributed capital was increased in Fleet Services by \$4,858,305 as a result of University System's contributing fixed assets to them.

NOTE 6 - RETAINED EARNINGS/FUND EQUITY - SPECIFIC RESERVES

Certain fund equity reserves presented in the accompanying financial statements as of June 30, 1996 as Reserved for Other

Specific Purposes are further detailed as follows (expressed in thousands):

A. Retained Earnings: Reserved For

Enterprise

Primary Government:

Capital Growth (Bank of North Dakota)	\$ 42,000
Debt Service (State Fair)	250
Escrow Requirements (Guaranteed Student Loan)	8,480
Debt Service on Mortgage Loans (Housing Finance)	16,580
Political Subdivision Water Facilities (Community Water Facilities)	4,775
Loans to Beginning Farmers (Beginning Farmer)	3,098
Capital Construction for Developmentally Disabled (Developmentally Disabled Facility)	1,433
Other (Student Loan)(1)	59,019
Total	<u>\$ 135,635</u>

- (1) For:
- Acquisition of New and Existing Student Loan
 - Repayment of Bond Interest and Principal
 - Meet Estimated Operating Expenses of the Trust for the Next Three Years
 - Surplus Account

Enterprise

Component Units:

Equity Investments, Loans, Grants and Guaranty of Collections (North Dakota Development Fund, Inc.)	\$ 4,540
Contingencies (Comprehensive Health Association)	40
Debt Service or Purchase of Municipal Securities (Municipal Bond Bank)	25,727
Total	<u>\$ 30,307</u>

B. Fund Balance: Reserved For Other

	Special Revenue	Trust and Agency	University System
Legal Requirements	\$ -	\$ 436,568	\$ -
Pension Benefits	-	1,651,144	-
Postemployment Healthcare Benefits	-	13,309	-
Prepaid Expenditures	3,868	-	-
Federal Loan Funds	-	-	30,931
University System	-	-	48,545
Total	<u>\$ 3,868</u>	<u>\$2,091,021</u>	<u>\$ 79,476</u>

C. Fund Balance:

<u>Unreserved - Designated For Other</u>	<u>Special Revenue</u>	<u>Trust and Agency</u>
Trust Purposes	\$ -	\$ 762
Fund Activities	8	-
Patients Welfare	485	-
PACE Fund Activity	7,823	-
Total All Funds	<u>\$ 8,316</u>	<u>\$ 762</u>

NOTE 7 - DEFICIT FUND EQUITYProprietary FundsWorkers Compensation

At June 30, 1996, the Bureau had an accumulated deficit of approximately \$73 million. The Bureau has achieved rate adequacy through a multi-year plan to increase premiums to an adequate level to cover the cost of claims and operating expenses. The Bureau is also attempting to more effectively use vocational rehabilitation and return to work options before classifying a claim as permanent total disability.

The 1995 North Dakota legislature approved extensive changes to the Bureau's benefit structure. As a result, the Bureau has experienced reductions in the estimated reserves through discontinuance of retirement benefits, changes in the income test requirements of the rehabilitation program, changes in the criteria under which inactive claims can be reactivated and through other reform legislation.

Risk Management Fund

At June 30, 1996, the Risk Management Fund had a deficit of \$743,103. The Fund has received premiums from the State agencies to cover the deficit but they have not yet been earned. The premiums not earned are shown as deferred revenue.

NOTE 8 - RETIREMENT SYSTEMSA. Description of Plans

The State of North Dakota administers four major retirement systems: North Dakota Public Employees' Retirement System, North Dakota Highway Patrolmen's Retirement System, Retirement Plan for the Employees of Job Service North Dakota and the Teachers' Fund for Retirement. These retirement systems have implemented Governmental Accounting Standards Boards Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and Statement No. 27 Accounting for Pensions by State and Local Governmental Employers, as of July 1, 1995. State employees may also participate in a privately administered retirement system: Teachers' Insurance Annuity Association. The following is a brief description of each plan. More detailed information can be found in the plan agreements and the related legislation.

North Dakota Public Employees' Retirement System (PERS)

The North Dakota Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan covering substantially all employees of the State of North Dakota, its agencies, and various participating political subdivisions. It also covers Supreme and District Court Judges and the National Guard Security Officers and Firefighters. It is not subject to the provisions of the Employee Retirement Securities Act of 1974. PERS issues a publicly available financial report that may be obtained by writing to North Dakota Public Employees Retirement System, 400 East Broadway, Suite 505, Bismarck, North Dakota 58501.

At June 30, 1996, the number of participating local political subdivisions in PERS was:

Cities and Park Districts	47
Counties	40
School Districts	58
Other	38
Total Participating Local Political Subdivisions	<u>183</u>

Death and disability benefits are set by statute. If an active employee dies with less than five years of credited service, a death benefit equal to the value of the employee's accumulated contributions, plus interest, is paid to the employee's beneficiary. If the employee has earned more than five years of credited service, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the employee's accrued normal retirement benefit, or 60 monthly payments equal to the employee's accrued normal retirement benefit calculated as if the employee were age 65 the day before death occurred (or, effective August 1, 1995, monthly payments in an amount equal to the employees' accrued 100% joint and survivor retirement benefit if the member had reached normal retirement age prior to date of death). If the surviving spouse dies before the employee's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

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

Benefits are set by statute. The system has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equals or exceeds 88, or at normal retirement age (65), equal to 1.74% of their final average salary for each year of service. The plan permits early retirement at ages 55-64, with five or more years of service. The monthly pension benefit for Supreme and District Court Judges at normal retirement age (65) is equal to 3.5% of final average salary multiplied by the first 10

years of service, plus 2.25% (2.80% effective August 1, 1995) of final average salary times the second 10 years of service, plus 1.25% of final average salary times years of service in excess of 20 years. The judicial retirement formula is only applied to eligible judicial service. Non-judicial service benefits are calculated using the 1.74 percent multiplier. The monthly pension benefit for security officers' or firefighters at normal retirement age (55) is equal to 1.74% of the final average salary for each year of service with five years served as a security officer or firefighter.

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

The system is funded by employee contributions (set by statute) of 4% of regular compensation with the exception of Supreme and District Court Judges contributions which are established at 5% of total compensation. During the 1983-1985 biennium the State implemented the employer pickup provision of the IRS code whereby a portion or all of the required employee contributions are made by the employer. The State is paying the full employee contribution with the exception of the Supreme and District Court Judges in which the State is paying 4 of the 5 percent contribution. Some of the political subdivisions are paying all or part of the employee contributions. Employer contributions of 4.12 percent of covered compensation are set by statute. The employer contribution rate for the Supreme and District Court Judges is also set by statute at 12.52 (14.52 percent effective June 30, 1996) and the contribution rate for the National Guard security officers and firefighters is set by the Board at 8.33 percent. The required contributions are determined using an entry age normal actuarial funding method. The North Dakota Retirement Board was created by the State legislature and is the governing authority of PERS. Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code.

North Dakota Highway Patrolmen's Retirement System (NDHPRS)

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

Death and disability benefits are set by statute. If an active employee dies with less than 10 years of credited service, a death benefit equal to the value of the employee's accumulated contributions, plus interest, is paid to the employee's beneficiary. If the employee has earned more than 10 years of credited service, the surviving spouse, if any, will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the employee's accrued normal retirement benefit, or 60 monthly payments equal to the employee's accrued normal retirement benefit calculated as if the employee were age 55 the day before

death occurred. If the surviving spouse dies before the employee's accumulated pension benefits are paid, the balance will be payable to any designated beneficiary.

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

Benefits are set by statute. The system has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees are entitled to unreduced pension benefits after a minimum of 10 years of service upon attainment of age 55 or when the sum of age and years of credited service equal or exceeds 80. The annual pension benefit is equal to a percentage of average monthly salary using the highest 36 consecutive months out of the last 120 months of service. The percentage is equal to the sum of the first 25 years of service multiplied by 3.03% and 1.75% multiplied by years of service in excess of 25, if any. The plan permits early retirement at ages 50-54, with ten or more years of service.

The system is funded by employee contributions of 10.3% (of which the State is paying 4%) of total compensation and an employer contribution of 16.7%. The required contributions are determined using an entry age normal cost method. The North Dakota Retirement Board was created by the State legislature and is the governing authority of NDHPRS. Benefit and contribution provisions are administered in accordance with chapter 39-03 of the North Dakota Century Code.

Refunds of Member Contributions

Upon termination, if a member is not vested (is not 65 or does not have five years of service credited for NDPERS, or is not 60, or does not have ten years of service credited for NDHPRS), they will receive the accumulated employee contributions plus interest. If a member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member of the PERS terminated and withdrew their accumulated employee contribution and is subsequently re-employed, they have the option of repurchasing their prior service.

Retirement Plan for the Employees of Job Service North Dakota (JSND)

The retirement plan for employees of Job Service North Dakota is a single-employer defined benefit public employee retirement plan. Previous to September 30, 1993 this plan was funded with the Travelers Insurance Company under Group Annuity Contract GR-600. Effective October 1, 1993, the deposit administration fund was terminated and Group Guaranteed Benefit Contract GR-16312 was in effect. Job Service North Dakota issues a publicly available financial report that may be obtained by writing to Job Service North Dakota, 1000 East Divide Avenue, Bismarck, North Dakota 58501.

Participation in the plan is limited to employees participating in the plan as of September 30, 1980. Employees were vested in the program after the completion of five years of credited service.

The plan provides retirement, disability and death benefits. If the death of a participant occurs prior to his/her annuity starting date the surviving spouse who has been married at least two years prior to the participant's death or, if married less than two years is a parent of a child of this marriage, then the spouse shall receive monthly benefits. The amount is the greater of the benefit had the participant retired on the day before he/she died and elected the Contingent Annuitant Option with 55% of his/her retirement benefit continued to his/her spouse or 55% of the smaller of 40% of the deceased participant's average monthly earnings or the deceased participant's normal retirement benefit obtained by increasing their credited service by the period of time between their date of death and the date they would have attained age 60. Upon remarriage of the surviving spouse before age 60, the death benefit will cease.

If a participant becomes totally disabled, they will be eligible for a monthly disability benefit which shall be equal to the greater of 40% of the participant's average annual earnings or the accrued benefit determined as of their date of disability.

Employees are entitled to annual pension benefits beginning at normal retirement age (65). Employees may elect an optional retirement eligibility at age 62 with 5 years of credited service, at age 60 with 20 years of credited service, or at age 55 with 30 years of credited service. Pension benefits are calculated based on the final average earnings (basic monthly earnings averaged over the highest three consecutive years of basic earnings) of the employee multiplied by the sum of:

- 1.5% times years of credited service up to 5 plus;
- 1.75% times years of credited service between 6 and 10 plus;
- 2.0% times years of credited service in excess of 10.

The system is funded by employee contributions of 7% of retirement wages (of which 4% is paid by the employer in lieu of salary increases) and employer contributions of 23.91% for fiscal year 1996. The required employer contributions are determined using an entry age actuarial funding method. Benefit and contribution provisions of the JSND are administered in accordance with Chapter 52-11 of the North Dakota Century Code.

Teachers' Fund for Retirement (TFFR)

The North Dakota Teachers' Fund for Retirement is a cost-sharing multiple-employer defined benefit pension plan covering employees for all public and certain college, State and non-public teachers of the State who meet certain requirements of age, period of productive service and employment. TFFR provides for pension, survivor and disability benefits. Teachers' Fund for Retirement issues a publicly available financial report that may be obtained by writing to the Retirement and Investment Office, 1930 Burnt Boat Drive, Bismarck, North Dakota 58501.

At June 30, 1996, the number of participating employer units in TFFR was:

Type	Number
Special Education Units	21
Vocational Education Units	6
Public School Districts	239
County Superintendents	37
Other	17
Total	320

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

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 1.55% for 1996, times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, five- or ten-year term certain annuity, or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas and may be eligible for legislative increases in monthly benefits.

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

An active member is eligible to receive disability benefits when: (a) a total disability lasting twelve months or more does not allow the continuation of teaching, (b) the member has accumulated one year of credited service in North Dakota, and (c) the Board of Trustees of TFFR has determined eligibility based upon medical evidence. The amount of the disability benefit is computed by the retirement formula in NDCC Section 15-39.1-10 without consideration of age and assuming the member has a minimum of 20 years of credited service. There is no actuarial reduction for reason of disability retirement.

Assessments and contributions paid to TFFR are set by NDCC Section 15-39.1-09. Every eligible teacher in the state of North Dakota is required to be a member of TFFR and is assessed at a rate of 6.75% of salary as defined by NDCC Section 15-39.1-04. Every governmental body employing a teacher must also pay into TFFR a sum equal to 6.75% of the teacher's salary. Based on an annual actuarial valuation, TFFR is effectively providing for the normal cost of TFFR's participants plus amortizing the unfunded liability over approximately a 20-year period.

A vested member who terminates covered employment may elect a refund of assessments paid or defer payment until eligible for pension benefits. A nonvested member who terminates covered employment must claim a refund of assessments paid unless that member submits a valid waiver of this refund to the board of Trustees of TFFR. Refunded members forfeit all service credits under TFFR. These service credits may be repurchased upon return to covered employment under certain circumstances, as defined by the NDCC.

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

	<u>PERS</u>	<u>NDHPRS</u>	<u>JSND</u>	<u>TFFR</u>
Retirees and Beneficiaries				
Currently Receiving Benefits:	3,723	69	170	4,503
Special Prior Service Retirees:	324	-	-	-
Terminated Employees:				
Vested	86	1	6	1,000
Nonvested	<u>1,784</u>	<u>3</u>	<u>-</u>	<u>235</u>
Total Terminated Employees	1,870	4	6	1,235
Active Employees:				
Vested	9,779	61	135	7,725
Nonvested	<u>5,699</u>	<u>51</u>	<u>-</u>	<u>2,072</u>
Total Active Employees	15,478	112	135	9,797
Date of Annual Valuation	July 1, 1996	July 1, 1996	July 1, 1996	July 1, 1996

(*) Includes retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The public employee retirement systems described above are considered part of the State of North Dakota's reporting entity and are included in the State's financial statements as pension trust funds. The financial statements of these systems are prepared using the accrual basis of accounting. Employee contributions are recognized as revenues in the period in which they are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Determine Employer Contributions

Employer contributions for the PERS, NDHPRS and JSND were determined by an actuarial formula identified as entry age normal

cost method. The formula determines the amount of contributions necessary to fund: (a) the current service cost, which represents the estimated amount necessary to pay for benefits earned by employees during the current service year and, (b) the prior service cost, which represents the amount necessary to pay for benefits earned prior to the effective date of the plan.

Method Used to Value Investments

Investments are recorded at fair value determined by reference to published market data for publicly traded securities and through the use of independent valuation services and appraisals for other investments. The net appreciation in fair value of investments consists of the realized gains or losses and the unrealized appreciation or depreciation in fair value of investments during the year. Realized gains and losses on sales of investments are computed based on the difference between the sales price and the fair value of the investments as of the beginning of the year or cost if purchased during the year. Unrealized appreciation or depreciation is computed based on changes in the fair value of investments between years. Security transactions were accounted for on a settlement date basis through November 1995. They are currently accounted for on a trade date basis. Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date.

During the current year, there were no investments in the stock or bonds of any commercial or industrial organization whose fair value represented 5% or more of the net assets available for benefits. JSND pension plan assets include Guaranteed Investment Contract which comprises approximately 66% of the total assets. Additionally, there were no securities of the employers or related parties included in the assets of the pension trust funds.

Investments of PERS and NDHPRS are commingled and invested. Earnings on the investments and expenses relating to administering the plans are allocated to each plan based upon their percentage of ownership or number of participants.

The Retirement Plan for Employees of Job Service North Dakota pension trust fund was funded under a deposit administration contract with Travelers Insurance Company (Travelers) until September 30, 1993, and was valued at contract value.

Effective October 1, 1993, the deposit administration fund was terminated and Group Guaranteed Benefit Contract GR-16312 was in effect. Funds transferred from the deposit administration fund to the new contract were \$33,712,261 on October 1, 1993. Contract value represents the balance of the fund not yet transferred to the Agency, plus interest of 6.45%, less funds used to purchase cost-of-living annuities for retirees prior to 10/1/93 and pay administration expenses charged by the Travelers. Contract value was \$30,877,138 at June 30, 1996.

On March 14, 1994, the Plan Administrator/Trustee for the Retirement Plan for Employees of Job Service North Dakota entered into an investment management agreement with the North Dakota State Investment Board. This agreement provided for investment management services for pension fund assets not held by the Travelers. Fair value of investments with SIB at June 30, 1996, were \$16,007,706.

STATE OF NORTH DAKOTA

Notes To The Financial Statements

C. Funding Status and Progress

The actuarial methods and assumptions together with the schedule of funding progress is presented by the retirement systems in their separately presented financial reports based upon the actuary reports generated by the studies conducted by the Segal Company and Wyatt Company. The actuarial value of assets is based on a

five-year smoothed fair value basis. Under this method, realized and unrealized gains and losses on investments are smoothed over five years. Below is listed the various actuarial methods and significant assumptions used to determine the annual required contributions, together with the schedule of funding progress.

	PERS NDHPRS	Job Service North Dakota	TFFR
Valuation date	July 1, 1996	July 1, 1996	July 1, 1996
Actuarial cost method	Entry Age Normal	Frozen Initial Liability	Entry Age Normal
Amortization method	Level Percent Open	Level Percent of Pay	Level Payment Open
Remaining amortization period	20 years	17 years	20 years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market
Actuarial Assumptions:			
Investment rate of return	8%	8%	8%
Projected salary increase	4.5%*	5%	4.25%-12.25%
Includes inflation at	4.5%	5%	4.5%
Post retirement cost-of-living adjustment	None	5%	None

*Inflation together with wage increases attributable to seniority, merit and "standard of living" increases.

Schedule of Funding Progress (Dollars in Millions)

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess)	Funded Ratio	Annual Covered Payroll	UAAL (Funded Excess) as a Percentage of Annual Covered Payroll
PERS						
July 1, 1991	\$ 387.6	\$ 385.0	\$ (2.6)	100.7%	\$ 268.5	(1.0%)
July 1, 1992	421.6	417.8	(3.8)	100.9%	288.5	(1.3%)
July 1, 1993	468.0	469.6	1.6	99.7%	298.6	0.5%
July 1, 1994	505.8	511.2	5.4	98.9%	302.2	1.8%
July 1, 1995	554.6	539.8	(14.8)	102.7%	303.4	(4.9%)
July 1, 1996	621.7	597.9	(23.8)	104.0%	345.3	(6.9%)
NDHPRS						
July 1, 1991	\$ 14.1	\$ 16.6	\$ 2.5	84.9%	\$ 3.2	78.1%
July 1, 1992	15.3	18.0	2.7	85.0%	3.3	81.8%
July 1, 1993	17.0	19.6	2.6	86.7%	3.5	74.3%
July 1, 1994	18.3	20.7	2.4	88.4%	3.4	70.6%
July 1, 1995	20.0	22.3	2.3	89.7%	3.4	67.6%
July 1, 1996	22.2	23.8	1.6	93.3%	3.8	42.1%

STATE OF NORTH DAKOTA

Notes To The Financial Statements

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess)	Funded Ratio	Annual Covered Payroll	UAAL (Funded Excess) as a Percentage of Annual Covered Payroll
Job Service North Dakota						
July 1, 1991	\$ 26.4	\$ 6.5	\$ (19.9)	406.2%	\$ 5.4	(368.5%)
July 1, 1992	27.4	9.1	(18.3)	301.1%	5.3	(345.3%)
July 1, 1993	27.3	9.5	(17.8)	287.4%	5.2	(342.3%)
July 1, 1994	30.5	12.0	(18.5)	254.2%	5.2	(355.8%)
July 1, 1995	40.8	11.4	(29.4)	357.9%	5.0	(588.0%)
July 1, 1996	46.1	10.6	(35.5)	434.9%	4.9	(724.5%)
TFFR						
July 1, 1991	\$ 463.3	\$ 615.1	\$ 151.8	75.3%	\$ 235.1	64.6%
July 1, 1992	519.8	616.0	96.2	84.4%	250.9	38.3%
July 1, 1993	567.2	727.1	159.9	78.0%	260.4	61.4%
July 1, 1994	606.8	764.2	157.4	79.4%	262.4	60.0%
July 1, 1995	661.2	799.8	138.6	82.7%	268.7	51.6%
July 1, 1996	733.3	851.6	118.3	86.1%	281.2	42.1%

D. Contributions Required and Contributions Made

Employer contribution rates for PERS, NDHPRS and JSND are set by state statute using the entry age normal actuarial cost method. This method produces an employer contribution rate consisting of (1) an amount for normal cost, (2) an amount for amortization of the unfunded accrued liability over a period of 20 years for PERS and NDHPRS and 30 years for JSND, and (3) the amount necessary to provide for operating expenses. For JSND the entire employer contribution requirement is to cover the current amortization of the Unfunded Employer Frozen Initial Liability with none being applied for normal costs. In determining funding requirements, the actuary uses the same actuarial assumptions as those used to calculate the actuarial accrued liability.

The contribution rate is not actuarially determined for TFFR; it is set by statutory law under the North Dakota Century Code Section 15-39.1-04. It is required that every eligible teacher be a member of the Fund and assessed at a rate of 6.75% of gross salary and that every governmental body employing a teacher pay into the plan a sum equal to 6.75% of the teacher's salary. Based on an actuarial valuation, the plan is effectively providing for the normal cost plus amortizing the unfunded liability over approximately a 20 year period from July 1, 1995.

For NDHPRS and JSND, sole employer plans, contributions for the years ended June 30, 1996, 1995 and 1994 were \$468,100, \$507,600 and \$520,700 and \$1,324,089, \$1,325,997 and \$1,530,792, respectively, which are equal to required contributions for the respective years.

The following schedule presents, by retirement system, annual required contributions and the percentage contributed:

Schedule of Employer Contributions

	Annual Required Contribution	Percentage Contributed
PERS		
1994	\$ 12,030,100	100%
1995	12,544,500	100%
1996	10,588,800	100%
TFFR		
1994	\$ 17,812,804	100%
1995	18,326,881	100%
1996	18,988,538	100%

E. Teachers Insurance Annuity Association

The Teachers Insurance and Annuity Association (TIAA-CREF), a privately administered defined contribution retirement plan, provides individual retirement fund contracts for eligible permanent employees as defined by the Board of Higher Education in its approved TIAA-CREF retirement resolution.

Employees are eligible for retirement benefits after attaining the age of 65, which is payable periodically for life. All benefits vest immediately to the participant. The plan requires employee and employer contributions be based on a classification system and years of service based on the schedule shown below.

Employment Class	Years of Service	By The Participant	By The Institution	Total
I and III	0 thru 10	1.5%	9.5%	11.0%
	over 10	2.0%	10.0%	12.0%
II	0 thru 2	0.5%	4.5%	5.0%
	3 thru 10	1.5%	9.5%	11.0%
	over 10	2.0%	10.0%	12.0%
IV	0	1.0%	9.0%	10.0%

Plan contributions by participants will be deducted from salary payments, or if elected by the participant, will be made on a tax-deferred basis under an agreement for salary reduction executed in accordance with Section 414(h)(2) of the Internal Revenue Code. All contributions are applied as premiums to retirement annuity contracts owned by the participant. The state has no further liability once annual contributions are made. The state contributed \$11,949,199, which is the required contribution, for the fiscal year ended June 30, 1996.

F. Other Pension Disclosures

Income Taxes

The North Dakota Retirement Board (PERS, NDHPRS), TFFR and JSND are exempt from the payment of any federal or state income taxes, by virtue of their being a North Dakota State Agency.

NOTE 9 - POST-RETIREMENT BENEFITS

The Retiree Health Benefits Fund is administered by the North Dakota Retirement Board (the board) to provide members receiving retirement benefits from the Public Employees Retirement System (which includes judges retired under NDCC Chapter 27-17), the Highway Patrolmen's Retirement System and, the Retirement Plan established by Job Service North Dakota, 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, 1995 the Fund implemented Governmental Accounting Standards Board Statement No. 26, Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans. The Retiree Health Benefits Fund is advance-funded on an actuarially determined basis.

The employer contribution for the Public Employees Retirement System and the Highway Patrolmen's Retirement System is set by state statute on an actuarially determined basis at 1 percent of covered compensation. The employer contribution for the Supreme and District Court judges is 3 percent of covered compensation in order to extend this benefit to judges retired under NDCC Chapter 27-17. Job Service North Dakota reimburses the Retiree Health Benefits Fund monthly for credit received by members of the retirement program established by Job Service North Dakota. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1 percent of their covered compensation to the Retiree Health Benefits Fund.

Employees purchasing previous service credit are also required to make an employee contribution to the Fund.

Retiree health benefits are set by state statute. Employees who are receiving monthly retirement benefits from the Public Employees Retirement System (which includes judges retired under NDCC Chapter 27-17), the Highway Patrolmen's Retirement System or the Retirement Plan established by Job Service North Dakota, are eligible to receive credit toward their monthly health insurance premium under the state health plan. The benefits are equal to \$4.50 for each of the employee's years of credited service not to exceed the premium in effect for selected coverage. Total Job Service expenditures for their pay-as-you-go plan was \$142,520 for the period ending June 30, 1996. The number of employees, from Job Service, using the credit was 111 at June 30, 1996. The retiree health benefit is also available for early retirement with reduced benefits.

Death and disability benefits are set by state statute. An employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit, are eligible to receive a credit toward their monthly health insurance premium under the state health plan. The benefits are equal to \$4.50 for each of the employee's or deceased employees, year's of credited service not to exceed the premium in effect for selected coverage.

Actuarial valuations of the Fund were done as of June 30, 1996. The actuarial cost method used is the Projected Unit Actuarial Credit Cost Method. The significant actuarial assumptions used to determine funding requirements are (a) a rate of return on the investment of present and future assets of 8.0 percent, (b) inflation at 4.50% per annum, (c) pre- and post-mortality life expectancies of participants based upon 1983 Group Annuity Mortality Tables and the PBGC's Disabled Life Mortality Tables, (d) rates of withdrawal from active service before retirement for reasons other than death, rates of disability, and expected retirement ages developed on the basis of actual plan experience, and (e) administrative expenses of \$100,000 per year. Plan assets are valued at market value for actuarial purposes.

The following are the changes in actuarial assumptions and cost methods and the effect on the employer's contribution rates expressed as a percent of covered payroll and the dollar effect on the actuarial accrued liability. There were no plan amendments.

	As a Percentage of Covered Payroll	Dollar Effect
Change In:		
Net effect of change in assumptions and asset method	(.02%)	\$ (69,820)
Changes in plan experience	(.10%)	(349,101)
	<u>(.12%)</u>	<u>\$ (418,921)</u>

Employer contributions totaling \$3,377,815 were made for the year ended June 30, 1996. The actuarially required employer contribution of \$3,459,400 for the year ended June 30, 1996 is 1.01 percent of the covered payroll and reflects the fact that the

statutory rate of 1 percent is sufficient to cover future costs of the Fund. At June 30, 1996, the cost of benefits incurred for the fund was \$2,497,333.

Employee membership is as follows:

Retirees receiving benefit	2,469
Active participants	15,590
Total Membership	18,059

According to the Projected Unit Credit Cost Method, the actuarial accrued liability and the unfunded actuarial accrued liability of the Retiree Health Benefits Fund are as follows:

Actuarial accrued liability	\$ 47,019,600
Net assets available for benefits, at actuarial value	11,432,800
"Unfunded" accrued liability	\$ 35,586,800

The fair value of the net assets available for benefits at June 30, 1996 is \$13,309,095.

NOTE 10 - DEFERRED COMPENSATION PLAN

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees, permits them to defer a portion of their current salary until future years. Participation in the plan is optional. The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency.

All compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State (without being restricted to the provisions of benefits under the plans) subject only to the claims of the State's general creditors.

Participants' rights created under the plans are equivalent to those of general creditors of the State in an amount equal to the fair market value of the deferred account maintained with respect to each participant. The State has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

In the past, the plan's assets have been used for no purpose other than to pay benefits. In addition, the State believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Assets of the plan are administered by third parties. These assets are recorded at market value in the Deferred Compensation (Agency) Fund.

Of the \$53,414,846 in the plan at June 30, 1996, \$52,398,881 or 98% was applicable to the State of North Dakota, while the

remaining \$1,015,965 represents the assets of other jurisdictions participating in the plan.

NOTE 11 - SEGMENT INFORMATION

The State groups its Enterprise Funds into several segments which include the following:

PRIMARY GOVERNMENT

Bank of North Dakota was established for the purpose of promoting agriculture, commerce and industry in North Dakota. The business of the Bank may include anything that a bank lawfully may do, except as it may be restricted by the laws of the State.

Beginning Farmer Revolving Loan was established for the purpose of making loans to North Dakota beginning farmers for the purchase of agricultural real estate.

Bonding was established to provide fidelity bonding of public employees and officials.

Community Water Facility Loan was established to provide supplementary financing in conjunction with federal monies for the construction, enlargement, extension or other improvement of community water facilities.

Developmentally Disabled Facility Loan was established for the purpose of making loans to nonprofit corporations for project costs related to the establishment of facilities for developmentally disabled, chronically ill and physically disabled persons.

Fire and Tornado was established to provide property insurance to various State agencies and political subdivisions.

Guaranteed Student Loan was established to account for revenues and expenses associated with the administration, development, and operation of the guaranteed loan program.

Housing Finance provides assistance for North Dakotans in buying or renting decent, safe housing.

Mill and Elevator was created for the purpose of encouraging and promoting agriculture, commerce and industry by maintaining and marketing farm products.

PERS Uniform Group Insurance was established to provide employees of the State of North Dakota or any of its political subdivisions, institutions, departments, or agencies, economies of scale in purchasing health and life insurance.

Real Estate Trust was established to provide a fund for which to place all sums collected for the purpose of retiring the principal of real estate bonds at their maturity and paying the interest thereon when due, except an administration fee which may be retained by the Bank of North Dakota.

Roughrider Industries was established to account for the revenues and expenses associated with the operation, manufacture and sale of products made by the prison inmates.

State Fair was established for the purpose of conducting an annual exhibition of the State's resources and products in order to promote the State.

Student Loan was established to provide loans to students in post secondary education.

Workers Compensation was established principally to provide compensation and to cooperate in making arrangements for the rehabilitation of persons injured over the course of employment for both the public and private sector.

COMPONENT UNITS

Comprehensive Health Association was established to provide low cost access to health insurance coverage for residents of the State who are denied adequate health insurance and are considered uninsurable.

North Dakota Development Fund, Inc. was established to provide for the development and expansion of primary sector business in North Dakota.

Municipal Bond Bank was established with its purpose being to make funds available for borrowing by North Dakota political subdivisions through the issuance of its bonds and the purchase of political subdivisions' municipal securities.

Myron G. Nelson was established to provide a source of investment capital for the establishment, expansion and rehabilitation of North Dakota businesses.

Technology Transfer, Inc. was established to provide a program and budgetary interface between the Department of Economic Development and Finance and the North Dakota University System with the primary objective to focus the intellectual and technical resources of the University System on the discovery, development, and application of scientific and technological principles and concepts on North Dakota's primary sector business.

Segment financial information for the fiscal year ended June 30, 1996 is as follows (expressed in thousands):

STATE OF NORTH DAKOTA

Schedule of Segment Information - Enterprise Funds

For The Fiscal Year Ended June 30, 1996

(Expressed In Thousands)

	Bank Of North Dakota	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Develop- mentally Disabled Facility Loan	Fire And Tornado	Guaranteed Student Loan
Operating Revenue	\$ 71,603	\$ 619	\$ 93	\$ 456	\$ 727	\$ 2,629	\$ 2,034
Operating Expenses	49,964	344	108	150	398	2,173	2,309
Depreciation	585	-	-	-	-	5	-
Operating Income (Loss)	21,639	275	(15)	306	329	456	(274)
Operating Grants, Entitlements, and Shared Revenue	-	-	-	-	-	-	-
Operating Transfers:							
In	12	950	-	-	-	6	-
Out	(46,159)	-	-	-	(950)	(370)	-
Net Income (Loss)	(24,508)	1,225	229	306	(621)	1,157	398
Current Capital Contributions and Transfers	-	-	-	-	-	-	-
Property, Plant, and Equipment :							
Balance June 30, 1996	3,425	-	-	-	-	16	-
Additions	235	-	-	-	-	3	-
Deletions	(103)	-	-	-	-	-	-
Total Assets	1,033,816	14,838	3,864	14,794	11,828	16,266	13,018
Net Working Capital	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Liabilities Payable From Operating Revenues	69,247	-	131	-	5,762	1,619	-
Total Equity	76,000	14,823	3,723	14,775	6,053	14,547	10,116

									Total Enterprise Funds
Housing Finance	Mill And Elevator	PERS Uniform Group Insurance	Real Estate Trust	Roughrider Industries	State Fair	Student Loan	Workers Compensation	June 30 1996	
\$ 41,863	\$ 79,566	\$ 701	\$ 3,143	\$ 2,590	\$ 3,142	\$ 18,779	\$ 137,838	\$	365,783
38,680	77,429	516	2,924	2,619	2,997	16,137	103,873		300,621
40	1,644	-	-	66	391	-	607		3,338
3,183	2,138	186	219	(29)	144	2,643	33,966		65,166
-	-	-	-	-	-	-	-		-
-	9	-	23,157	-	354	-	-		24,488
(25)	(29)	-	-	-	-	-	-		(47,533)
3,172	1,809	245	23,377	(13)	357	2,643	66,769		76,545
-	-	-	-	-	-	-	-		-
105	18,285	-	-	453	8,395	-	2,345		33,024
39	693	-	-	28	400	-	595		1,993
(31)	(1,085)	-	-	(13)	(75)	-	(103)		(1,410)
432,280	44,792	15,799	39,991	1,839	10,003	261,195	459,715		2,374,038
N/A	18,828	N/A	N/A	1,186	1,326	N/A	N/A		21,340
398,593	388	23	38,835	63	3,036	195,948	480,681		-
18,841	37,164	810	219	1,620	6,712	59,019	(72,692)		1,194,326
									191,730

STATE OF NORTH DAKOTA

Schedule of Segment Information - Component Units

(Includes Condensed Financial Information)

For The Fiscal Year Ended June 30, 1996

(Expressed In Thousands)

	Comprehensive Health Association	North Dakota Development Fund, Inc.	Municipal Bond Bank	Myron G. Nelson Fund	Technology Transfer Inc.	Total Component Units June 30 1996
Operating Revenue	\$ 4,354	\$ 1,057	\$ 6,312	\$ 94	\$ 47	\$ 11,864
Operating Expenses	4,449	1,465	6,177	498	762	13,351
Depreciation	-	-	6	-	2	8
Amortization	-	-	96	-	-	96
Operating Income (Loss)	(96)	(408)	135	(404)	(715)	(1,488)
Operating Grants, Entitlements, and Shared Revenue	-	-	6,057	-	42	6,099
Operating Transfers:						
From Primary Government	-	1,973	-	-	1,487	3,460
To Primary Government	-	-	-	-	(203)	(203)
Net Income (Loss)	(75)	1,565	6,192	(1,551)	644	6,775
Current Capital Contributions and Transfers	-	-	-	-	-	-
Due From Primary Government	-	-	-	-	-	-
Due To Primary Government	-	-	17	-	72	89
Advances:						
To Primary Government	-	-	12,247	-	-	12,247
From Primary Government	-	-	12,247	-	-	12,247
Property, Plant, and Equipment :						
Balance June 30, 1996	-	9	11	-	16	36
Additions	-	1	6	-	15	22
Deletions	-	-	-	-	2	2
Total Assets	1,388	21,801	109,643	-	3,090	135,922
Liabilities Payable From Operating Revenues	1,125	-	82,702	-	8	83,835
Total Liabilities	1,348	2	83,916	-	93	85,359
Total Equity	40	21,799	25,727	-	2,998	50,564
Net Working Capital	N/A	N/A	N/A	N/A	N/A	N/A

N/A: Not Applicable

NOTE 12 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISKBank of North Dakota

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

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

	Contract Amount (in thousands)
Financial standby letters of credit	\$ 29,954
Commitments to extend credit	80,916
	<u>\$ 110,870</u>

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

Financial standby letters of credit are conditional commitments issued by the State to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The likelihood of funding any of these letters of credit is considered to be remote. The fair value calculation is, therefore, limited to the cash flows associated with fee revenues over the life of the individual instruments. At December 31, 1995, the fair value of those fee revenues is estimated to be \$1,812,000.

North Dakota Housing Finance Agency

In the normal course of business, the Agency makes various commitments that are not reflected in the financial statements. These include commitments to extend credit and the debt reduction required when related loan acquisition funds are not drawn down within prescribed time frames set by the specific bond resolution.

Commitments to extend credit are agreements to fund loans as long as there is no violation of any contract established in the contracts. Commitments require the payment of a reservation fee and generally have a fixed expiration date. Commitments to extend credit total \$16,335,000 at June 30, 1996. The Agency does not anticipate any material losses as a result of these commitments.

The bond resolutions require that the funds in the loan acquisition accounts be expended within 42 months of the related bond delivery date. Any remaining funds must be used for debt reduction. The loan acquisition funds totaled \$25,928,000 at June 30, 1996.

Municipal Bond Bank

In the normal course of business, the Bond Bank (a component unit) makes various commitments that are not reflected in the financial statements. These commitments include commitments to extend credit of \$6,596,000 at December 31, 1995.

NOTE 13 - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

Most of the State's business is with customers within the state. Concentrations of credit are present in the construction and operation of community water facilities, developmentally disabled facilities, loans to students for post secondary education, Single Family and Multifamily mortgage loans, and the agricultural industry. Due to the pervasive nature of agriculture in the economy of the state, all loans, regardless of type, are impacted by agriculture.

NOTE 14 - RISK MANAGEMENT

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

The State Fire and Tornado Fund

The State Fire and Tornado Fund, an Enterprise Fund, is financed by premiums charged to the participating funds of the State. All monies collected must be paid into the fund for use only for the purpose outlined in the NDCC 26.1-22.02.

All losses occasioned by the hazards provided for in the North Dakota Century Code must be paid out of the fund, with the fund being reimbursed by a third-party insurance carrier for all losses in excess of \$1,000,000 per occurrence. The limit of liability of such reinsurance contract is no less than \$1,000,000 during each twelve month period.

State Bonding Fund

The State Bonding Fund, an Enterprise Fund, is financed by premiums charged to each State agency for the bonding of public employees and public officials.

North Dakota Insurance Reserve Fund

In 1986 state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for 2,000 state agencies and political subdivisions. Agencies of the state pay an annual premium to NDIRF for its general liability, auto and inland marine insurance coverage. The coverage by NDIRF is limited to losses of one million dollars per occurrence.

Fleet Services

Fleet Services, an Internal Service Fund, represents the State's fleet of automobiles and is administered by the Department of Transportation. The State is self-insured for substantially all automobile insurance (i.e., comprehensive, collision), with the exception of liability insurance, which is provided by a private third-party insurance carrier. State agencies are charged premiums to cover the cost of the insurance and to pay for those losses which are not insured. These premium charges are factored into the fees agencies are charged when renting the cars.

Workers Compensation Bureau

Workers Compensation Bureau (Bureau), an Enterprise Fund, is a State insurance fund and a "no fault" insurance system, covering the State's employers and employees. The Bureau is financed by premiums assessed to employers. The rate of such premiums is periodically adjusted to assure the solvency of the Bureau. The premiums are available primarily for the payment of claims to employees injured in the course of employment. During fiscal year 1996, a total of \$92,908,906 in claims was recognized. Incurred but not reported claims of \$480,400,000 have been accrued as a liability based primarily upon actuarial estimates.

Unemployment Compensation

OMB Unemployment/Payroll Clearing Fund, an Agency Fund to agencies and institutions of the State is financed by a percentage of each employee's earnings. The monies received from such assessments must be deposited into a fund for the purpose of making payments to Job Service for qualifying unemployment compensation claims.

Risk Management Fund

The Risk Management Fund (RMF), an internal service fund, became operational on April 22, 1995, 15 days after the recess of the legislative session which is also the day the state's sovereign immunity was eliminated. The purpose of setting up the RMF was to provide a self-insurance vehicle for funding the liability exposures resulting from the elimination of sovereign immunity. The RMF manages the tort liability risk of the state and its agencies' employees and the University System. The statutory

liability of the State is limited to a total of \$250,000 per person and \$750,000 per occurrence.

Funding for the RMF was provided by Senate Bill No. 2080 which appropriates \$4,979,894 from the state agencies to the RMF. Funding was determined using a projected cost allocation approach. The premise of this plan is that the agencies with greater expected loss costs should contribute more to the funding of the RMF than those agencies with lesser costs. The underlying logic is that contributions should roughly equal loss costs plus the expenses of administering the program over the long term.

The RMF liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrines, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities will be re-evaluated periodically to take into consideration settled claims, the frequency of claims and other economic and social factors. An actuarial study was performed for the initial estimated liability, which was determined with an 80% certainty.

The following table presents the changes in claims liabilities balance during the fiscal year ending June 30, 1996:

Beginning Balance	Current Year Claims and Changes In Estimates	Claims Payments	Ending Balance
\$ 355,718	\$ 2,134,307	\$ 5,973	\$ 2,484,052

NOTE 15 - PUBLIC ENTITY RISK POOLSA. GeneralFire and Tornado and Bonding Fund

The Fire and Tornado Fund provides property insurance to state agencies, political subdivisions, the International Peace Garden and any winter show. The Fire and Tornado Fund has issued 1,100 policies to participating entities for a total building and content coverage of \$3,867,734,211. The Bonding fund is used to provide fidelity bonding of public employees and officials. The fund has issued 2,869 policies to participating entities. The total coverage for the Bonding Fund is \$481,948,087. If the assets of these funds were exhausted, fund participants would not be responsible for the funds' liabilities.

The Fire and Tornado and Bonding Fund are accounted for on the accrual basis. The Fire and Tornado Fund establishes claim liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims incurred but not reported. The Bonding Fund establishes claim liabilities based on actual judgments obtained against the fund but not paid prior to fiscal year end. Liabilities for incurred but not reported losses have not been established as they are not expected to be material

amounts. Neither fund incurred any acquisition costs which should have been capitalized, nor were any liabilities recognized that were discounted. Investment income was not considered in determining the existence of premium deficiencies.

The Fire and Tornado Fund uses reinsurance agreements to reduce its exposure to large losses on all types of its insured events. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Fund as direct insurer of the risks that are reinsured. The Fire and Tornado Fund does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. However, at June 30, 1996, there was no amount deducted from claims liabilities for reinsurance.

Workers Compensation Bureau

Workers Compensation Bureau (Bureau), an Enterprise Fund, is a state insurance fund and a "no fault" insurance system covering the State's employers and employees. At June 30, 1996 coverage extended to the following employer units:

Cities And Townships	1,357
Counties	2
State Agencies	93
Private Employers	19,881
Total	21,333

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

The operations of Workers Compensation are accounted for on the accrual basis. Liability for incurred but not reported and incomplete claims and claims expense is estimated by the Bureau's actuary. The estimate is developed by the Bureau's actuary, taking into consideration past experience of the Bureau in paying claims, and general conditions of the environment in which the Bureau operates. The liability includes estimates of costs to settle individual claims which have been reported, plus a provision for losses incurred but not yet reported and includes the effects of inflation and other societal and economic factors. The Bureau records the liability at a discounted amount.

As adjustments to this estimated liability become necessary, such adjustments are reflected in current operations. Management believes the estimated liability for losses and loss adjustment expense is sufficient to cover the ultimate net cost of incurred

claims, but such reserves are necessarily based on estimates and the ultimate liability may be greater or less than the amounts estimated.

For the year ended June 30, 1996, the actuary presented an estimate in the form of a range to emphasize the uncertainty for the estimated liability of the Bureau. The degree of uncertainty was high for the Bureau because of the legislative and environmental changes that have taken place over the last few years. These ranges are as follows (expressed in thousands):

	Low	Expected Value	High
Full Value Basis (undiscounted)	\$ 650,000	\$ 724,100	\$ 900,000
Discounted at 6 percent rate	*	445,400	560,000
Discounted plus contingency reserve	-	480,400	-

*Not computed by actuary.

The Bureau has adjusted the estimated liability for unpaid loss and loss adjustment expense to the actuary's 6 percent discounted expected value plus contingency reserve of \$480.4 million at June 30, 1996. This adjustment resulted in an increase to expenses of \$76.7 million in 1996.

The June 30, 1995, liability of \$453.2 million was also recorded at the discounted rate of 6 percent. The 1995 liability resulted in a decrease to expenses of approximately \$5.0 million.

While management has recorded amounts that fall within the ranges of estimated liabilities as computed under actuarial assumptions, the high level of uncertainty indicates that actual losses and expenses could be materially higher than the recorded estimated liability.

The Workers Compensation fund did not incur any acquisition costs which should have been capitalized at June 30, 1996.

B. Reconciliation Of Claims Liabilities

The following is a reconciliation of total claims liabilities, including an analysis of changes in aggregate liabilities for claims and claim adjustment expenses for the current fiscal year and the prior year (expressed in thousands):

	Fire and Tornado		Bonding		Workers Compensation	
	1996	1995	1996	1995	1996	1995
Unpaid claims and claims adjustment expenses at the beginning of the year	\$ 1,668	\$ 392	\$ 441	\$ 305	\$ 453,200	\$ 467,500
Incurred claims and claims adjustment expenses:						
Provision for current fiscal year	1,598	2,116	11	309	94,160	106,081
Change in provision for prior fiscal year	-	-	-	-	(120,430)	(75,037)

STATE OF NORTH DAKOTA

Notes To The Financial Statements

	Fire and Tornado		Bonding		Workers Compensation	
	1996	1995	1996	1995	1996	1995
Payments and claims and adjustment expenses attributable to:						
Current fiscal year insured events	5	(448)	(11)	(37)	(13,275)	(14,406)
Prior fiscal years' insured events	(1,668)	(392)	(314)	(136)	(54,815)	(58,098)
Total Payments	(1,663)	(840)	(325)	(173)	(68,090)	(72,504)
Estimated Benefit From Impact Of 1995 Legislation	-	-	-	-	-	(70,490)
Change in provision for discount	-	-	-	-	86,800	97,400
Contingency reserve for adverse deviation	-	-	-	-	35,000	-
Other	-	-	-	-	(240)	250
Total unpaid claims and claims adjustment expenses at the end of the year	<u>\$ 1,603</u>	<u>\$ 1,668</u>	<u>\$ 127</u>	<u>\$ 441</u>	<u>\$ 480,400</u>	<u>\$ 453,200</u>

Workers Compensation has experienced reductions in the estimated reserves through the discontinuance of retirement benefits, changes in the income test requirements of the rehabilitation program, changes in the criteria under which inactive claims can be reactivated and through other reform legislation.

The 1995 reserve estimates and accumulated benefits do not reflect changes to the permanent partial impairment (PPI) benefit structure that was included in the 1995 legislative reform package as Senate Bill 2202 (SB 2202). A referral petition was successfully filed deferring implementation of SB 2202 pending its placement on the June 1996 ballot. The referral petition was defeated in the June 1996 election and SB 2202 was reinstated.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

A. Long-Term Commitments

PACE Fund

Funds committed to buy down interest rates on loans, but not yet disbursed at June 30, 1996, totaled \$3,120,683.

Beginning Farmer Revolving Loan Fund

The Loan Fund has entered into commitments with the Bank of North Dakota to buy down interest rates on Beginning Farmer Loans originated by the Bank at December 31, 1995, which total \$138,747.

Building Authority

The Authority has committed funds to complete various construction and modernization programs at June 30, 1996 as follows (expressed in thousands):

State Board of Higher Education	\$ 14,774
Job Service North Dakota	<u>15</u>
	<u>\$ 14,789</u>

Job Service North Dakota

The Agency has commitments to pay \$405,743 at June 30, 1996, for purchase orders and contracts awarded for goods and services to be provided in future periods.

Technology Transfer

At June 30, 1996, TTI has contractual commitments to provide project funding and contract payments of approximately \$196,000.

Land Department

The Board of University and School Lands has entered into a contract for architectural services with Tvenge Associates. Architects and planners compensation shall be a percentage of the construction cost as defined by the "North Dakota State Board of Higher Education Compensation Schedule of Architectural Services" for Group II remodeling work, as described in Paragraph 1 of Article 12. No expense related to this contract has been paid as of June 30, 1996.

State Courts

As of June 30, 1996, the State Courts had significant commitments of \$935,264. The amount consists of indigent defense contracts with law firms around the State to provide legal services for eligible indigent persons at all stages of proceedings as specified in the contracts.

STATE OF NORTH DAKOTA

Notes To The Financial Statements

Department of Human Services

As of June 30, 1996, the Department of Human Services had significant commitments for the purchase of services as follows (expressed in thousands):

ADA Services	\$ 211
Administrative Services	638
Adoption Services	122
Alcohol-Drug Abuse Prevention	182
Consulting	656
Drug Review	135
Education Services	127
Independent Living	385
JOBS Program	214
Mental Health Services	2,379
Natural Gas Suppliers	221
Nursing Services	504
Residential Services	1,929
Supported Employment	124
Surveys	415
Transitional Living	200
Utilization Review	237
	<u>\$ 8,679</u>

Public Service Commission

As of June 30, 1996, the Public Service Commission had significant commitments of \$896,279. This amount consists primarily of contractor charges associated with the Abandoned Mine Lands.

Aeronautics Commission

As of June 30, 1996, the Aeronautics Commission had significant commitments of \$1,084,807. This amount consists of grants to political subdivisions for maintenance and improvements of their airports.

Radio Communications

As of June 30, 1996, Radio Communications had significant commitments of \$409,000. This amount consists of obligations to purchase new radio consoles.

Dairy Products Promotion Commission

As of June 30, 1996, the Dairy Products Promotion Commission had significant commitments of \$393,500. This amount consists of a contract with ADA/DC of the Upper Midwest to implement and administer programs intended to contribute to the betterment of North Dakota dairy farmers and the State's dairy industry. The contract also provides the Commission with administrative, financial and reporting services.

Agricultural Products Promotion Commission

As of June 30, 1996, the Agricultural Products Promotion Commission had significant commitments of \$883,166. This amount consists of grants for the research and development of North Dakota agricultural products.

State Water Commission

As of June 30, 1996, the State Water Commission had long-term commitments of the following (expressed in thousands):

Maple River Flood Control	\$ 235
General Projects	1,053
Division of Water Appropriation Project	
Contracts	319
Pro-Gold Milling	846
	<u>\$ 2,453</u>

North Dakota Department of Transportation

At June 30, 1996, the North Dakota Department of Transportation (Special Revenue Fund) had nonconstruction contract commitments of approximately \$4.9 million of which \$2.8 million represents Federal programs which are cost reimbursable. Construction commitments at June 30, 1996 totaled approximately \$95.7 million of which \$75.1 million represents Federal programs which are cost reimbursable. These commitments will be funded with future appropriations as work is performed.

University Systems

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

	Original Issue	Paid To Date	Amount To Be Paid
University of North Dakota:			
Incubator and Tech.	\$ 3,500	\$ 3,259	\$ 241
McCannel Hall	3,513	2,593	920
Recycling Facility	375	23	352
Abbott Hall	4,144	228	3,916
Skywalk	750	1	749
Housing	420	3	417
Bismarck State College:			
Science Center	8,490	451	8,039
Parking Lots	430	79	351
Votech Air Quality	165	16	149
Votech Renovation	15	12	3
Armory Repair	45	16	29
Minot State University:			
Dome Floor	481	24	457
Dome Roof	388	352	36
Memorial Hall	2,754	2,494	260

STATE OF NORTH DAKOTA

Notes To The Financial Statements

	Original Issue	Paid To Date	Amount To Be Paid
Valley City State University:			
Library Elevator	218	217	1
Track Replacement	269	99	170
North Dakota State University:			
Ellig Baseball Stadium	1,389	1,387	2

Other Construction Commitments

The State has various long-term construction commitments in the following agencies at June 30, 1996 (expressed in thousands):

Office of Management and Budget	\$	69
Department of Human Services		2,168
Adjutant General's Office		2,712
State Historical Society		148
School for the Blind		21
Department of Corrections		296
ND Game and Fish		257
Mill and Elevator		180

B. Litigation

There is no litigation at June 30, 1996, in which a loss to the State is probable. Litigation that is reasonably possible to result in an unfavorable outcome is estimated at \$800,000 to \$1,200,000. No amounts have been accrued in these financial statements and in the General Long-Term Debt Account group for litigation.

The estimated gain in all the litigation brought by the State in which a gain is probable was \$1,200,000. This amount was not accrued in these financial statements.

The State had not settled any cases before June 30 1995, in which the settlement had not been paid as of June 30, 1995.

C. Questioned Costs

The State receives federal financial assistance which is subject to review and audit by the Office of the State Auditor and the federal government. This assistance is generally conditional upon compliance with certain laws and regulations. Disallowed and questioned costs relating to federal assistance could become a liability to the State. The State estimates that the ultimate disallowances pertaining to federal assistance, if any, will be immaterial to its overall financial condition.

The single audit of the State of North Dakota for the two year period ending June 30, 1994 was completed in March of 1995. As a result of this audit, approximately \$2.6 million of identifiable questioned costs were noted. Also there were several findings

which had potentially significant, unknown, questioned costs. The State is cooperating with the federal government to resolve the findings and is optimistic these findings will not have a material impact on the State.

The 1995-96 single audit will be issued sometime in April or May of 1997. It is anticipated there will be potential questioned costs against the State as a result of this audit. The State does not believe the results of this audit will have a material impact.

NOTE 17 - SUBSEQUENT EVENTS

Municipal Bond Bank

The Municipal Bond Bank (a component unit) entered into a purchase contract to sell \$8,576,000 of bonds to a certain underwriter on April 1, 1999. In consideration of the Bond Bank's agreement to sell the bonds, the underwriter paid \$886,000 on January 18, 1996.

On March 19, 1996, the Bond Bank issued \$500,000 of Taxable Capital Financing Program Series A bonds. These bonds are for the express purpose of providing funds for a Parking Authority project. Interest rates vary from 5.50% to 6.60% with maturities ranging from June 1, 1997, to June 1, 2006.

The Industrial Commission approved the issuance of a total \$2,865,000 of Capital Financing Program Bonds Series 1996 B, 1996 C and 1996 D. These bonds are for the express purpose of providing funds to make loans to certain political subdivisions. Interest rates vary from 4.10% to 6.40% with maturities ranging from December 6 1996 to June 1, 2016.

On October 30, 1996, the Bond Bank issued \$29,845,000 of State Revolving Fund Program Series A Bonds. These bonds are for the express purpose of providing funds to make loans to certain political subdivisions. Interest rates vary from 3.80 percent to 6.0 percent with maturities ranging from October 1, 1997, to October 1, 2016.

North Dakota Development Fund, Inc.

Subsequent to June 30, 1996 the Corporation invested approximately \$1,179,000 in loans.

Real Estate Trust

On July 18, 1996, the Industrial Commission passed a resolution requesting the State Treasurer to call for a special redemption of the 1986 Real Estate Series A bonds in the principal amount of \$5,725,000. The bonds are to be redeemed at the price of par (100%) plus accrued interest to the redemption date. On September 1, 1996 the State Treasurer redeemed \$5,725,000 in bond principal and paid \$189,821 of accrued interest.

Housing Finance

In July 1996, the Agency entered into a series of transactions resulting in the issuance of \$22,000,000 1996 Series B Interim, \$34,000,000 1996 Series C Interim, \$22,000,000 Series D Interim,

and \$32,000,000 Series E Interim Home Mortgage Finance Program bonds.

In October 1996, the Agency entered into a series of transactions to remarket the \$22,000,000 1996 Series B Interim Home Mortgage Finance Program bonds. The remarketing resulted in the issuance of \$22,000,000 1996 Series B Home Mortgage Finance Program bonds.

In November 1996, the Industrial Commission authorized the 1997 Series A Home Mortgage Finance Program Bonds in the amount of \$15,000,000.

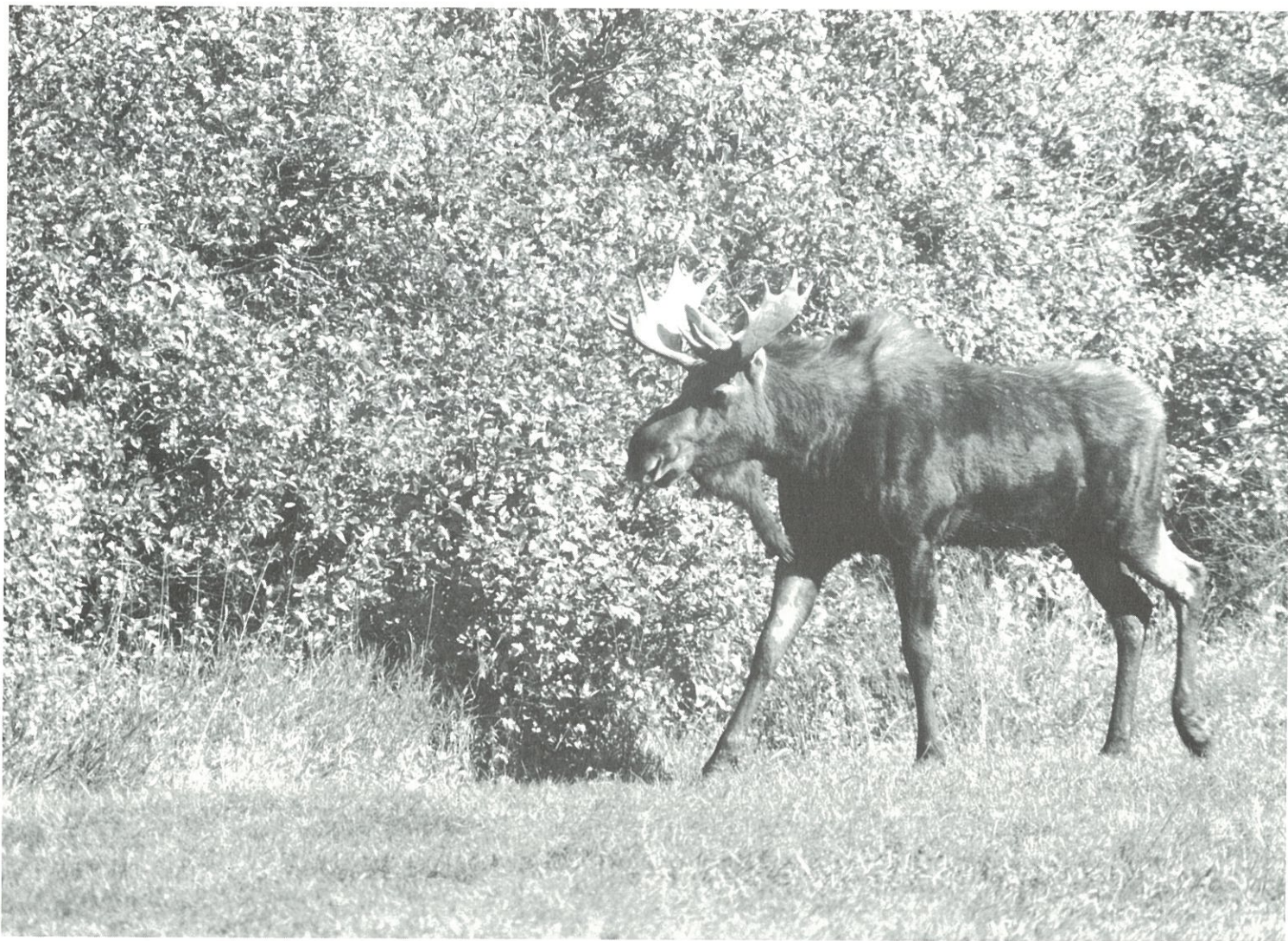
Student Loan Trust

The 1996 bond issue consisted of Series A, B, C and D bonds. The Series A, B and D bonds were issued prior to June 30, 1996.

The Series C bonds totaling approximately \$4,160,000 are expected to be issued in early October, 1996.

North Dakota Department of Transportation

Subsequent to June 30, 1996, the North Dakota Department of Transportation entered into a capital lease with Unisys to purchase software. Commitments through July 1, 2001 on this capital lease total \$3,360,775.



Moose

Once rarely sighted North Dakota, moose are now common in the northeastern part of the state.

Combining, Individual Fund, and Account Group Statements and Schedules



Ring-necked Pheasant

Ring-necked pheasants were introduced to North Dakota in the early 1900s. Today they are a favored game bird for many of the state's hunters.

General Fund

The general fund is used to account for resources obtained and used for those services traditionally provided by state government which are not required legally or by sound financial management to be accounted for in another fund.

GENERAL FUND

GENERAL FUND

001 - General Fund

The general fund is used to account for resources obtained and used for those services traditionally provided by state government which are not required legally or by sound financial management to be accounted for in another fund.

STATE OF NORTH DAKOTA**Balance Sheet
General Fund
June 30, 1996****June 30
1996****Assets**

Cash Deposits At The Bank Of North Dakota	\$ 47,568,867
Cash And Cash Equivalents	486,850
Accounts Receivable - Net	1,141,568
Taxes Receivable - Net	80,329,332
Interest Receivable - Net	84,174
Loans And Notes Receivable - Net	88,000
Interfund Receivable	47,974,860
Due From Other Funds	35,834,448
Intergovernmental Receivable - Net	36,666
Inventory	586,303

Total Assets	<u>\$ 214,131,068</u>
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Liabilities

Accounts Payable	\$ 18,947,422
Contracts Payable	12,970
Tax Refunds Payable	23,882,055
Accrued Payroll	10,114,266
Due To Other Funds	5,832,504
Deferred Revenue	34,223,390

Total Liabilities	<u>93,012,607</u>
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Equity

Fund Balance:	
Reserved For:	
Inventory	586,303
Long - Term Receivables	35,088,000
Unreserved:	
Undesignated	85,444,158

Total Equity	<u>121,118,461</u>
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Total Liabilities And Equity	<u>\$ 214,131,068</u>
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STATE OF NORTH DAKOTA**Statement Of Revenues, Expenditures And
Changes In Fund Balance
General Fund
For The Fiscal Year Ended June 30, 1996**

	<u>June 30 1996</u>
Revenues:	
Taxes	\$ 629,193,090
Licenses And Permits	7,491,178
Intergovernmental	340,154
Sales And Services	1,431,072
Royalties And Rents	2,846,928
Fines And Forfeits	1,910,289
Interest	5,098,467
Miscellaneous	224,513
Total Revenues	<u>648,535,691</u>
Expenditures:	
Current:	
General Government	45,389,315
Education	247,719,473
Health And Human Services	151,836,882
Regulatory	4,852,229
Public Safety	21,154,083
Agriculture And Economic Development	5,034,103
Natural Resources	10,727,156
Capital Outlay	5,315,000
Total Expenditures	<u>492,028,241</u>
Revenues Over Expenditures	<u>156,507,450</u>
Other Financing Sources (Uses):	
Operating Transfers In	22,582,212
Operating Transfers Out	(157,118,917)
Operating Transfers To Component Units	(3,455,982)
Proceeds From Capital Leases	5,315,000
Other	76,919
Total Other Financing Sources (Uses)	<u>(132,600,768)</u>
Revenues And Other Financing Sources Over Expenditures And Other Financing Uses	<u>23,906,682</u>
Fund Balance - Beginning Of Year As Previously Reported	97,211,779
Fund Balance - End Of Year	<u>\$ 121,118,461</u>

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

SPECIAL REVENUE FUNDS

ADMINISTRATION

246 - State Auditor's Operating Fund

Accounts for revenues and expenditures associated with the operations of the political subdivision of the Office. (NDCC 54-10)

250 - Attorney General Refund Fund

Accounts for financial resources of the consumer fraud division. (NDCC 54-12)

266 - Administrative Hearings Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-57)

301 - OMB Facility Management Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-21) — no

302 - Secretary of State Department Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-09)

304 - Governor's Special Fund

Moneys that have become available during the biennium from federal funds and private funds. (Ch. 1, Sec. 12, 1993 S.L.)

319 - Central Personnel Division Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-44)

384 - Jobs Training Program Fund

Accounts for projects established by job service North Dakota to provide workers with education and training required for jobs in new or expanding primary sector businesses in the state. (NDCC 57-38-59)

AERONAUTICS AND OTHER TRANSPORTATION

232 - Public Transportation Fund

A fee for each motor vehicle registered is deposited in this fund and is used to establish and maintain public transportation, especially for the elderly and handicapped. (NDCC 39-04.2)

324 - Aeronautics Commission Special Fund

This fund is unclaimed refund revenue collected by the aeronautics commissioner and shall be administered and expended by the aeronautics commission for construction, reconstruction, repair, maintenance, and operation of airports near communities, recreational areas, or parks and for necessary expenses and for the purchase of land and easements for such facilities. (NDCC 57-43.3)

AGRICULTURE

308 - Agriculture Department Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 4-01)

329 - Seed Department Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 4-09, 4-10, and 4-11)

COMMODITY PROMOTION

208 - Soybean Council Fund

To promote the sale of North Dakota soybean products. (NDCC 4-10.5)

220 - Spud Fund

To promote the sale of North Dakota potato products. (NDCC 4-10.1)

221 - Turkey Promotion Fund

To promote the sale of North Dakota turkey products. (NDCC 4-13.1)

223 - Honey Promotion Fund

To promote the sale of North Dakota honey products. (NDCC 4-12.1)

228 - Wheat Commission Fund

To promote the sale of North Dakota wheat products. (NDCC 4-28)

229 - Beef Commission Fund

To promote the sale of North Dakota beef products. (NDCC 4-34)

231 - Barley Growers Check-Off

To promote the sale of North Dakota barley products. (NDCC 4-10.4)

241 - Edible Bean Fund

To promote the sale of North Dakota edible bean products. (NDCC 4-10.3)

245 - Oilseed Fund

To promote the sale of North Dakota oilseed products. (NDCC 4-10.2)

270 - Corn Fund

To promote the sale of North Dakota corn products. (NDCC 4-10.6)

309 - Dairy Products Promotion Fund

To promote the sale of North Dakota dairy products. (NDCC 4-27)

CULTURAL AND HISTORICAL

253 - Historical Impact Emergency Fund

Used for emergency mitigation of adverse effects on cultural resources and historical buildings, structures, or objects in the state. (NDCC 55-02)

327 - State Historical Revolving Fund

Used for making investigations of permit applicants and for the management and analysis of records and artifacts. (NDCC 55-03)

377 - Historical Society Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 55-02)

399 - Arts and Humanities Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-54)

415 - Historical Society Gift & Bequests Fund

All moneys coming into the hands of the State Historical Board as a grant, bequest, donation, etc., is deposited into this fund. Moneys must be paid out for the purposes prescribed by the donor and approved by the board. (NDCC 55-01)

EDUCATION

205 - Motorcycle Safety Fund

Motorcycle safety education fees used for promoting motorcycle safety. (NDCC 39-28)

235 - Displaced Homemakers Fund

Funds for providing services for displaced homemakers. (NDCC 14-06.1)

252 - Arts and Humanities Education Fund

Used to improve the intrinsic quality of the lives of the state's citizens now and in the future through programs in arts, crafts, theater, ethnic and folk arts, literature, journalism, public media, historic preservation and interpretation, visual arts, and architecture. (NDCC 54-54)

340 - Board of Higher Education Special Revenue Fund

Funds to be used for the North Dakota Student Financial Assistance Program. (NDCC 15-10.1)

353 - School for the Deaf Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 25-01)

354 - School for the Blind Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 25-01)

390 - Library Commission Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 40-38)

391 - Public Instruction Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 15-21)

436 - School Construction Interest Fund

Used to buy down or reduce the interest paid by a school district on the Bank's portion of the construction loan. (NDCC 15-60)

440 - State Tuition Fund

Funds are to pay the amount apportioned among the several school districts of the state in proportion to the number of

children of school age residing in each. (NDCC 15-44)

496 - Foundation Aid Stabilization Fund

Accounts for one-half of 20 percent of the revenue from oil extraction taxes collected and used to offset foundation aid reductions due to a revenue shortage. (Constitution of North Dakota, Art. X, Section 24)

948 - School for the Blind - Federal Quota

Account for funds made available to buy text books from the American Printing House for the Blind Incorporated. (NDCC 15-59)

949 - Department of Public Instruction Close-up Account

Accounts for the revenue and expenses associated with the annual Federal Close-up Conference for high school students. (OMB Policy 212)

FEDERAL

002 - Federal Fund

Accounts for all the financial resources from the federal government with the exception of **job service** North Dakota whose federal funds are accounted for in other fund types.

HEALTH AND HUMAN SERVICES

215 - Children's Services Coordinating Committee Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-56)

254 - Employment of People With Disabilities Fund

This fund is for the development of job opportunities for disabled individuals in this state. (NDCC 39-01)

257 - Organ/Tissue Transplant Fund

To provide financial assistance to transplant patients. (NDCC 57-38)

258 - Quality Restoration Fund

Moneys recovered from parties responsible for an environmental emergency. Used for costs of environmental assessment, removal, corrective action, or monitoring as determined on a case-by-case basis. (NDCC 23-31 and 23-31)

318 - Indian Affairs Alcohol And Drug Abuse Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-36)

360 - Human Services Department Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 15-59)

370 - Health and Consolidated Laboratories Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 23-01)

371 - Wastewater Operators Certificate Fund

The health department shall regulate waste treatment plants, water distribution systems, and wastewater treatment plants and provide operator training to protect the public health and prevent pollution of the waters of the state. (NDCC 23-26)

376 - Environment and Rangeland Protection Fund

To be used for rangeland improvement projects. (NDCC 19-18)

419 - Childrens Trust Fund

To aid in the prevention of child abuse and neglect and developing child abuse prevention programs. (NDCC 50-27)

462 - Domestic Violence Prevention Fund

Used for grants to private nonprofit organizations that are engaged in providing emergency housing for victims of domestic violence and their dependents. (NDCC 14-03)

931 - Human Services Donor Implied Trust Fund

Funds donated with informal requests to be used for the welfare of the patients the department serves.

938 - State Hospital - Special Revenue Fund

Accounts for funds donated for the patients religious and welfare needs. (NDCC 25-01)

996 - Developmental Center Residents Welfare Fund

Accounts for funds donated for the residents needs. (NDCC 25-01)

HIGHWAY

200 - Highway Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 24-02)

HOME QUARTER PURCHASE FUND

972 - Home Quarter Purchase Fund

This fund is for the subsidy of interest rates on home-quarter purchases. "Home-quarter" serves as the base unit of a farm and upon which the farm residence and buildings are located. (NDCC 6-09.10)

INSURANCE

209 - Unsatisfied Judgement Fund

Funds to pay for damages occurring from a motor vehicle accident when a judgement has been rendered and the judgement debtor is unable to satisfy the claim. (NDCC 26.1-23 and 26.1-23)

233 - Petroleum Release Compensation Fund

Funds to provide for cleanup of petroleum spills through the establishment of a petroleum release compensation fund. (Ch. 341, 1989 S.L.)

239 - Insurance Regulatory Trust Fund

Funds to defray the expenses of the insurance department in the discharge of its administrative and regulatory powers and duties. (NDCC 26.1-01)

INTERGOVERNMENTAL ASSISTANCE

342 - Intergovernmental Assistance Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-44)

JOB SERVICE

968 - Job Service - Special Revenue

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 52-01)

JUDICIAL AND LEGAL

204 - Attorney General Asset Forfeiture Fund

Funds obtained from the authorized sale of assets seized and forfeited. (NDCC 54-12)

237 - Indigent Civil Legal Services Fund

Funds to provide legal services to persons unable to afford private counsel. (NDCC 54-06)

312 - State Courts

The clerk of the supreme court charges a filing fee of fifty dollars. Moneys are used to procure the necessary records, supplies and furniture to be used by the supreme court. (NDCC 27-03)

322 - Attorney General Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-12)

328 - Judicial Conduct Commission Fund

Funds to investigate complaints against any judge in the state and to conduct hearings concerning the discipline, removal, or retirement of any judge. (NDCC 27-23)

935 - Five State Judicial Council

Funds to provide an account for moneys related to the sponsoring of a judicial conference for justices and judges from the participating states. (OMB Policy 212)

LAND DEPARTMENT

238 (925) - Energy Development Impact Fund

Revenues are from severance tax on coal. The fund is held in trust and administered by the Board of University and School Lands for loans to coal impacted counties, cities, and school districts. (NDCC 57-62)

515 (956) - Coal Severance Tax Trust Fund

Accounts for monies to be distributed through grants to coal impacted political sub-divisions. (NDCC 57-62)

493 (955) - Land and Mineral Trust Fund

Income derived from the sale, lease, and management of the mineral interests acquired by the Board of University and School Lands. (NDCC 15-08.1)

206 (959) - Maintenance Fund

Ten percent of the income derived from state assets under control of the Board of University and School Lands to be used for the general operation of the department. (NDCC 15-03)

MOTOR VEHICLE

202 - Abandoned Vehicle Fund

Funds used to dispose abandoned motor vehicles and other forms of scrap metal. (NDCC 39-26)

224 - Alcohol Motor Vehicle Fuel Fund

Funds used for the enhancement of agricultural research, development, processing, and marketing. (NDCC 4-14.1)

NATIONAL GUARD

214 - National Guard Emergency Fund

Funds used for costs of the national guard in performing emergency State services. (NDCC 37-01)

383 - National Guard Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 37-01)

385 - National Guard Military Grounds Fund

Funds used for the improvement of the properties for military uses. (NDCC 37-03)

459 - National Guard Tuition Trust Fund

Funds used for tuition, work study, and other programs to encourage membership in the national guard. (NDCC 37-07.1)

943 - National Guard Unit Accounts

Funds to pay petty operating, equipment, and supply costs incurred by the individual units. (NDCC 37-01)

NATURAL RESOURCES

216 - Non-Game Wildlife Fund

Funds used for the preservation, inventory, perpetuation, and conservation of nongame wildlife, natural areas, and nature preserves in this state. (NDCC 20.1-02)

236 - State Waterbank Fund

Funds used for the purpose and implementation of wetland conservation and development plans. (NDCC 61-31 and 61-31)

249 - Surface Mine and Reclamation Fund

Funds used for the purpose of reclaiming land affected by surface coal mining operations. (NDCC 38-14.1)

255 - Wetlands Replacement Fund

Funds used for the purpose of acquisition, easement, lease, and construction of replacement wetlands. (NDCC 61-32)

314 - Lignite Research Fund

Funds used for contracts for land reclamation research projects and for research, development, and marketing of lignite and products derived from lignite. (NDCC 57-61)

317 - Oil and Gas Reservoir Data Fund

Funds used for defraying the costs of providing reservoir data compiled by the Industrial Commission to state, federal, and county departments and agencies, and members of the general public. (NDCC 38-08)

382 - Southwest Pipeline Operating and Maintenance Fund

Funds used for the operation and maintenance of the Southwest Pipeline Project. (NDCC 61-24.5)

394 - Habitat Restoration

Funds used to lease privately owned lands for wildlife habitat. (NDCC 20.1-03)

397 - Water Commission Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 61-02)

445 - Abandoned Mine Reclamation Setaside Fund

To defray the administrative expenses of the program. (NDCC 38-14.2, effective 9/20/04)

448 - Abandoned Oil and Gas Reclamation Fund

Funds used for contracting the plugging of abandoned wells and for the reclamation of abandoned drilling and production sites, saltwater disposal pits, drilling fluid pits, and excess roads. (NDCC 38-08)

488 - Habitat and Depredation Fund

Funds used to improve private land habitats. (NDCC 20.1-02)

OIL TAX RESOURCES

469 - Oil Tax Resources Trust Fund

Funds to be used by the state water commission for planning for and construction of water-related projects, including rural water systems. (NDCC 57-51.1)

OTHER SPECIAL

212 - Statewide Conference

Accounts for revenues and expenditures for state agencies that have conferences. (OMB Policy 212)

251 - Capital Grounds Planning Fund

Funds dedicated to implement the Capitol Grounds Master Plan for the development of the capitol grounds. (NDCC 48-10)

256 - Bicentennial Trust Fund

Fund to be used to commemorate and celebrate North Dakota's bicentennial. (NDCC 54-11)

307 - Veterinary Medical Exam Fund

Fund used by the North Dakota state board of veterinary medical examiners for the purpose of licensing and policing the requirements of their industry. (NDCC 43-29)

313 - Environmental Health Practitioners License Administrators Fund

Accounts for revenues and expenditures associated with advisory board duties. (NDCC 43-43 and 43-43)

330 - Economic Development Commission Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-34)

392 - Insurance Recoveries Property Fund

Funds from insurance claims for damaged or destroyed property are deposited into this fund. Agencies are allowed to

incur expenditures to replace this property, but are limited by the amount collected and deposited into the fund. (OMB Policy 212)

497 - Miscellaneous Refunds

Provides refunds of moneys collected and deposited in the general fund refunded by a standing appropriation. (NDCC 54-27-24)

602 - State Parks Concession Fund

Fund used for the procurement of supplies of a suitable nature for the operation of concession stands at the state parks. Also, for repair, replacement construction, and maintenance of concession buildings, facilities, and properties. (NDCC 55-08)

603 - Concession Fund - State Historical Society

Funds received in the normal course of business from concession operations actually carried on by the state as a proprietor. All moneys are expended in the course of carrying on the business activities of such concession operations. (NDCC 55-02)

701 - Postage Revolving Fund

Fund collections from the state offices, departments, and agencies, for postage, shall be paid into the fund. (NDCC 48-06)

702 - Department of Public Instruction-Printing Revolving Fund

Funds collected by the superintendent of public instruction as payment from schools for instructional materials developed and printed by the superintendent shall be paid into the printing revolving fund. (NDCC 15-21)

730 - Central Personnel Training Fund

Fund used for the coordination of employee training and development programs to state departments and agencies. (NDCC 54-44)

902 - Capitol Renovation Fund

Funds dedicated and reserved for the exclusive use of renovations needed to the capitol buildings and grounds. (NDCC 48-10)

PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION (PACE) FUNDS

916 - Partnership in Assisting Community Expansion Fund

Fund to buy down the interest rate on loans made by a lead financial institution in participation with the Bank of North Dakota. (NDCC 6-09.14)

917 - Agricultural Pace Fund

Fund to reduce the interest rate on loans made for a farm business (i.e. purchase of real property and equipment, expansions, working capital and purchase of inventory). (NDCC 6-09.13)

PUBLIC SAFETY AND PENAL INSTITUTIONS

366 - Penitentiary - Land Replacement Fund

Fund used for the acquisition of additional land and facilities to maintain, expand, or relocate the state farm and the farming and ranching operations of the North Dakota state penitentiary

and for penitentiary renovation. (NDCC 54-21)

372 - Crime Victims Gift Fund

All donations to the department of corrections and rehabilitation in the form of restitution funds, gifts, grants and bequests of property or money, and any interest accruing ?, must be placed in this fund. (NDCC 54-23.4-05)

373 - Radio Communications Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-23)

375 - Emergency Management Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 37-17.1)

379 - Department of Corrections Operating

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 12-47 and 12-51)

RECREATION

222 - Game and Fish Department Fund

Accounts for the revenues and expenditures associated with the operation of the game and fish department. (NDCC 20-1-02)

261 - Snowmobile Fund

Fund for administering snowmobile safety programs and establishing and maintaining snowmobile facilities. (NDCC 39-24)

265 - State Parks Gift Fund

All donations to the state parks and recreation department in the form of gifts, trusts, and bequests of property or money, and any interest accruing thereon, must be placed in the fund. (NDCC 55-08)

398 - Parks and Recreation Fund

Accounts for revenues and expenditures associated with the general operation of the parks and recreation department. (NDCC 20.1)

441 - Trail Tax Transfer Fund

Fund used for establishing snowmobile facilities. (NDCC 39-24 and 39-24)

443 - Department Of Tourism Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-34.4)

490 - Small and Big Game Habitat Restoration Trust Fund

Fund to enhance small and big game habitat by providing funds for the leasing of private land to establish or preserve small and big game habitat. (NDCC 20.1-02)

REGULATORY

219 - Milk Marketing Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 4-18.1)

242 - Financial Institution Regulatory Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 6-01)

305 - Industrial Commission Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 4-36)

339 - Horse Racing Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 53-06.2)

SOLID WASTE MANAGEMENT

911 - Solid Waste Management Fund

To assist districts in developing solid waste management plans. (NDCC 23-29)

VETERANS

368 - Veterans Aid Fund

The sum of seven hundred thousand dollars is a permanent

revolving fund of the veterans' aid fund and is used solely for the purpose of making loans to veterans. (NDCC 37-14)

380 - Soldiers Home Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 37-15)

410 - Veterans Postwar Trust Fund

Fund is utilized for programs of benefit and service to veterans or their dependents. (NDCC 37-14)

433 - Veterans Cemetery Fund

Funds used for the maintenance and operation of the Veteran's Cemetery. (NDCC 37-03)

904 - Soldiers Home Improvement Fund

Funds used for the expansion of present facilities of the home, for development of new facilities, for enrichment of living conditions, or for additional care for members of the home. (NDCC 37-15)

STATE OF NORTH DAKOTA
**Combining Balance Sheet
Special Revenue Funds
June 30, 1996**

	Administration	Aeronautics And Other Transportation	Agriculture	Commodity Promotion	Cultural And Historical	Education
Assets						
Cash Deposits At The Bank Of North Dakota	\$ 724,686	\$ 2,022,264	\$ 1,433,450	\$ 1,704,259	\$ 266,429	\$ 3,781,720
Cash And Cash Equivalents	-	28,338	267,178	777,468	-	102,220
Investments At The Bank Of North Dakota	-	-	800,000	-	16,483	118,516
Investments	-	-	-	1,354,145	44,993	-
Accounts Receivable - Net	37,829	-	75,722	768,177	228,557	231,451
Taxes Receivable - Net	24,348	55,563	-	-	-	-
Interest Receivable - Net	-	-	511	7,730	-	1,126
Loans And Notes Receivable - Net	-	-	-	-	-	-
Due From Other Funds	61,651	3,615	1,425	6,754	1	559,572
Intergovernmental Receivable - Net	107,456	-	-	-	-	-
Advances To Other Funds	-	475,000	-	-	-	-
Prepaid Items	-	-	-	-	-	-
Inventory	-	-	-	-	-	91,713
Total Assets	\$ 955,970	\$ 2,584,780	\$ 2,578,286	\$ 4,618,533	\$ 556,463	\$ 4,886,318
Liabilities						
Accounts Payable	\$ 46,825	\$ 149,894	\$ 54,972	\$ 311,362	\$ 7,184	\$ 122,746
Notes Payable	-	-	-	-	-	-
Interest Payable	-	-	-	-	-	-
Contracts Payable	-	-	-	-	-	-
Intergovernmental Payable	-	-	-	-	-	-
Accrued Payroll	60,236	17,379	105,274	55,674	8,940	86,831
Interfund Payable	-	-	-	-	-	-
Due To Other Funds	69,781	8,401	10,885	7,171	-	88,338
Advances From Other Funds	-	-	-	-	-	-
Deferred Revenue	429,786	3,379	22,065	103,952	228,483	134,104
Total Liabilities	606,628	179,053	193,196	478,159	244,607	432,019
Equity						
Fund Balance:						
Reserved For:						
Inventory	-	-	-	-	-	91,713
Long - Term Receivables	-	475,000	-	-	-	-
Other	-	-	-	-	-	-
Unreserved:						
Designated For:						
Other	-	-	-	-	-	-
Undesignated	349,342	1,930,727	2,385,090	4,140,374	311,856	4,362,586
Total Equity	349,342	2,405,727	2,385,090	4,140,374	311,856	4,454,299
Total Liabilities And Equity	\$ 955,970	\$ 2,584,780	\$ 2,578,286	\$ 4,618,533	\$ 556,463	\$ 4,886,318

Federal	Health And Human Services	Highway	Home Quarter Purchase	Insurance	Inter- Governmental Assistance	Job Service	Judicial And Legal
\$ 28,139,130	\$ 17,343,994	\$ 36,434,462	\$ 115,261	\$ 627,099	\$ 1,283,179	\$ 119,980	\$ 775,456
32,356	520,007	128,461	-	-	-	-	45
-	240,000	-	116,939	-	3,700,000	1,375,000	8,060
-	74,492	-	-	7,210,710	-	-	-
2,066,492	6,447,431	780,842	-	99,163	-	-	55,922
-	486	255,677	-	-	-	-	-
-	144	110,503	-	46,482	362,533	120,675	289
-	-	3,511,397	20,836	-	10,048,377	-	-
9,504,483	23,945	10,939,310	-	56	2,341,246	371,820	68,619
75,232,527	2,431,977	1,163,026	-	-	-	1,092,736	-
-	-	15,525,000	-	1,000	-	-	-
-	-	-	-	-	-	-	-
9,576,446	-	5,672,981	-	-	-	-	-
\$ 124,551,434	\$ 27,082,476	\$ 74,521,659	\$ 253,036	\$ 7,984,510	\$ 17,735,335	\$ 3,080,211	\$ 908,391
\$ 52,600,254	\$ 2,054,477	\$ 5,211,709	\$ -	\$ 84,278	\$ 203,265	\$ 473,868	\$ 94,786
-	-	1,325,446	-	-	-	-	-
-	-	4,494	-	-	-	-	-
2,687,303	-	647,867	-	-	-	-	-
-	-	639,837	-	-	-	-	-
3,849,465	149,140	3,100,535	-	120,516	-	-	93,929
12,974,860	-	-	-	-	-	-	-
18,132,717	10,754,845	2,028,586	-	12,162	8,939	788,637	11,563
13,676,000	-	-	-	-	-	-	-
12,916,315	6,423,087	208,874	-	145,645	360,825	65,106	-
116,836,914	19,381,549	13,167,348	-	362,601	573,029	1,327,611	200,278
219,718	-	5,672,981	-	-	-	-	-
-	-	19,036,397	20,836	1,000	10,048,377	-	-
-	-	-	-	-	-	-	-
-	485,626	-	-	-	-	-	8,349
7,494,802	7,215,301	36,644,933	232,200	7,620,909	7,113,929	1,752,600	699,764
7,714,520	7,700,927	61,354,311	253,036	7,621,909	17,162,306	1,752,600	708,113
\$ 124,551,434	\$ 27,082,476	\$ 74,521,659	\$ 253,036	\$ 7,984,510	\$ 17,735,335	\$ 3,080,211	\$ 908,391

STATE OF NORTH DAKOTA

Combining Balance Sheet
Special Revenue Funds (Continued)
June 30, 1996

	Land Department						
	Coal Severance	Energy Development Impact	Land And Mineral	Land Maintenance	Motor Vehicle	National Guard	Natural Resources
Assets							
Cash Deposits At The Bank Of North Dakota	\$ 2,051	\$ 2,054,603	\$ 153,837	\$ 224,753	\$ 1,248,452	\$ 802,778	\$ 14,652,346
Cash And Cash Equivalents	-	-	-	-	-	13,324	24
Investments At The Bank Of North Dakota	-	-	-	-	-	-	932,386
Investments	29,159,033	-	3,984,233	-	-	-	-
Accounts Receivable - Net	-	-	-	-	-	32,444	2,300
Taxes Receivable - Net	-	-	-	-	-	-	417
Interest Receivable - Net	462,596	-	39,193	-	-	-	673
Loans And Notes Receivable - Net	18,909,484	-	-	-	-	7,041	-
Due From Other Funds	324,515	148,602	46,249	-	115,995	-	295,306
Intergovernmental Receivable - Net	-	-	-	-	-	-	114,300
Advances To Other Funds	-	-	-	-	-	-	-
Prepaid Items	-	2,150	-	39,188	-	-	-
Inventory	-	-	-	-	-	-	36,123
Total Assets	\$ 48,857,679	\$ 2,205,355	\$ 4,223,512	\$ 263,941	\$ 1,364,447	\$ 855,587	\$ 16,033,875
Liabilities							
Accounts Payable	\$ 10,736	\$ 32	\$ -	\$ 2,304	\$ 25,765	\$ 5,842	\$ 1,542,229
Notes Payable	-	-	-	-	-	-	-
Interest Payable	-	-	-	-	-	-	-
Contracts Payable	-	-	-	-	-	23,010	-
Intergovernmental Payable	-	-	-	-	-	-	-
Accrued Payroll	-	2,998	-	61,456	6,424	6,674	97,254
Interfund Payable	-	-	-	-	-	-	-
Due To Other Funds	159,109	1,552	78,556	6,776	5,241	32,038	23,453
Advances From Other Funds	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	56,463
Total Liabilities	169,845	4,582	78,556	70,536	37,430	67,564	1,719,399
Equity							
Fund Balance:							
Reserved For:							
Inventory	-	-	-	-	-	-	36,123
Long - Term Receivables	18,909,484	-	-	-	-	7,041	-
Other	-	2,150	-	39,188	-	-	-
Unreserved:							
Designated For:							
Other	-	-	-	-	-	-	-
Undesignated	29,778,350	2,198,623	4,144,956	154,217	1,327,017	780,982	14,278,353
Total Equity	48,687,834	2,200,773	4,144,956	193,405	1,327,017	788,023	14,314,476
Total Liabilities And Equity	\$ 48,857,679	\$ 2,205,355	\$ 4,223,512	\$ 263,941	\$ 1,364,447	\$ 855,587	\$ 16,033,875

Oil Tax Resources	Other Special	PACE Fund	Public Safety And Penal Institutions				Recreation	Regulatory	Veterans	Total
										June 30 1996
\$ 472,330	\$ 607,186	\$ 11,177,341	\$ 1,990,382	\$ 5,282,084	\$ 617,196	\$ 928,692	\$ 134,985,400			
-	52,747	-	4,291	746,938	18,544	15,074	2,707,015			
1,200,000	12,193	-	-	8,700,000	-	-	17,219,577			
-	-	-	-	-	-	4,446,044	46,273,650			
1,633	247,885	-	373,811	15,667	36,719	169,115	11,671,160			
-	-	-	-	-	-	-	336,491			
73,263	5	-	-	-	-	48,044	1,273,767			
7,902,349	-	-	-	-	-	146,668	40,546,152			
642,939	59,344	-	7,447	319,440	2,359	10,075	25,854,768			
-	-	-	-	-	-	-	80,142,022			
-	-	-	-	1,175,000	-	-	17,176,000			
-	-	706,161	-	-	-	-	747,499			
-	244,275	-	-	-	131,791	-	15,753,329			
\$ 10,292,514	\$ 1,223,635	\$ 11,883,502	\$ 2,375,931	\$ 16,239,129	\$ 806,609	\$ 5,763,712	\$ 394,686,830			

\$ -	\$ 131,209	\$ -	\$ 256,360	\$ 336,852	\$ 17,486	\$ 7,921	\$ 63,752,356
-	-	-	-	-	-	-	1,325,446
-	-	-	-	-	-	-	4,494
-	21,460	-	-	-	-	-	3,379,640
-	-	-	-	-	-	-	639,837
-	23,245	-	127,081	457,720	94,995	102,055	8,627,821
-	-	-	-	-	-	-	12,974,860
-	37,564	-	3,647	189,259	6,674	-	32,465,894
-	-	-	-	-	-	-	13,676,000
76,636	-	-	274,868	-	-	125,195	21,574,783
76,636	213,478	-	661,956	983,831	119,155	235,171	158,421,131

-	244,275	-	-	-	131,791	-	6,396,601
7,902,349	-	-	-	1,175,000	-	146,668	57,722,152
-	-	3,826,844	-	-	-	-	3,868,182
-	-	7,822,503	-	-	-	-	8,316,478
2,313,529	765,882	234,155	1,713,975	14,080,298	555,663	5,381,873	159,962,286
10,215,878	1,010,157	11,883,502	1,713,975	15,255,298	687,454	5,528,541	236,265,699
\$ 10,292,514	\$ 1,223,635	\$ 11,883,502	\$ 2,375,931	\$ 16,239,129	\$ 806,609	\$ 5,763,712	\$ 394,686,830

STATE OF NORTH DAKOTA
**Combining Statement Of Revenues, Expenditures And
Changes In Fund Balance
Special Revenue Funds
For The Fiscal Year Ended June 30, 1996**

	Administration	Aeronautics And Other Transportation	Agriculture	Commodity Promotion	Cultural And Historical	Education
Revenues:						
Taxes	\$ 71,792	\$ 1,005,174	\$ -	\$ -	\$ -	\$ 1,636,369
Licenses And Permits	-	753,350	145,645	7,012,276	9,175	240,491
Intergovernmental	68,565	3,615	-	-	27,129	181,454
Sales And Services	1,058,357	5,059	2,274,477	4,176	660	2,504,019
Royalties And Rents	-	-	-	-	-	225,492
Fines And Forfeits	-	-	21,500	993	-	2,506,058
Interest	-	-	53,665	165,614	8	21,037
Miscellaneous	109,845	-	92,226	5,516	279,935	153,119
Total Revenues	1,308,559	1,767,198	2,587,513	7,188,575	316,907	7,468,039
Expenditures:						
Current:						
General Government	1,128,516	-	-	-	-	-
Education	-	-	-	-	-	28,587,270
Health And Human Services	-	-	-	-	-	-
Regulatory	-	627,264	-	-	-	-
Public Safety	-	-	-	-	-	-
Agriculture And Economic Development	-	-	2,093,388	6,582,185	-	-
Natural Resources	-	-	-	-	210,412	-
Highways	-	656,465	-	-	-	85,123
Total Expenditures	1,128,516	1,283,729	2,093,388	6,582,185	210,412	28,672,393
Revenues Over (Under) Expenditures	180,043	483,469	494,125	606,390	106,495	(21,204,354)
Other Financing Sources (Uses):						
Operating Transfers In	-	-	34,548	-	31,610	26,140,670
Operating Transfers Out	(12,465)	(630,000)	-	(253,625)	-	(2,749,365)
Operating Transfers To Component Units	-	-	-	-	-	-
Proceeds From Bonds And Notes	-	-	-	-	-	-
Proceeds From Sale Of General Fixed Assets	-	-	35,000	-	-	-
Total Other Financing Sources (Uses)	(12,465)	(630,000)	69,548	(253,625)	31,610	23,391,305
Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Uses	167,578	(146,531)	563,673	352,765	138,105	2,186,951
Fund Balances - Beginning Of Year As Restated	181,764	2,552,258	1,821,417	3,787,609	173,751	2,267,348
Residual Equity Transfers In	-	-	-	-	-	-
Residual Equity Transfers Out	-	-	-	-	-	-
Fund Balances - End Of Year	\$ 349,342	\$ 2,405,727	\$ 2,385,090	\$ 4,140,374	\$ 311,856	\$ 4,454,299

Federal	Health And Human Services	Highway	Home Quarter Purchase	Insurance	Inter- Governmental Assistance	Job Service	Judicial And Legal
\$ -	\$ 157,639	\$ 79,600,436	\$ -	\$ 10,236	\$ -	\$ -	\$ 82
-	3,111,795	11,647,682	-	133,525	-	-	-
612,848,172	14,127,172	15,758,648	-	69	613	23,592,479	-
178,592	13,087,304	707,043	40,425	2,388,085	-	-	863,215
-	196,368	148,140	-	-	-	-	-
-	-	-	-	-	-	-	141,256
-	54,530	1,227,361	297	824,042	602,049	226,353	-
414,214	682,131	260,746	-	52,751	493,082	115,392	193,954
613,440,978	31,416,939	109,350,056	40,722	3,408,708	1,095,744	23,934,224	1,198,507
24,981,043	-	-	-	-	1,604,952	-	1,633,689
61,209,399	-	-	-	-	-	-	-
350,693,735	30,079,277	-	-	-	-	24,762,331	-
2,548,552	-	-	-	2,154,854	-	-	-
19,810,747	-	9,674,057	-	-	-	-	-
999,156	543,040	-	18,743	-	-	-	-
16,438,937	-	-	-	-	-	-	-
124,339,127	-	87,121,762	-	-	-	-	-
601,020,696	30,622,317	96,795,819	18,743	2,154,854	1,604,952	24,762,331	1,633,689
12,420,282	794,622	12,554,237	21,979	1,253,854	(509,208)	(828,107)	(435,182)
9,107,757	2,664,149	457,546	-	-	2,767,200	1,369,537	370,320
(15,289,617)	(1,497,424)	(175,995)	(34,548)	(922,191)	(285,370)	(594,936)	(6,478)
-	-	-	-	-	-	(4,748)	-
-	-	-	-	-	-	-	-
-	-	247,234	9,357	-	-	359,617	380
(6,181,860)	1,166,725	528,785	(25,191)	(922,191)	2,481,830	1,129,470	364,222
6,238,422	1,961,347	13,083,022	(3,212)	331,663	1,972,622	301,363	(70,960)
1,476,098	5,266,310	48,271,289	256,248	7,290,246	15,189,684	1,451,237	779,073
-	473,270	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 7,714,520	\$ 7,700,927	\$ 61,354,311	\$ 253,036	\$ 7,621,909	\$ 17,162,306	\$ 1,752,600	\$ 708,113

STATE OF NORTH DAKOTA

Combining Statement Of Revenues, Expenditures And
Changes In Fund Balance
Special Revenue Funds (Continued)
For The Fiscal Year Ended June 30, 1996

	Land Department						
	Coal Severance	Energy Development Impact	Land And Mineral	Land Maintenance	Motor Vehicle	National Guard	Natural Resources
Revenues:							
Taxes	\$ 3,351,640	\$ 1,692,220	\$ -	\$ -	\$ 2,037,129	\$ -	\$ 643,548
Licenses And Permits	-	-	-	-	-	-	344,754
Intergovernmental	-	-	-	-	-	17,657	898,362
Sales And Services	-	-	-	1,177,769	-	70,104	41,517
Royalties And Rents	-	-	3,549,539	-	-	112,519	-
Fines And Forfeits	-	-	-	-	-	-	-
Interest	2,600,259	-	266,981	-	-	32,389	1,016,845
Miscellaneous	-	-	-	-	-	975	72,478
Total Revenues	5,951,899	1,692,220	3,816,520	1,177,769	2,037,129	233,644	3,017,504
Expenditures:							
Current:							
General Government	-	-	-	-	-	-	-
Education	114,442	1,162,745	148,154	1,023,268	-	-	-
Health And Human Services	-	-	-	-	23,539	-	-
Regulatory	-	-	-	-	-	-	6,129,940
Public Safety	-	-	-	-	-	616,767	-
Agriculture And Economic Development	-	-	-	-	1,615,224	-	51,161
Natural Resources	-	-	-	-	-	-	8,661,178
Highways	-	-	-	-	-	-	-
Total Expenditures	114,442	1,162,745	148,154	1,023,268	1,638,763	616,767	14,842,279
Revenues Over (Under) Expenditures	5,837,457	529,475	3,668,366	154,501	398,366	(383,123)	(11,824,775)
Other Financing Sources (Uses):							
Operating Transfers In	-	-	712,032	-	-	358,662	7,776,858
Operating Transfers Out	(5,158,273)	-	(1,920,477)	-	(384,182)	(8,745)	(1,396,722)
Operating Transfers To Component Units	-	-	-	-	-	-	-
Proceeds From Bonds And Notes	-	-	-	-	-	-	8,875,227
Proceeds From Sale Of General Fixed Assets	(355,914)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(5,514,187)	-	(1,208,445)	-	(384,182)	349,917	15,255,363
Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Uses	323,270	529,475	2,459,921	154,501	14,184	(33,206)	3,430,588
Fund Balances - Beginning Of Year As Restated	48,364,564	1,671,298	1,685,035	38,904	1,312,833	821,229	10,883,888
Residual Equity Transfers In	-	-	-	-	-	-	-
Residual Equity Transfers Out	-	-	-	-	-	-	-
Fund Balances - End Of Year	\$ 48,687,834	\$ 2,200,773	\$ 4,144,956	\$ 193,405	\$ 1,327,017	\$ 788,023	\$ 14,314,476

									Total
Oil Tax Resources	Other Special	PACE Fund	Public Safety And Penal Institutions	Recreation	Regulatory	Solid Waste Management	Veterans	June 30 1996	
\$ 3,475,324	\$ -	\$ -	\$ -	\$ 62,516	\$ 16,798	\$ -	\$ -	\$ 93,760,903	
-	27,116	-	504,281	7,250,216	448,929	-	-	31,629,235	
600,790	1,952	-	1,329,134	19,643	37,553	-	-	669,513,007	
-	974,179	-	318,154	1,002,581	1,260,658	-	1,015,129	28,971,503	
-	56,780	-	191,342	33,901	-	-	390	4,514,471	
-	11	-	-	2,805	450	-	-	2,673,073	
85,514	551	335,318	-	81,868	34,827	-	340,783	7,970,291	
316,830	865,360	-	34,991	92,946	1,206	-	-	4,237,697	
4,478,458	1,925,949	335,318	2,377,902	8,546,476	1,800,421	-	1,356,302	843,270,180	
-	1,138,359	-	-	-	157,733	-	-	30,644,292	
-	108,611	-	-	-	-	-	-	92,353,889	
-	103,748	-	-	-	-	-	1,107,909	406,770,539	
-	45,509	-	-	-	1,354,986	-	-	12,861,105	
-	67,727	-	3,093,854	-	-	-	25,602	33,288,754	
-	136,075	2,048,059	-	-	197,689	-	-	14,284,720	
-	446,888	-	-	5,917,186	-	-	-	31,674,601	
-	132,246	-	-	-	-	-	-	212,334,723	
-	2,179,163	2,048,059	3,093,854	5,917,186	1,710,408	-	1,133,511	834,212,623	
4,478,458	(253,214)	(1,712,741)	(715,952)	2,629,290	90,013	-	222,791	9,057,557	
-	491,339	4,880,000	851,337	100,000	91,976	-	201,784	58,407,325	
(4,718,585)	(3,175)	-	-	(136,650)	(105,118)	-	(246,465)	(36,530,406)	
-	-	-	-	-	-	-	-	(4,748)	
-	-	-	-	-	-	-	-	8,875,227	
-	-	-	-	5,600	-	-	-	301,274	
(4,718,585)	488,164	4,880,000	851,337	(31,050)	(13,142)	-	(44,681)	31,048,672	
(240,127)	234,950	3,167,259	135,385	2,598,240	76,871	-	178,110	40,106,229	
10,456,005	775,207	8,716,243	1,578,590	12,657,058	610,583	473,270	5,350,431	196,159,470	
-	-	-	-	-	-	-	-	473,270	
-	-	-	-	-	-	(473,270)	-	(473,270)	
\$ 10,215,878	\$ 1,010,157	\$ 11,883,502	\$ 1,713,975	\$ 15,255,298	\$ 687,454	\$ -	\$ 5,528,541	\$ 236,265,699	



Snow Geese

More than a million snow geese stop in North Dakota each spring and fall on their migration to and from arctic nesting grounds.

Debt Service Fund

A debt service fund is used to account for accumulation of resources for, and the payment of, principal and interest on general long-term debt.

DEBT SERVICE FUNDS

BUILDING AUTHORITY

919 - Building Authority Debt Service Fund

Account for accumulation of resources for, and the payment of, principal and interest on bonds issued by the North Dakota Building Authority. (NDCC 54-17.2)

LIGNITE RESEARCH

928 - Lignite Research Debt Service Fund

Account for accumulation of resources for, and the payment of, principal and interest on bonds issued by the Industrial Commission of North Dakota to assist Dakota Gasification Company with the funding of construction of an anhydrous ammonia plant.

STATE OF NORTH DAKOTA

**Combining Balance Sheet
Debt Service Funds
June 30, 1996**

			Total
	Building Authority	Lignite Research	June 30 1996
Assets			
Cash Deposits At The Bank Of North Dakota	\$ 158,000	\$ 882,500	\$ 1,040,500
Investments At The Bank Of North Dakota	6,025,000	-	6,025,000
Investments	4,906,000	-	4,906,000
Interest Receivable - Net	48,000	-	48,000
Total Assets	<u>\$ 11,137,000</u>	<u>\$ 882,500</u>	<u>\$ 12,019,500</u>
Liabilities			
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Equity			
Fund Balance:			
Reserved For:			
Debt Service	11,137,000	882,500	12,019,500
Total Equity	<u>11,137,000</u>	<u>882,500</u>	<u>12,019,500</u>
Total Liabilities And Equity	<u>\$ 11,137,000</u>	<u>\$ 882,500</u>	<u>\$ 12,019,500</u>

STATE OF NORTH DAKOTA

Combining Statement Of Revenues, Expenditures And Changes In Fund Balance Debt Service Funds For The Fiscal Year Ended June 30, 1996

			Total
	Building Authority	Lignite Research	June 30 1996
Revenues:			
Interest	\$ 653,000	\$ 25,903	\$ 678,903
Miscellaneous	45,000	-	45,000
Total Revenues	698,000	25,903	723,903
Expenditures:			
Debt Service:			
Principal	3,878,000	-	3,878,000
Interest And Other Charges	4,701,000	235,201	4,936,201
Total Expenditures	8,579,000	235,201	8,814,201
Revenues Under Expenditures	(7,881,000)	(209,298)	(8,090,298)
Other Financing Sources:			
Operating Transfers In	7,051,000	1,091,798	8,142,798
Proceeds From Bonds And Notes	3,179,000	-	3,179,000
Other	271,000	-	271,000
Total Other Financing Sources	10,501,000	1,091,798	11,592,798
Revenues And Other Financing Sources Over Expenditures	2,620,000	882,500	3,502,500
Fund Balances - Beginning Of Year	8,517,000	-	8,517,000
Fund Balances - End Of Year	\$ 11,137,000	\$ 882,500	\$ 12,019,500

Capital Projects Fund

A capital projects fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

CAPITAL PROJECTS FUND

BUILDING AUTHORITY

960 - Building Authority Capital Projects Fund

Account for the acquisition or construction of buildings primarily for use by the State and making any improvements connected to those buildings. (NDCC 54-17.2)

STATE OF NORTH DAKOTA**Balance Sheet
Capital Projects Fund
June 30, 1996**

	<u>June 30 1996</u>
Assets	
Cash Deposits At The Bank Of North Dakota	\$ 15,227,000
Total Assets	<u>\$ 15,227,000</u>
Liabilities	
Due To Other Funds	\$ 2,512,000
Total Liabilities	<u>2,512,000</u>
Equity	
Fund Balance:	
Reserved For:	
Capital Projects	12,715,000
Total Equity	<u>12,715,000</u>
Total Liabilities And Equity	<u>\$ 15,227,000</u>

STATE OF NORTH DAKOTA**Statement Of Revenues, Expenditures And
Changes In Fund Balance
Capital Projects Fund
For The Fiscal Year Ended June 30, 1996**

	<u>June 30</u> <u>1996</u>
Revenues:	
Interest	\$ 711,000
Miscellaneous	13,000
Total Revenues	<u>724,000</u>
Expenditures:	
Capital Outlay	112,000
Total Expenditures	<u>112,000</u>
Revenues Over Expenditures	<u>612,000</u>
Other Financing Sources (Uses):	
Operating Transfers Out	(2,645,000)
Proceeds From Bonds And Notes	12,523,000
Total Other Financing Sources (Uses)	<u>9,878,000</u>
Revenues And Other Financing Sources Over Expenditures And Other Financing Uses	10,490,000
Fund Balances - Beginning Of Year As Previously Reported	2,225,000
Fund Balances - End Of Year	<u>\$ 12,715,000</u>

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the State is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the State has decided that periodic determination of net income is appropriate for accountability purposes.



White-tailed Deer

While white-tailed deer were historically an animal of the forest, they have adapted to North Dakota's open prairies, and are found throughout the state.

ENTERPRISE FUNDS

BANK OF NORTH DAKOTA

999 - Bank of North Dakota

Accounts for all of the financial resources associated with the Bank of North Dakota. (NDCC 6-09)

BEGINNING FARMER REVOLVING LOAN

973 - Beginning Farmer Revolving Loan Fund

Fund used to make loans to North Dakota beginning farmers for the purchase of agricultural real estate. (NDCC 6-09)

BONDING

210 (924) - State Bonding Fund

Fund used to maintain the bonding of public employees and officials of the state, county, city or other unit of local government. (NDCC 26-1.21)

COMMUNITY WATER FACILITY LOAN

974 - Community Water Facility Loan Fund

Accounts for supplementary financing in conjunction with federal moneys available to improve adequate water supplies. (NDCC 6-09.5)

DEVELOPMENTALLY DISABLED FACILITY LOAN

971 - Developmentally Disabled Facility Loan Fund

Accounts for loans to nonprofit corporations for costs related to facilities for developmentally disabled, chronically mentally ill, and physically disabled persons. (NDCC 50-12)

FIRE AND TORNADO

211 (923) - State Fire and Tornado Fund

Accounts for state agencies and political subdivisions to insure against loss to the public buildings, fixtures and permanent contents therein, through fire, lightning, windstorm, etc. (NDCC 26.1-22)

GUARANTEED STUDENT LOAN

969 - North Dakota Guaranteed Student Loan

Accounts for the revenues and expenses associated with the administration, development and operation of the guaranteed loan program. (NDCC 6-09)

HOUSING FINANCE

998 - Housing and Finance Agency

Accounts for all the financial resources associated with the Housing and Finance Agency. (NDCC 54-17)

MILL AND ELEVATOR

970 - North Dakota Mill and Elevator

Accounts for the financial resources of the ND Mill and Elevator Association. (NDCC 54-18)

PERS UNIFORM GROUP INSURANCE

980 - Public Employees Retirement System Group Insurance

Accounts for the administrative revenues and expenses associated with this insurance purchasing pool. (NDCC 54-52)

REAL ESTATE TRUST

951 - Real Estate Trust

Accounts for sums collected for the purpose of retiring the principal of the bonds at their maturity and paying the interest thereon when due. (NDCC 54-30)

ROUGH RIDER INDUSTRIES

926 - Roughrider Industries

Accounts for the revenues and expenses associated with the operation, manufacture and sale of products made by the prison inmates. (NDCC 12-47)

STATE FAIR

601 (977) - State Fair

Accounts for revenues and expenditures associated with the operation of the State Fair. (NDCC 4-02.1)

STUDENT LOAN

975 - North Dakota Student Loan Trust

Accounts for loans to students in post secondary education. The trust acquires eligible loans guaranteed or insured by the United States government or the North Dakota Guaranteed Student Loan Program. (NDCC 6-09)

WORKERS COMPENSATION

213 (965) - North Dakota Workers Compensation - Enterprise

Accounts for all financial resources associated with the Workmen's Compensation Bureau. (ND Constitution, Article X, Section 12)

STATE OF NORTH DAKOTA

Combining Balance Sheet
Enterprise Funds
June 30, 1996

	Bank Of North Dakota	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Develop- mentally Disabled Facility Loan	Fire And Tornado	Guaranteed Student Loan
Assets							
Cash Deposits At The Bank Of North Dakota	\$ -	\$ 1,736,656	\$ 40,730	\$ 574,451	\$ 2,074,710	\$ 101,055	\$ 1,818,707
Cash And Cash Equivalents	195,660,000	-	-	-	-	-	-
Investments At The Bank Of North Dakota	-	-	-	-	-	-	2,210,001
Investments	334,933,000	-	3,736,901	-	-	16,067,418	7,047,901
Accounts Receivable - Net	-	-	40,728	-	-	4,542	96,104
Interest Receivable - Net	13,876,000	368,790	3,493	129,713	34,478	58,466	142,704
Loans And Notes Receivable - Net	470,083,000	11,309,490	-	14,089,402	9,718,816	-	-
Due From Component Units	17,000	-	-	-	-	-	-
Due From Other Funds	1,294,000	-	39,390	-	-	11,029	-
Intergovernmental Receivable - Net	-	-	-	-	-	-	1,504,994
Advances To Component Units	12,247,000	-	-	-	-	-	-
Prepaid Items	-	1,422,875	2,963	-	-	8,046	-
Inventory	-	-	-	-	-	-	-
Unamortized Bond Issuance Costs	-	-	-	-	-	-	-
Fixed Assets (Net Of Depreciation)	3,425,000	-	-	-	-	15,769	-
Other Assets	2,281,000	-	-	-	-	-	197,282
Total Assets	\$ 1,033,816,000	\$ 14,837,811	\$ 3,864,205	\$ 14,793,566	\$ 11,828,004	\$ 16,266,325	\$ 13,017,693
Liabilities							
Accounts Payable	\$ -	\$ -	\$ 4,620	\$ -	\$ -	\$ 44,060	\$ 320,267
Notes Payable	57,000,000	-	-	-	-	-	-
Interest Payable	3,326,000	-	-	-	-	-	-
Federal Funds Purchased	164,006,000	-	-	-	-	-	-
Reverse Repurchase Agreements	950,000	-	-	-	-	-	-
Intergovernmental Payable	-	-	-	-	-	-	595,761
Claims/Judgements Payable	-	-	127,315	-	-	1,602,960	-
Accrued Payroll	-	-	2,859	-	-	20,506	-
Compensated Absences Payable	-	-	3,512	-	-	16,381	-
Amounts Held In Custody For Others	-	-	-	-	-	-	-
Deposits Held For Other Funds	424,923,000	-	-	-	-	-	-
Other Deposits	239,628,000	-	-	-	-	-	-
Interfund Payable	50,628,000	-	-	-	-	-	-
Due To Other Funds	206,000	14,854	3,347	18,121	13,275	35,600	170,840
Advances From Other Funds	-	-	-	-	5,761,999	-	-
Advances From Component Units	12,247,000	-	-	-	-	-	-
Bonds Payable	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	1,814,356
Other Liabilities	4,902,000	-	-	-	-	-	-
Total Liabilities	957,816,000	14,854	141,653	18,121	5,775,274	1,719,507	2,901,224
Equity							
Contributed Capital	2,000,000	11,725,478	-	10,000,000	4,619,306	-	-
Unrealized Gain On Investments	508,000	-	165,487	-	-	118,059	-
Retained Earnings:							
Reserved	42,000,000	3,097,479	-	4,775,445	1,433,424	-	8,480,061
Unreserved	31,492,000	-	3,557,065	-	-	14,428,759	1,636,408
Total Equity	76,000,000	14,822,957	3,722,552	14,775,445	6,052,730	14,546,818	10,116,469
Total Liabilities And Equity	\$ 1,033,816,000	\$ 14,837,811	\$ 3,864,205	\$ 14,793,566	\$ 11,828,004	\$ 16,266,325	\$ 13,017,693

Housing Finance	Mill And Elevator	PERS Uniform Group Insurance	Real Estate Trust	Roughrider Industries	State Fair	Student Loan	Workers Compensation	Total
								June 30 1996
\$ 2,604,000	\$ 602,072	\$ 873,278	\$ 277,113	\$ 390,630	\$ 969,353	\$ 63,619,787	\$ 5,400,904	\$ 81,083,446
103,472,000	-	14,909,967	-	200	324,024	-	-	314,366,191
-	-	-	21,923,193	-	-	36,592,771	-	60,725,965
33,722,000	-	-	3,582,418	-	249,163	21,231,583	414,808,758	835,379,142
452,000	13,622,124	11,280	-	308,783	21,577	-	33,697,695	48,254,833
2,576,000	-	-	1,239,783	-	-	2,122,186	2,985,009	23,536,622
283,375,000	-	-	12,620,033	-	-	134,657,678	-	935,853,419
-	-	-	-	-	-	-	-	17,000
84,000	-	4,577	160	57,038	-	-	-	1,490,194
91,000	-	-	-	-	-	1,185,248	-	2,781,242
-	-	-	-	-	-	-	-	12,247,000
586,000	138,111	-	-	2,807	17,324	-	478,128	2,656,254
-	12,143,939	-	-	582,102	-	-	-	12,726,041
5,213,000	-	-	25,864	-	-	1,786,037	-	7,024,901
105,000	18,285,438	-	-	453,127	8,395,148	-	2,344,647	33,024,129
-	-	-	322,354	44,559	26,250	-	-	2,871,445
<u>\$ 432,280,000</u>	<u>\$ 44,791,684</u>	<u>\$ 15,799,102</u>	<u>\$ 39,990,918</u>	<u>\$ 1,839,246</u>	<u>\$ 10,002,839</u>	<u>\$ 261,195,290</u>	<u>\$ 459,715,141</u>	<u>\$ 2,374,037,824</u>
\$ 435,000	\$ 2,953,322	\$ 856	\$ -	\$ 66,524	\$ 20,136	\$ -	\$ 467,433	\$ 4,312,218
2,000,000	4,200,000	-	-	-	-	-	-	63,200,000
12,057,000	-	-	902,769	-	14,404	5,411,338	-	21,711,511
-	-	-	-	-	-	-	-	164,006,000
-	-	-	-	-	-	-	-	950,000
558,000	-	-	-	-	-	-	-	1,153,761
-	-	-	-	-	-	-	480,400,000	482,130,275
-	86,512	24,847	-	74,748	-	-	-	209,472
89,000	387,720	23,442	-	63,338	25,566	-	281,230	890,189
1,621,000	-	14,909,967	-	-	-	-	-	16,530,967
-	-	-	-	-	-	-	-	424,923,000
-	-	-	-	-	-	-	-	239,628,000
-	-	-	-	-	-	-	-	50,628,000
3,000	-	9,484	-	12,161	-	817,181	69,161	1,373,024
-	-	-	-	-	-	-	-	5,761,999
-	-	-	-	-	-	-	-	12,247,000
396,504,000	-	-	38,834,919	-	3,231,217	195,947,693	-	634,517,829
172,000	-	-	17,851	390	-	-	51,189,186	53,193,783
-	-	20,013	16,032	1,690	-	-	-	4,939,735
<u>413,439,000</u>	<u>7,627,554</u>	<u>14,988,609</u>	<u>39,771,571</u>	<u>218,851</u>	<u>3,291,323</u>	<u>202,176,212</u>	<u>532,407,010</u>	<u>2,182,306,763</u>
-	5,985	-	-	-	-	-	-	28,350,769
-	-	-	-	-	-	-	14,171,104	14,962,650
16,580,000	-	-	-	-	250,000	59,019,078	-	135,635,487
2,261,000	37,158,145	810,493	219,347	1,620,395	6,461,516	-	(86,862,973)	12,782,155
<u>18,841,000</u>	<u>37,164,130</u>	<u>810,493</u>	<u>219,347</u>	<u>1,620,395</u>	<u>6,711,516</u>	<u>59,019,078</u>	<u>(72,691,869)</u>	<u>191,731,061</u>
<u>\$ 432,280,000</u>	<u>\$ 44,791,684</u>	<u>\$ 15,799,102</u>	<u>\$ 39,990,918</u>	<u>\$ 1,839,246</u>	<u>\$ 10,002,839</u>	<u>\$ 261,195,290</u>	<u>\$ 459,715,141</u>	<u>\$ 2,374,037,824</u>

STATE OF NORTH DAKOTA

Combining Statement Of Revenues, Expenses And Changes In Fund Equity

Enterprise Funds

For The Fiscal Year Ended June 30, 1996

	Bank Of North Dakota	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Develop- mentally Disabled Facility Loan	Fire And Tornado	Guaranteed Student Loan
Operating Revenues:							
Sales And Services	\$ 6,988,000	\$ -	\$ 93,041	\$ -	\$ -	\$ 2,628,510	\$ 2,033,562
Royalties And Rents	-	-	-	-	-	-	-
Fines And Forfeits	-	-	-	-	-	-	-
Interest	62,996,000	618,804	-	455,791	726,782	-	-
Investment	1,619,000	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	707
Total Operating Revenues	71,603,000	618,804	93,041	455,791	726,782	2,628,510	2,034,269
Operating Expenses:							
Cost Of Sales And Services	-	-	-	-	-	-	-
Salaries And Benefits	5,582,000	-	40,612	-	-	255,705	-
Operating	6,202,000	56,120	55,940	149,681	56,681	313,991	2,308,515
Benefits	-	-	11,027	-	-	1,598,310	-
Refunds	-	-	-	-	-	-	-
Interest	37,595,000	283,837	-	-	340,903	-	-
Depreciation	585,000	-	-	-	-	4,657	-
Miscellaneous	-	4,198	-	-	-	-	162
Total Operating Expenses	49,964,000	344,155	107,579	149,681	397,584	2,172,663	2,308,677
Operating Income (Loss)	21,639,000	274,649	(14,538)	306,110	329,198	455,847	(274,408)
Nonoperating Revenues (Expenses):							
Interest Revenue	-	-	251,042	-	-	1,091,941	672,399
Interest Expense	-	-	-	-	-	-	-
Gain (Loss) On Sale Of Fixed Assets	-	-	-	-	-	-	-
Gain (Loss) On Sale Of Investments	-	-	-	-	-	-	-
Other	-	-	(7,592)	-	-	(27,046)	-
Total Nonoperating Revenues (Expenses)	-	-	243,450	-	-	1,064,895	672,399
Income (Loss) Before Operating Transfers	21,639,000	274,649	228,912	306,110	329,198	1,520,742	397,991
Operating Transfers In	12,000	950,000	-	-	-	6,478	-
Operating Transfers Out	(46,159,000)	-	-	-	(950,000)	(370,320)	-
Net Income (Loss)	(24,508,000)	1,224,649	228,912	306,110	(620,802)	1,156,900	397,991
Fund Equity - Beginning Of Year As Previously Reported	100,206,000	13,598,308	3,477,185	14,469,335	6,673,532	13,384,455	9,718,478
Unrealized Gain On Investments	302,000	-	16,455	-	-	5,463	-
Fund Equity - End Of Year	\$ 76,000,000	\$ 14,822,957	\$ 3,722,552	\$ 14,775,445	\$ 6,052,730	\$ 14,546,818	\$ 10,116,469

Housing Finance	Mill And Elevator	PERS Uniform Group Insurance	Real Estate Trust	Roughrider Industries	State Fair	Student Loan	Workers Compensation	Total
								June 30 1996
\$ 612,000	\$ 79,566,389	\$ 701,317	\$ -	\$ 2,562,215	\$ 2,969,956	\$ -	\$ 133,810,528	\$ 231,965,518
-	-	-	41,960	24,175	-	-	-	66,135
-	-	-	-	-	-	-	4,027,733	4,027,733
41,251,000	-	-	2,996,082	-	-	13,491,029	-	122,535,488
-	-	-	-	-	-	5,288,314	-	6,907,314
-	-	-	105,357	3,501	171,825	-	-	281,390
41,863,000	79,566,389	701,317	3,143,399	2,589,891	3,141,781	18,779,343	137,838,261	365,783,578
-	74,262,901	-	-	1,568,628	-	-	-	75,831,529
-	945,144	292,695	-	750,621	627,981	-	-	8,494,758
2,369,000	576,802	223,087	211,224	194,985	1,975,055	3,967,995	10,356,731	29,017,807
-	-	-	-	-	-	-	92,908,906	94,518,243
-	-	-	-	37,971	-	-	-	37,971
36,271,000	-	-	2,712,828	-	-	12,168,788	-	89,372,356
40,000	1,643,893	-	-	66,407	390,549	-	607,016	3,337,522
-	-	-	-	-	3,750	-	-	8,110
38,680,000	77,428,740	515,782	2,924,052	2,618,612	2,997,335	16,136,783	103,872,653	300,618,296
3,183,000	2,137,649	185,535	219,347	(28,721)	144,446	2,642,560	33,965,608	65,165,282
-	39,177	59,393	-	15,094	44,130	-	20,843,787	23,016,963
-	(360,168)	-	-	-	(186,333)	-	-	(546,501)
-	-	-	-	1,034	-	-	(18,836)	(17,802)
14,000	-	-	-	-	-	-	11,978,169	11,992,169
-	12,015	-	-	-	-	-	-	(22,623)
14,000	(308,976)	59,393	-	16,128	(142,203)	-	32,803,120	34,422,206
3,197,000	1,828,673	244,928	219,347	(12,593)	2,243	2,642,560	66,768,728	99,587,488
-	9,059	-	23,157,193	-	354,400	-	-	24,489,130
(25,000)	(28,979)	-	-	-	-	-	-	(47,533,299)
3,172,000	1,808,753	244,928	23,376,540	(12,593)	356,643	2,642,560	66,768,728	76,543,319
15,669,000	35,355,377	565,565	(23,157,193)	1,632,988	6,354,873	56,376,518	(141,240,531)	113,083,890
-	-	-	-	-	-	-	1,779,934	2,103,852
\$ 18,841,000	\$ 37,164,130	\$ 810,493	\$ 219,347	\$ 1,620,395	\$ 6,711,516	\$ 59,019,078	\$ (72,691,869)	\$ 191,731,061

STATE OF NORTH DAKOTA
Combining Statement Of Cash Flows
Enterprise Funds

For The Fiscal Year Ended June 30, 1996

	Bank Of North Dakota	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Develop- mentally Disabled Facility Loan	Fire And Tornado
Cash Flows From Operating Activities:						
Operating Income (Loss)	\$ 21,639,000	\$ 274,649	\$ (14,538)	\$ 306,110	\$ 329,198	\$ 455,847
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:						
Depreciation	585,000	-	-	-	-	4,657
Amortization\Accretion	55,000	-	-	-	-	-
Reclassification Of Interest Revenue\Expense	(25,401,000)	(618,804)	-	(455,791)	(385,879)	-
Gain On Sale Of Real Estate	-	-	-	-	-	-
Gain On Sale Of Securities	(119,000)	-	-	-	-	-
Interest Received On Program Loans	-	-	-	-	-	-
Disbursements For Loans And Loan Purchases	-	-	-	-	-	-
Receipt Of Loan Principal Repayments	-	-	-	-	-	-
Provision For Losses	200,000	-	-	78,000	-	-
Premiums Collected	-	-	-	-	-	-
Premiums Paid	-	-	-	-	-	-
Other	-	-	-	-	-	-
Change In Assets And Liabilities:						
(Increase) Decrease In Accounts Receivable	-	-	(14,126)	-	-	(1,949)
(Increase) Decrease In Due From	1,110,000	-	(38,673)	-	-	(3,358)
Increase In Intergovernmental Receivable	-	-	-	-	-	-
(Increase) Decrease In Prepaid Items	-	45,513	(2,963)	-	-	(8,046)
Increase In Inventories	-	-	-	-	-	-
(Increase) Decrease In Other Assets	(955,000)	-	-	-	-	-
Increase (Decrease) In Accounts Payable	-	-	2,632	-	-	33,310
Increase (Decrease) In Claims\Judgements Payable	-	-	(313,550)	-	-	(64,976)
Increase In Intergovernmental Payable	-	-	-	-	-	-
Increase (Decrease) In Accrued Payroll	-	-	(694)	-	-	388
Increase (Decrease) In Compensated Absences Payable	-	-	(970)	-	-	4,625
Increase In Amounts Held For Others	-	-	-	-	-	-
Increase (Decrease) In Due To	13,000	4,369	(496,795)	1,176	(629)	26,392
Increase (Decrease) In Deferred Revenue	-	-	-	-	-	-
Decrease In Other Liabilities	(1,364,000)	-	-	-	-	-
Net Cash Provided By (Used For) Operating Activities	(4,237,000)	(294,273)	(879,677)	(70,505)	(57,310)	446,890
Cash Flows From Noncapital Financing Activities:						
Proceeds From Bonds	-	-	-	-	-	-
Proceeds From Sale Of Notes And Other Borrowings	3,500,000	-	-	-	-	-
Principal Payments - Bonds	-	-	-	-	-	-
Principal Payments - Notes And Other Borrowings	-	-	-	-	-	-
Interest Payments - Bonds	-	-	-	-	-	-
Interest Payments - Notes And Other Borrowings	(4,529,000)	-	-	-	(340,903)	-
Operating Transfers In	12,000	950,000	-	-	-	6,478
Operating Transfers Out	(25,195,000)	-	-	-	(950,000)	(370,320)
Net Increase In Non-Interest Bearing Deposits	19,242,000	-	-	-	-	-
Net Increase In Interest Bearing Deposits	69,925,000	-	-	-	-	-
Payments Of Interest On Deposits	(21,381,000)	-	-	-	-	-
Proceeds From Advances	932,000	-	-	-	-	-
Principal Payments On Advances	(1,138,000)	-	-	-	(278,965)	-
Interest Paid On Federal Funds And Reverse Repurchase Agreements	(10,282,000)	-	-	-	-	-
Net Increase In Federal Funds And Reverse Repurchase Agreements	9,429,000	-	-	-	-	-
Advances Made	(932,000)	-	-	-	-	-
Collection Of Advances Made	4,433,000	-	-	-	-	-
Net Cash Provided By (Used For) Noncapital Financing Activities	44,016,000	950,000	-	-	(1,569,868)	(363,842)

									Total
Guaranteed Student Loan	Housing Finance	Mill And Elevator	PERS Uniform Group Insurance	Real Estate Trust	Roughrider Industries	State Fair	Student Loan	Workers Compensation	June 30 1996
\$ (274,408)	\$ 3,183,000	\$ 2,137,649	\$ 185,535	\$ 219,347	\$ (28,721)	\$ 144,446	\$ 2,642,560	\$ 33,965,608	\$ 65,165,282
-	40,000	1,643,893	-	-	66,407	390,549	-	607,016	3,337,522
3,214	1,764,000	-	-	(50,404)	-	3,750	588,454	-	2,364,014
-	(4,802,000)	-	-	(283,253)	-	-	(6,723,810)	-	(38,670,537)
-	-	-	-	(103,660)	-	-	-	-	(103,660)
-	-	-	-	-	-	-	-	-	(119,000)
-	20,688,000	-	-	-	-	-	14,083,495	-	34,771,495
-	(52,096,000)	-	-	-	-	-	-	-	(52,096,000)
-	25,540,000	-	-	-	-	-	18,777,976	-	44,317,976
-	-	-	-	-	-	-	-	1,423,457	1,701,457
-	-	-	64,969,352	-	-	-	-	-	64,969,352
-	-	-	(64,969,352)	-	-	-	-	-	(64,969,352)
-	9,000	20,081	406	-	-	-	-	295,080	324,567
10,246	(355,000)	(4,407,572)	3,893	-	(88,504)	1,929	-	(3,860,441)	(8,711,524)
-	1,000	-	(94)	7	(18,288)	-	-	-	1,050,594
(73,947)	(28,000)	-	-	-	-	-	-	-	(101,947)
-	(147,000)	26,077	-	-	1,311	(1,015)	-	(473,692)	(559,815)
-	-	(4,881,902)	-	-	(101,496)	-	-	-	(4,983,398)
76,477	-	-	-	-	-	-	-	-	(878,523)
(371,275)	85,000	2,205,518	(11,754)	-	10,020	(7,434)	-	(656,585)	1,289,432
-	-	-	-	-	-	-	-	27,200,000	26,821,474
267,943	220,000	-	-	-	-	-	-	-	487,943
-	-	11,667	(1,965)	-	26,061	-	-	-	35,457
-	5,000	32,788	5,542	-	6,818	7,652	-	12,267	73,722
-	195,000	-	4,021,260	-	-	-	-	-	4,216,260
(4,575)	(8,000)	-	(6,244)	-	(12,284)	-	(112,807)	(7,165)	(603,562)
52,418	(337,000)	-	-	(6,257)	(1,414)	-	-	(676,157)	(968,410)
-	-	-	(11,042)	(5,626)	(2)	-	-	-	(1,380,670)
(313,907)	(6,043,000)	(3,211,801)	4,185,537	(229,846)	(140,092)	539,877	29,255,868	57,829,388	76,780,149
-	47,961,000	-	-	-	-	-	28,610,100	-	76,571,100
-	2,000,000	27,400,000	-	-	-	-	-	-	32,900,000
-	(78,394,000)	-	-	(405,000)	-	-	(33,249,575)	-	(112,048,575)
-	(360,000)	(23,200,000)	-	-	-	-	-	-	(23,560,000)
-	(25,269,000)	-	-	(2,721,874)	-	-	(12,215,511)	-	(40,206,385)
-	-	(360,168)	-	-	-	-	-	-	(5,230,071)
-	-	9,059	-	23,157,193	-	354,400	-	-	24,489,130
-	(25,000)	(28,979)	-	-	-	-	-	-	(26,569,299)
-	-	-	-	-	-	-	-	-	19,242,000
-	-	-	-	-	-	-	-	-	69,925,000
-	-	-	-	-	-	-	-	-	(21,381,000)
-	-	-	-	-	-	-	-	-	932,000
-	-	-	-	(4,795,000)	-	-	-	-	(6,211,965)
-	-	-	-	-	-	-	-	-	(10,282,000)
-	-	-	-	-	-	-	-	-	9,429,000
-	-	-	-	-	-	-	-	-	(932,000)
-	-	-	-	-	-	-	-	-	4,433,000
-	(54,087,000)	3,819,912	-	15,235,319	-	354,400	(16,854,986)	-	(8,500,065)

STATE OF NORTH DAKOTA
**Combining Statement Of Cash Flows
Enterprise Funds (Continued)
For The Fiscal Year Ended June 30, 1996**

	Bank Of North Dakota	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Develop- mentally Disabled Facility Loan	Fire And Tornado
Cash Flows From Capital And Related Financing Activities:						
Acquisition And Construction Of Capital Assets	(235,000)	-	-	-	-	(2,656)
Proceeds From Sale Of Fixed Assets	-	-	-	-	-	-
Principal Payments - Bonds	-	-	-	-	-	-
Interest Payments - Bonds	-	-	-	-	-	-
Net Cash Used For Capital And Related Financing Activities	(235,000)	-	-	-	-	(2,656)
Cash Flows From Investing Activities:						
Proceeds From Sale And Maturities Of Investment Securities	102,814,000	-	136,047	-	-	-
Purchase Of Investment Securities	(93,120,000)	-	-	-	-	(1,091,870)
Interest And Dividends On Investments	24,357,000	70,429	240,990	56,832	87,063	1,053,390
Proceeds From Sale Of Other Real Estate	-	-	-	-	-	-
Net Increase In Loans	(93,375,000)	-	-	-	-	-
Disbursements For Loans And Loan Purchases	-	(4,313,124)	-	(1,623,300)	-	-
Receipt Of Loan Principal Repayments	-	1,103,798	-	278,907	556,263	-
Loan Income Received	35,915,000	374,088	-	406,080	636,576	-
Net Cash Provided By (Used For) Investing Activities	(23,409,000)	(2,764,809)	377,037	(881,481)	1,279,902	(38,480)
Net Change In Cash:						
Net Increase (Decrease) In Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	16,135,000	(2,109,082)	(502,640)	(951,986)	(347,276)	41,912
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1995	179,525,000	3,845,738	543,370	1,526,437	2,421,986	59,143
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1996	\$ 195,660,000	\$ 1,736,656	\$ 40,730	\$ 574,451	\$ 2,074,710	\$ 101,055
Reconciliation:						
Cash Deposits At The Bank Of North Dakota	\$ -	\$ 1,736,656	\$ 40,730	\$ 574,451	\$ 2,074,710	\$ 101,055
Cash And Cash Equivalents	195,660,000	-	-	-	-	-
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	\$ 195,660,000	\$ 1,736,656	\$ 40,730	\$ 574,451	\$ 2,074,710	\$ 101,055
Noncash Transactions:						
Reinvestment Of Income On Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Issue Costs Withheld From Bond Proceeds	-	-	-	-	-	-
Unrealized Gains On Investments	302,000	-	16,455	-	-	5,463
Transfer From Undivided Profits To Appropriation Payable	22,990,000	-	-	-	-	-
Total Noncash Transactions	\$ 23,292,000	\$ -	\$ 16,455	\$ -	\$ -	\$ 5,463

									Total
Guaranteed Student Loan	Housing Finance	Mill And Elevator	PERS Uniform Group Insurance	Real Estate Trust	Roughrider Industries	State Fair	Student Loan	Workers Compensation	June 30 1996
-	(40,000)	(693,331)	-	-	(28,279)	(400,143)	-	(594,514)	(1,993,923)
-	2,000	-	-	-	3,000	75,000	-	491	80,491
-	-	-	-	-	-	(195,000)	-	-	(195,000)
-	-	-	-	-	-	(181,598)	-	-	(181,598)
-	(38,000)	(693,331)	-	-	(25,279)	(701,741)	-	(594,023)	(2,290,030)
8,860,000	10,025,000	-	-	7,164,000	-	-	96,492,110	2,500,000	227,991,157
(10,513,074)	(10,219,000)	-	-	(26,993,151)	-	-	(78,552,849)	(55,600,000)	(276,089,944)
333,868	10,427,000	39,177	58,987	1,135,700	15,094	44,130	4,021,004	-	41,940,664
-	-	-	-	275,011	-	-	-	-	275,011
-	-	-	-	-	-	-	-	-	(93,375,000)
-	-	-	-	-	-	-	-	-	(5,936,424)
-	-	-	-	1,781,965	-	-	-	-	3,720,933
-	-	-	-	1,457,093	-	-	-	-	38,788,837
(1,319,206)	10,233,000	39,177	58,987	(15,179,382)	15,094	44,130	21,960,265	(53,100,000)	(62,684,766)
(1,633,113)	(49,935,000)	(46,043)	4,244,524	(173,909)	(150,277)	236,666	34,361,147	4,135,365	3,305,288
3,451,820	156,011,000	648,115	11,538,721	451,022	541,107	1,056,711	29,258,640	1,265,539	392,144,349
\$ 1,818,707	\$ 106,076,000	\$ 602,072	\$ 15,783,245	\$ 277,113	\$ 390,830	\$ 1,293,377	\$ 63,619,787	\$ 5,400,904	\$ 395,449,637
\$ 1,818,707	\$ 2,604,000	\$ 602,072	\$ 873,278	\$ 277,113	\$ 390,630	\$ 969,353	\$ 63,619,787	\$ 5,400,904	\$ 81,083,446
-	103,472,000	-	14,909,967	-	200	324,024	-	-	314,366,191
\$ 1,818,707	\$ 106,076,000	\$ 602,072	\$ 15,783,245	\$ 277,113	\$ 390,830	\$ 1,293,377	\$ 63,619,787	\$ 5,400,904	\$ 395,449,637
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,821,956	\$ 32,821,956
-	-	-	-	-	-	-	289,900	-	289,900
-	-	-	-	-	-	-	-	1,779,934	2,103,852
-	-	-	-	-	-	-	-	-	22,990,000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 289,900	\$ 34,601,890	\$ 58,205,708



Wilson's Phalarope

The Wilson's phalarope is one of many shorebird species that depend on North Dakota's wetlands.

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the State and to other government units, on a cost reimbursement basis.

INTERNAL SERVICE FUNDS

CENTRAL SERVICES

790 (927) - Central Services

Accounts for the revenues and expenditures associated with central printing and office supply services to state agencies and the Legislative Assembly; a surplus property program for the acquisition, distribution, and disposition of federal and state surplus property and procurement services for all state agencies not exempt by statute. (NDCC 54-44)

FLEET SERVICES

700 (918) - Fleet Services

Accounts for costs of operating and maintaining State-owned vehicles. Costs are billed to user agencies and include depreciation on equipment. (NDCC 39-04)

INFORMATION SERVICES

780 (929) - Information Services Division

Accounts used for the procurement and maintenance of data processing equipment and supplies and telecommunications equipment and supplies and for providing data processing and telecommunications services to state departments and agencies. (NDCC 54-44)

RISK MANAGEMENT FUND

(912) - Risk Management Fund

This fund provides insurance coverage and loss prevention to all state agencies and the University System. Coverage is provided using an optional combination of self-insurance and private excess insurance. (NDCC 32-12.2)

STATE INVESTMENT BOARD

207 (936) - State Investment Board

Accounts for the administrative operations provided to the State Investment Board and Teachers Fund For Retirement for the boards investing activities. (NDCC 15-39)

STATE OF NORTH DAKOTA
**Combining Balance Sheet
Internal Service Funds
June 30, 1996**

	Central Services	Fleet Services	Information Services Division	Risk Management	State Investment Board	Total June 30 1996
Assets						
Cash Deposits At The Bank Of North Dakota	\$ 468,462	\$ 201,203	\$ 598,941	\$ 3,289,029	\$ 323,670	\$ 4,881,305
Cash And Cash Equivalents	100	-	-	-	-	100
Accounts Receivable - Net	4,490	735,076	242,178	-	1,026	982,770
Interest Receivable - Net	-	-	-	9,432	-	9,432
Due From Other Funds	136,690	879,345	1,611,054	-	7,839	2,634,928
Intergovernmental Receivable - Net	23,759	6,480	7,223	2,704	-	40,166
Prepaid Items	10,140	-	709,153	-	-	719,293
Inventory	155,702	-	-	-	-	155,702
Fixed Assets (Net Of Depreciation)	463,524	29,195,142	6,319,377	6,445	36,966	36,021,454
Total Assets	\$ 1,262,867	\$ 31,017,246	\$ 9,487,926	\$ 3,307,610	\$ 369,501	\$ 45,445,150
Liabilities						
Accounts Payable	\$ 32,121	\$ 244,328	\$ 298,166	\$ 16,545	\$ 146,154	\$ 737,314
Notes Payable	-	-	2,311,177	-	-	2,311,177
Intergovernmental Payable	528	-	-	-	-	528
Claims/Judgements Payable	-	-	-	2,484,052	-	2,484,052
Accrued Payroll	54,588	62,095	479,343	4,712	-	600,738
Compensated Absences Payable	78,852	33,317	514,040	-	-	626,209
Due To Other Funds	2,625	201,759	13,183	11,507	193,336	422,410
Advances From Other Funds	-	3,500,000	-	-	-	3,500,000
Capital Leases Payable	396,198	170,223	-	-	-	566,421
Deferred Revenue	-	-	-	1,533,897	-	1,533,897
Total Liabilities	564,912	4,211,722	3,615,909	4,050,713	339,490	12,782,746
Equity						
Contributed Capital	774,154	19,609,547	911,861	-	-	21,295,562
Retained Earnings: Unreserved	(76,199)	7,195,977	4,960,156	(743,103)	30,011	11,366,842
Total Equity	697,955	26,805,524	5,872,017	(743,103)	30,011	32,662,404
Total Liabilities And Equity	\$ 1,262,867	\$ 31,017,246	\$ 9,487,926	\$ 3,307,610	\$ 369,501	\$ 45,445,150

STATE OF NORTH DAKOTA

Combining Statement Of Revenues, Expenses And Changes In Fund Equity Internal Service Funds For The Fiscal Year Ended June 30, 1996

	Central Services	Fleet Services	Information Services Division	Risk Management	State Investment Board	Total June 30 1996
Operating Revenues:						
Sales And Services	\$ 1,950,254	\$ 9,849,827	\$ 19,364,050	\$ 1,615,673	\$ 1,211,545	\$ 33,991,349
Miscellaneous	-	80,538	-	-	8,983	89,521
Total Operating Revenues	1,950,254	9,930,365	19,364,050	1,615,673	1,220,528	34,080,870
Operating Expenses:						
Cost Of Sales And Services	778,805	-	-	-	-	778,805
Salaries And Benefits	651,447	811,428	5,661,631	4,674	652,689	7,781,869
Operating	467,236	5,120,546	9,819,338	205,740	530,566	16,143,426
Benefits	-	-	-	2,134,307	-	2,134,307
Depreciation	129,505	3,669,693	3,621,295	1,556	35,412	7,457,461
Total Operating Expenses	2,026,993	9,601,667	19,102,264	2,346,277	1,218,667	34,295,868
Operating Income (Loss)	(76,739)	328,698	261,786	(730,604)	1,861	(214,998)
Nonoperating Revenues (Expenses):						
Interest Revenue	-	-	-	116,634	4,462	121,096
Interest Expense	(32,920)	(14,046)	(116,064)	-	-	(163,030)
Gain (Loss) On Sale Of Fixed Assets	(2,783)	275,836	(117,083)	-	-	155,970
Other	1,930	-	-	-	-	1,930
Total Nonoperating Revenues (Expenses)	(33,773)	261,790	(233,147)	116,634	4,462	115,966
Net Income (Loss)	(110,512)	590,488	28,639	(613,970)	6,323	(99,032)
Fund Equity - Beginning Of Year As Previously Reported	808,467	21,356,731	5,843,378	(129,133)	23,688	27,903,131
Contributed Capital	-	4,858,305	-	-	-	4,858,305
Fund Equity - End Of Year	\$ 697,955	\$ 26,805,524	\$ 5,872,017	\$ (743,103)	\$ 30,011	\$ 32,662,404

STATE OF NORTH DAKOTA
Combining Statement Of Cash Flows
Internal Service Funds
For The Fiscal Year Ended June 30, 1996

	Central Services	Fleet Services	Information Services Division	Risk Management	State Investment Board	Total June 30 1996
Cash Flows From Operating Activities:						
Operating Income (Loss)	\$ (76,739)	\$ 328,698	\$ 261,786	\$ (730,604)	\$ 1,861	\$ (214,998)
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:						
Depreciation	129,505	3,669,693	3,621,295	1,556	35,412	7,457,461
Other	(237)	-	-	-	-	(237)
Change In Assets And Liabilities:						
(Increase) Decrease In Accounts Receivable	11,105	(693,316)	(7,888)	-	(1,026)	(691,125)
(Increase) Decrease In Due From	20,947	(57,753)	(171,696)	88,676	28,151	(91,675)
Increase In Intergovernmental Receivable	(12,479)	(6,480)	(1,763)	(2,704)	-	(23,426)
Decrease In Prepaid Items	16,256	-	71,666	-	-	87,922
Increase In Inventories	(4,345)	-	-	-	-	(4,345)
Increase (Decrease) In Accounts Payable	19,590	10,404	214,390	16,263	(18,278)	242,369
Increase In Claims/Judgements Payable	-	-	-	2,128,334	-	2,128,334
Increase In Intergovernmental Payable	528	-	-	-	-	528
Increase (Decrease) In Accrued Payroll	(961)	14,085	24,850	4,712	-	42,686
Increase In Compensated Absences Payable	17,462	16,929	39,862	-	-	74,253
Increase (Decrease) In Due To	(4,646)	56,608	(7,325)	11,502	179,533	235,672
Decrease In Deferred Revenue	-	-	-	(1,418,268)	-	(1,418,268)
Net Cash Provided By Operating Activities	115,986	3,338,868	4,045,177	99,467	225,653	7,825,151
Cash Flows From Noncapital Financing Activities:						
Proceeds From Advances From Other Funds	-	3,500,000	-	-	-	3,500,000
Collection Of Advances To Other Funds	-	-	90,000	-	-	90,000
Net Cash Provided By Noncapital Financing Activities	-	3,500,000	90,000	-	-	3,590,000
Cash Flows From Capital And Related Financing Activities:						
Acquisition And Construction Of Capital Assets	(20,412)	(8,753,503)	(1,803,569)	(8,001)	(33,764)	(10,619,249)
Proceeds From Sale Of Fixed Assets	-	1,476,485	18,748	-	381	1,495,614
Principal Payments - Notes And Other Borrowings	(100,243)	(36,109)	(2,324,990)	-	-	(2,461,342)
Interest Payments - Notes And Other Borrowings	(32,365)	(14,045)	(116,064)	-	-	(162,474)
Net Cash Used For Capital And Related Financing Activities	(153,020)	(7,327,172)	(4,225,875)	(8,001)	(33,383)	(11,747,451)
Cash Flows From Investing Activities:						
Interest And Dividends On Investments	-	-	-	107,202	4,462	111,664
Net Cash Provided By Investing Activities	-	-	-	107,202	4,462	111,664
Net Change In Cash:						
Net Increase (Decrease) In Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	(37,034)	(488,304)	(90,698)	198,668	196,732	(220,636)
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1995	505,596	689,507	689,639	3,090,361	126,938	5,102,041
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1996	\$ 468,562	\$ 201,203	\$ 598,941	\$ 3,289,029	\$ 323,670	\$ 4,881,405
Reconciliation:						
Cash Deposits At The Bank Of North Dakota	\$ 468,462	\$ 201,203	\$ 598,941	\$ 3,289,029	\$ 323,670	\$ 4,881,305
Cash And Cash Equivalents	100	-	-	-	-	100
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	\$ 468,562	\$ 201,203	\$ 598,941	\$ 3,289,029	\$ 323,670	\$ 4,881,405
Noncash Transactions:						
Purchased Fixed Assets Through Assumption Of Note Payable	\$ -	\$ -	\$ 1,607,700	\$ -	\$ -	\$ 1,607,700
Assets Acquired By Capital Lease	-	206,332	-	-	-	206,332
Assets Acquired By Contributed Capital	-	4,858,304	-	-	-	4,858,304
Total Noncash Transactions	\$ -	\$ 5,064,636	\$ 1,607,700	\$ -	\$ -	\$ 6,672,336



Tundra Swans

Nesting in the arctic and wintering in East Coast states, tundra swans favor North Dakota on their spring and fall migrations.

Trust and Agency Funds

Trust funds are used to account for assets held by the State in a trustee capacity. Agency funds are used to account for assets held by the State as an agent for individuals, private organizations, other governments and/or other funds.



Wild Turkey

Wild turkeys inhabit many of North Dakota's river bottoms. They are not native to the state, but many years of successful trapping and transplanting have produced a thriving population.

TRUST AND AGENCY FUNDS

I. EXPENDABLE TRUSTS

DONATION EXPENDABLE

941 - Veteran's Fund (Commandants Fund)

A conglomerate of funds from interest, sales of crafts, bus charges, cable television, and donations to the home from the many organizations that donate to the home. These donations are earmarked for a specific use or purpose. (NDCC 37-15)

989 - School for the Deaf Student Expendable Trust Funds

Accounts for funds donated to the School for the Deaf for the benefit of the students. (NDCC 25-07)

JOB SERVICE EXPENDABLE

967 - Job Service - Expendable Trust Fund

Accounts for State unemployment taxes collected from employers for the purpose of paying unemployment benefits. Also, accounts for taxes collected from state and local governmental employers for the purpose of paying retirement benefits under the North Dakota Old Age Survivors and Insurance System. (NDCC 52-09)

LAND DEPARTMENT - ABANDONED PROPERTY

418 (954) - Abandoned and Unclaimed Property Fund

Funds received from the sale of abandoned property, credited to the common schools trust fund. (NDCC 47-30.1)

LAND DEPARTMENT - CAPITOL BUILDING

997 - Land Department - Capitol Building Fund

Accounts for moneys accumulated from the sale or leasing of any lands granted in the Enabling Act for the purpose of erecting public buildings at the capital for legislative, executive and judicial purposes. (The Enabling Act, Section 12)

PERS FLEXCOMP

932 - Flex Program

Accounts for pre-tax premium conversions, a medical spending account and a dependent care spending account according to Section 125 of the Internal Revenue Code. (NDCC 54-52.3)

II. NONEXPENDABLE TRUSTS

DONATION NONEXPENDABLE

937 - Department of Public Instruction Thordarson Scholarship Nonexpendable Trust Fund

Fund used to provide scholarship grants to students enrolled in courses offered by the independent study division. (NDCC 15-21)

988 - School for the Deaf Nonexpendable Trust Fund

Account for funds donated to provide scholarships to deaf students. (NDCC 25-07)

LAND DEPARTMENT - PERMANENT

957 - Land Department - Permanent Fund

Accounts for moneys belonging to common schools and other public institutions derived from the sale of any lands. Such money must be paid over on the order of the board for investment. (NDCC 15-03)

Also includes all moneys accumulated in the interest and income fund arising from the sale or leasing of any lands granted by the state or by the Constitution of North Dakota. (NDCC 15-03)

III. PENSION

HIGHWAY PATROLMEN'S RETIREMENT

982 - Highway Patrolmen's Retirement Fund

A single employer defined benefit pension plan covering officers of the State Highway Patrol. (NDCC 39-03)

JOB SERVICE RETIREMENT

920 - Job Service Retirement Fund

A single employer defined benefit pension plan for Job Service employees. Participation in this plan is limited to employees participating in the program as of September 30, 1980. (NDCC 52-01)

PENSION - OTHER

933 - Prefunded Retiree Health Program

Members receiving retirement benefits from NDPERS receive a credit toward their monthly health insurance premium under the state health plan. (NDCC 54-52)

PUBLIC EMPLOYEES' RETIREMENT

470 (983) - Public Employees Retirement System

Accounts for the financial resources associated with the Public Employees Retirement System. (NDCC 54-52)

TEACHERS' RETIREMENT

964 - North Dakota Teachers' Fund For Retirement

Accounts for the financial resources of the Teachers' Retirement Fund. (NDCC 15-39)

IV. AGENCY

BONDING

403 - Motor Fuel Cash Bond Deposit Fund

Accounts for cash received in lieu of a surety bond for motor vehicle fuel dealers. (NDCC 57-43.1)

479 - Mine Operating Escrow

Accounts for cash received in lieu of a surety bond to obtain a surface coal mine and reclamation permit (NDCC 38-14.1)

939 - Public Service Commission Trustee Account

Accounts for savings certificates posted in lieu of performance bonds for surface mining activities and grain elevator insolvency cases. (NDCC 60-02)

940 - Water Commission Contract Retainage Fund

Accounts for contractual obligations of the commission. (NDCC 61-02)

942 - Agriculture Cash and Investment

Accounts for securities or bonds in lieu of a surety bond relating to the operation of livestock dealers, auction markets and dairy plants. (NDCC 36-05)

944 - Cash Bonds

Accounts for the financial resources for the plugging of abandoned oil and gas wells and the reclamation of abandoned oil and gas well sites. (NDCC 38-08)

945 - Insurance Company Deposits

Accounts for securities of domestic insurance companies required by the NDCC to keep on deposit with the Insurance Commissioner securities in a value equal to the policies they have in force. (NDCC 26.1-05)

DEFERRED COMPENSATION

981 - Deferred Compensation Fund

Accounts for the activity of the deferred compensation plan adopted under the provisions of Internal Revenue Service Code, Section 457, for State employees. (NDCC 54-52.2)

PAYROLL

461 - OMB Unemployment/Payroll Clearing Fund

Accounts for financial resources of unemployment claims to Job Service North Dakota, employers and employees payroll taxes and other deductions such as, insurance and credit union deductions, etc. (NDCC 54-44)

STUDENT AND OTHER

406 - Drivers License Trust Fund

Accounts for cash received from a motor vehicle operator involved in an accident and has no automobile liability policy and the driver was negligent. (NDCC 54-27)

913 - City of Bismarck RIO Investments

Account for the investment assets held by the State Investment

Board in a trustee capacity as an agent for the City of Bismarck, and North Dakota's pension funds. (NDCC 21-10)

921 - Job Service Agency Fund

Accounts for Social Security funds in a liaison capacity for state agencies, local political sub-divisions and the federal Social Security Administration. Also, accounts for Job Service employees deductions for savings bonds. (NDCC 52-01)

984 - Highway Patrol Collection

Accounts for the collection of fees for motor carrier permits and load assessments and for the transfer of those collections to other North Dakota state agencies. (NDCC 39-12)

986 - Developmental Center Residents' Funds

Accounts for funds belonging to patients of the State Developmental Center. (NDCC 25-01.1)

990 - Veteran's Home-Custodial

Accounts for resident's personal funds. (NDCC 37-15)

991 - State Hospital Patients

Accounts for patient's personal funds. (NDCC 25-01.1)

992 - Prisoner Accounts

Accounts for prisoner's personal fund. (NDCC 12-48)

993 - Industrial School Student Accounts

Account for the student's personal funds. (NDCC 27-20)

994 - School for the Deaf Students

Account for the students personal funds. (NDCC 25-07)

TAX COLLECTION

240 - Insurance Tax Distribution Fund

Accounts for financial resources for fire departments within the State. (NDCC 18-04)

396 - Solid Waste Management Distribution Fund

Accounts for a tax imposed on solid waste tax users to provide funds for development of waste and management plans. (NDCC 23-29)

400 - Highway Tax Distribution Fund

Accounts for collections of motor vehicle registration and related fees, fuels taxes, special fuels taxes, use taxes, and special fuels excise taxes that are allocated to counties, cities, state agencies and other political subdivisions for the construction and maintenance of highways. (NDCC 54-27)

401 - State Aid Distribution Fund

Accounts for a portion of sales, use, and motor vehicle excise taxes that are deposited into this fund and are allocated to local political subdivisions. (NDCC 57-39.2)

402 - Sales and Use Tax Deposit Fund

Accounts for sales and use taxes collected by the State Tax Department for disbursement to other funds and/or political sub-divisions. (NDCC 54-39.2)

412 - Coal Severance Tax Distribution Fund

Accounts for a tax imposed upon all coal severed for sale or for industrial purposes by coal mines. (NDCC 57-61)

416 - Federal Tax Replacement Fund

Accounts for collecting federal funds and distributes those funds back to counties for Flood Control, Taylor Grazing and National Forests. (NDCC 15-01)

420 - Cigarette Tax Distribution Fund

Accounts for a tax on cigarettes distributed on a per capita basis to the incorporated cities. (NDCC 57-36)

421 - Gas Tax Collections and Refunds Fund

Accounts for Motor Vehicle fuel tax collections that are set aside to cover refund requests. (NDCC 54-27)

422 - Aviation Tax Collections and Refunds Fund

Accounts for the tax on sale of aviation fuel by dealer to user. (NDCC 57-43.3)

426 - Special Fuels Tax Collection and Refund Fund

Accounts for tax imposed on the sale or delivery of special fuels. (NDCC 57-43.2 and 57-43.2)

427 - Oil and Gas Production Tax Distribution Fund

Accounts for real property tax on oil and gas producing mineral estates and interests. (NDCC 57-51 and 57-51)

429 - Business Privilege Refund Reserve

Accounts for Business Privilege and Banks and Savings and Loans tax collections that are set aside to cover refund requests. (NDCC 57-38)

430 - State Taxes Distribution Fund

Accounts for taxes collected by the counties due to the state treasurer monthly and are deposited into this fund. Moneys are then transferred to the appropriate funds for which the taxes were levied and collected. (NDCC 54-27)

431 - Transmission Line Tax Distribution Fund

Accounts for tax of transmission lines and the allocation to counties in which such transmission lines are located. (NDCC 57-33.1)

434 - City Lodging Tax Suspense

Accounts for city lodging tax collected by the State Tax Commissioner. (NDCC 40-57.3 and 40-57.3)

435 - City Sales Tax Suspense

Accounts for city sales and use taxes collected by the State Tax Commission. (NDCC 57-01)

438 - City Restaurant and Lodge Tax Suspense

A city tax, at a rate not to exceed one percent, upon the gross receipts of retailers on the leasing or renting of hotel, motel, or tourist court accommodations within the city and gross receipts of a restaurant from any sales of prepared food or beverages, not including alcoholic beverages for consumption off the premises where purchased is collected by the State Tax

Commissioner. Proceeds, net of a 3% administrative fee which is deposited into the general fund, are remitted quarterly to each city collecting the tax. (NDCC 40-57.3)

439 - Contributions Refund Reserve Fund

Accounts for Nongame Wildlife and Centennial Tree contributions that are set aside to cover refund requests. (NDCC 57-01)

444 - Township Road and Bridge Fund

Moneys from the Township Highway Aid Fund and fifty percent matching funds based on the length of township roads in each organized township compared to the length of all township roads in the county. Used for highway and bridge purposes. (NDCC 54-27)

453 - Alcohol Fuel Tax Trust Fund

An excise tax is imposed on the sale or delivery of special fuel to any special fuel user. (NDCC 57-43.2)

454 - Coal Conversion Tax Trust Fund

A tax paid monthly for the privilege of producing products of such coal conversion facility. The state treasurer shall no less than quarterly allocate all moneys received from all coal conversion facilities in each county, thirty-five percent to the county and sixty-five percent to the state general fund. (NDCC 57-60)

458 - Oil Extraction Tax Developmental Trust Fund

A tax is imposed upon every owner or royalty owner extracting oil from North Dakota, and is deposited in this fund quarterly. Ten percent is to be credited to the sinking fund and ninety percent to the general fund. (NDCC 57-51.1)

468 - Estate Tax Distribution Fund

Moneys collected from Estate Tax. Following the end of each calendar quarterly period the state treasurer shall pay over to the county treasurer of the appropriate county, for its general fund, the amount of tax collected on the transfer of the property in that county. (NDCC 57-37.1)

494 - Air Transportation Fund

Taxes imposed upon air transportation companies. Within ninety days after receipt the funds must be allocated and remitted by the state treasurer to the cities or municipal airport authorities where such transportation companies make regularly scheduled landings. (NDCC 57-32)

STATE OF NORTH DAKOTA

Combining Balance Sheet
Fiduciary Funds
June 30, 1996

	Expendable Trusts						Nonexpendable Trusts	
	Donation Expendable	Job Service Expendable	Land Department Abandoned Property	Land Department Capitol Building	PERS Flexcomp	Veterans Home	Donation Non- Expendable	Land Department Permanent
Assets								
Cash Deposits At The Bank Of North Dakota	\$ 72,019	\$ 15,944	\$ 182,059	\$ 421,080	\$ 473,886	\$ -	\$ 124	\$ 1,862,584
Cash And Cash Equivalents	-	45,693,945	-	-	-	13,564	10,773	-
Investments At The Bank Of North Dakota	14,259	420,000	-	-	-	-	6,052	-
Investments	-	-	285,283	724,812	-	5,000	18,568	327,659,519
Accounts Receivable - Net	-	7,019,365	-	-	259,284	-	-	-
Taxes Receivable - Net	-	-	-	-	-	-	-	-
Interest Receivable - Net	-	799,335	-	2,561	-	-	41	4,824,876
Loans And Notes Receivable - Net	-	-	-	1,981	-	899	-	49,303,460
Due From Other Funds	-	1,690	-	-	24,226	-	-	219,415
Intergovernmental Receivable - Net	-	235,610	-	-	-	-	-	-
Advances To Other Funds	-	-	584,658	-	-	-	-	6,350,454
Fixed Assets (Net Of Depreciation)	-	-	-	-	-	-	-	277,801
Other Assets	-	-	-	-	-	-	-	-
Total Assets	\$ 86,278	\$ 54,185,889	\$ 1,052,000	\$ 1,150,434	\$ 757,396	\$ 19,463	\$ 35,558	\$ 390,498,109
Liabilities								
Accounts Payable	\$ -	\$ 855,450	\$ -	\$ -	\$ 7,461	\$ -	\$ -	\$ 133,553
Tax Refunds Payable	-	-	-	-	-	-	-	-
Intergovernmental Payable	-	887,409	-	-	-	-	-	-
Claims/Judgements Payable	-	-	1,052,000	-	-	-	-	-
Accrued Payroll	-	-	-	-	7,590	-	-	-
Compensated Absences Payable	-	-	-	-	-	-	-	-
Amounts Held In Custody For Others	-	-	-	-	-	-	-	-
Due To Other Funds	-	404,364	-	-	2,486	-	-	103,645
Advances From Other Funds	-	-	-	-	-	-	-	584,658
Deferred Compensation	-	-	-	-	-	-	-	-
Deferred Revenue	-	362,038	-	-	-	-	-	-
Total Liabilities	-	2,509,261	1,052,000	-	17,537	-	-	821,856
Equity								
Fund Balance:								
Reserved For:								
Other	86,278	51,676,628	-	-	-	-	32,448	384,772,821
Unreserved:								
Designated For:								
Other	-	-	-	-	739,859	19,463	3,110	-
Undesignated	-	-	-	1,150,434	-	-	-	4,903,432
Total Equity	86,278	51,676,628	-	1,150,434	739,859	19,463	35,558	389,676,253
Total Liabilities And Equity	\$ 86,278	\$ 54,185,889	\$ 1,052,000	\$ 1,150,434	\$ 757,396	\$ 19,463	\$ 35,558	\$ 390,498,109

Highway Patrolmen's Retirement	Job Service Retirement	Pension			Agency					Total	
		Prefunded Retiree Health Program	Public Employees' Retirement	Teachers' Retirement	Bonding	Deferred Compensation	Payroll	Student And Other	Tax Collection	June 30 1996	
-	\$ 45,870	\$ 181,708	\$ 266,530	\$ 3,957,416	\$ 1,591,808	\$ -	\$ 5,572,011	\$ 561,890	\$ 50,551,472	\$ 65,756,401	
-	-	-	-	-	-	-	-	95,621	1,298,534	47,112,437	
163,289	-	-	4,563,535	5,573,966	7,834,785	-	-	149,210	-	18,725,096	
25,432,835	46,884,844	13,141,719	710,788,406	829,485,783	3,108,160	53,414,846	-	20,521,040	-	2,031,470,815	
-	7,988	267,053	2,174,793	4,163,625	-	-	-	41,005	281,970	14,215,083	
-	-	-	-	-	-	-	-	-	34,987,546	34,987,546	
129,839	2,069	76	3,628,695	4,769,217	-	-	-	42,397	-	14,199,106	
-	-	-	-	-	-	-	-	-	-	49,306,340	
-	-	-	195,517	56,850	-	-	3,307	-	-	501,005	
-	-	-	-	-	-	-	-	-	-	235,610	
-	-	-	-	-	-	-	-	-	-	6,935,112	
-	-	-	38,036	-	-	-	-	-	-	315,837	
-	-	-	-	-	-	-	-	17,718	-	17,718	
25,725,963	\$ 46,940,771	\$ 13,590,556	\$ 721,655,512	\$ 848,006,857	\$ 12,534,753	\$ 53,414,846	\$ 5,575,318	\$ 21,428,881	\$ 87,119,522	\$ 2,283,778,106	
-	\$ 10,623	\$ 12,928	\$ 596,789	\$ 661,395	\$ -	\$ -	\$ 743,803	\$ 17,080	\$ -	\$ 3,039,082	
-	-	-	-	-	-	-	-	-	523,270	523,270	
-	-	-	-	-	-	-	-	-	56,310,840	57,198,249	
-	-	-	22,928	-	-	-	-	-	-	1,052,000	
-	-	-	14,618	-	-	-	-	-	-	30,518	
-	-	-	-	-	-	-	-	-	-	14,618	
-	-	-	-	-	12,534,753	-	4,805,272	21,411,801	-	38,751,826	
28,939	842	97,616	13,594	6,326	-	-	26,243	-	30,285,412	30,969,467	
-	-	-	-	-	-	-	-	-	-	584,658	
-	-	-	-	-	-	53,414,846	-	-	-	53,414,846	
-	-	-	-	-	-	-	-	-	-	362,038	
28,939	11,465	110,544	647,929	667,721	12,534,753	53,414,846	5,575,318	21,428,881	87,119,522	185,940,572	
25,697,024	46,929,306	13,480,012	721,007,583	847,339,136	-	-	-	-	-	2,091,021,236	
-	-	-	-	-	-	-	-	-	-	762,432	
-	-	-	-	-	-	-	-	-	-	6,053,866	
25,697,024	46,929,306	13,480,012	721,007,583	847,339,136	-	-	-	-	-	2,097,837,534	
25,725,963	\$ 46,940,771	\$ 13,590,556	\$ 721,655,512	\$ 848,006,857	\$ 12,534,753	\$ 53,414,846	\$ 5,575,318	\$ 21,428,881	\$ 87,119,522	\$ 2,283,778,106	

STATE OF NORTH DAKOTA

Combining Statement of Plan Net Assets

Pension Trust Funds

June 30, 1996

	Highway Patrolmen's Retirement	Job Service Retirement	Prefunded Retiree Health Program	Public Employees' Retirement	Teachers' Retirement	Total June 30 1996
Assets						
Cash Deposits At The Bank Of North Dakota	\$ -	\$ 45,870	\$ 181,708	\$ 266,530	\$ 3,957,416	\$ 4,451,524
Receivables:						
Contributions Receivable	-	7,988	267,053	2,174,793	4,163,625	6,613,459
Interest Receivable - Net	129,839	2,069	76	3,628,695	4,769,217	8,529,896
Due From Other Funds	-	-	-	195,517	56,850	252,367
Total Receivables	129,839	10,057	267,129	5,999,005	8,989,692	15,395,722
Investments, At Fair Value:						
Equity Pool	13,862,259	16,007,706	7,901,900	387,417,797	463,800,299	888,989,961
Fixed Income	-	-	5,239,819	-	-	5,239,819
Fixed Income Pool	9,713,259	-	-	271,462,933	330,182,440	611,358,632
Cash And Cash Pool	721,159	-	-	20,154,696	19,284,252	40,160,107
Guaranteed Investment Contract	-	30,877,138	-	-	-	30,877,138
Real Estate Pool	482,450	-	-	13,483,365	13,965,815	27,931,630
Venture Capital	816,997	-	-	22,833,150	7,826,943	31,477,090
Total Investments	25,596,124	46,884,844	13,141,719	715,351,941	835,059,749	1,636,034,377
Fixed Assets (Net Of Depreciation)	-	-	-	38,036	-	38,036
Total Assets	25,725,963	46,940,771	13,590,556	721,655,512	848,006,857	1,655,919,659
Liabilities						
Accrued Payroll	-	-	-	22,928	-	22,928
Accounts Payable	-	10,623	12,928	596,789	661,395	1,281,735
Due To Other Funds	28,939	842	97,616	13,594	6,326	147,317
Compensated Absences Payable	-	-	-	14,618	-	14,618
Total Liabilities	28,939	11,465	110,544	647,929	667,721	1,466,598
Net Assets Held In Trust For Pension Benefits	\$ 25,697,024	\$ 46,929,306	\$ 13,480,012	\$ 721,007,583	\$ 847,339,136	\$ 1,654,453,061

STATE OF NORTH DAKOTA
**Combining Statement Of Revenues, Expenditures And
Changes In Fund Balance
Expendable Trust Funds
For The Fiscal Year Ended June 30, 1996**

	Donation Expendable	Job Service Expendable	Land Abandoned Property	Land Capitol Building	PERS Flexcomp	Veterans Home	Total June 30 1996
Revenues:							
Taxes	\$ -	\$ 24,342,339	\$ -	\$ -	\$ -	\$ -	\$ 24,342,339
Intergovernmental	-	1,431,622	-	-	-	-	1,431,622
Sales And Services	-	-	-	-	3,661,527	-	3,661,527
Royalties And Rents	-	-	-	361,549	-	-	361,549
Fines And Forfeits	-	-	1,601,908	-	-	-	1,601,908
Interest	2,974	3,782,798	4,406	55,636	15,581	4,577	3,865,972
Miscellaneous	8,498	129	-	-	-	30,806	39,433
Total Revenues	11,472	29,556,888	1,606,314	417,185	3,677,108	35,383	35,304,350
Expenditures:							
Current:							
General Government	-	-	-	-	3,506,284	-	3,506,284
Education	9,936	-	38	20,735	-	-	30,709
Health And Human Services	-	35,986,338	-	-	-	54,932	36,041,270
Total Expenditures	9,936	35,986,338	38	20,735	3,506,284	54,932	39,578,263
Revenues Over (Under) Expenditures	1,536	(6,429,450)	1,606,276	396,450	170,824	(19,549)	(4,273,913)
Other Financing Sources (Uses):							
Operating Transfers In	-	61,092	-	-	-	-	61,092
Operating Transfers Out	-	-	(1,606,276)	(490,000)	-	-	(2,096,276)
Total Other Financing Sources (Uses)	-	61,092	(1,606,276)	(490,000)	-	-	(2,035,184)
Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Uses	1,536	(6,368,358)	-	(93,550)	170,824	(19,549)	(6,309,097)
Fund Balances - Beginning Of Year As Restated	84,742	58,044,986	-	1,243,984	569,035	39,012	59,981,759
Fund Balances - End Of Year	\$ 86,278	\$ 51,676,628	\$ -	\$ 1,150,434	\$ 739,859	\$ 19,463	\$ 53,672,662

STATE OF NORTH DAKOTA

Combining Statement Of Revenues, Expenses And Changes In Fund Equity Nonexpendable Trust Funds For The Fiscal Year Ended June 30, 1996

	Donation Non- Expendable	Land Department Permanent	Total June 30 1996
Operating Revenues:			
Taxes	\$ -	\$ 1,436,018	\$ 1,436,018
Royalties And Rents	-	17,354,502	17,354,502
Interest	1,587	24,778,153	24,779,740
Miscellaneous	2,171	-	2,171
Total Operating Revenues	3,758	43,568,673	43,572,431
Operating Expenses:			
Operating	-	1,690,904	1,690,904
Grants	460	-	460
Depreciation	-	2,334	2,334
Miscellaneous	240	-	240
Total Operating Expenses	700	1,693,238	1,693,938
Operating Income	3,058	41,875,435	41,878,493
Nonoperating Revenues:			
Gain On Sale Of Investments	-	15,010,731	15,010,731
Total Nonoperating Revenues	-	15,010,731	15,010,731
Income Before Operating Transfers	3,058	56,886,166	56,889,224
Operating Transfers In	-	1,606,276	1,606,276
Operating Transfers Out	-	(24,974,999)	(24,974,999)
Net Income	3,058	33,517,443	33,520,501
Fund Equity - Beginning Of Year As Previously Reported	32,500	356,158,810	356,191,310
Fund Equity - End Of Year	\$ 35,558	\$ 389,676,253	\$ 389,711,811

STATE OF NORTH DAKOTA

**Combining Statement Of Cash Flows
Nonexpendable Trust Funds
For The Fiscal Year Ended June 30, 1996**

	Donation Non- Expendable	Land Department Permanent	Total June 30 1996
Cash Flows From Operating Activities:			
Operating Income	\$ 3,058	\$ 41,875,435	\$ 41,878,493
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:			
Depreciation	-	2,334	2,334
Reclassification Of Interest Revenue\Expense	(1,587)	(24,778,153)	(24,779,740)
Change In Assets And Liabilities:			
Increase In Due From	-	(147,050)	(147,050)
Decrease In Accounts Payable	-	(54,497)	(54,497)
Increase In Due To	-	36,550	36,550
Net Cash Provided By Operating Activities	1,471	16,934,619	16,936,090
Cash Flows From Noncapital Financing Activities:			
Operating Transfers In	-	1,606,276	1,606,276
Operating Transfers Out	-	(24,974,999)	(24,974,999)
Proceeds From Advances From Other Funds	-	98,724	98,724
Collection Of Advances Made	-	223,108	223,108
Interest Received On Advances Made	-	697,370	697,370
Net Cash Used For Noncapital Financing Activities	-	(22,349,521)	(22,349,521)
Cash Flows From Capital And Related Financing Activities:			
Acquisition And Construction Of Capital Assets	-	(280,135)	(280,135)
Net Cash Used For Capital and Related Financing Activities	-	(280,135)	(280,135)
Cash Flows From Investing Activities:			
Proceeds From Sale And Maturities Of Investment Securities	-	73,036,083	73,036,083
Purchase Of Investment Securities	-	(78,458,763)	(78,458,763)
Interest And Dividends On Investments	1,579	21,124,780	21,126,359
Proceeds From Sale Of Other Real Estate	-	74,959	74,959
Disbursements For Loans And Loan Purchases	-	(16,922,667)	(16,922,667)
Receipt Of Loan Principal Repayments	-	3,849,644	3,849,644
Loan Income Received	-	3,343,433	3,343,433
Net Cash Provided By Investing Activities	1,579	6,047,469	6,049,048
Net Change In Cash:			
Net Increase In Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	3,050	352,432	355,482
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1995	7,847	1,510,152	1,517,999
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1996	\$ 10,897	\$ 1,862,584	\$ 1,873,481
Reconciliation:			
Cash Deposits At The Bank Of North Dakota	\$ 124	\$ 1,862,584	\$ 1,862,708
Cash And Cash Equivalents	10,773	-	10,773
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	\$ 10,897	\$ 1,862,584	\$ 1,873,481

STATE OF NORTH DAKOTA

Combining Statement Of Changes In Assets And Liabilities Agency Funds For The Fiscal Year Ended June 30, 1996

	June 30 1995	Additions	Deductions	June 30 1996
Bonding				
Assets				
Cash Deposits At The Bank Of North Dakota	\$ 965,710	\$ 1,070,676	\$ 444,578	\$ 1,591,808
Investments At The Bank Of North Dakota	8,439,237	274,307	878,759	7,834,785
Investments	5,668,344	411,258	2,971,442	3,108,160
Accounts Receivable - Net	-	500	500	-
Total Assets	\$ 15,073,291	\$ 1,756,741	\$ 4,295,279	\$ 12,534,753
Liabilities				
Amounts Held In Custody For Others	\$ 15,073,291	\$ 1,756,741	\$ 4,295,279	\$ 12,534,753
Total Liabilities	\$ 15,073,291	\$ 1,756,741	\$ 4,295,279	\$ 12,534,753
Deferred Compensation				
Assets				
Investments At The Bank Of North Dakota	\$ 1,505,351	\$ -	\$ 1,505,351	\$ -
Investments	43,953,105	10,115,454	653,713	53,414,846
Total Assets	\$ 45,458,456	\$ 10,115,454	\$ 2,159,064	\$ 53,414,846
Liabilities				
Deferred Compensation	\$ 45,458,456	\$ 10,115,454	\$ 2,159,064	\$ 53,414,846
Total Liabilities	\$ 45,458,456	\$ 10,115,454	\$ 2,159,064	\$ 53,414,846
Payroll				
Assets				
Cash Deposits At The Bank Of North Dakota	\$ 5,201,159	\$ 43,938,285	\$ 43,567,433	\$ 5,572,011
Accounts Receivable - Net	946,971	34,821,593	35,768,564	-
Due From Other Funds	-	8,159,058	8,155,751	3,307
Total Assets	\$ 6,148,130	\$ 86,918,936	\$ 87,491,748	\$ 5,575,318
Liabilities				
Accounts Payable	\$ 136,439	\$ 39,330,519	\$ 38,723,155	\$ 743,803
Amounts Held In Custody For Others	5,986,145	42,267,323	43,448,196	4,805,272
Due To Other Funds	25,546	4,858,945	4,858,248	26,243
Total Liabilities	\$ 6,148,130	\$ 86,456,787	\$ 87,029,599	\$ 5,575,318
Student And Other				
Assets				
Cash Deposits At The Bank Of North Dakota	\$ 496,307	\$ 3,580,004	\$ 3,514,421	\$ 561,890
Cash And Cash Equivalents	99,564	1,530,517	1,534,460	95,621
Investments At The Bank Of North Dakota	156,841	-	7,631	149,210
Investments	15,152,786	5,673,708	305,454	20,521,040
Accounts Receivable - Net	23,730	327,222	309,947	41,005
Interest Receivable - Net	40,891	1,506	-	42,397
Intergovernmental Receivable	1,125	-	1,125	-
Other Assets	24,404	416,190	422,876	17,718
Total Assets	\$ 15,995,648	\$ 11,529,147	\$ 6,095,914	\$ 21,428,881
Liabilities				
Accounts Payable	\$ 11,889	\$ 59,220	\$ 54,029	\$ 17,080
Amounts Held In Custody For Others	15,981,346	11,310,858	5,880,403	21,411,801
Due To Other Funds	2,413	650	3,063	-
Total Liabilities	\$ 15,995,648	\$ 11,370,728	\$ 5,937,495	\$ 21,428,881

	June 30 1995	Additions	Deductions	June 30 1996
Tax Collection				
Assets				
Cash Deposits At The Bank Of North Dakota	\$ 55,459,156	\$ 312,088,135	\$ 316,995,819	\$ 50,551,472
Cash And Cash Equivalents	-	1,298,534	-	1,298,534
Accounts Receivable - Net	218,830	63,140	-	281,970
Taxes Receivable - Net	25,928,520	313,946,625	304,887,599	34,987,546
Interest Receivable - Net	3	-	3	-
Due From Other Funds	-	8,144,509	8,144,509	-
Total Assets	\$ 81,606,509	\$ 635,540,943	\$ 630,027,930	\$ 87,119,522
Liabilities				
Tax Refunds Payable	\$ 421,909	\$ 101,361	\$ -	\$ 523,270
Intergovernmental Payable	53,891,518	544,405,921	541,986,599	56,310,840
Due To Other Funds	27,293,082	98,573,789	95,581,459	30,285,412
Total Liabilities	\$ 81,606,509	\$ 643,081,071	\$ 637,568,058	\$ 87,119,522
Total Assets And Liabilities-Agency Funds				
Assets				
Cash Deposits At The Bank Of North Dakota	\$ 62,122,332	\$ 360,677,100	\$ 364,522,251	\$ 58,277,181
Cash And Cash Equivalents	99,564	2,829,051	1,534,460	1,394,155
Investments At The Bank Of North Dakota	10,101,429	274,307	2,391,741	7,983,995
Investments	64,774,235	16,200,420	3,930,609	77,044,046
Accounts Receivable - Net	1,189,531	35,212,455	36,079,011	322,975
Taxes Receivable - Net	25,928,520	313,946,625	304,887,599	34,987,546
Interest Receivable - Net	40,894	1,506	3	42,397
Due From Other Funds	-	16,303,567	16,300,260	3,307
Intergovernmental Receivable	1,125	-	1,125	-
Other Assets	24,404	416,190	422,876	17,718
Total Assets	\$ 164,282,034	\$ 745,861,221	\$ 730,069,935	\$ 180,073,320
Liabilities				
Accounts Payable	\$ 148,328	\$ 39,389,739	\$ 38,777,184	\$ 760,883
Tax Refunds Payable	421,909	101,361	-	523,270
Intergovernmental Payable	53,891,518	544,405,921	541,986,599	56,310,840
Amounts Held In Custody For Others	37,040,782	55,334,922	53,623,878	38,751,826
Due To Other Funds	27,321,041	103,433,384	100,442,770	30,311,655
Deferred Compensation	45,458,456	10,115,454	2,159,064	53,414,846
Total Liabilities	\$ 164,282,034	\$ 752,780,781	\$ 736,989,495	\$ 180,073,320

General Fixed Assets Account Group

General Fixed Assets account group records fixed assets acquired or constructed for general governmental purposes. These include all fixed assets except those accounted for in the Proprietary, Trust Funds, and University System Funds.

STATE OF NORTH DAKOTA

Schedule Of General Fixed Assets By Source

June 30, 1996

(Expressed In Thousands)

	<u>June 30 1996</u>
General Fixed Assets	
Land	\$ 18,215
Buildings	255,962
Improvements Other Than Buildings	43,036
Equipment	91,192
Construction In Progress	<u>25,345</u>
Total General Fixed Assets	<u>\$ 433,750</u>
 Investment In General Fixed Assets By Source	
Pre-June 30, 1991	\$ 311,596
General Fund	36,181
Federal Grants	55,090
Special Revenue Funds	29,793
Donations	<u>1,090</u>
Total Investment In General Fixed Assets	<u>\$ 433,750</u>

STATE OF NORTH DAKOTA

Schedule Of General Fixed Assets By Function

June 30, 1996

(Expressed In Thousands)

Function	Land	Buildings	Improvements Other Than Buildings	Equipment	Construction In Progress	Total
General Government	\$ 2,210	\$ 48,865	\$ 295	\$ 8,171	\$ 11	\$ 59,552
Education	110	6,108	832	3,631	-	10,681
Health And Human Services	1,328	83,032	4,165	24,052	9,959	122,536
Regulatory	503	746	-	2,928	-	4,177
Public Safety	2,187	88,631	15,701	6,434	12,999	125,952
Agriculture And Economic Development	-	2,157	-	1,138	-	3,295
Natural Resources	8,625	14,273	19,212	8,447	1,912	52,469
Highways	3,252	12,150	2,831	36,391	464	55,088
Total General Fixed Assets	<u>\$ 18,215</u>	<u>\$ 255,962</u>	<u>\$ 43,036</u>	<u>\$ 91,192</u>	<u>\$ 25,345</u>	<u>\$ 433,750</u>

Note: General fixed assets information by activity is not available.

STATE OF NORTH DAKOTA
Schedule Of Changes In General Fixed Assets By Function

For The Fiscal Year Ended June 30, 1996

(Expressed In Thousands)

Function	General Fixed Assets June 30, 1995	Adjustments To Beginning Balance	Additions	Retirements	Transfers Between Asset Class And Funds	General Fixed Assets June 30, 1996
General Government	\$ 58,921	\$ 5	\$ 1,250	\$ (624)	\$ 0	\$ 59,552
Education	9,816	(14)	1,162	(263)	(20)	10,681
Health And Human Services	111,844	3,192	9,817	(2,323)	6	122,536
Regulatory	4,088	33	238	(182)	-	4,177
Public Safety	120,370	24	5,897	(339)	-	125,952
Agriculture And Economic Development	3,467	(7)	98	(263)	-	3,295
Natural Resources	50,985	(284)	2,316	(548)	-	52,469
Highways	50,628	8	5,872	(1,420)	-	55,088
Total General Fixed Assets	\$ 410,119	\$ 2,957	\$ 26,650	\$ (5,962)	\$ (14)	\$ 433,750

Note: General fixed assets information by activity is not available.

University System

University System funds account for all financial transactions of the colleges and universities that compose the University System of North Dakota.

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UNIVERSITY SYSTEM

UNIVERSITY SYSTEM

The University System Funds account for transactions related to resources received and used for the operation of the State's institutions of higher education and related medical teaching hospitals. The University System Funds are an aggregation of the following funds:

Current Funds (including auxiliary enterprises) account for resources the university system institutions may use for any purpose in carrying out their primary objectives. Restricted Current Funds include resources that donors or other outside agencies have restricted for specific current operating purposes. All other current funds are Unrestricted Current Funds.

Loan Funds account for resources available principally for loans to students of higher education.

Endowment and Similar Funds account for endowment, term endowment and quasi-endowment transactions. Endowment and term endowment funds are similar to trust funds. The State must comply with the terms of any applicable agreements. While quasi-endowment funds have been established by the institutions for the same purposes as endowment funds, any portion of the quasi-endowment funds may be expended at the institutions' discretion.

Plant Funds account for transactions involving physical properties of the university system institutions. The Unexpended Plant subgroup accounts for monies that institutions will use to acquire physical properties in future accounting periods. The Retirement of Indebtedness subgroup includes monies to pay debt service and to retire indebtedness on institutional properties. The Investment in Plant subgroup accounts for funds that institutions have expended for (and thus have invested in) their properties and any related outstanding debt.

Agency Funds within the University System Funds account for amounts that university system institutions hold as custodians or fiscal agents for others.

226 - Agronomy Seed Farm Fund

243 - Northern Crops Institute Fund

323 - Cntrl. Grassland Ex. Station Fund

326 - Forest Service Fund

332 - Hettinger Exp. Station Fund

333 - Langdon Experiment Station Fund

334 - Land Reclamation Res. Ctr. Fund

335 - North Central Exp. Station Fund

336 - Williston Exper. Station Fund

337 - Carrington Exp. Station Fund

341 - University of North Dakota Fund

343 - Medical Center Fund

344 - North Dakota State University Fund

345 - North Dakota State University - Bottineau Fund

346 - School of Forestry - Seedling Reserve

347 - Science School Fund - North Dakota State College of Science

348 - Dickinson State University Fund

349 - Mayville State University Fund

350 - Minot State University Fund

351 - Valley City State University Fund

357 - Extension Division Fund

358 - Main Experiment Station Fund

359 - Dickinson Exper. Station Fund

387 - Bismarck State College Fund

388 - University of North Dakota - Lake Region Fund

389 - University of North Dakota - Williston Center Fund

451 - Centennial Tree Program Trust Fund

845 - School of Forestry Dormitory Fund

847 - School of Science Dormitory Fund

851 - Valley City Dormitory Fund

STATE OF NORTH DAKOTA
**Combining Balance Sheet
University System
June 30, 1996**

	Current Funds					
	Unrestricted					Endowment And Similar
	General Operating	Auxiliary	Restricted	Loan		
Assets						
Cash Deposits At The Bank Of North Dakota	\$ 5,834,589	\$ 2,036,640	\$ 498,754	\$ 1,322,147	\$	611,254
Cash And Cash Equivalents	3,729,524	626,293	5,038	40,891		-
Investments At The Bank Of North Dakota	10,320,059	1,366,230	-	27,323		3,085,084
Investments	319,178	6,223,938	2,415,196	46,523		20,196,744
Accounts Receivable - Net	9,085,076	1,248,262	14,028	313,513		390
Leases Receivable - Net	-	-	-	-		-
Interest Receivable - Net	114,143	42,757	14,448	624		5,349
Loans And Notes Receivable - Net	-	-	-	37,233,772		-
Interfund Receivable	1,069,031	452,171	43,266	194		1,204,900
Due From Component Units	-	-	71,883	-		-
Due From Other Funds	2,852,861	-	1,249,010	-		-
Intergovernmental Receivable	520,768	-	13,679,993	1,977		-
Advances To Other Funds	-	-	-	-		-
Prepaid Items	144,079	-	-	-		-
Inventory	2,512,755	5,204,058	-	-		-
Unamortized Bond Issuance Costs	-	-	-	-		-
Fixed Assets	341,217	-	-	-		-
Other Assets	1,546,281	1,084,112	47,100	14,995		-
Total Assets	\$ 38,389,561	\$ 18,284,461	\$ 18,038,716	\$ 39,001,959	\$	25,103,721
Liabilities						
Accounts Payable	\$ 6,309,427	\$ 872,130	\$ 2,061,357	\$ 1,097	\$	83
Notes Payable	2,000,000	-	-	-		-
Interest Payable	9,097	-	-	-		-
Contracts Payable	1,367,044	-	-	-		-
Accrued Payroll	1,955,052	263,945	702,347	-		-
Compensated Absences Payable	10,350,956	794,448	845	-		-
Amounts Held In Custody For Others	-	-	-	-		-
Deposits	513,670	934,756	-	-		-
Interfund Payable	2,177,208	1,185,522	3,600,456	44,784		920,000
Advances From Other Funds	90,831	-	-	-		-
Bonds Payable	-	-	-	-		-
Capital Leases Payable	-	-	-	-		-
Deferred Revenue	755,410	184,368	5,625,763	-		-
Other Liabilities	-	-	-	-		-
Total Liabilities	25,528,695	4,235,169	11,990,768	45,881		920,083
Equity						
Investment In Fixed Assets	-	-	-	-		-
Fund Balance:						
Reserved For:						
Federal Loan Funds	-	-	-	30,931,333		-
Other	-	-	6,047,948	7,833,680		11,589,383
Unreserved:						
Undesignated	12,860,866	14,049,292	-	191,065		12,594,255
Total Equity	12,860,866	14,049,292	6,047,948	38,956,078		24,183,638
Total Liabilities And Equity	\$ 38,389,561	\$ 18,284,461	\$ 18,038,716	\$ 39,001,959	\$	25,103,721

Plant Funds				Total
Unexpended	Retirement Of Indebtedness	Investment In Plant	Agency	June 30 1996
\$ 9,831,183	\$ 2,755,139	\$ -	\$ 6,455,985	\$ 29,345,691
99,305	1,296,536	-	199,670	5,997,257
8,460,411	5,932,044	-	139,988	29,331,139
4,358,394	8,898,066	-	4,526,268	46,984,307
68,808	401,576	-	387,987	11,519,640
-	2,229,127	-	-	2,229,127
177,682	250,381	-	2,442	607,826
-	-	218,750	30,098	37,482,620
5,115,075	-	-	141,155	8,025,792
-	-	-	-	71,883
2,935,348	-	-	-	7,037,219
515,273	-	-	36,501	14,754,512
-	-	-	90,831	90,831
-	-	-	-	144,079
-	-	-	-	7,716,813
-	3,653	11,239	-	14,892
-	-	783,006,946	-	783,348,163
34,325	341,629	1,102,117	71,714	4,242,273
\$ 31,595,804	\$ 22,108,151	\$ 784,339,052	\$ 12,082,639	\$ 988,944,064
\$ 1,731,304	\$ 14,410	\$ -	\$ 483,744	\$ 11,473,552
-	2,297,984	10,269	251,018	4,559,271
-	1,243,775	-	-	1,252,872
-	-	-	-	1,367,044
161	-	-	3,377,272	6,298,777
-	-	-	-	11,146,249
-	-	-	7,767,573	7,767,573
-	-	-	59,791	1,508,217
-	4,605	-	93,217	8,025,792
-	-	-	-	90,831
5,215,936	280,000	54,717,064	-	60,213,000
-	2,330,550	33,344,781	50,024	35,725,355
-	-	-	-	6,565,541
490,449	-	22,390	-	512,839
7,437,850	6,171,324	88,094,504	12,082,639	156,506,913
-	-	696,244,548	-	696,244,548
-	-	-	-	30,931,333
11,641,487	11,432,106	-	-	48,544,604
12,516,467	4,504,721	-	-	56,716,666
24,157,954	15,936,827	696,244,548	-	832,437,151
\$ 31,595,804	\$ 22,108,151	\$ 784,339,052	\$ 12,082,639	\$ 988,944,064

Component Units

The Component Units are organizations which are legally separate from the State of North Dakota for which the State is financially accountable, or for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete.

COMPONENT UNITS

COMPREHENSIVE HEALTH ASSOCIATION

910 - Comprehensive Health Association

Fund to provide low cost access to health insurance coverage for residents of the State who are denied adequate health insurance and are considered uninsurable. (NDCC 26.1-08)

MUNICIPAL BOND BANK

976 - Municipal Bond Bank

Fund to provide adequate capital markets and facilities for borrowing money by political subdivisions and for the financing of their respective public improvements. (NDCC 6-09.4)

MYRON G. NELSON FUND

978 - Myron G. Nelson fund

Funds to provide a source of investment capital for the establishment, expansion and rehabilitation of North Dakota business. (NDCC 10-30.2)

NORTH DAKOTA DEVELOPMENT FUND

915 - North Dakota Development Fund

Fund to provide loans to, or to use other innovative mechanisms to provide capital for new or expanding businesses in North Dakota or relocating businesses to North Dakota. (NDCC 10-30.5-02)

TECHNOLOGY TRANSFER, INC.

914 - Technology Transfer, Inc. Fund

Funds used to focus the intellectual and technical resources of the University System concepts on North Dakota's primary sector business. (NDCC 54-34.3)

STATE OF NORTH DAKOTA
**Combining Balance Sheet
Component Units - Proprietary Funds
June 30, 1996**

	Comprehensive Health Association	Municipal Bond Bank	North Dakota Development Fund	Technology Transfer Inc.	Total June 30 1996
Assets					
Cash Deposits At The Bank Of North Dakota	\$ -	\$ 621,000	\$ 7,140,902	\$ 883,401	\$ 8,645,303
Cash And Cash Equivalents	1,066,725	-	-	-	1,066,725
Investments At The Bank Of North Dakota	-	4,112,000	4,700,000	-	8,812,000
Investments	-	90,407,000	4,880,250	337,000	95,624,250
Accounts Receivable - Net	295,047	-	-	-	295,047
Interest Receivable - Net	-	1,339,000	181,983	7,080	1,528,063
Loans And Notes Receivable - Net	-	-	4,889,217	1,711,691	6,600,908
Intergovernmental Receivable - Net	26,054	-	-	-	26,054
Advances To Primary Government	-	12,247,000	-	-	12,247,000
Prepaid Items	-	-	-	135,000	135,000
Unamortized Bond Issuance Costs	-	906,000	-	-	906,000
Fixed Assets (Net Of Depreciation)	-	11,000	8,762	16,031	35,793
Total Assets	\$ 1,387,826	\$ 109,643,000	\$ 21,801,114	\$ 3,090,203	\$ 135,922,143
Liabilities					
Accounts Payable	\$ 35,278	\$ 10,000	\$ -	\$ 450	\$ 45,728
Interest Payable	-	1,005,000	-	-	1,005,000
Intergovernmental Payable	-	182,000	-	-	182,000
Claims/Judgements Payable	1,125,000	-	-	-	1,125,000
Accrued Payroll	-	-	-	9,306	9,306
Compensated Absences Payable	-	-	-	8,435	8,435
Due To Primary Government	-	17,000	-	71,883	88,883
Advances From Primary Government	-	12,247,000	-	-	12,247,000
Bonds Payable	-	70,455,000	-	-	70,455,000
Deferred Revenue	187,685	-	2,200	-	189,885
Other Liabilities	-	-	-	2,441	2,441
Total Liabilities	1,347,963	83,916,000	2,200	92,515	85,358,678
Equity					
Retained Earnings:					
Reserved	39,863	25,727,000	4,540,223	-	30,307,086
Unreserved	-	-	17,258,691	2,997,688	20,256,379
Total Equity	39,863	25,727,000	21,798,914	2,997,688	50,563,465
Total Liabilities And Equity	\$ 1,387,826	\$ 109,643,000	\$ 21,801,114	\$ 3,090,203	\$ 135,922,143

STATE OF NORTH DAKOTA
Combining Statement Of Revenues, Expenses And Changes In Fund Equity
Component Units - Proprietary Funds

For The Fiscal Year Ended June 30, 1996

	Comprehensive Health Association	Municipal Bond Bank	Myron G. Nelson Fund	North Dakota Development Fund	Technology Transfer Inc.	Total June 30 1996
Operating Revenues:						
Sales And Services	\$ 4,327,624	\$ 148,000	\$ -	\$ 11,902	\$ -	\$ 4,487,526
Interest	-	6,164,000	94,100	941,167	4,273	7,203,540
Investment	-	-	-	104,174	-	104,174
Miscellaneous	26,000	-	-	-	43,200	69,200
Total Operating Revenues	4,353,624	6,312,000	94,100	1,057,243	47,473	11,864,440
Operating Expenses:						
Salaries And Benefits	-	120,000	-	-	118,645	238,645
Operating	201,809	613,000	498,029	1,270,354	576,779	3,159,971
Benefits	4,247,364	-	-	-	-	4,247,364
Grants	-	-	-	195,000	64,716	259,716
Interest	-	5,434,000	-	-	-	5,434,000
Depreciation	-	6,000	-	-	2,136	8,136
Miscellaneous	-	4,000	-	-	-	4,000
Total Operating Expenses	4,449,173	6,177,000	498,029	1,465,354	762,276	13,351,832
Operating Income (Loss)	(95,549)	135,000	(403,929)	(408,111)	(714,803)	(1,487,392)
Nonoperating Revenues:						
Operating Grants	-	6,057,000	-	-	42,154	6,099,154
Interest Revenue	20,985	-	-	-	30,034	51,019
Gain On Sale Of Fixed Assets	-	-	-	-	2,884	2,884
Other	-	-	(1,147,526)	-	-	(1,147,526)
Total Nonoperating Revenues	20,985	6,057,000	(1,147,526)	-	75,072	5,005,531
Income (Loss) Before Operating Transfers	(74,564)	6,192,000	(1,551,455)	(408,111)	(639,731)	3,518,139
Operating Transfers From Primary Government	-	-	-	1,973,498	1,487,232	3,460,730
Operating Transfers To Primary Government	-	-	-	-	(203,018)	(203,018)
Net Income (Loss)	(74,564)	6,192,000	(1,551,455)	1,565,387	644,483	6,775,851
Fund Equity - Beginning Of Year As Previously Reported	114,427	19,535,000	1,551,455	20,233,527	2,353,205	43,787,614
Fund Equity - End Of Year	\$ 39,863	\$ 25,727,000	\$ -	\$ 21,798,914	\$ 2,997,688	\$ 50,563,465

Combining Statement Of Cash Flows
Component Units - Proprietary Funds
For The Fiscal Year Ended June 30, 1996

	Comprehensive Health Association	Municipal Bond Bank	Myron G. Nelson Fund	North Dakota Development Fund	Technology Transfer Inc.	Total June 30 1996
Cash Flows From Operating Activities:						
Operating Income (Loss)	\$ (95,549)	\$ 135,000	\$ (403,929)	\$ (408,111)	\$ (714,803)	\$ (1,487,392)
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:						
Depreciation	-	6,000	-	-	2,136	8,136
Amortization\Accretion	-	1,000	-	-	-	1,000
Reclassification Of Interest Revenue\Expense	-	(841,000)	-	(941,167)	(4,273)	(1,786,440)
Gain On Sale Of Securities	-	-	-	(104,174)	-	(104,174)
Provision For Losses	-	-	-	1,190,927	491,195	1,682,122
Other	-	-	-	3,736	(2,884)	852
Change In Assets And Liabilities:						
Increase In Accounts Receivable	(241,497)	-	-	-	-	(241,497)
Decrease In Intergovernmental Receivable	19,894	-	-	-	-	19,894
Increase (Decrease) In Accounts Payable	(52,570)	10,000	-	-	70	(42,500)
Decrease In Claims\Judgements Payable	(100,000)	-	-	-	-	(100,000)
Increase In Intergovernmental Payable	-	182,000	-	-	-	182,000
Increase In Accrued Payroll	-	-	-	-	1,101	1,101
Increase In Compensated Absences Payable	-	-	-	-	1,073	1,073
Increase In Due To	-	2,000	-	-	-	2,000
Increase (Decrease) In Deferred Revenue	(31,179)	-	-	1,950	-	(29,229)
Increase In Other Liabilities	-	-	-	-	41	41
Net Cash Used For Operating Activities	(500,901)	(505,000)	(403,929)	(256,839)	(226,344)	(1,893,013)
Cash Flows From Noncapital Financing Activities:						
Proceeds From Bonds	-	9,480,000	-	-	-	9,480,000
Principal Payments - Bonds	-	(5,398,000)	-	-	-	(5,398,000)
Interest Payments - Bonds	-	(5,363,000)	-	-	-	(5,363,000)
Payment Of Bond Issue Costs	-	(175,000)	-	-	-	(175,000)
Operating Grant Received	-	6,057,000	-	-	42,154	6,099,154
Operating Transfers In	-	-	-	1,973,498	1,487,232	3,460,730
Operating Transfers Out	-	-	-	-	(192,971)	(192,971)
Proceeds From Advances	-	933,000	-	-	-	933,000
Principal Payments On Advances	-	(1,138,000)	-	-	-	(1,138,000)
Advances Made	-	(933,000)	-	-	-	(933,000)
Collection Of Advances Made	-	1,138,000	-	-	-	1,138,000
Net Cash Provided By Noncapital Financing Activities	-	4,601,000	-	1,973,498	1,336,415	7,910,913

STATE OF NORTH DAKOTA
**Combining Statement Of Cash Flows
Component Units - Proprietary Funds (Continued)
For The Fiscal Year Ended June 30, 1996**

	Comprehensive Health Association	Municipal Bond Bank	Myron G. Nelson Fund	North Dakota Development Fund	Technology Transfer Inc.	Total June 30 1996
Cash Flows From Capital And Related Financing Activities:						
Acquisition And Construction Of Capital Assets	-	-	-	(1,000)	(15,494)	(16,494)
Proceeds From Sale Of Fixed Assets	-	-	-	-	3,736	3,736
Net Cash Used For Capital And Related Financing Activities	-	-	-	(1,000)	(11,758)	(12,758)
Cash Flows From Investing Activities:						
Proceeds From Sale And Maturities Of Investment Securities	-	23,126,000	-	7,300,227	-	30,426,227
Purchase Of Investment Securities	-	(32,986,000)	(78,840)	(5,824,000)	-	(38,888,840)
Interest And Dividends On Investments	20,985	5,954,000	-	147,567	30,034	6,152,586
Disbursements For Loans And Loan Purchases	-	-	-	(2,445,930)	(599,102)	(3,045,032)
Receipt Of Loan Principal Repayments	-	-	-	227,857	60,380	288,237
Loan Income Received	-	-	-	686,114	5,366	691,480
Net Cash Provided By (Used For) Investing Activities	20,985	(3,906,000)	(78,840)	91,835	(503,322)	(4,375,342)
Net Change In Cash:						
Net Increase (Decrease) In Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	(479,916)	190,000	(482,769)	1,807,494	594,991	1,629,800
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1995	1,546,641	431,000	482,769	5,333,408	288,410	8,082,228
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1996	\$ 1,066,725	\$ 621,000	\$ -	\$ 7,140,902	\$ 883,401	\$ 9,712,028
Reconciliation:						
Cash Deposits At The Bank Of North Dakota	\$ -	\$ 621,000	\$ -	\$ 7,140,902	\$ 883,401	\$ 8,645,303
Cash And Cash Equivalents	1,066,725	-	-	-	-	1,066,725
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	\$ 1,066,725	\$ 621,000	\$ -	\$ 7,140,902	\$ 883,401	\$ 9,712,028
Noncash Transactions:						
Loans Written Off	\$ -	\$ -	\$ -	\$ 310,676	\$ 314,495	\$ 625,171
Investments Written Off	-	-	-	395,000	-	395,000
Loan Converted To Investment	-	-	-	-	233,280	233,280
Total Noncash Transactions	\$ -	\$ -	\$ -	\$ 705,676	\$ 547,775	\$ 1,253,451

STATISTICAL SECTION

**STATE OF NORTH DAKOTA
Statistical Section Schedules
That Are Not Applicable**

The following schedules are not included in the Statistical Section for the reasons stated below:

Property Tax Levies and Collections

This schedule relates to property taxes, which the State does not assess.

Assessed and Estimated Actual Value of Taxable Property

This schedule relates to property taxes, which the State does not assess.

Property Tax Rates - All Overlapping Governments

This schedule relates to property taxes, which the State does not assess.

Special Assessment Billings and Collections

This schedule relates to special assessments, which the State does not assess.

Ratio of Annual Debt Service for General Bonded Debt to Total General Expenditures

The general obligation debt is supported fully by enterprise fund revenues.

Computation of Overlapping Debt

This schedule relates to property taxes, which the State does not assess.

Property Value and Construction

The information on property values and construction is not applicable as the State does not assess property taxes.

Principal Taxpayers

The disclosure of principal taxpayers is not permitted by state statute.

General Governmental Expenditures (GAAP Basis) By Function
Last Five Fiscal Years

Expenditures By Function	1991	1992	1993	1994	1995	1996
General Government	\$ 55,455,135	\$ 55,164,423	\$ 60,824,502	\$ 57,291,947	\$ 74,254,071	\$ 76,033,607
Education	295,803,837	310,846,537	319,303,546	319,807,479	329,249,027	340,073,362
Health And Human Services	389,343,954	458,734,584	487,209,146	487,094,893	528,052,295	558,607,421
Regulatory	33,903,400	13,213,371	14,598,564	13,198,075	14,799,694	17,713,334
Public Safety	31,956,403	36,702,182	36,606,107	45,062,470	47,240,295	54,442,837
Agriculture And Economic Development	15,996,052	15,749,268	19,006,063	17,312,943	19,657,470	19,318,823
Natural Resources	29,368,681	34,942,708	38,210,468	35,053,145	38,248,780	42,401,757
Highways	161,888,073	192,209,216	176,732,463	198,391,634	226,625,805	212,334,723
Capital Outlay	3,967,794	2,512,203	2,746,558	624,000	3,356,931	5,427,000
Debt Service:						
Principal	4,450,000	2,760,000	3,160,000	5,185,000	2,988,000	3,878,000
Interest And Other Charges	4,234,508	4,399,683	4,621,429	3,660,000	4,254,000	4,936,201
Advance Refunding Escrow	-	687,763	1,052,500	-	-	-
Total Expenditures By Function	\$ 1,026,367,837	\$ 1,127,921,938	\$ 1,164,071,346	\$ 1,182,681,586	\$ 1,288,726,368	\$ 1,335,167,065

Notes: 1) Information For 1987-1990 Is Not Available.

2) General Government Includes General, Special Revenue, Capital Projects, And Debt Service Fund.

Source: General Purpose Financial Statements

General Governmental Revenues (GAAP Basis) By Source
Last Five Fiscal Years

Revenues By Source	1991	1992	1993	1994	1995	1996
Taxes	\$ 608,336,380	\$ 563,832,903	\$ 614,461,047	\$ 654,865,023	\$ 680,620,174	\$ 722,953,993
Licenses And Permits	26,901,790	29,519,822	33,144,069	31,786,386	34,820,364	39,120,413
Intergovernmental	445,679,137	514,798,251	542,878,583	566,392,538	623,519,979	669,853,161
Sales And Service	23,215,916	31,568,354	32,679,878	26,247,855	34,887,995	30,402,575
Royalties And Rents	9,578,233	9,242,544	10,000,973	6,384,580	7,110,601	7,361,399
Fines And Forfeits	1,482,408	1,711,145	1,774,814	1,845,085	1,900,506	4,583,362
Interest	24,152,410	15,492,677	10,321,126	9,455,022	13,576,229	14,458,661
Miscellaneous	6,642,986	11,569,365	5,698,309	4,634,577	4,747,351	4,520,210
Total Revenues By Source	<u>\$ 1,145,989,260</u>	<u>\$ 1,177,735,061</u>	<u>\$ 1,250,958,799</u>	<u>\$ 1,301,611,066</u>	<u>\$ 1,401,183,199</u>	<u>\$ 1,493,253,774</u>

Notes: 1) Information For 1987-1990 Is Not Available.

2) General Government Includes General, Special Revenue, Capital Projects, And Debt Service Fund.

Source: General Purpose Financial Statements

General Governmental Revenues (Budgetary Basis) By Source
Last Nine Fiscal Years (In Bienniums)

Revenues By Source	1987-1989	1989-1991	1991-1993	1993-1995	1996
Sales And Use Tax	\$ 490,436,422	\$ 465,991,671	\$ 472,354,351	\$ 551,585,835	\$ 289,638,706
Income Tax	220,111,483	225,349,317	244,094,270	279,780,472	152,016,072
Corporate Income Tax	79,668,089	89,807,210	79,304,171	94,755,138	49,047,417
Business Privilege Tax	4,045,281	4,468,129	4,501,873	5,488,535	1,638,686
Oil And Gas Production Tax	40,659,853	51,866,716	34,068,927	23,560,500	13,319,135
Oil Extraction Tax	57,962,699	62,139,140	48,153,450	29,328,185	10,446,662
Insurance Premium Tax	27,806,653	32,723,215	32,522,677	32,120,236	18,737,678
Cigarette, Cigar And Tobacco Tax	28,580,223	29,680,052	27,524,919	44,864,988	22,783,767
Liquor And Beer Tax	11,128,198	11,550,832	10,151,036	10,370,481	5,177,225
Department Fees And Collections	22,669,027	22,653,224	23,362,701	22,083,103	14,301,572
Gaming Tax	-	7,749,304	11,477,000	22,371,750	11,741,235
Coal Severance Tax	20,950,460	21,924,265	23,244,128	23,828,544	11,086,973
Interest On Public Funds	21,191,413	27,848,014	16,134,417	13,603,488	7,268,627
Coal Conversion Tax	18,113,775	18,648,878	19,557,661	22,960,212	12,170,245
Mineral Leasing Tax	11,275,032	10,985,554	8,815,204	5,445,476	1,963,173
Bank Of North Dakota Profits - Transfer	12,000,000	14,000,000	27,217,457	14,100,000	25,000,000
Mill And Elevator Profits - Transfer	3,000,000	3,500,000	3,000,000	-	-
Gas Tax Administration - Transfer	835,300	959,268	988,904	1,025,000	535,939
Vietnam Post War Trust - Transfer	2,000,000	-	-	-	-
Budget Stabilization Fund - Transfer	-	-	23,328,283	-	-
Other Transfers	-	14,923,233	-	50,067,240	21,508,074
Total Revenues By Source	\$ 1,072,433,908	\$ 1,116,768,022	\$ 1,109,801,429	\$ 1,247,339,183	\$ 668,381,186

Notes: General Government Includes Principally Appropriated "General Fund".

Source: Office Of Management And Budget

Computation Of Legal Debt Limit

The state may issue or guarantee the payment of bonds, provided that all bonds in excess of two million dollars shall be secured by first mortgage upon real estate in amounts not to exceed sixty-five percent of its value; or upon real and personal property of state-owned utilities, enterprises, or industries, in amounts not exceeding its value, and provided further, that the state shall not issue or guarantee bonds upon property of state-owned utilities, enterprises, or industries in excess of ten million dollars.

No further indebtedness shall be incurred by the state unless evidenced by a bond issue, which shall be authorized by law for certain purposes, to be clearly defined. Every law authorizing a bond issue shall provide for levying an annual tax, or make other provision, sufficient to pay the interest semiannually, and the principal within thirty years from the date of the issue of such bonds and shall specially appropriate the proceeds of such tax, or of such other provisions to the payment of said principal and interest, and such appropriation shall not be repealed nor the tax or other provisions discontinued until such debt, both principal and interest, shall have been paid. No debt in excess of the limit named herein shall be incurred except for the purpose of repelling invasion, suppressing insurrection, defending the state in time of war or to provide for the public defense in case of threatened hostilities.

The State is in compliance with the Legal Debt Margin.

Source: North Dakota Constitution, Art. X, Section 13.

**Ratio Of Net General Obligation Bonded Debt
To Net General Obligation Bonded Debt Per Capita
Last Six Fiscal Years**

<u>Fiscal Year</u>	<u>Population (3)</u>	<u>Gross Bonded Debt</u>	<u>Less Payable From Enterprise Revenues</u>	<u>Net Bonded Debt</u>	<u>Net Bonded Debt Per Capita</u>
1991	634,123	\$ 54,821,260	\$ 29,309,246	\$ 25,512,014	\$ 40.23
1992	635,286	52,283,032	28,157,168	24,125,864	37.98
1993	636,842	43,636,833	20,329,658	23,307,175	36.60
1994	639,145	39,229,787	15,427,389	23,802,398	37.24
1995	641,367	39,045,747	15,888,554	23,157,193	36.11
1996	641,367	38,834,919	38,834,919	-	-

Note: 1) Assessed Value; Debt Payable From Enterprise Revenues; And Ratio of Net Bonded Debt Per Capita Are Not Applicable Because They Relate To Property Taxes, Which The State Does Not Assess.
 2) Information From 1987 - 1990 Is Not Available.
 3) Estimated Population.

Source: Job Service North Dakota
 Real Estate Trust
 North Dakota Census Data Center

**Revenue Bond Coverage
Last Eight Fiscal Years**

MUNICIPAL BOND BANK (1)

Fiscal Year	Gross Revenues	Principal Proceeds	Direct Operating Expenses (3)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
1989	\$ 3,157,341	\$ 1,910,000	\$ 339,727	\$ 4,727,614	\$ 1,990,000	\$ 2,237,426	\$ 4,227,426	1.12
1990	3,983,879	2,294,250	333,942	5,944,187	2,170,000	2,758,037	4,928,037	1.21
1991	4,010,823	3,448,000	250,125	7,208,698	3,760,000	3,595,522	7,355,522	0.98
1992	3,942,678	4,770,750	318,342	8,395,086	3,660,000	3,589,730	7,249,730	1.16
1993	5,142,000	4,301,000	605,000	8,838,000	4,435,000	4,373,000	8,808,000	1.00
1994	5,809,000	6,586,000	444,000	11,951,000	6,076,000	5,048,000	11,124,000	1.07
1995	6,312,000	5,654,000	808,000	11,158,000	5,398,000	5,363,000	10,761,000	1.04

STUDENT LOAN TRUST

Fiscal Year	Gross Revenues	Principal Proceeds	Direct Operating Expenses (3)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
1989	\$ 25,535,449	\$ 21,609,442	\$ 7,328,503	\$ 39,816,388	\$ 141,805,381	\$ 15,497,036	\$ 157,302,417	0.25
1990	30,678,643	24,601,489	5,834,451	49,445,681	21,360,492	21,720,700	43,081,192	1.15
1991	28,394,604	24,697,479	3,022,689	50,069,394	18,970,872	22,809,459	41,780,331	1.20
1992	27,483,818	24,618,555	3,623,239	48,479,134	19,359,419	20,839,111	40,198,530	1.21
1993	23,700,602	24,947,328	1,935,043	46,712,887	70,173,700	18,413,523	88,587,223	0.53
1994	21,606,884	24,666,274	5,730,752	40,542,406	26,699,999	15,359,478	42,059,477	0.96
1995	20,760,838	19,957,007	4,806,235	35,911,610	25,942,600	13,794,767	39,737,367	0.90
1996	18,779,343	18,777,976	3,921,272	33,636,047	33,249,575	12,215,511	45,465,086	0.74

HOUSING FINANCE AGENCY

Fiscal Year	Gross Revenues	Principal Proceeds	Direct Operating Expenses (3)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
1989	\$ 46,396,717	\$ 18,662,246	\$ 20,556,638	\$ 44,502,325	\$ 24,382,485	\$ 24,620,079	\$ 49,002,564	0.91
1990	52,285,398	19,559,899	19,619,104	52,226,193	22,890,000	31,084,009	53,974,009	0.97
1991	59,761,327	30,494,615	23,649,891	66,606,051	41,278,669	33,999,369	75,278,038	0.88
1992	60,678,404	40,866,000	17,103,712	84,440,692	76,118,968	40,954,820	117,073,788	0.72
1993	57,574,000	60,710,000	23,107,000	95,177,000	119,605,000	33,288,000	152,893,000	0.62
1994	43,830,000	92,977,000	17,108,000	119,699,000	123,462,000	25,277,000	148,739,000	0.80
1995	36,433,000	38,240,000	13,206,000	61,467,000	68,565,000	22,440,000	91,005,000	0.68
1996	41,877,000	25,540,000	13,396,000	54,021,000	78,754,000	25,269,000	104,023,000	0.52

STATE FAIR ASSOCIATION (2)

Fiscal Year	Gross Revenues	Principal Proceeds	Direct Operating Expenses (3)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
					Principal (4)	Interest	Total	
1988	\$ 2,439,143	\$ -	\$ 2,085,415	\$ 353,728	\$ 9,000	\$ 17,538	\$ 26,538	13.33
1989	2,573,546	-	2,267,993	305,553	9,000	16,862	25,862	11.81
1990	2,608,008	-	2,223,881	384,127	10,000	16,150	26,150	14.69
1991	3,095,404	-	2,859,616	235,788	194,000	86,290	280,290	0.84
1992	2,969,265	-	2,225,906	743,359	185,000	240,500	425,500	1.75
1993	3,283,594	-	2,263,074	1,020,520	185,000	228,475	413,475	2.47
1994	3,464,160	-	2,299,643	1,164,517	185,000	300,187	485,187	2.40
1995	3,540,311	-	2,611,521	928,790	195,000	181,598	376,598	2.47

(1) Information Presented For The Fiscal Year Ended December 31.

(2) Information Presented For The Fiscal Year Ended September 30.

(3) Excludes Depreciation And Bond Interest Expense.

(4) Debt Service Requirements Excludes Principal Payments On Refunded Bonds.

**Population And Employment
Last Ten Calendar Years**

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Population (1)	678,000	671,000	667,000	660,000	638,800	634,123	635,286	636,842	639,145	641,367
Employed	313,000	315,000	316,000	317,000	308,000	299,760	298,440	306,230	322,820	323,240
Unemployed	21,000	17,000	16,000	14,000	13,000	13,330	15,900	13,990	13,040	10,940
Total Labor Force	334,000	332,000	332,000	331,000	321,000	313,090	314,340	320,220	335,860	334,180
N.D. Unemployment Rate	6.3%	5.2%	4.8%	4.3%	4.0%	4.3%	5.1%	4.4%	3.9%	3.3%
U.S. Unemployment Rate	7.0%	6.2%	5.5%	5.3%	5.4%	6.7%	7.4%	6.8%	6.1%	5.6%

Source: Job Service North Dakota

**Demographic Statistics
Last Ten Fiscal Years**

Fiscal Year	(1) Population	Per Capita Income	Public Median Age	(2) School Enrollment	Unemployment Rate
1987	671,000	12,641	30.7	118,474	5.2%
1988	667,000	12,488	31.3	118,176	4.8%
1989	660,000	14,116	N/A	117,134	4.3%
1990	638,800	15,320	32.4	117,134	4.0%
1991	634,123	15,572	33.0	117,719	4.3%
1992	635,286	17,225	33.5	118,094	5.1%
1993	636,842	17,223	33.8	118,500	4.4%
1994	639,145	18,738	34.2	118,649	3.9%
1995	641,367	N/A	34.5	118,606	3.3%
1996	N/A	N/A	N/A	117,816	N/A

Source: Job Service North Dakota
North Dakota Department Of Public Instruction
North Dakota State Data Center

N/A: Not Available

(1) Population Estimates Are From The North Dakota Census Data Center.
(2) Kindergarten Through 12th Grade.

**Taxable Sales And Purchases
And Total Federal Tax Liability
Last Ten Calendar Years**

<u>Calendar Year</u>	<u>Total Taxable Sales And Purchases</u>	<u>Individual Income Total Federal Tax Liability</u>
1986	\$ 3,762,227,767	\$ 744,188,000
1987	3,809,625,027	706,667,000
1988	3,896,987,581	760,218,000
1989	4,135,281,934	799,317,000
1990	4,423,624,684	866,295,000
1991	4,598,951,752	910,974,000
1992	4,858,827,346	961,973,000
1993	5,204,771,244	1,029,510,000
1994	5,570,199,514	N/A
1995	5,798,621,358	N/A

Source: Office Of State Tax Commissioner
Statistics Of Income, Department Of Treasury, Internal Revenue Service

N/A: Not Available

**Public School Enrollment And Average Cost Per Pupil
Last Ten Academic Years**

<u>Academic Year</u>	<u>Kindergarten</u>	<u>Grades 1-3</u>	<u>Grades 4-6</u>	<u>Grades 7-8</u>	<u>Grades 9-12</u>	<u>Total Enrollment</u>	<u>Special Education Students Served</u>
1987-88	10,193	29,748	26,754	17,154	34,625	118,474	12,177
1988-89	10,292	29,935	27,112	17,210	33,627	118,176	12,407
1989-90	9,510	29,879	27,275	17,574	32,896	117,134	12,614
1990-91	9,547	29,037	27,756	17,912	32,882	117,134	12,235
1991-92	9,273	28,596	28,358	18,057	33,435	117,719	12,402
1992-93	8,847	27,800	28,747	18,535	34,165	118,094	12,528
1993-94	8,747	27,181	28,519	19,058	34,995	118,500	12,180
1994-95	8,677	26,493	28,054	19,556	35,869	118,649	12,122
1995-96	8,600	26,097	27,492	19,636	36,781	118,606	12,355
1996-97	8,304	25,766	26,814	19,255	37,677	117,816	N/A

<u>Academic Year</u>	<u>Average Daily Membership</u>	<u>Total Cost Of Education</u>	<u>Average cost Per Pupil</u>
1986-87	117,981	347,877,010	2,949
1987-88	118,376	360,000,412	3,041
1988-89	118,536	380,881,455	3,213
1989-90	118,097	404,733,991	3,427
1990-91	118,883	403,083,492	3,327
1991-92	119,509	439,411,420	3,677
1992-93	119,954	443,976,307	3,701
1993-94	120,411	454,146,657	3,772
1994-95	120,440	463,428,366	3,848
1995-96	120,538	484,073,788	4,016

N/A: Not Available

Source: Department of Public Instruction

**University System Full-Time Equivalent Student Enrollment
Last Ten Academic Years**

	1987 FTE	1988 FTE	1989 FTE	1990 FTE	1991 FTE	1992 FTE	1993 FTE	1994 FTE	1995 FTE	1996 FTE
Bismarck State College	1,589	1,849	1,916	1,794	1,858	1,954	1,965	1,842	1,795	1,932
Dickinson State University	1,142	1,230	1,233	1,254	1,315	1,388	1,383	1,342	1,373	1,459
Mayville State University	655	700	730	732	739	693	676	708	739	723
Minot State University	2,825	3,038	3,313	3,394	3,349	3,278	3,417	3,216	3,134	2,964
ND State College Of Science	2,543	2,401	2,278	2,093	2,047	2,091	2,014	2,170	2,259	2,340
North Dakota State University	8,218	8,368	8,193	7,243	7,254	7,504	7,917	8,092	8,196	8,190
NDSU - Bottineau	367	380	519	487	443	489	359	338	337	369
University of North Dakota	9,544	10,166	10,315	9,837	9,786	10,059	9,671	9,463	9,390	9,221
UND - Lake Region	435	474	569	483	478	433	442	455	479	437
UND - Williston	481	487	545	599	622	717	738	702	714	702
Valley City State University	978	1,058	1,041	959	946	845	902	853	929	932
Total	28,777	30,151	30,652	28,875	28,837	29,451	29,484	29,181	29,345	29,269

Note: Full-Time Equivalent Enrollment Is Based Upon Student Credit Hours.

Source: North Dakota University System

Taxable Sales And Purchases By Industry Last Ten Fiscal Years

Fiscal Years	Mining And Oil Extraction	Construction	Manufacturing	Transportation, Communications And Public Utilities	Wholesale	Retail	Services	Misc.	Fiscal Year Total
1987	\$ 32,100,364	\$ 114,157,566	\$ 181,355,796	\$ 273,319,957	\$ 755,821,178	\$ 2,081,148,423	\$ 321,918,685	\$ 23,658,749	\$ 3,783,480,718
1988	44,886,359	107,503,766	204,975,541	285,843,207	766,775,561	2,123,576,871	332,469,307	24,805,005	3,890,835,617
1989	46,611,632	93,953,268	232,088,168	284,649,259	762,473,654	2,181,411,027	344,950,599	24,367,937	3,970,505,544
1990	51,679,206	100,108,633	218,926,270	321,986,553	823,504,298	2,320,050,567	414,764,647	25,783,810	4,276,803,984
1991	58,711,463	118,130,004	232,771,050	352,162,007	860,746,738	2,427,470,935	437,677,974	23,472,271	4,511,142,442
1992	45,701,595	119,252,571	223,253,295	345,563,281	884,805,380	2,603,028,805	464,659,795	22,738,892	4,709,003,614
1993	52,399,210	121,748,728	244,270,428	366,722,616	1,010,630,934	2,708,164,365	488,238,511	25,469,523	5,017,644,315
1994	48,233,026	132,235,848	243,159,443	397,125,367	1,126,606,906	2,873,185,491	504,776,201	28,574,196	5,353,896,478
1995	44,211,472	159,511,640	259,929,870	406,377,996	1,167,948,890	3,020,031,055	542,770,796	31,281,299	5,632,063,018
1996	44,787,355	160,435,468	277,474,861	448,984,237	1,265,500,733	3,119,107,791	580,017,504	47,816,164	5,944,124,113
Fiscal Years - Percentage Change									
1987	-46.1%	-16.1%	-7.8%	-7.4%	-2.5%	2.5%	-2.6%	33.7%	-1.5%
1988	39.8%	-5.8%	13.0%	4.6%	1.5%	2.0%	3.3%	4.8%	2.8%
1989	3.8%	-12.6%	13.2%	-0.4%	-1.1%	2.7%	3.8%	-1.8%	2.0%
1990	10.9%	6.6%	-5.7%	13.1%	8.0%	6.4%	20.2%	5.8%	7.7%
1991	13.6%	18.0%	6.3%	9.4%	4.5%	4.6%	5.5%	-9.0%	5.5%
1992	-22.2%	0.9%	-4.2%	-1.8%	2.8%	7.2%	6.2%	-3.1%	4.4%
1993	14.7%	2.1%	9.4%	6.1%	14.2%	4.0%	5.1%	12.0%	6.6%
1994	-7.9%	8.6%	-0.4%	8.3%	11.5%	6.1%	3.4%	12.2%	6.7%
1995	-8.3%	20.6%	6.9%	2.3%	3.7%	5.1%	7.5%	9.5%	5.2%
1996	1.3%	0.6%	6.7%	10.5%	8.4%	3.3%	6.9%	52.9%	5.5%

Source: Office Of State Tax Commissioner

**Nonagricultural Wage And Salary Employees By Industry
Last Ten Calendar Years**

<u>Industry</u>	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Manufacturing	15,400	15,700	16,350	16,500	17,350	17,850	18,350	19,500	21,500	21,300
Construction	10,800	10,800	9,900	9,800	10,100	10,300	11,000	11,800	12,800	13,500
Mining	4,650	4,100	4,250	4,050	4,300	4,250	3,900	3,850	3,700	3,850
Wholesale Trade	19,400	19,400	19,500	19,500	19,300	19,100	19,200	19,300	20,000	20,800
Retail Trade	47,500	48,100	48,750	49,950	50,850	52,500	53,600	55,350	56,700	58,300
Services	59,200	61,100	64,100	65,950	68,650	70,650	73,750	76,550	80,650	80,950
Finance, Insurance & Real Estate	12,450	12,650	12,300	12,200	12,450	12,700	13,050	13,450	13,950	13,750
Transp., Communi- cation & Utilities	16,100	16,300	16,750	17,000	17,100	17,200	17,550	17,950	18,550	18,450
Government	64,400	64,600	64,600	65,600	65,500	65,700	66,800	67,100	67,300	71,300
Total	249,900	252,750	256,500	260,550	265,600	270,250	277,200	284,850	295,150	302,200

Source: Job Service North Dakota

Note: Does Not Include Self-Employed Or Unpaid Workers.

**Annual Average Salary Covered By Unemployment Insurance
By Industry
Last Ten Calendar Years**

<u>Sector</u>	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Manufacturing	\$ 18,928	\$ 19,331	\$ 19,787	\$ 20,657	\$ 20,889	\$ 21,799	\$ 22,975	\$ 23,541	\$ 24,447	\$ 25,504
Construction	18,791	19,646	20,119	20,297	21,564	21,649	22,079	22,874	23,274	24,833
Mining	28,232	28,442	29,115	30,635	31,696	32,272	34,541	36,104	35,914	37,016
Wholesale Trade	19,287	19,859	20,499	21,361	22,541	23,029	23,968	24,847	25,817	26,196
Retail Trade	8,940	9,012	9,178	9,311	9,646	9,976	10,501	10,791	11,219	11,453
Services	13,927	14,537	15,059	15,406	16,198	16,705	17,492	17,735	17,980	18,648
Finance, Insurance & Real Estate	18,035	18,653	19,414	19,908	20,554	21,290	22,828	23,521	24,066	25,008
Transp., Communi- cation & Utilities	23,914	24,112	24,288	24,628	25,573	26,396	27,089	27,564	28,427	29,182
Government	17,335	17,780	17,975	18,630	19,451	20,189	21,133	21,716	22,248	22,779
All Industries	\$ 15,771	\$ 16,145	\$ 16,501	\$ 16,924	\$ 17,625	\$ 18,132	\$ 18,944	\$ 19,382	\$ 19,893	\$ 20,493

Source: Job Service North Dakota, North Dakota Employment And Wages

**Annual Crude Oil Production In North Dakota
And Domestic Oil Price Per Barrel
Last Ten Calendar Years**

Crude Oil

<u>Calendar Year</u>	<u>Barrels</u>	<u>Average Price Per Barrel</u>
1986	45,652,223	15
1987	41,360,186	18
1988	39,340,051	14
1989	36,725,255	17
1990	36,720,396	22
1991	35,891,173	19
1992	32,900,171	19
1993	30,918,673	16
1994	27,575,371	15
1995	29,333,518	16

Source: North Dakota Industrial Commission,
Oil And Gas Division

**Taxable Coal Production And
Natural Gas Processed
Last Ten Fiscal Years**

<u>Fiscal Years</u>	<u>Coal Production (Coal Tons)</u>	<u>Gas Processed (Cubic Feet)</u>
1987	25,090,000	71,611,870,000
1988	26,870,000	66,093,000,000
1989	30,040,000	58,071,000,000
1990	29,370,000	59,611,264,000
1991	28,810,000	58,281,876,000
1992	30,296,000	57,737,581,000
1993	31,696,000	56,535,396,000
1994	31,886,860	54,754,476,000
1995	31,587,000	54,771,279,000
1996	29,512,000	54,893,774,000

Note: Information For 1996 Gas Processed Is An Estimate.

Source: Office Of State Tax Commissioner
North Dakota Industrial Commission, Oil And Gas Division

Value Of Export Shares Of Agricultural Commodities - 1994-1995 (1)

	1994 <u>Dollars</u> (Mil.)	1994 <u>% of U.S.</u>	1995 <u>Dollars</u> (Mil.)	1995 <u>% of U.S.</u>
Wheat And Products	\$ 862.7	20.1	\$ 931.6	17.7
Feeds Grains And Products	76.4	1.3	130.9	1.5
Sunflower Seed And Oil	71.4	38.4	186.3	46.2
Soybeans And Products	27.7	.5	54.1	.8
Vegetables And Preparations	56.6	1.6	94.5	2.3
Dairy Products	4.1	.6	3.3	.5
Animals And Meats Excluding Poultry	18.2	.5	18.6	.4
Hides And Skins	7.2	.5	7.8	.4
Fats, Oils And Greases	2.5	.5	3.5	.4
Feeds And Fodder	31.6	2.3	65.7	4.0
Seeds	10.5	1.8	25.7	3.9
Other	.6	--	.6	--
Total	\$1,169.6	2.7	\$1,522.7	2.8

Sources: Foreign Agricultural Trade Of U.S. - E.R.S. (1) State Agricultural Exports Estimates Were Based On North Dakota's Production Or Sales Of Individual Commodities Reported By The National Agricultural Statistics Service (NASS). It Is Assumed That Each State Received Export Revenues In The Same Proportion As Its Production.

1995 Crop Rank Among States

North Dakota <u>Ranks</u>	<u>Crop Description</u>	North Dakota <u>Produces</u>
1st	All Dry Edible Beans	23%
1st	Barley	28%
1st	Flaxseed	78%
1st	Oats	13%
1st	Pinto Beans	41%
1st	Sunflower	44%
1st	Wheat, All	14%
1st	Wheat, Durum	76%
1st	Wheat, Spring	41%
2nd	Navy Beans	29%
2nd	Honey	11%
3rd	Sugarbeets	14%
3rd	Total Cropland - 1992 Census	6%
4th	Rye	7%
4th	Area Harvested - Principal Crops	7%

Source: North Dakota Agricultural Statistics 1996

**Cash Receipts From
Farm Marketings And Government Payments - 1992-1995**

Item	Thousand Dollars			Percent Total 1994 Pct. (1)	1995 000 \$
	1992	1993	1994		
Crops	\$ 2,239,627	\$ 2,348,419	\$ 2,307,377	68.0	\$ 2,593,943
Food Grains	1,181,820	1,464,870	1,237,108	36.5	
Wheat	1,180,020	1,463,202	1,235,917	36.4	
Rye	1,800	1,668	1,191	--	
Feed Crops	379,999	315,358	340,606	10.0	
Barley	237,280	174,885	202,136	6.0	
Corn	78,987	49,809	61,787	1.8	
Hay	43,545	69,189	55,411	1.6	
Oats	20,187	21,475	21,272	.6	
Oil Crops	288,732	219,810	295,479	8.7	
Sunflower	169,447	126,131	182,925	5.4	
Soybeans	98,991	76,090	82,233	2.4	
Veg., Fruits, Nuts	197,566	182,609	213,623	6.3	
Dry Beans	87,883	79,554	81,962	2.4	
Potatoes	108,083	100,955	129,336	3.8	
Misc.	1,600	2,100	2,325	.1	
Other Crops	191,510	165,772	220,561	6.5	
Sugarbeets	155,848	127,903	175,579	5.2	
Other Field Crops	7,862	10,122	17,402	.5	
Greenhouse & Nursery	27,000	27,000	27,000	.8	
Other	800	747	580	--	
Livestock	650,006	600,407	627,314	18.5	582,113
Meat Animals	493,219	455,662	479,805	14.1	
Cattle And Calves	444,773	402,198	433,232	12.8	
Hogs	39,533	43,712	38,065	1.1	
Sheep And Lambs	8,913	9,752	8,508	.3	
Dairy Products	118,080	107,400	102,480	3.0	
Poultry And Eggs	10,953	10,805	11,320	.3	
Turkeys	8,619	6,843	8,712	.3	
Eggs	1,401	2,784	1,530	--	
Other Poultry	442	545	459	--	
Misc. Livestock	27,754	26,540	33,709	1.0	
Honey	11,575	10,296	14,918	.4	
Other Livestock	15,094	15,551	18,005	.5	
Total Crops & Livestock	2,889,633	2,948,826	2,934,691	86.5	3,176,056
Government Payments	443,156	564,531	457,346	13.5	296,202
Grand Total	\$ 3,332,789	\$ 3,513,357	\$ 3,392,037	100.0	\$ 3,472,258

Source: North Dakota Agricultural Statistics 1996

(1) Items May Not Add Due To Rounding

**Claims Development Information
Last Ten Fiscal Years**

The following tables illustrate how the individual funds' earned revenues and investment income compare to related costs of loss and other expenses assumed by the funds as of the end of each of the last ten years. The rows of the tables are defined as follows: (1) This line shows the total of each fiscal years' earned contribution revenues and investment revenues. (2) This line shows each fiscal years' other operation costs of the fund including overhead and claims expense not allocable to individual claims. (3) This line shows the funds' incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year). (4) This section of 10 columns shows the cumulative amounts paid as of the end of successive years for each policy year. (5) This section of 10 columns shows how each policy years' incurred claims increased or decreased as of the end of successive years. This annual reestimation results from new information received regarding unknown claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known. (6) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the tables show data for successive policy years (expressed in thousands).

Claims Development Information
Last Ten Fiscal Years
 (Expressed In Thousands)

Bonding Fund

(Information Prior To Fiscal Year 1988 Is Not Available)

	Fiscal And Policy Year Ended									
	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
1 Net Earned Required Contribution And Investment Revenues		\$ 803	\$ 839	\$ 807	\$ 647	\$ 485	\$ 428	\$ 128	\$ 161	\$ 305
2 Unallocated Expenses		35	47	44	43	27	13	34	59	68
3 Estimated Incurred Claims And Expense, End Of Policy Year		28	61	10	4	50	31	208	249	325
4 Paid (Cumulative) As Of:										
End Of Policy Year		22	61	10	4	5	31	208	249	11
One Year Later		28	61	10	4	50	31	208	309	
Two Years Later		28	61	10	4	50	31	208		
Three Years Later		28	61	10	4	50	31			
Four Years Later		28	61	10	4	50				
Five Years Later		28	61	10	4					
Six Years Later		28	61	10						
Seven Years Later		28	61							
Eight Years Later		28								
Nine Years Later										
5 Reestimated Incurred Claims And Expenses:										
End Of Policy Year		28	61	10	4	50	31	208	309	11
One Year Later		28	61	10	4	50	31	208	309	
Two Years Later		28	61	10	4	50	31	208		
Three Years Later		28	61	10	4	50	31			
Four Years Later		28	61	10	4	50				
Five Years Later		28	61	10	4					
Six Years Later		28	61	10						
Seven Years Later		28	61							
Eight Years Later		28								
Nine Years Later										
6 Increase In Estimated Incurred Claims And Expense From End Of Policy Year		0	0	0	0	0	0	0	0	0

Claims Development Information
Last Ten Fiscal Years
 (Expressed In Thousands)

Fire And Tornado Fund

(Information Prior To Fiscal Year 1988 Is Not Available)

	<u>Fiscal And Policy Year Ended</u>									
	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
1 Net Earned Required Contribution And Investment Revenues		\$ 3,495	\$ 2,628	\$ 3,279	\$ 3,290	\$ 3,257	\$ 3,494	\$ 3,552	\$ 3,349	\$ 3,545
2 Unallocated Expenses		387	446	398	428	407	553	539	596	422
3 Estimated Incurred Claims And Expense, End Of Policy Year		4,165	2,111	652	656	384	255	1,125	2,116	1,598
4 Paid (Cumulative) As Of:										
End Of Policy Year	1,999	555	377	310	174	213	733	448	(5)	
One Year Later	4,165	2,111	652	655	174	213	733	448		
Two Years Later	4,165	2,111	652	655	174	213	733			
Three Years Later	4,165	2,111	652	655	174	213				
Four Years Later	4,165	2,111	652	655	174					
Five Years Later	4,165	2,111	652	655						
Six Years Later	4,165	2,111	652							
Seven Years Later	4,165	2,111								
Eight Years Later	4,165									
Nine Years Later										
5 Reestimated Incurred Claims And Expenses:										
End Of Policy Year	4,165	2,111	652	559	384	255	1,125	2,116	1,589	
One Year Later	4,165	2,111	652	559	384	255	1,125	2,116		
Two Years Later	4,165	2,111	652	559	384	255	1,125			
Three Years Later	4,165	2,111	652	559	384	255				
Four Years Later	4,165	2,111	652	559	384					
Five Years Later	4,165	2,111	652	559						
Six Years Later	4,165	2,111	652							
Seven Years Later	4,165	2,111								
Eight Years Later	4,165									
Nine Years Later										
6 Increase In Estimated Incurred Claims And Expense From End Of Policy Year		0	0	0	0	0	0	0	0	0

Claims Development Information
Last Ten Fiscal Years
 (Expressed In Thousands)

Workers Compensation
Bureau

(Information Prior To Fiscal Year 1988 Is Not Available for items 3, 4, 5 and 6.)

	Fiscal And Policy Year Ended									
	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
1 Net Earned Required Contribution And Investment Revenues	\$ 41,544	\$ 42,013	\$ 40,939	\$ 53,508	\$ 70,752	\$ 90,373	\$ 113,640	\$ 127,730	\$ 140,157	\$ 169,665
2 Unallocated Expenses	3,088	3,682	3,178	4,067	4,627	7,004	8,324	9,024	11,321	10,983
3 Estimated Incurred Claims And Expense, End Of Policy Year		61,500	67,000	79,500	110,000	116,650	124,200	114,300	106,081	94,160
4 Paid (Cumulative) As Of:										
End Of Policy Year		14,174	15,125	16,001	16,921	13,949	11,777	14,092	14,406	13,275
One Year Later	22,949	27,680	28,146	33,318	32,987	30,891	27,987	28,390	26,810	
Two Years Later	30,219	35,508	37,173	43,145	42,685	39,703	36,222	36,420		
Three Years Later	35,377	42,093	43,697	50,799	49,156	45,675	41,511			
Four Years Later	39,328	47,073	48,285	56,256	51,387	47,286				
Five Years Later	42,872	50,231	52,094	60,381	54,782					
Six Years Later	45,493	53,037	55,014	63,394						
Seven Years Later	47,985	55,050	57,462							
Eight Years Later	50,102	57,100								
Nine Years Later	51,947									
5 Reestimated Incurred Claims And Expenses:										
End Of Policy Year		61,500	67,000	79,500	110,000	116,650	124,200	114,300	106,081	94,160
One Year Later	55,000	62,500	72,000	103,500	110,500	119,650	120,850	98,417	96,838	
Two Years Later	57,000	67,000	91,750	109,500	110,100	117,450	94,420	90,663		
Three Years Later	62,000	86,000	96,050	109,400	109,000	94,371	87,884			
Four Years Later	77,000	91,900	97,600	110,600	98,750	91,640				
Five Years Later	81,050	91,800	98,800	106,050	95,876					
Six Years Later	82,100	93,250	93,385	105,907						
Seven Years Later	83,650	86,725	92,851							
Eight Years Later	81,935	86,368								
Nine Years Later	80,206									
6 Increase In Estimated Incurred Claims And Expense From End Of Policy Year		24,868	25,851	26,407	(14,124)	(25,010)	(36,316)	(23,637)	(9,243)	

**Reconciliation Of Claims Liabilities
By Type Of Contract
Last Two Fiscal Years
(Expressed In Thousands)**

The Schedule Below Presents The Changes In Claims Liabilities For The Past Two Years By Type Of Contract (Expressed In Thousands)

	Property		Bonding		Workers Compensation	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
Unpaid Claims And Claims Adjustment Expenses At The Beginning Of The Year	\$ 1,668	\$ 392	\$ 441	\$ 305	\$ 453,200	\$ 467,500
Incurred Claims And Claims Adjustment Expenses:						
Provision For Current Fiscal Year	1,598	2,116	11	309	94,160	106,081
Change In Provision For Prior Fiscal Year	-	-	-	-	(120,430)	(75,037)
1992 Reform Legislation	-	-	-	-	-	-
Payments And Claims And Adjustment Expenses Attributable To:						
Current Fiscal Year Insured Events	5	(448)	(11)	(37)	(13,275)	(14,406)
Prior Fiscal Years Insured Events	(1,668)	(392)	(314)	(136)	(54,815)	(58,098)
Total Payments	(1,663)	(840)	(325)	(173)	(68,090)	(72,504)
Premium Deficiency	-	-	-	-	-	-
Change In Provision For Discount	-	-	-	-	86,800	97,400
Other	-	-	-	-	(240)	250
Estimated Benefit From Impact Of 1995 Legislation	-	-	-	-	-	(70,490)
Total Unpaid Claims And Claims Adjustment Expenses At The End Of The Year	<u>\$ 1,603</u>	<u>\$ 1,668</u>	<u>\$ 127</u>	<u>\$ 441</u>	<u>\$ 445,400</u>	<u>\$ 453,200</u>

Source: Financial Statements

