

STATE OF NORTH DAKOTA

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30,

1997

Prepared by the Office of Management and Budget

Internet Access:

<http://www.state.nd.us/fiscal/>

Cover photo:

The International Peace Garden, a 2,300-acre floral garden developed on the North Dakota, USA/Manitoba, Canada border, is the nation's only garden dedicated to peace. Scenic drives on both sides of the border give visitors a chance to see native wildlife.

All photos by Dawn Charging, North Dakota Tourism Department

**STATE OF NORTH DAKOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 1997**

TABLE OF CONTENTS

INTRODUCTORY SECTION

	Page
Letter Of Transmittal	7
Certificate Of Achievement For Excellence In Financial Reporting	17
North Dakota State Government Organization Chart	18
List Of Principal State Officials	19

FINANCIAL SECTION

Independent Auditor's Report	22
General Purpose Financial Statements:	
Combined Balance Sheet - All Fund Types, Account Groups And Discretely Presented Component Units	26
Combined Statement Of Revenues, Expenditures And Changes In Fund Balance - All Governmental Fund Types And Expendable Trust Funds	28
Combined Statement Of Revenues, Expenses And Changes In Fund Equity - All Proprietary Fund Types, Similar Trust Funds And Discretely Presented Component Units	29
Combined Statement Of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds And Discretely Presented Component Units	30
Statement Of Changes In Net Plan Assets - Pension Trust Funds	34
Combined Statement Of Current Funds Revenues, Expenditures And Other Changes - University System	35
Combined Statement Of Changes In Fund Balance - University System	36
1995-1997 Biennium Combined Statement Of Revenues, Expenditures And Other Financing Sources (Uses) Budget And Actual (Budgetary Basis) - General Fund And Other Budgeted Income	37
Notes To The Financial Statements	38

Combining, Individual Fund, and Account Group Statements and Schedules:**General Fund**

General Fund Description	88
Balance Sheet	89
Statement Of Revenues, Expenditures And Changes In Fund Balance	90

Special Revenue Funds

Special Revenue Funds Descriptions	92
Combining Balance Sheet	98
Combining Statement Of Revenues, Expenditures And Changes In Fund Balance	102

Debt Service Funds

Debt Service Funds Descriptions	108
Combining Balance Sheet	109
Combining Statement Of Revenues, Expenditures And Changes In Fund Balance	110

Capital Projects Fund

Capital Projects Fund Description	112
Balance Sheet	113
Statement Of Revenues, Expenditures And Changes In Fund Balance	114

Enterprise Funds

Enterprise Funds Descriptions	117
Combining Balance Sheet	118
Combining Statement Of Revenues, Expenses And Changes In Fund Equity	120
Combining Statement Of Cash Flows	122

Internal Service Funds

Internal Service Funds Descriptions	128
Combining Balance Sheet	129
Combining Statement Of Revenues, Expenses And Changes In Fund Equity	130
Combining Statement Of Cash Flows	131

Trust and Agency Funds

Trust And Agency Funds Descriptions	135
Combining Balance Sheet	138
Combining Statement Of Plan Net Assets - Pension Trust Funds	140
Combining Statement Of Revenues, Expenditures And Changes In Fund Balance - Expendable Trust Funds	141
Combining Statement Of Revenues, Expenses And Changes In Fund Equity - Nonexpendable Trust Funds	142
Combining Statement Of Cash Flows - Nonexpendable Trust Funds	143
Combining Statement Of Changes In Assets And Liabilities - Agency Funds	144

General Fixed Assets Account Group

Schedule Of General Fixed Assets By Source	148
Schedule Of General Fixed Assets By Function	149
Schedule Of Changes In General Fixed Assets By Function	150

University System

University System Funds Descriptions	153
Combining Balance Sheet	154

Component Units

Component Unit Funds Descriptions	157
Combining Balance Sheet	158
Combining Statement Of Revenues, Expenses And Changes In Fund Equity	159
Combining Statement Of Cash Flows	160

STATISTICAL SECTION

Statistical Section Schedules That Are Not Applicable	164
General Governmental Expenditures (GAAP Basis) By Function - Last Seven Fiscal Years	165
General Governmental Revenues (GAAP Basis) By Source - Last Seven Fiscal Years	166
General Governmental Revenues (Budgetary Basis) By Source - Last Ten Fiscal Years (In Bienniums)	167

	Page
Computation Of Legal Debt Limit	168
Ratio Of Net General Obligation Bonded Debt To Net General Obligation Bonded Debt Per Capita - Last Seven Fiscal Years	169
Revenue Bond Coverage - Last Nine Fiscal Years	170
Population And Employment - Last Ten Calendar Years	171
Demographic Statistics - Last Ten Fiscal Years	171
Taxable Sales And Purchases And Total Federal Tax Liability - Last Ten Calendar Years	172
Public School Enrollment And Average Cost Per Pupil - Last Ten Academic Years	173
University System Full-Time Equivalent Student Enrollment - Last Ten Academic Years	174
Taxable Sales And Purchases By Industry - Last Ten Fiscal Years	175
Nonagricultural Wage And Salary Employees By Industry - Last Ten Calendar Years	176
Annual Average Salary Covered By Unemployment Insurance By Industry - Last Ten Calendar Years	176
Annual Crude Oil Production In North Dakota And Domestic Oil Price Per Barrel - Last Ten Calendar Years	177
Taxable Coal Production And Natural Gas Processed - Last Ten Fiscal Years	177
Value Of Export Shares Of Agricultural Commodities - 1995-1996	178
1996 Crop Rank Among States	178
Cash Receipts From Farm Marketings And Government Payments - 1993-1996	179
Claims Development Information - Last Ten Fiscal Years	180
Reconciliation Of Claims Liabilities By Type Of Contract - Last Two Fiscal Years	184

INTRODUCTORY SECTION



Step back in time at the historic Fort Union Fur Trading Post near Williston. This rebuilt site offers a glimpse into the fur trading business of the 1800's. Inside the 20-foot-high palisade walls, a visitor center houses a fine museum and the Indian Trade House has an expansive array of trade goods for sale.

OFFICE OF MANAGEMENT AND BUDGET

600 East Boulevard Avenue, Fourth Floor • Bismarck, North Dakota 58505-0400

December 10, 1997

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, 1997. 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 CAFR 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 pace despite some severe weather-related shocks. This spring, the economy found itself reeling from back-to-back double disasters of a statewide blizzard followed by a devastating flood in the Red River valley. The cities of Wahpeton and Fargo were damaged severely, but the worst damage was to the city of Grand Forks, which alone suffered over \$1 billion in property losses. By means of comparison, the estimated losses in Grand Forks represent nearly eight percent of North Dakota's entire Gross State Product.

Despite the blizzards, which closed most retail businesses for a few days in April, and the flooding, which closed most of Grand Fork's businesses for a good portion of April and May, the state experienced some growth in taxable sales and purchases for the second quarter of 1997. Overall, taxable sales and purchases were up 3.6% over the second quarter of 1996. The sector posting the largest gain was wholesale trade, up nearly eight percent. Also up significantly was the services sector, reporting an increase of over seven percent.

Non-agricultural employment in the state (as of July 1997) has grown by 7,450 jobs over the same period in the previous year, representing a 2.3% increase. Eight of the nine major employment sectors showed growth. Manufacturing had the largest increase of 8.2%, followed closely by construction, up 8.1%, and mining up nearly 6%. The only sector reporting a decrease was government, down 0.8% from 1996 levels.

North Dakota's unemployment rate in July was 2.4%, the lowest July rate since 1959, and half of the nation's unemployment rate of 4.8%. The labor force and unemployment picture remains robust in North Dakota.

Agriculture, North Dakota's mainstay industry, suffered from the weather as well. Spring blizzards claimed over 100,000 head of cattle. Flooded fields reduced the total acres planted. Less than ideal moisture conditions and disease negatively impacted yields, pushing average statewide yields down to 25 bushels per acre for spring wheat, and 22 bushels per acre for durum. This year's production of all wheat is expected to be the lowest since 1989. 1997 has proven to be a difficult year for the state's largest sector.

The energy industry in North Dakota continues its rebound, reversing nearly a decade of decline. Preliminary figures for July show oil production in the state at approximately 99,000 barrels of oil per day - up nearly 10% from last year's levels. Technological advancements coupled with geological finds keeps companies' interest in the Williston Basin steady. Recently, oil prices have increased nearly \$3 to approximately \$20 per barrel. Recent actions in the Middle East could exert additional upward pressure on world oil prices.

Despite the possibility of a second year of flooding in the Red and Missouri River valleys, most economists agree that North Dakota can expect to continue on its path of moderate growth for the near future. The predicted El Nino weather patterns may result in a milder, drier winter for North Dakota and possibly some upward pressure on world wheat prices. Both would be welcome news for North Dakota, adding strength to the modest growth of the economy.

MAJOR INITIATIVES

In Governor Schafer's 1997-99 budget message, he said "... we are going to grow this state through economic development, not new taxes.....as careful stewards of hard-earned revenue, we will fund necessary and essential state programs carefully and make additional wise investments that will provide ongoing returns to our state." The legislative appropriations passed by the fifty-fifth assembly were \$1,489 million, an increase of \$147 million over the 1995-97 appropriations.

State efforts also focused on providing assistance to local government, thus relieving the pressure on property taxes. To maintain the state effort in relieving local property taxes for school districts, an additional \$40 million in general funds were provided for elementary and secondary education. Counties will be saved \$2.7 million in grant costs for the economic assistance programs, which will now be the responsibility of the State. In addition, State Aid Distribution Fund payments to political subdivisions were changed in statute and will no longer be subject to the appropriation process.

The focus of programs with the Department of Human Services has changed from financial dependency to personal responsibility and self-sufficiency. Programs are tailored to be responsible to the needs of low-income and dependent citizens. A demonstration project known as TEEM (Training, Education, Employment and Management) has been expanded statewide. The program provides for uniform treatment of income and assets, budget methodology, standard certification periods, and employment and training with adequate child care. Temporary Assistance for Needy Families (TANF) is replacing the Aid to Families with Dependent Children grant program. The department was also provided additional funding for child care assistance and child support enforcement.

Recognizing the need for additional beds within the state penitentiary system, under-utilized buildings at the North Dakota State Hospital are being renovated to provide space for 240 medium-security inmates. Federal Crime Bill funds will cover 90% of the renovation costs, and the state will provide the remaining 10% and fund the operational costs of the facility.

As the result of an interim study, a major initiative in the planning and oversight of information technology was enacted. While state agencies are required to prepare information technology strategic plans, the information services division of the state will be preparing statewide information technology policies, standards, and guidelines. Recommendations from a performance audit of information technology are also being incorporated in the process.

In an effort to maintain efficient and effective statewide communications, funding was provided for a comprehensive state-wide communication study. In addition, State Radio Communications and the Highway Patrol were provided funding for a ten site mobile data terminal project. Wireless mobile communications are considered more accurate, secure, and efficient than voice radio and can be an integral part of a records management system and computer-aided dispatch.

Twelve North Dakota state agencies continue to use 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. 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.

An initiative to recognize equity and compression problems in employee compensation was expanded by providing a 3% average increase for each year of the biennium with \$30 per month across the board increase and the remainder allocated for inequities, compression and merit increases. The Workers Compensation Bureau was provided a lump sum amount for increases effective July 1, 1997 and July 1, 1998 for performance awards and merit increases.

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 \$1.6 billion for the fiscal year ended June 30, 1997. The amount of revenues from various sources are presented below:

General Government Revenues
(Expressed in Thousands)

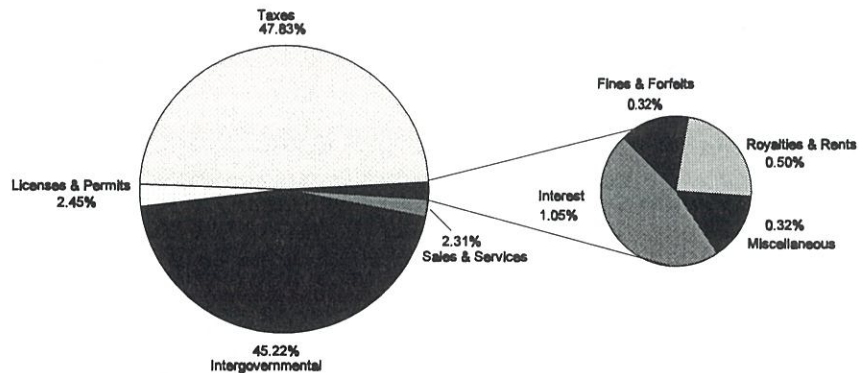
<u>Revenue Source</u>	<u>Amount</u>	<u>Percent Of Total</u>	<u>Increase/(Decrease) From 1996</u>	
			<u>Amount</u>	<u>Percent</u>
Taxes	\$ 745,896	47.83%	\$ 22,942	3.17%
Licenses And Permits	38,244	2.45%	(876)	(2.24%)
Intergovernmental	705,174	45.22%	35,321	5.27%
Sales And Services	36,090	2.31%	5,687	18.71%
Royalties And Rents	7,874	0.50%	513	6.97%
Fines And Forfeits	4,951	0.32%	368	8.03%
Interest	16,379	1.05%	1,920	13.28%
Miscellaneous	4,973	0.32%	453	10.02%
Total Revenues	\$ 1,559,581	100.00%	\$ 66,328	4.44%

The largest increase in taxes on a budgetary basis is from sales and use taxes. This tax revenue increased approximately \$12 million because of economic growth in the state.

General fund revenue increases include an \$11 million increase in individual income taxes due to an approximate 11% increase in personal income and a \$6 million increase in oil production taxes because of increased oil production and increased prices for oil.

The difference in the above noted increases and the total increase is due to decreases in various other tax collections.

Revenues By source



Intergovernmental revenue collection increases of approximately \$35 million was the largest dollar increase in fiscal year 1997. Disaster assistance revenues continued to increase because of annual Presidential Disaster Declarations since 1993. The Division of Emergency Management received increased funds of approximately \$34 million for disaster assistance programs. The remaining increase is from reimbursement from the federal government for the Department of Transportation's road repairs and snow removal costs that increased due to disasters in fiscal year 1997.

Expenditures for GAAP general government functions totaled approximately \$1.4 billion for the fiscal year ended June 30, 1997. The amount of expenditures and other uses by function are presented below:

General Government Expenditures
(Expressed in Thousands)

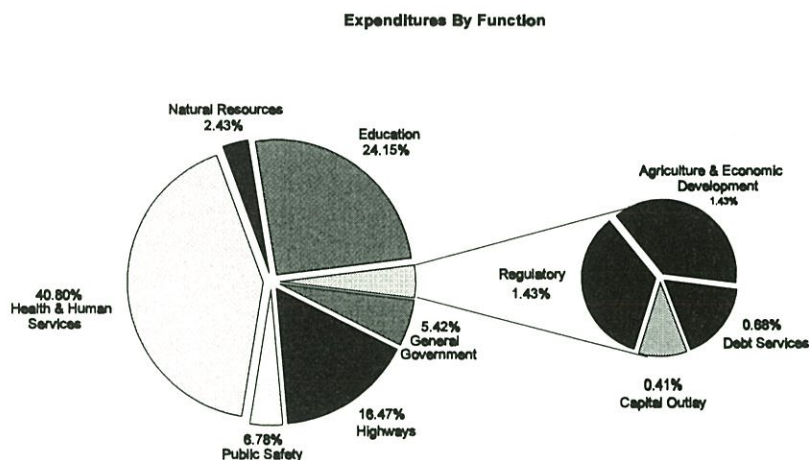
Function	Amount	Percent Of Total	Increase/(Decrease) From 1996	
			Amount	Percent
General Government	\$ 77,968	5.42%	\$ 1,934	2.54%
Education	347,109	24.15%	7,036	2.07%
Health And Human Services	586,421	40.80%	27,814	4.98%
Regulatory	20,544	1.43%	2,831	15.98%
Public Safety	97,498	6.78%	43,055	79.08%
Agriculture And Economic Development	20,544	1.43%	1,225	6.34%
Natural Resources	34,905	2.43%	(7,497)	(17.68%)
Highways	236,743	16.47%	24,408	11.50%
Capital Outlay	5,855	0.41%	428	7.89%
Debt Service:				
Principal	4,446	0.31%	568	14.65%
Interest And Other Charges	5,294	0.37%	358	7.25%
Total Expenditures	\$ 1,437,327	100.00%	\$ 102,160	7.65%

Education expenditures increased by \$7 million of which approximately \$6.3 million is due to increased foundation aid and special education grants. The remaining increase of \$.7 million is due to increases in various other grants to school districts.

Health and Human Services expenditures increased by \$28 million due to increases in Food Stamp Electronic Benefit Transfers, Medical Assistance Payments, Low Income Energy Assistance and other human service programs.

The \$43 million increase in public safety expenditures is due to increased disaster assistance grants made by the Division of Emergency Management. Disaster assistance increased because of the flood and snow disasters in fiscal year 1997.

Highway expenditures increased by \$24 million, because of flood and snow emergency disasters in fiscal year 1997. Due to these disasters, there was increased snow removal and road construction costs.



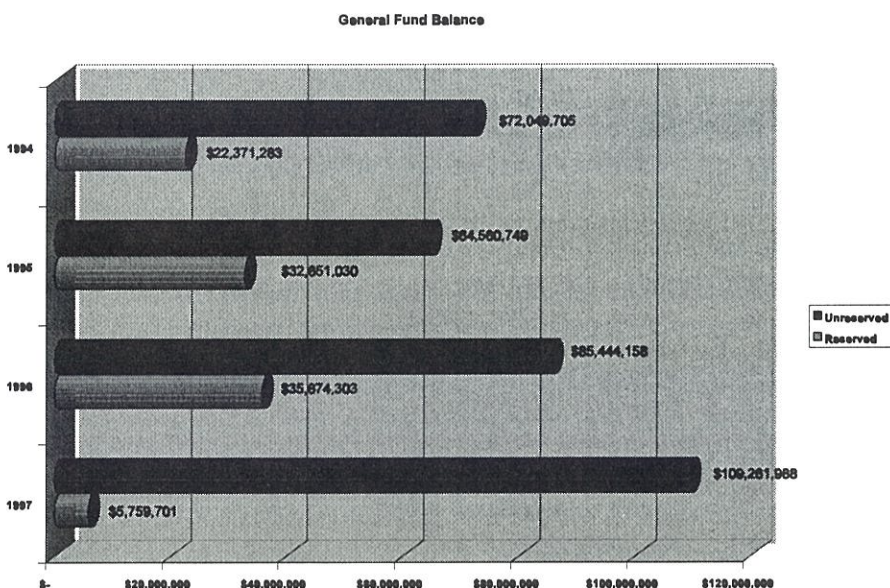
GENERAL FUND BALANCE. The GAAP General Fund undesignated balance increased from \$85.4 million on June 30, 1996, to \$109.3 million as of June 30, 1997. The primary reason for the increase has been explained in the Revenues section.

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

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, risk management, 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 \$25.2 million during the fiscal year to the General Fund. The Mill transferred \$1 million to the General Fund during the current year.

There are 17 other separate and distinct enterprise operations including four 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, 1997:

	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	\$ 75,542	\$ 23,413	\$ 294	\$ -	\$ 23,707	\$ 1,068,082	\$ 27,248	\$ 99,138
Beginning Farmer Revolving Loan	658	228	-	-	228	15,065	-	15,051
Bonding	120	(74)	-	-	203	5,135	138	3,948
Community Water Facility Loan	461	384	-	-	384	15,178	-	15,159
Developmentally Disabled Facility Loan	687	312	-	-	312	11,743	5,366	6,365
Fire And Tornado	2,897	(5,434)	-	(370)	(4,572)	18,778	4,488	10,057
Guaranteed Student Loan	2,098	(298)	-	-	312	13,732	-	10,729
Housing Finance	45,952	4,188	-	(25)	4,163	510,934	470,261	23,004
Mill And Elevator	82,877	4,815	-	(1,029)	3,970	43,811	396	41,134

	Operating Transfers				Net Income (Loss)	Total Assets	Liabilities Payable From Operating Revenue	Total Equity
	Operating Revenue	Operating Income (Loss)	In	Out				
PERS Uniform Group Insurance	722	168	-	-	240	11,015	27	1,050
Real Estate Trust	2,788	(5)	-	-	(5)	34,078	33,084	214
Roughrider Industries	2,546	(111)	-	-	(91)	1,799	60	1,530
State Fair	2,974	(170)	144	-	(153)	9,667	2,841	6,559
Student Loan	18,596	2,905	-	-	2,905	299,776	232,119	61,624
Workers Compensation	130,825	38,215	-	-	87,775	723,601	497,217	38,125
Total Primary Government	\$ 369,743	\$ 68,536	\$ 438	\$ (1,424)	\$ 119,378	\$ 2,782,394	\$ 1,273,245	\$ 333,687
Comprehensive Health Association	2,925	(1,562)	-	-	(1,542)	410	1,125	(1,502)
Municipal Bond Bank	6,784	423	-	-	9,114	147,093	109,892	34,841
North Dakota Development Fund, Inc.	851	(1,176)	-	-	(1,176)	20,624	-	20,623
Technology Transfer, Inc.	64	(777)	-	(107)	(709)	2,338	10	2,288
Total Reporting Entity	\$ 380,367	\$ 65,444	\$ 438	\$ (1,531)	\$ 125,065	\$ 2,952,859	\$ 1,384,272	\$ 389,937

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, 1997 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, 1995	\$ 554.6	\$ 539.8	\$ (14.8)	102.7%
July 1, 1996	621.7	597.9	(23.8)	104.0%
July 1, 1997	704.5	646.9	(57.6)	108.9%
NDHPRS				
July 1, 1995	20.0	22.3	2.3	89.7%
July 1, 1996	22.2	23.8	1.6	93.3%
July 1, 1997	24.9	27.5	2.6	90.3%
JSND				
July 1, 1995	40.8	11.4	(29.4)	357.9%
July 1, 1996	46.1	10.6	(35.5)	434.9%
July 1, 1997	51.0	44.1	(6.9)	115.6%
TFFR				
July 1, 1995	661.2	799.8	138.6	82.7%
July 1, 1996	733.3	851.6	118.3	86.1%
July 1, 1997	823.4	977.1	153.6	84.3%

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. As of October 1997, Moody's refined North Dakota's general obligation bond rating to Aa3.

At June 30, 1997, 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.

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

<u>Bond Description</u>	<u>Balance June 30, 1997</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>\$ 33,084</u>	<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, 1997</u>	<u>Balance June 30, 1996</u>	<u>Balance June 30, 1995</u>	<u>Balance June 30, 1994</u>
State Fair	\$ 3,041	\$ 3,231	\$ 3,421	\$ 3,330
Student Loan Trust	232,119	195,948	199,320	224,253
Building Authority	73,837	77,663	65,613	68,600
Housing Finance	466,868	396,504	425,149	304,757
Lignite Research Fund	8,205	8,825	N/A	N/A
University System	57,228	60,213	65,571	65,128
Total Revenue Bonds Primary Government	\$ 841,298	\$ 742,384	\$ 759,074	\$ 666,068
<u>Bond Issue - Component Unit</u>				
Municipal Bond Bank	97,144	70,455	66,365	65,987
Total Revenue Bonds Outstanding	\$ 938,442	\$ 812,839	\$ 825,439	\$ 732,055

Long-Term Notes:

The Bank of North Dakota has advances from the Federal Home Loan Bank in the amounts of \$14.5 million. The advances have a fixed rate of interest, ranging from 5.84 percent to 8.19 percent.

For additional debt administration details, see Note 3J 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, 1997, pooled deposits in the Bank of North Dakota yielded an average of 3.71 percent on a cash pool that ranged from \$113 to \$226 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. Due to the loss of sovereign immunity, the 1995 Legislature established the Risk Management Fund to pay money damages for claims for which the State is liable. Revenues to the fund are generated from contributions required from state agencies, boards and commission, and the University System.

The Risk Management fund continues to transfer liabilities for medical malpractice and aviation 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. Effective August 1, 1997, the maximum per occurrence will increase to \$1,000,000.

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. Workers Compensation is a state insurance fund and a "no-fault" insurance system, which covers the state's employers and employees.

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, 1996. 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 six 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 1997-1999 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 Dawn Charging and Pat Hertz of the North Dakota Department of Tourism, for the photography and the narrative descriptions provided for each of the pictures we used.

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, 1996

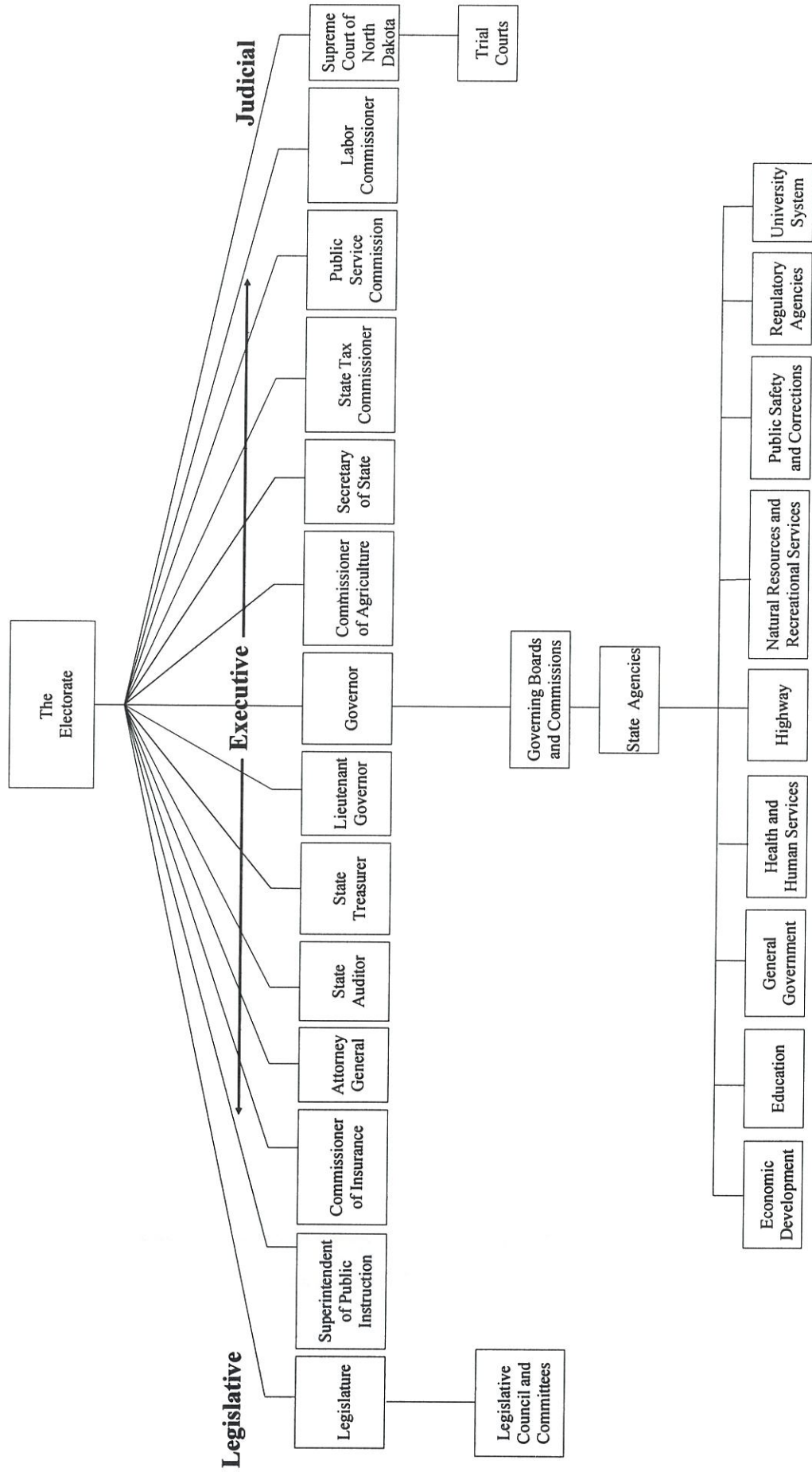
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



Linda K. Savitsky
President

Jeffrey L. Esser
Executive Director

STATE OF NORTH DAKOTA



STATE OF NORTH DAKOTA

Principal State Officials

June 30, 1997

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

Roger Johnson, Commissioner of Agriculture

Robert R. Peterson, State Auditor

Glenn Pomeroy, Commissioner of Insurance

Craig Hagen, Commissioner of Labor

Wayne Sanstead, Superintendent of Public Instruction

Rick Clayburgh, Tax Commissioner

Kathi Gilmore, State Treasurer

LEGISLATIVE

Mike Timm, Speaker of the House

John Dorso, House Majority Leader

Merle Boucher, House Minority Leader

Rosemarie Myrdal, President of the Senate

Gary J. Nelson, Senate Majority Leader

Tim Mathern, 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



Indian Hills Resort, located on the north side of Lake Sakakawea, is a full-service resort and offers everything you need for a great day on the big water. Lake Sakakawea with its 1,300 miles of shoreline, clean water and great fishing is an outdoor lover's haven.

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, 1997, 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	17%	5%
Debt Service Fund Type	91%	94%
Capital Projects Fund Type	100%	100%
Enterprise Fund Type	99%	98%
Internal Service Fund Type	1%	3%
Trust and Agency Fund Type	96%	100%
General Fixed Assets Account Group	4%	----
General Long-Term Debt Account Group	(68%)	----
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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 provides 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, 1997 and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 1997 on our consideration of the State of North Dakota's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements of the State of North Dakota, 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. 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 stated 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.



Robert R. Peterson
State Auditor



Edwin J. Nagel, Jr., CPA
Director

December 10, 1997



The Seventh Cavalry performs authentic military reenactments at Fort Abraham Lincoln State Park near Mandan and at other historic sites throughout the state in the summer.

General Purpose Financial Statements

STATE OF NORTH DAKOTA

Combined Balance Sheet

All Fund Types, Account Groups And Discretely Presented Component Units

June 30, 1997

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets And Other Debits				
Assets:				
Cash Deposits At The Bank Of North Dakota	\$ 99,199,022	\$ 125,713,336	\$ 192,724	\$ 8,004,000
Cash And Cash Equivalents	532,428	2,349,379	-	-
Investments At The Bank Of North Dakota	-	16,723,892	8,798,500	-
Investments	-	49,253,208	1,692,000	-
Accounts Receivable - Net	384,818	11,282,681	-	-
Taxes Receivable - Net	78,828,574	232,103	-	-
Interest Receivable - Net	701,172	1,422,768	209,000	-
Loans And Notes Receivable - Net	71,730	41,422,573	-	-
Interfund Receivable	11,022,696	-	-	-
Due From Component Units	-	-	-	-
Due From Other Funds	29,194,797	37,451,226	-	-
Intergovernmental Receivable - Net	-	103,792,572	-	-
Advances To Component Units	-	-	-	-
Advances To Primary Government	-	-	-	-
Advances To Other Funds	5,000,000	25,766,000	-	-
Prepaid Items	-	633,896	-	-
Inventory	687,971	7,994,452	-	-
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	\$ 225,623,208	\$ 424,038,086	\$ 10,892,224	\$ 8,004,000
Liabilities, Equity And Other Credits				
Liabilities:				
Accounts Payable	\$ 22,028,280	\$ 74,876,026	\$ -	\$ -
Notes Payable	1,700,000	3,820,946	-	-
Interest Payable	-	38,540	-	-
Contracts Payable	20,161	3,658,538	-	-
Federal Funds Purchased	-	-	-	-
Securities Lending Collateral	-	2,022,336	-	-
Tax Refunds Payable	25,158,758	-	-	-
Intergovernmental Payable	26,442	5,270,203	50,724	-
Claims/Judgements Payable	-	-	-	-
Accrued Payroll	11,970,881	7,896,825	-	-
Compensated Absences Payable	-	-	-	-
Amounts Held In Custody For Others	-	-	-	-
Deposits Held For Other Funds	-	-	-	-
Other Deposits	-	-	-	-
Interfund Payable	-	11,022,696	-	-
Due To Primary Government	-	-	-	-
Due To Other Funds	7,782,619	35,966,758	-	3,332,000
Advances From Other Funds	-	27,266,000	-	-
Advances From Component Units	-	-	-	-
Advances From Primary Government	-	-	-	-
Bonds Payable	-	-	-	-
Capital Leases Payable	-	-	-	-
Deferred Compensation	-	-	-	-
Deferred Revenue	41,914,378	15,164,548	-	-
Other Liabilities	-	-	-	-
Total Liabilities	110,601,519	187,003,416	50,724	3,332,000
Equity And Other Credits				
Investment In Fixed Assets	-	-	-	-
Contributed Capital	-	-	-	-
Unrealized Gain On Investments	-	-	-	-
Retained Earnings:				
Reserved	-	-	-	-
Unreserved	-	-	-	-
Fund Balance:				
Reserved For:				
Debt Service	-	-	10,841,500	-
Capital Projects	-	-	-	4,672,000
Other	5,759,701	75,611,992	-	-
Unreserved:				
Designated	-	7,393,025	-	-
Undesignated	109,261,988	154,029,653	-	-
Total Equity And Other Credits	115,021,689	237,034,670	10,841,500	4,672,000
Total Liabilities, Equity And Other Credits	\$ 225,623,208	\$ 424,038,086	\$ 10,892,224	\$ 8,004,000

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	
		Trust and Agency	General Fixed Assets	General Long-term Debt	University System	June 30 1997	Component Units	June 30 1997
Enterprise	Internal Service							
\$ 120,376,869	\$ 2,564,359	\$ 69,685,651	\$ -	\$ -	\$ 25,785,453	\$ 451,521,414	\$ 5,069,316	\$ 456,590,730
375,314,690	100	35,112,620	-	-	8,589,137	421,898,354	384,255	422,282,609
61,733,588	-	28,398,215	-	-	37,902,638	153,556,833	12,632,000	166,188,833
1,030,606,408	4,114,443	2,654,697,779	-	-	38,689,839	3,779,053,677	128,567,000	3,907,620,677
47,907,973	81,137	15,103,108	-	-	14,463,683	89,223,400	-	89,223,400
-	-	31,601,671	-	-	-	110,662,348	-	110,662,348
25,265,118	11,544	14,779,068	-	-	595,950	42,984,620	1,691,331	44,675,951
1,050,747,285	-	51,416,316	-	-	40,243,287	1,183,901,191	8,038,081	1,191,939,272
-	-	-	-	-	10,868,620	21,891,316	-	21,891,316
14,000	349	-	-	-	24,666	39,015	-	39,015
1,548,622	3,774,006	1,020,881	-	-	9,531,614	82,521,146	-	82,521,146
3,387,131	54,921	242,957	-	-	16,657,306	124,134,887	26,054	124,160,941
12,748,000	-	-	-	-	-	12,748,000	-	12,748,000
-	-	-	-	-	-	-	12,748,000	12,748,000
-	-	6,723,245	-	-	103,025	37,592,270	-	37,592,270
2,629,266	856,813	-	-	-	216,747	4,336,722	135,000	4,471,722
8,251,099	161,128	-	-	-	6,900,556	23,995,206	-	23,995,206
7,218,247	-	-	-	-	-	7,218,247	1,129,000	8,347,247
31,848,362	37,695,212	1,004,233	457,656,178	-	816,486,886	1,344,690,871	44,918	1,344,735,789
2,796,891	-	68,490	-	-	4,479,494	7,344,875	-	7,344,875
-	-	-	-	10,841,500	-	10,841,500	-	10,841,500
-	-	-	-	107,197,220	-	107,197,220	-	107,197,220
\$2,782,393,549	\$ 49,314,012	\$2,909,854,234	\$ 457,656,178	\$ 118,038,720	\$1,031,538,901	\$ 8,017,353,112	\$ 170,464,955	\$ 8,187,818,067
\$ 4,604,980	\$ 640,868	\$ 3,746,572	\$ -	\$ -	\$ 13,360,310	\$ 119,257,036	\$ 595,113	\$ 119,852,149
17,800,000	2,962,314	-	-	879,616	6,327,942	33,490,818	-	33,490,818
24,193,926	-	-	-	-	1,314,173	25,546,639	1,349,000	26,895,639
-	-	-	-	-	672,510	4,351,209	-	4,351,209
140,352,000	-	-	-	-	-	140,352,000	-	140,352,000
198,146,472	778,620	284,709,884	-	-	-	485,657,312	-	485,657,312
-	-	753,946	-	-	-	25,912,704	-	25,912,704
1,493,820	244	62,354,546	-	-	-	69,195,979	117,000	69,312,979
501,502,196	4,579,661	1,420,000	-	4,120,688	-	511,622,545	1,125,000	512,747,545
263,950	637,117	32,420	-	-	4,354,291	25,155,484	8,365	25,163,849
944,951	647,625	17,182	-	20,793,740	12,786,047	35,189,545	10,098	35,199,641
12,017,774	-	37,747,253	-	-	11,598,529	61,363,556	-	61,363,556
496,957,000	-	-	-	-	-	496,957,000	-	496,957,000
218,417,000	-	-	-	-	1,601,647	220,018,647	-	220,018,647
12,796,000	-	-	-	-	10,868,620	34,687,316	-	34,687,316
-	-	-	-	-	-	-	38,666	38,666
1,508,111	404,887	32,720,237	-	-	2,136,480	83,851,092	-	83,851,092
5,366,366	3,500,000	620,302	-	-	103,025	36,855,693	-	36,855,693
12,748,000	-	-	-	-	-	12,748,000	-	12,748,000
-	-	-	-	-	-	-	12,748,000	12,748,000
735,111,932	-	-	-	82,042,000	57,228,019	874,381,951	97,144,000	971,525,951
-	419,468	-	-	10,202,676	27,684,289	38,306,433	-	38,306,433
-	-	61,775,177	-	-	-	61,775,177	-	61,775,177
53,930,333	-	251,039	-	-	7,266,199	118,526,497	1,076,888	119,603,385
10,551,862	-	-	-	-	1,042,058	11,593,920	2,595	11,596,515
2,448,706,673	14,570,804	486,148,558	-	118,038,720	158,344,139	3,526,796,553	114,214,723	3,641,011,276
-	-	-	457,656,178	-	737,835,619	1,195,491,797	-	1,195,491,797
24,650,769	21,300,562	-	-	-	-	45,951,331	-	45,951,331
37,539,931	-	-	-	-	-	37,539,931	-	37,539,931
146,884,328	-	-	-	-	-	146,884,328	37,150,592	184,034,920
124,611,848	13,442,646	-	-	-	-	138,054,494	19,099,640	157,154,134
-	-	-	-	-	-	10,841,500	-	10,841,500
-	-	-	-	-	-	4,672,000	-	4,672,000
-	-	2,416,788,687	-	-	75,489,341	2,573,649,721	-	2,573,649,721
-	-	939,784	-	-	-	8,332,809	-	8,332,809
-	-	5,977,205	-	-	59,869,802	329,138,648	-	329,138,648
333,686,876	34,743,208	2,423,705,676	457,656,178	-	873,194,762	4,490,556,559	56,250,232	4,546,806,791
\$2,782,393,549	\$ 49,314,012	\$2,909,854,234	\$ 457,656,178	\$ 118,038,720	\$1,031,538,901	\$ 8,017,353,112	\$ 170,464,955	\$ 8,187,818,067

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, 1997

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	June 30 1997
Revenues:						
Taxes	\$ 646,167,720	\$ 99,728,754	\$ -	\$ -	\$ 24,223,267	\$ 770,119,741
Licenses And Permits	7,550,901	30,692,842	-	-	-	38,243,743
Intergovernmental	323,609	704,850,281	-	-	1,137,975	706,311,865
Sales And Services	1,585,748	34,504,445	-	-	3,845,765	39,935,958
Royalties And Rents	4,519,976	3,353,602	-	-	183,204	8,056,782
Fines And Forfeits	2,283,862	2,666,661	-	-	1,297,654	6,248,177
Interest	6,275,629	8,712,111	694,740	697,000	3,236,511	19,615,991
Miscellaneous	232,654	4,584,017	156,000	-	54,377	5,027,048
Total Revenues	668,940,099	889,092,713	850,740	697,000	33,978,753	1,593,559,305
Expenditures:						
Current:						
General Government	52,349,646	25,618,016	-	-	3,689,849	81,657,511
Education	254,472,214	92,636,982	-	-	15,234	347,124,430
Health And Human Services	160,549,472	425,871,549	-	-	41,415,212	627,836,233
Regulatory	5,195,620	15,347,893	-	-	-	20,543,513
Public Safety	24,087,054	73,411,030	-	-	-	97,498,084
Agriculture And Economic Development	5,053,026	15,490,943	-	-	-	20,543,969
Natural Resources	10,729,463	24,175,557	-	-	-	34,905,020
Highways	-	236,743,159	-	-	-	236,743,159
Capital Outlay	2,969,065	2,870,912	-	15,000	-	5,854,977
Debt Service:						
Principal	-	-	4,446,000	-	-	4,446,000
Interest And Other Charges	147,866	-	5,146,630	-	-	5,294,496
Total Expenditures	515,553,426	912,166,041	9,592,630	15,000	45,120,295	1,482,447,392
Revenues Over (Under) Expenditures	153,386,673	(23,073,328)	(8,741,890)	682,000	(11,141,542)	111,111,913
Other Financing Sources (Uses):						
Operating Transfers In	5,174,452	67,539,721	7,563,890	-	-	80,278,063
Operating Transfers Out	(167,640,325)	(46,648,922)	-	(8,725,000)	(1,603,356)	(224,617,603)
Proceeds From Capital Leases	2,969,065	2,870,912	-	-	-	5,839,977
Other	13,363	80,588	-	-	-	93,951
Total Other Financing Sources (Uses)	(159,483,445)	23,842,299	7,563,890	(8,725,000)	(1,603,356)	(138,405,612)
Revenues And Other Sources Over (Under) Expenditures And Other Uses	(6,096,772)	768,971	(1,178,000)	(8,043,000)	(12,744,898)	(27,293,699)
Fund Balances - Beginning Of Year As Previously Reported	121,118,461	236,265,699	12,019,500	12,715,000	53,672,662	435,791,322
Fund Balances - End Of Year	\$ 115,021,689	\$ 237,034,670	\$ 10,841,500	\$ 4,672,000	\$ 40,927,764	\$ 408,497,623

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, 1997**

	Proprietary Fund Types		Fiduciary Fund Types	Totals (Memorandum Only) Primary Government	Totals (Memorandum Only) Reporting Entity	
	Enterprise	Internal Service	Non- Expendable Trust	June 30 1997	Component Units	June 30 1997
Operating Revenues:						
Sales And Services	\$ 229,758,047	\$ 39,342,592	\$ -	\$ 269,100,639	\$ 3,132,017	\$ 272,232,656
Royalties And Rents	41,832	-	13,624,886	13,666,718	-	13,666,718
Fines And Forfeits	3,447,280	-	-	3,447,280	-	3,447,280
Interest	131,091,696	-	25,115,816	156,207,512	7,436,208	163,643,720
Investment	5,136,431	-	8,630,658	13,767,089	-	13,767,089
Miscellaneous	268,092	76,460	-	344,552	55,000	399,552
Total Operating Revenues	369,743,378	39,419,052	47,371,360	456,533,790	10,623,225	467,157,015
Operating Expenses:						
Cost Of Sales And Services	76,153,507	826,923	-	76,980,430	-	76,980,430
Salaries And Benefits	8,894,854	8,233,888	-	17,128,742	244,965	17,373,707
Operating	31,539,473	18,465,281	1,779,437	51,784,191	3,020,790	54,804,981
Benefits	87,986,895	2,134,307	-	90,121,202	4,207,996	94,329,198
Refunds	26,220	-	-	26,220	-	26,220
Grants	-	-	283	283	500,077	500,360
Interest	93,256,874	-	-	93,256,874	5,726,000	98,982,874
Depreciation	3,280,953	7,936,562	1,556	11,219,071	11,844	11,230,915
Miscellaneous	69,818	-	200	70,018	3,000	73,018
Total Operating Expenses	301,208,594	37,596,961	1,781,476	340,587,031	13,714,672	354,301,703
Operating Income (Loss)	68,534,784	1,822,091	45,589,884	115,946,759	(3,091,447)	112,855,312
Nonoperating Revenues (Expenses):						
Operating Grants	-	-	-	-	8,844,563	8,844,563
Interest Revenue	32,842,514	285,950	-	33,128,464	41,067	33,169,531
Interest Expense	(5,539,524)	(173,638)	-	(5,713,162)	-	(5,713,162)
Gain (Loss) On Sale Of Fixed Assets	(21,605)	140,546	-	118,941	-	118,941
Gain (Loss) On Sale Of Investments	24,300,127	-	-	24,300,127	-	24,300,127
Tax Revenue	-	-	2,079,951	2,079,951	-	2,079,951
Other	248,137	855	-	248,992	-	248,992
Total Nonoperating Revenues (Expenses)	51,829,649	253,713	2,079,951	54,163,313	8,885,630	63,048,943
Income Before Operating Transfers	120,364,433	2,075,804	47,669,835	170,110,072	5,794,183	175,904,255
Operating Transfers In	438,400	-	1,303,356	1,741,756	-	1,741,756
Operating Transfers Out	(1,424,299)	-	(25,014,999)	(26,439,298)	-	(26,439,298)
Operating Transfers To Primary Government	-	-	-	-	(107,416)	(107,416)
Net Income	119,378,534	2,075,804	23,958,192	145,412,530	5,686,767	151,099,297
Fund Equity - Beginning Of Year As Previously Reported	191,731,061	32,662,404	389,711,811	614,105,276	50,563,465	664,668,741
Residual Equity Transfers Out	(300,000)	-	-	(300,000)	-	(300,000)
Unrealized Gain On Investments	22,577,281	-	-	22,577,281	-	22,577,281
Contributed Capital	300,000	5,000	-	305,000	-	305,000
Fund Equity - End Of Year	\$ 333,686,876	\$ 34,743,208	\$ 413,670,003	\$ 782,100,087	\$ 56,250,232	\$ 838,350,319

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, 1997

	Proprietary Fund Types		Fiduciary Fund Types Non- Expendable Trust
	Enterprise	Internal Service	
Cash Flows From Operating Activities:			
Operating Income (Loss)	\$ 68,534,784	\$ 1,822,091	\$ 45,589,884
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:			
Depreciation	3,280,953	7,936,562	1,556
Amortization\Accretion	3,567,586	461,668	-
Reclassification Of Interest Revenue\Expense	(44,107,436)	-	(25,115,815)
Gain On Sale Of Real Estate	(74,735)	-	(6,150)
Gain On Sale Of Securities	(54,000)	-	(8,624,508)
Interest Received On Program Loans	36,560,809	-	-
Disbursements For Loans And Loan Purchases	(97,584,960)	-	-
Receipt Of Loan Principal Repayments	45,733,292	-	-
Provision For Losses	1,894,028	-	-
Premiums Collected	67,209,342	-	-
Premiums Paid	(67,209,342)	-	-
Other	251,328	855	-
Change In Assets And Liabilities:			
(Increase) Decrease In Accounts Receivable	(1,965,987)	919,900	-
Increase In Due From	(29,514)	(1,157,694)	(217,716)
Increase In Intergovernmental Receivable	(267,459)	(14,755)	-
Decrease In Prepaid Items	26,988	7,920	-
(Increase) Decrease In Inventories	4,474,942	(5,426)	-
Decrease In Other Assets	10,322	-	-
Increase (Decrease) In Accounts Payable	292,762	(96,446)	64,807
Increase In Claims\Judgements Payable	19,371,921	2,095,609	-
Increase (Decrease) In Intergovernmental Payable	340,059	(284)	-
Increase (Decrease) In Accrued Payroll	54,478	36,379	-
Increase In Compensated Absences Payable	54,762	21,416	-
Decrease In Amounts Held For Others	(4,513,193)	-	-
Increase (Decrease) In Due To	133,087	(17,523)	19,607
Increase (Decrease) In Deferred Revenue	736,550	(1,533,897)	-
Increase In Other Liabilities	5,612,127	-	-
Net Cash Provided By (Used For) Operating Activities	42,333,494	10,476,375	11,711,665
Cash Flows From Noncapital Financing Activities:			
Proceeds From Bonds	254,552,400	-	-
Proceeds From Sale Of Notes And Other Borrowings	10,800,000	-	-
Principal Payments - Bonds	(157,082,251)	-	-
Principal Payments - Notes And Other Borrowings	(56,200,000)	-	-
Interest Payments - Bonds	(40,913,617)	-	-
Interest Payments - Notes And Other Borrowings	(5,160,987)	-	-
Payment Of Bond Issue Costs	(325,779)	-	-
Operating Grant Received	-	-	-
Tax Collections	-	-	2,079,951
Operating Transfers In	144,400	-	1,303,356
Operating Transfers Out	(38,962,299)	-	(25,014,999)
Residual Equity Transfer Out	(300,000)	-	-
Net Decrease In Non-Interest Bearing Deposits	(11,459,000)	-	-
Net Increase In Interest Bearing Deposits	62,282,000	-	-
Payments Of Interest On Deposits	(25,011,000)	-	-
Proceeds From Advances	1,000,000	-	35,644
Principal Payments On Advances	(894,633)	-	-
Interest Paid On Federal Funds And Reverse Repurchase Agreements	(8,903,000)	-	-
Net Increase In Federal Funds And Reverse Repurchase Agreements	33,152,000	-	-
Advances Made	(1,000,000)	-	-
Collection Of Advances Made	499,000	-	247,511
Interest Received On Advances To Other Funds	-	-	672,966
Contributions	300,000	-	-
Net Cash Provided By (Used For) Noncapital Financing Activities	16,517,234	-	(20,675,571)

The Accompanying Notes Are An Integral Part Of The Financial Statements

Total (Memorandum Only) Primary Government		Total (Memorandum Only) Reporting Entity	
June 30 1997	Component Units	June 30 1997	
\$ 115,946,759	\$ (3,091,447)	\$ 112,855,312	
11,219,071	11,844	11,230,915	
4,029,254	56,000	4,085,254	
(69,223,251)	(1,755,208)	(70,978,459)	
(80,885)	-	(80,885)	
(8,678,508)	-	(8,678,508)	
36,560,809	-	36,560,809	
(97,584,960)	-	(97,584,960)	
45,733,292	-	45,733,292	
1,894,028	2,092,496	3,986,524	
67,209,342	-	67,209,342	
(67,209,342)	-	(67,209,342)	
252,183	4,723	256,906	
(1,046,087)	295,047	(751,040)	
(1,404,924)	-	(1,404,924)	
(282,214)	-	(282,214)	
34,908	-	34,908	
4,469,516	-	4,469,516	
10,322	-	10,322	
261,123	549,385	810,508	
21,467,530	-	21,467,530	
339,775	(65,000)	274,775	
90,857	(941)	89,916	
76,178	1,661	77,839	
(4,513,193)	-	(4,513,193)	
135,171	(3,000)	132,171	
(797,347)	7,003	(790,344)	
5,612,127	154	5,612,281	
64,521,534	(1,897,283)	62,624,251	
254,552,400	34,236,000	288,788,400	
10,800,000	-	10,800,000	
(157,082,251)	(6,675,000)	(163,757,251)	
(56,200,000)	-	(56,200,000)	
(40,913,617)	(5,390,000)	(46,303,617)	
(5,160,987)	-	(5,160,987)	
(325,779)	(324,000)	(649,779)	
-	8,844,563	8,844,563	
2,079,951	-	2,079,951	
1,447,756	-	1,447,756	
(63,977,298)	(154,633)	(64,131,931)	
(300,000)	-	(300,000)	
(11,459,000)	-	(11,459,000)	
62,282,000	-	62,282,000	
(25,011,000)	-	(25,011,000)	
1,035,644	3,807,000	4,842,644	
(894,633)	(3,306,000)	(4,200,633)	
(8,903,000)	-	(8,903,000)	
33,152,000	-	33,152,000	
(1,000,000)	(3,807,000)	(4,807,000)	
746,511	3,306,000	4,052,511	
672,966	-	672,966	
300,000	-	300,000	
(4,158,337)	30,536,930	26,378,593	

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, 1997**

	Proprietary Fund Types		Fiduciary Fund Types Non- Expendable Trust
	Enterprise	Internal Service	
Cash Flows From Capital And Related Financing Activities:			
Acquisition And Construction Of Capital Assets	(2,173,575)	(8,244,250)	(696,306)
Proceeds From Sale Of Fixed Assets	43,784	802,153	-
Principal Payments - Bonds	(195,000)	-	-
Principal Payments - Notes And Other Borrowings	-	(2,125,601)	-
Interest Payments - Bonds	(174,772)	-	-
Interest Payments - Notes And Other Borrowings	-	(142,525)	-
Net Cash Used For Capital And Related Financing Activities	(2,499,563)	(9,710,223)	(696,306)
Cash Flows From Investing Activities:			
Proceeds From Sale And Maturities Of Investment Securities	520,033,602	-	42,050,841
Purchase Of Investment Securities	(527,969,735)	(3,335,823)	(55,804,792)
Interest And Dividends On Investments	69,414,364	252,725	19,884,439
Proceeds From Sale Of Other Real Estate	253,159	-	6,617
Net Increase In Loans	(66,811,000)	-	-
Disbursements For Loans And Loan Purchases	(20,000)	-	(6,711,157)
Receipt Of Loan Principal Repayments	3,954,340	-	4,289,802
Loan Income Received	45,036,027	-	4,484,831
Net Cash Provided By (Used For) Investing Activities	43,890,757	(3,083,098)	8,200,581
Net Change In Cash:			
Net Increase (Decrease) In Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	100,241,922	(2,316,946)	(1,459,631)
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1996	395,449,637	4,881,405	1,873,481
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1997	\$ 495,691,559	\$ 2,564,459	\$ 413,850
Reconciliation:			
Cash Deposits At The Bank Of North Dakota	\$ 120,376,869	\$ 2,564,359	\$ 69,685,651
Cash And Cash Equivalents	375,314,690	100	35,112,620
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota, Expendable Trust, Pension And Agency Funds	-	-	(104,384,421)
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	\$ 495,691,559	\$ 2,564,459	\$ 413,850
Noncash Transactions:			
Real Estate Acquired In Settlement Of Loans	\$ 69,725	\$ -	\$ 309,190
Unrealized Gains On Investments	23,146,281	-	-
Unrealized Losses On Investments	569,000	-	-
Reduction In Appropriation	294,000	-	-
Purchased Fixed Assets Through Assumption Of Note Payable	-	2,023,772	-
Purchased Prepaid Expenses Through Assumption Of Note Payable	-	607,108	-
Assets Acquired By Contributed Capital	-	5,000	-
Loans Written Off	-	-	-
Investments Written Off	-	-	-
Total Noncash Transactions	\$ 24,079,006	\$ 2,635,880	\$ 309,190

Total (Memorandum Only) Primary Government		Total (Memorandum Only) Reporting Entity
June 30 1997	Component Units	June 30 1997
(11,114,131)	(25,692)	(11,139,823)
845,937	-	845,937
(195,000)	-	(195,000)
(2,125,601)	-	(2,125,601)
(174,772)	-	(174,772)
(142,525)	-	(142,525)
(12,906,092)	(25,692)	(12,931,784)
562,084,443	37,687,000	599,771,443
(587,110,350)	(75,653,000)	(662,763,350)
89,551,528	6,511,567	96,063,095
259,776	-	259,776
(66,811,000)	-	(66,811,000)
(6,731,157)	(3,043,102)	(9,774,259)
8,244,142	769,683	9,013,825
49,520,858	855,440	50,376,298
49,008,240	(32,872,412)	16,135,828
96,465,345	(4,258,457)	92,206,888
402,204,523	9,712,028	411,916,551
\$ 498,669,868	\$ 5,453,571	\$ 504,123,439
\$ 192,626,879	\$ 5,069,316	\$ 197,696,195
410,427,410	384,255	410,811,665
(104,384,421)	-	(104,384,421)
\$ 498,669,868	\$ 5,453,571	\$ 504,123,439
\$ 378,915	\$ -	\$ 378,915
23,146,281	-	23,146,281
569,000	-	569,000
294,000	-	294,000
2,023,772	-	2,023,772
607,108	-	607,108
5,000	-	5,000
-	194,223	194,223
-	175,000	175,000
\$ 27,024,076	\$ 369,223	\$ 27,393,299

The Accompanying Notes Are An Integral Part Of The Financial Statements

STATE OF NORTH DAKOTA

Statement Of Changes In Net Plan Assets Pension Trust Funds For The Fiscal Year Ended June 30, 1997

	Highway Patrolmen's Retirement	Job Service Retirement	Prefunded Retiree Health Program	Public Employees' Retirement	Teachers' Retirement	Total June 30 1997
Additions:						
Contributions:						
Employer	\$ 641,179	\$ 1,189,411	\$ 3,439,092	\$ 14,435,989	\$ 19,693,130	\$ 39,398,801
Employee	395,459	355,139	6,213	13,666,057	19,693,130	34,115,998
Total Contributions	1,036,638	1,544,550	3,445,305	28,102,046	39,386,260	73,514,799
Investment Income:						
Net Appreciation In Market Value Of Investments	4,260,481	4,550,004	2,064,723	120,000,641	128,699,834	259,575,683
Interest And Dividends	897,665	3,178,627	598,107	25,268,580	30,164,881	60,107,860
	5,158,146	7,728,631	2,662,830	145,269,221	158,864,715	319,683,543
Less Investment Expense	85,706	131,851	36,566	2,411,392	2,664,310	5,329,825
Net Investment Income	5,072,440	7,596,780	2,626,264	142,857,829	156,200,405	314,353,718
Securities Lending Activity:						
Securities Lending Income	228,047	-	-	6,416,571	7,403,985	14,048,603
Less Securities Lending Expense	219,772	-	-	6,183,724	7,117,003	13,520,499
Net Securities Lending Income	8,275	-	-	232,847	286,982	528,104
Repurchase Service Credit	-	-	35,754	654,180	771,027	1,460,961
Miscellaneous Income	59	-	-	9,259	-	9,318
Total Additions	6,117,412	9,141,330	6,107,323	171,856,161	196,644,674	389,866,900
Deductions:						
Benefits Paid To Participants	1,215,732	758,799	-	23,314,065	39,522,935	64,811,531
Refunds	19,679	46,807	1,060	3,281,561	2,590,766	5,939,873
Prefunded Credit Applied	-	-	2,708,210	-	-	2,708,210
Transfers To Other Plans	22,442	-	-	196,013	-	218,455
Administrative Expenses	15,710	15,567	104,705	565,778	832,223	1,533,983
Total Deductions	1,273,563	821,173	2,813,975	27,357,417	42,945,924	75,212,052
Net Increase	4,843,849	8,320,157	3,293,348	144,498,744	153,698,750	314,654,848
Net Assets Held In Trust For Pension Benefits:						
Beginning Of Year	25,697,024	46,929,306	13,480,012	721,007,583	847,339,136	1,654,453,061
End Of Year	\$ 30,540,873	\$ 55,249,463	\$ 16,773,360	\$ 865,506,327	\$ 1,001,037,886	\$ 1,969,107,909

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, 1997**

	Total Unrestricted	Total Restricted	Total Current Funds
Revenues And State Transfers:			
Tuition And Fees	\$ 91,938,292	\$ 24,912	\$ 91,963,204
Federal Appropriations	5,230,317	-	5,230,317
Local Appropriations	1,197,493	-	1,197,493
Federal Grants And Contracts	6,861,110	62,692,357	69,553,467
State Grants And Contracts	1,198,639	1,046,744	2,245,383
Private Gifts, Grants And Contracts	7,475,239	14,522,850	21,998,089
Investment And Endowment Income	3,185,797	73,034	3,258,831
Sales And Services Of Educational Departments	47,883,728	247,162	48,130,890
Sales And Services Of Auxiliary Enterprises	68,480,722	-	68,480,722
Total Revenues	233,451,337	78,607,059	312,058,396
Operating Transfers In	151,680,942	9,119,739	160,800,681
Operating Transfers From Component Units	-	107,416	107,416
Total Revenues And State Transfers	385,132,279	87,834,214	472,966,493
Expenditures And Mandatory Transfers:			
Educational And General			
Instruction	141,681,041	9,488,636	151,169,677
Research	21,756,588	36,615,357	58,371,945
Public Service	17,556,822	12,610,378	30,167,200
Academic Support	33,573,914	945,475	34,519,389
Student Services	15,221,701	1,732,838	16,954,539
Institutional Support	30,714,734	1,101,072	31,815,806
Operation And Maintenance Of Plant	35,171,194	2,414,364	37,585,558
Scholarships And Fellowships	6,654,673	22,685,471	29,340,144
Total Educational And General Expenditures	302,330,667	87,593,591	389,924,258
Mandatory Transfer For Principal And Interest	979,970	-	979,970
Mandatory Transfer For Loan Fund Matching	2,577	-	2,577
Total Educational And General Expenditures And Mandatory Transfers	303,313,214	87,593,591	390,906,805
Auxiliary Enterprises:			
Expenditures	65,512,564	240,624	65,753,188
Mandatory Transfers For Principal And Interest	3,335,886	-	3,335,886
Total Auxiliary Enterprises	68,848,450	240,624	69,089,074
Total Expenditures And Mandatory Transfers	372,161,664	87,834,215	459,995,879
Other Transfers And Deductions:			
Excess Of Restricted Receipts Over			
Transfers To Revenues	-	295,840	295,840
Refunded To Grantors	(5,699)	(7,475)	(13,174)
Nonmandatory Interfund Transfers - Net	(2,163,897)	306,285	(1,857,612)
Other Deductions	(2,957,568)	(7,594)	(2,965,162)
Total Other Transfers And Deductions	(5,127,164)	587,056	(4,540,108)
Net Increase In Fund Balances	\$ 7,843,451	\$ 587,055	\$ 8,430,506

STATE OF NORTH DAKOTA

Combined Statement Of Changes In Fund Balance
University System
For The Fiscal Year Ended June 30, 1997

	Current Funds				Plant Funds			Total (Memorandum Only)
	Unrestricted	Restricted	Loan	Endowment And Similar	Unexpended	Retirement Of Indebtedness	Investment In Plant	June 30 1997
Revenues And Other Additions:								
Unrestricted Current Fund Revenue	\$ 233,451,337	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 233,451,337
Student Activity Fees - Restricted	-	17,839	-	-	-	1,140,957	-	1,158,796
Local Appropriations - Restricted	-	-	-	-	-	4,521	-	4,521
Federal Grants And Contracts - Restricted	-	68,703,485	109,568	-	1,479,855	321,118	-	70,614,026
State Grants And Contracts - Restricted	-	1,198,633	92,738	-	364,704	-	-	1,656,075
Private Gifts, Grants And Contracts - Restricted	-	15,631,068	102,131	1,311,431	492,800	45,332	1,223,171	18,805,933
Endowment And Investment Income - Restricted	-	700,872	31,139	1,112,863	665,581	1,009,484	-	3,519,939
Interest And Late Fees On Loans Receivable	-	-	990,744	-	-	15,340	-	1,006,084
Sales & Services Of Educational Depts.-Restricted	-	52,822	848	-	125,048	11,900	-	190,618
Gain On Sale Of Investments	-	-	-	4,590	-	-	-	4,590
Retirement Of Indebtedness	-	-	-	-	-	-	12,356,821	12,356,821
Expended For Plant Facilities	-	-	-	-	62,611	-	45,953,903	46,016,514
Debt Issuance	-	-	-	-	2,917,124	-	-	2,917,124
Other Additions	680,796	6,182	105,614	-	297,258	1,338,964	2,097,933	4,526,747
Proceeds From Escrow	-	-	-	-	-	701,414	-	701,414
Total Revenues And Other Additions	234,132,133	86,310,901	1,432,782	2,428,884	6,404,981	4,589,030	61,631,828	396,930,539
Expenditures And Other Deductions:								
Education And General Expenditures	302,330,667	87,593,591	-	-	-	6,121	-	389,930,379
Auxiliary Enterprises Expenditures	65,512,564	240,624	-	-	-	-	-	65,753,188
Indirect Costs Recovered	1,359,173	7,401,820	-	-	-	-	-	8,760,993
Refunds To Grantors	5,699	7,475	96,587	-	-	-	-	109,761
Loan Cancellations And Write-Offs	-	-	387,592	-	-	107	-	387,699
Administration And Collection Costs	-	-	75,983	-	-	94	-	76,077
Expended For Plant Facilities	-	-	-	-	25,720,274	1,096	-	25,721,370
Retirement Of Indebtedness	-	-	-	-	-	5,299,997	-	5,299,997
Interest On Indebtedness	-	-	-	-	-	4,937,125	-	4,937,125
Trustee Fees	-	-	-	-	-	30,154	-	30,154
Disposal Of Plant Facilities	-	-	-	-	-	-	13,062,228	13,062,228
Debt Issuance	-	-	-	-	1,060,000	-	3,423,038	4,483,038
Other Deductions	2,279,191	13,776	59,028	4,542,694	1,033,616	47,440	2,251,192	10,226,937
Total Expenditures And Other Deductions	371,487,294	95,257,286	619,190	4,542,694	27,813,890	10,322,134	18,736,458	528,778,946
Transfers Among Funds And Other Additions (Deductions):								
Mandatory:								
Loan Matching Fund	(2,577)	-	2,577	-	-	-	-	-
Principal And Interest - Unrestricted	(979,970)	-	-	-	-	979,970	-	-
Principal And Interest - Auxiliary	(3,335,886)	-	-	-	-	3,335,886	-	-
Nonmandatory Interfund Transfers	(2,163,897)	306,285	(6,573)	(727,805)	3,640,601	496,387	(1,544,998)	-
Operating Transfers In	151,680,942	9,119,739	-	-	11,457,220	-	-	172,257,901
Operating Transfers In From Component Units	-	107,416	-	-	-	-	-	107,416
Total Transfers And Other Additions (Deductions)	145,198,612	9,533,440	(3,996)	(727,805)	15,097,821	4,812,243	(1,544,998)	172,365,317
Net Increase (Decrease) In Fund Balance	7,843,451	587,055	809,596	(2,841,615)	(6,311,088)	(920,881)	41,350,372	40,516,910
Fund Balances - Beginning Of Year As Restated	26,910,159	6,047,947	38,956,079	24,183,637	24,157,953	15,936,830	696,485,247	832,677,852
Fund Balances At End Of Year	\$ 34,753,610	\$ 6,635,002	\$ 39,765,675	\$ 21,342,022	\$ 17,846,865	\$ 15,015,969	\$ 737,835,619	\$ 873,194,762

The Accompanying Notes Are An Integral Part Of The Financial Statements

STATE OF NORTH DAKOTA
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 Biennium Ended June 30, 1997

	Approved Budget 1995-97 Biennium	Appropriation Adjustments 1995-97 Biennium	Adjusted Budget 1995-97 Biennium	Actual Biennium To Date Thru 6-30-97	Difference Uncollected/ Unspent Thru 6-30-97
Revenues					
General Fund					
Sales And Use Tax	\$ 603,676,000	\$ 7,847,706	\$ 611,523,706	\$ 605,471,019	\$ (6,052,687)
Income Tax	387,087,000	19,498,489	406,585,489	414,864,189	8,278,700
Business Privilege Tax	5,000,000	(1,361,314)	3,638,686	3,854,132	215,446
Oil And Gas Production Tax	17,086,000	14,973,236	32,059,236	33,042,320	983,084
Oil Extraction Tax	17,866,000	6,374,764	24,240,764	21,987,655	(2,253,109)
Insurance Premium Tax	31,000,000	3,875,267	34,875,267	36,968,670	2,093,403
Cigarette, Cigar And Tobacco Tax	44,968,000	510,767	45,478,767	45,030,090	(448,677)
Wholesale Liquor Tax	10,071,000	425,042	10,496,042	10,339,078	(156,964)
Coal Severance Tax	21,686,000	613,973	22,299,973	22,245,267	(54,706)
Coal Conversion Tax	23,257,000	1,116,245	24,373,245	24,064,781	(308,464)
Gaming Tax	22,453,000	809,000	23,262,000	22,848,486	(413,514)
Department Fees And Collections	26,814,501	1,393,499	28,208,000	28,737,207	529,207
Mineral Leasing Fees	5,400,000	(583,000)	4,817,000	5,629,526	812,526
Gas Tax Administration	1,025,000	46,878	1,071,878	1,071,878	-
Interest On Public Funds	15,508,667	(953,667)	14,555,000	15,554,914	999,914
Total General Fund Revenues	1,232,898,168	54,586,885	1,287,485,053	1,291,709,212	4,224,159
Other Budgeted Income	2,331,011,892	235,997,401	2,567,009,293	2,247,562,001	(319,447,292)
Total All Revenues	3,563,910,060	290,584,286	3,854,494,346	3,539,271,213	(315,223,133)
Expenditures By Line Item					
Salaries And Wages	806,158,480	2,292,771	808,451,251	763,018,250	45,433,001
Operating Expenses	334,898,652	13,210,370	348,109,022	315,474,513	32,634,509
Equipment	20,543,202	5,975,720	26,518,922	22,681,863	3,837,059
Capital Improvements	58,003,704	22,241,861	80,245,565	47,879,825	32,365,740
Grants	1,630,536,975	163,077,635	1,793,614,610	1,637,602,297	156,012,313
Special Line Items	725,851,161	50,759,578	776,610,739	699,581,993	77,028,746
Risk Management Premiums	3,619,230	(3,198,178)	421,052	150,240	270,812
Total Expenditures By Line Item	3,579,611,404	254,359,757	3,833,971,161	3,486,388,981	347,582,180
Expenditures By Source					
General Fund	1,337,691,510	9,325,336	1,347,016,846	1,319,233,994	27,782,852
Other Budgeted Income	2,241,919,894	245,034,421	2,486,954,315	2,167,154,987	319,799,328
Total Expenditures By Source	3,579,611,404	254,359,757	3,833,971,161	3,486,388,981	347,582,180
Revenues Over (Under) Expenditures					
General Fund	(104,793,342)	45,261,549	(59,531,793)	(27,524,782)	32,007,011
Other Budgeted Income	89,091,998	(9,037,020)	80,054,978	80,407,014	352,036
Other Financing Sources (Uses)					
General Fund - Transfers In	98,344,748	(9,037,020)	89,307,728	89,659,764	352,036
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)	9,037,020	(89,307,728)	(89,659,764)	(352,036)
Revenues And Other Sources Over (Under) Expenditures And Other Uses					
General Fund	(15,701,344)	36,224,529	20,523,185	52,882,232	32,359,047
Other Budgeted Income	-	-	-	-	-
Beginning Budgetary General Fund Balance, as adjusted	26,917,086	5,526,596	32,443,682	36,101,763	3,658,081
Ending Budgetary General Fund Balance	\$ 11,215,742	\$ 41,751,125	\$ 52,966,867	\$ 88,983,995	\$ 36,017,128

The Accompanying Notes Are An Integral Part Of The Financial Statements

Index

	<u>Page</u>
Note 1 - Summary of Significant Accounting Policies	40
A. Reporting Entity	40
B. Fund Accounting Structure	41
C. Discrete Presentation - University System Funds	42
D. Basis of Accounting	42
E. General Budgetary Policies and Procedures	43
F. Cash and Cash Equivalents	44
G. Investments	44
H. Receivables	44
I. Loans and Notes Receivable	45
J. Interfund Transactions	45
K. Inventories	45
L. Unamortized Bond Issuance Costs	45
M. Fixed Assets	45
N. Lease Commitments	46
O. Federal Funds Purchased	46
P. Claims/Judgements Payable	46
Q. Compensated Absences	46
R. Deposits	46
S. Deferred Revenue	47
T. Miscellaneous Revenue	47
U. Fund Equity	47
V. Totals (Memorandum Only) Column	47
W. Changes In Accounting Principles	47
Note 2 - Budget To GAAP Reconciliation	47
Note 3 - Detailed Notes On Account Balances	49
A. Deposits	49
B. Investments	49
C. Reverse Repurchase Agreements	51
D. Receivables	52
E. Restricted Assets	52
F. Interfund Transactions	52
G. Fixed Assets	55
H. Operating Leases	57
I. Capital Leases	57
J. Long-Term Debt	57
K. Arbitrage Rebate Payable	65
Note 4 - Contributed Capital Reconciliation	65
Note 5 - Retained Earnings/Fund Equity - Specific Reserves	65
Note 6 - Deficit Fund Equity	66

Page

Note 7 - Retirement Systems	66
A. Description of Plans	66
B. Summary of Significant Accounting Policies and Plan Asset Matters	69
C. Funding Status and Progress	70
D. Contributions Required and Contributions Made	71
E. Teachers Insurance Annuity Association	71
F. Other Pension Disclosures	72
Note 8 - Post-Retirement Benefits	72
Note 9 - Deferred Compensation Plan	73
Note 10 - Segment Information	73
Note 11 - Component Unit Funds	76
Note 12 - Financial Instruments With Off-Balance-Sheet Risk	78
Note 13 - Significant Concentrations of Credit Risk	78
Note 14 - Risk Management	78
Note 15 - Public Entity Risk Pools	79
A. General	79
B. Reconciliation of Claims Liabilities	80
Note 16 - Commitments and Contingencies	81
A. Long-Term Commitments	81
B. Litigation	82
C. Questioned Costs	82
Note 17 - Subsequent Events	82

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 1997

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

These component units are entities which are legally separate from the State, but are so intertwined with the State that they are in substance, the same as the State. They are 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, 1997, and their report dated September 17, 1997, has been previously issued under a separate cover.

- **University System - North Dakota State University Research Foundation, and University of North Dakota Aerospace Foundation.** Each of these component units are legally separate entities. The component units provide services, including providing financing, entirely or almost entirely to the University System. The financial information of the North Dakota State University Research Foundation is on the Higher Education computer network and as such is subject to audit by the North Dakota State Auditor's Office. Other independent public accounts audit 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, 1996, and their report dated February 14, 1997, 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, 1997, and their report dated August 27, 1997, 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, 1996, and their report dated March 7, 1997, has been previously issued under a separate cover.
- **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, 1997, and their report dated August 6, 1997, 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

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

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 governmental 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 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 judgments 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 appropriations subject to legislative override.

Once passed and signed, the appropriation bill becomes the departments' financial plan for the next two years. Changes to the appropriation are limited to Emergency Commission authorization, initiative 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 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 the 1995-1997 biennium, there were supplemental appropriations of \$254,359,757.

For the biennium ended, June 30, 1997 the Indian Affairs Commission had expenditures which exceeded appropriations at the salary line item level (the legal level of budgetary control) by \$99.

The Indian Affairs Commission transferred a portion of their appropriation from salaries to operating expenditures with Emergency Commission approval. The amount needed to stay in salaries was miscalculated. This error caused the \$99 overexpenditure.

The level of legal control for all agencies is reported in a publication titled "State of North Dakota 1995-1997 Biennium Budget and Actual Detail - (Budgetary Basis) for the Fiscal Year Ended June 30, 1997." 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, 1997.

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 \$3,446,500 and \$314,500 at June 30, 1997, 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

STATE OF NORTH DAKOTA

Notes To The Financial Statements

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, 1997 is an appropriation payable of \$12,796,000 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 the lower of cost or fair market value. Cost is generally determined on the first-in first-out, or moving weighted average 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, 1997, valued at approximately \$1,317,634 by the USDA. All commodities received are distributed to various schools for the school lunch programs or to certain charitable institutions and non-profit organizations. This inventory is not included in the accompanying financial statements.

The Department of Corrections has federal commodities inventories as of June 30, 1997, valued at approximately \$2,603. This inventory is not included in the accompanying financial statements.

The Department of Human Services has approximately \$2.3 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 one and two 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

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 State of North Dakota adopted Statement No. 28 for fiscal year 1997. The adoption of Statement No. 28 had no impact on beginning fund equity or net income.

Securities are loaned versus collateral that may include cash, U.S. government securities and irrevocable letters of credit. U.S. Securities are loaned versus collateral valued at 102% of the market value of the securities plus any accrued interest. Non-U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus any accrued interest.

Non-cash collateral cannot be pledged or sold unless the borrower defaults.

All securities loans can be terminated on demand by either the lender or the borrower, although the average term of overall loans is 10 days.

Cash open collateral is invested in a short term investment pool, the Core Collateral Section, which had an average weighted maturity of 25 days as of this statement date. Cash collateral may also be invested separately in "term loans", in which case the investments match the loan term. These loans can be terminated on demand by either lender or borrower.

There were no significant violations of legal or contractual provisions, no borrower or lending agent default losses known to the securities lending agent.

There are no dividends or coupon payments owing on the securities lent. Securities lending earnings are credited to participating clients on approximately the fifteenth day of the following month.

Indemnification deals with the situation in which a client's securities are not returned due to the insolvency of a borrower and Northern Trust has failed to live up to its contractual responsibilities relating to the lending of those securities. Northern Trust's responsibilities include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending. Northern Trust indemnifies the State if the borrower fails to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay income distributions on them.

NOTE 2 - BUDGET TO GAAP RECONCILIATION**Budgetary Basis vs. GAAP**

The accompanying 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, 1997 (expressed in thousands):

STATE OF NORTH DAKOTA

Notes To The Financial Statements

	Actual (*) For 1995-1997 Biennium (Budgetary Basis)	Actual For Fiscal Year 1996 (Budgetary Basis)	Non- Appropriated Expenditures	Non- Appropriated Accruals	Difference(**) In Basis	GAAP(***) Fiscal Year 1997 Expenditures
General	\$ 1,328,487	\$ (652,929)	\$ 1,660	\$ 5,975	\$ -	\$ 683,193
Special Revenue	1,734,121	(798,320)	38,059	(15,045)	-	958,815
Debt Service	-	-	9,593	-	-	9,593
Capital Projects	-	-	8,740	-	-	8,740
Enterprise	139,608	(68,756)	235,486	-	1,835	308,173
Internal Service	74,225	(37,214)	3,047	-	(2,287)	37,771
Expendable Trust	-	-	46,723	-	-	46,723
Nonexpendable Trust	-	-	26,796	-	-	26,796
Pension Trust	2,428	(1,160)	73,944	-	-	75,212
Agency	93,306	(32,302)	-	-	(61,004)	-
University System	212,628	(105,324)	421,475	-	-	528,779
Total - Primary Government	3,584,803	(1,696,005)	865,523	(9,070)	(61,456)	2,683,795
Component Units	499	(227)	13,486	-	64	13,822
Total - Reporting Entity	<u>\$ 3,585,302</u>	<u>\$ (1,696,232)</u>	<u>\$ 879,009</u>	<u>\$ (9,070)</u>	<u>\$ (61,392)</u>	<u>\$ 2,697,617</u>

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

Appropriated Expenditures	\$ 3,486,389
General Fund - Transfers Out	9,253
Other Budgeted Income - Transfers Out	89,660
	<u>\$ 3,585,302</u>

(**)Difference in Basis

Includes:

	Enterprise	Internal Service	Agency	Component Units
Appropriated Expenditures	\$ -	\$ -	\$ (61,004)	\$ -
Capital Acquisitions	(1,446)	(10,224)	-	(42)
Depreciation	3,281	7,937	-	106
Total	<u>\$ 1,835</u>	<u>\$ (2,287)</u>	<u>\$ (61,004)</u>	<u>\$ 64</u>

(***) GAAP Expenditures Reconciliation:

	Total Expenditures/ Operating Expenses	Operating Transfers Out	Operating Transfers To Primary Government	Nonoperating Interest Expense	GAAP Fiscal Year 1997 Expenditures
General	\$ 515,553	\$ 167,640	\$ -	\$ -	\$ 683,193
Special Revenue	912,166	46,649	-	-	958,815
Debt Service	9,593	-	-	-	9,593
Capital Projects	15	8,725	-	-	8,740
Enterprise	301,209	1,424	-	5,540	308,173
Internal Service	37,597	-	-	174	37,771
Expendable Trust	45,120	1,603	-	-	46,723
Nonexpendable	1,781	25,015	-	-	26,796
Pension Trust	75,212	-	-	-	75,212
Agency	-	-	-	-	-
University System	528,779	-	-	-	528,779
Total - Primary Government	\$ 2,427,025	\$ 251,056	\$ -	\$ 5,714	\$ 2,683,795
Component Units	13,715	-	107	-	13,822
Total - Reporting Entity	<u>\$ 2,440,740</u>	<u>\$251,056</u>	<u>\$ 107</u>	<u>\$ 5,714</u>	<u>\$ 2,697,617</u>

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

STATE OF NORTH DAKOTA

Notes To The Financial Statements

NOTE 3 - 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, 1997. 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	\$ 13,647	\$ -	\$ 215,520	\$ 229,167	\$ 329,792
Certificates of Deposit Recorded as Investments	3,665	-	1,692	5,357	5,357
Total	<u>\$ 17,312</u>	<u>\$ -</u>	<u>\$ 217,212</u>	<u>\$ 234,524</u>	<u>\$ 335,149</u>

University System:

	Category			Total Bank Balance	Carrying Amount
	<u>1</u>	<u>2</u>	<u>3</u>		
Cash Deposits	\$ 8,635	\$ -	\$ -	\$ 8,635	\$ 8,237
Certificates of Deposit Recorded as Investments	4,506	-	-	4,506	4,506
Total	<u>\$ 13,141</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,141</u>	<u>\$ 12,743</u>

Component Units:

	Category			Total Bank Balance	Carrying Amount
	<u>1</u>	<u>2</u>	<u>3</u>		
Cash Deposits	\$ 384	\$ -	\$ -	\$ 384	\$ 384
Certificates of Deposit Recorded as Investments	-	-	7,818	7,818	7,818
Total	<u>\$ 384</u>	<u>\$ -</u>	<u>\$ 7,818</u>	<u>\$ 8,202</u>	<u>\$ 8,202</u>

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. At year end, the Board has no credit risk exposure to borrowers because the amounts the Board owes the borrowers exceeds the amounts the borrowers owe the Board.

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 department or agent but not in the State's name. The amounts are expressed in thousands.

Primary Government:

	Category			Carrying Value	Market Value
	<u>1</u>	<u>2</u>	<u>3</u>		
Commercial Paper	\$ 50,000	\$ -	\$ -	\$ 50,000	\$ 50,000
Equity Securities					
Not On Securities Loan	611,271	-	-	611,271	636,691
On Securities Loan	13,963	-	-	13,963	13,965
Bonds and Notes					
Not On securities Loan	387,171	-	-	387,171	389,763
On Securities Loan	18,015	-	-	18,015	18,056
U.S. Government & Agency Issues					
Not On Securities Loan	627,451	-	-	627,451	632,819
On Securities Loan	44,622	-	-	44,622	44,638
Repurchase Agreements	1,120	-	-	1,120	1,120
	<u>\$ 1,753,613</u>	<u>\$ -</u>	<u>\$ -</u>	1,753,613	1,787,052

STATE OF NORTH DAKOTA

Notes To The Financial Statements

			Carrying Value	Market Value
Investments in real estate pool			38,853	38,853
Investments in Unemployment Compensation Pool			33,539	33,539
Guaranteed Investment Contract			73,501	73,501
Annuities			54,007	54,007
Mutual Funds			1,001,532	1,001,532
Venture Capital			11,562	11,562
Non-Security Investments			2,000	2,000
Investments Held By Broker-Dealer Under Securities Loans With Cash Collateral:				
Equity Securities			131,107	131,107
Bonds And Notes			38,603	38,603
US Government & Agency Issues			249,483	249,483
Securities Lending Short-Term Collateral Investment Pool			427,901	427,901
Totals			<u>\$ 3,815,701</u>	<u>\$ 3,849,140</u>
University System:	Category			
	<u>1</u>	<u>2</u>	<u>3</u>	
Equity Securities	\$ 3,443	\$ -	\$ 4,325	\$ 7,768
Bonds and Notes	258	-	10,788	11,046
U.S. Government & Agency Issues	3,705	-	3,603	7,308
	<u>\$ 7,406</u>	<u>\$ -</u>	<u>\$ 18,716</u>	26,122
				29,301
Mutual Funds			8,062	9,174
Totals			<u>\$ 34,184</u>	<u>\$ 38,475</u>
Component Units:	Category			
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. Government & Agency Issues	\$ 3,085	\$ -	\$ -	\$ 3,085
Equity Securities	253	-	-	253
Obligations of State and Political Subdivisions	109	-	-	109
	<u>\$ 3,447</u>	<u>\$ -</u>	<u>\$ -</u>	3,447
				3,058
Guaranteed Investment Contract			37,021	37,021
Non-Security Investments			80,281	80,281
Totals			<u>\$ 120,749</u>	<u>\$ 120,360</u>

There were no violations of statutory authority or contractual provisions for investments during the year ended June 30, 1997.

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. These agreements may have a fixed maturity or be open-ended, callable at any time. Generally the securities purchased have the same maturities as the agreements. These agreements are secured by Fed book-entry securities held in the State's name. At June 30, 1997, the State had reverse repurchase agreements of \$57,756,000 included in securities lending collateral on the balance sheet. The highest month end balance for the previous

STATE OF NORTH DAKOTA

Notes To The Financial Statements

year was \$64,075,000 with an average daily balance of \$30,978,000. The weighted average interest rate as of year end was 6.13%. The weighted average interest rate paid during the year was 5.19%. The market value of these securities at June 30, 1997 was \$58,812,000.

D. Receivables

Receivables at June 30, 1997 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	\$ 385	\$ 12,555	\$ -	\$ 53,129	\$ 81	\$ 15,103	\$ 15,313	\$ -	\$ 96,566
Less Allowance	-	(1,272)	-	(5,221)	-	-	(849)	-	(7,342)
Taxes	84,151	232	-	-	-	32,125	-	-	116,508
Less Allowance	(5,323)	-	-	-	-	(523)	-	-	(5,846)
Interest	701	1,602	209	25,265	12	14,779	596	1,691	44,855
Less Allowance	-	(179)	-	-	-	-	-	-	(179)
Loans and Notes	79	45,578	-	1,071,096	-	51,416	42,167	9,419	1,219,755
Less Allowance	(7)	(4,155)	-	(20,349)	-	-	(1,924)	(1,381)	(27,816)
Net Receivables	<u>\$ 79,986</u>	<u>\$ 54,361</u>	<u>\$ 209</u>	<u>\$ 1,123,920</u>	<u>\$ 93</u>	<u>\$ 112,900</u>	<u>\$ 55,303</u>	<u>\$ 9,729</u>	<u>\$ 1,436,501</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, 1997, are as follows (expressed in thousands):

	Cash	Investments	Loans Receivables	Other Assets
Primary Government:				
Bank of North Dakota	\$ -	\$ 83,149	\$ -	\$ -
Guaranteed Student Loan Program	-	8,660	-	-
Housing and Finance	138,823	25,852	320,479	9,786
Real Estate Trust	3,685	18,362	-	-
	<u>\$ 142,508</u>	<u>\$ 136,023</u>	<u>\$ 320,479</u>	<u>\$ 9,786</u>
Component Unit:				
Municipal Bond Bank	<u>\$ 360</u>	<u>\$ 52,561</u>	<u>\$ -</u>	<u>\$ 14,279</u>

F. Interfund Transactions

The following balances at June 30, 1997 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	\$ 29,195	\$ 7,783
Special Revenue:		
Administrative	43	14

	Due From	Due To
Aeronautics & Other	-	8
Transportation		
Agriculture	135	8
Commodity Promotion	5	3
Cultural and Historical	12	1
Education	1,910	250
Federal	7,822	21,564
Health and Human Services	1,016	10,325
Highway	22,903	1,081
Insurance	-	12

STATE OF NORTH DAKOTA

Notes To The Financial Statements

	<u>Due From</u>	<u>Due To</u>
Intergovernmental Assistance	6	56
Job Service - Special Revenue	620	1,154
Judicial and Legal	103	168
Land Dept. - Coal Severance	663	197
Land Dept. - Energy Dev. Impact	187	1
Land Dept. - Land and Mineral	55	98
Land Dept. - Land Maintenance	-	6
Motor Vehicle	115	38
National Guard	18	36
Natural Resources	603	95
Oil Tax Resources	649	200
Other Special	71	16
Public Safety and Penal Institutions	12	17
Recreation	497	442
Regulatory	2	167
Veterans	4	10
Capital Projects:		
Building Authority - Capital	-	3,332
Enterprise:		
Bank of North Dakota	1,237	313
Beginning Farmer Revolving Loan	-	14
Bonding	100	34
Community Water Facility Loan	-	18
Dev. Disabled Facility Loan	-	12
Fire and Tornado	1	36
Guaranteed Student Loan	-	169
Housing Finance	5	4
Penitentiary Industries	196	13
PERS Uniform Group Insurance	7	12
Real Estate Trust	2	-
Student Loan	-	841
Workers Comp. - Enterprise Fund	-	42
Internal Service:		
Central Services	210	12
Fleet Services	1,358	235
Information Services Division	1,881	17
Risk Management Fund	280	67
State Investment Board	45	74
Expendable Trust:		
Job Service Expendable	417	811
PERS Flexcomp	26	2
Nonexpendable Trust:		
Land Department Permanent	412	98
Pension Trust:		
Highway Patrolmen's Retirement	-	20
Job Service - Travelers Pension	-	1
Pension - Other	-	107
Public Employees Retirement	158	30
Teachers' Retirement	8	43
Agency:		
Payroll	-	27
Tax Collection	-	31,581
University System	9,532	2,136
Total	\$ 82,521	\$ 83,851

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

	<u>Amount</u>
Due From's	\$ 82,521
General Fund/Bank of North Dakota	(23)
Information Services/Bank of North Dakota	86
Land Dept.-Land and Mineral/Bank of North Dakota	(55)
Bank of North Dakota/Guaranteed Student Loan	40
Job Service-Expendable/Bank of North Dakota	811
Job Service-Special Revenue/Bank of North Dakota	596
Land Department - Permanent/Bank of North Dakota	(89)
Public Employees Ret. System/Bank of North Dakota	(49)
Bank of North Dakota/Student Loan Trust	13
Due To's	\$ 83,851

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	\$ 14	\$ -
University System	25	-
Total	\$ 39	\$ -

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	\$ -	\$ 14
Technology Transfer, Inc.	-	25
Total	\$ -	\$ 39

Interfund Receivables/Payables

<u>Fund Type/Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 11,023	\$ -
Special Revenue:		
Federal	-	11,023
Enterprise:		
Bank of North Dakota	-	12,796
University System	10,869	10,869
Total	\$ 21,892	\$ 34,688

STATE OF NORTH DAKOTA

Notes To The Financial Statements

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

	Amount
Interfund Receivables	\$ 21,892
General Fund/Bank of North Dakota	12,796
Interfund Payables	\$ 34,688

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

Operating Transfers

Fund Type/Fund	In	Out
General Fund	\$ 5,174	\$ 167,640
Special Revenue:		
Agriculture	105	116
Commodity Promotion	-	262
Education	25,735	2,475
Federal	1,335	26,114
Health and Human Services	11,134	1,645
Highway	9,566	444
Home Quarter Purchase	-	60
Insurance	-	451
Intergovernmental Assistance	2,138	321
Job Service - Special Revenue	2,189	314
Judicial and Legal	370	8
Land Department - Coal Severance	-	4,444
Land Department - Land and Mineral	674	1,920
Motor Vehicle	-	103
National Guard	1,052	16
Natural Resources	8,325	1,347
Oil Tax Resources	-	5,902
Other Special	300	92
Public Safety and Penal Institutions	4,276	-
Recreation	110	183
Regulatory	101	18
Veterans	131	415
Debt Service:		
Building Authority	6,521	-
Lignite Research	1,043	-
Capital Projects:		
Building Authority	-	8,725
Enterprise:		
Bank of North Dakota	294	-
Fire and Tornado	-	370
Housing Finance	-	25
Mill and Elevator	-	1,029
State Fair	144	-
Expendable Trust:		
Land Dept. - Abandoned Property	-	1,303
Land Dept. - Capitol Building	-	300
Nonexpendable Trust::		
Land Department - Permanent Fund	1,303	25,015

	In	Out
University System	172,258	-
Total	\$ 254,278	\$ 251,057

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

Operating Transfers In	\$ 254,278
General Fund/Bank of North Dakota	(215)
Industrial Commission/Bank of North Dakota	(38)
Industrial Commission/Municipal Bond Bank	(9)
Human Services/Dev. Disabled Facility Loan	(2,665)
Bank of North Dakota/General Fund	(294)
Operating Transfers Out	\$ 251,057

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

Operating Transfers In/Out of Component Units

Fund Type/Fund	In	Out
University System	\$ 107	\$ -

Operating Transfers In/Out of Primary Government

Fund Type/Fund	In	Out
Component Units: (Enterprise)		
Technology Transfer, Inc.	\$ -	\$ 107

Advances To and From Other Funds

Fund Type/Fund	Advance To	Advance From
General Fund	\$ 5,000	\$ -
Special Revenue:		
Federal	-	27,266
Aeronautics and Other Transportation	600	-
Highway	23,625	-
Recreation	1,540	-
Insurance	1	-
Enterprise:		
Dev. Disabled Facility Loan	-	5,366
Internal Service:		
Fleet Services	-	3,500
Expendable Trust:		
Land Dept.-Abandoned and Unclaimed Property	620	-
Nonexpendable Trust:		
Land Dept. - Permanent Fund	6,103	620
University System	103	103
Total	\$ 37,592	\$ 36,855

STATE OF NORTH DAKOTA

Notes To The Financial Statements

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

	<u>Amount</u>
Advances To Other Funds	\$ 37,592
Land Dept. - Permanent Fund	(737)
Advances From Other Funds	<u>\$ 36,855</u>

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

Advances To/From Component Units

<u>Fund Type/Fund</u>	<u>Advances To</u>	<u>Advances From</u>
Enterprise:		
Bank of North Dakota	\$ 12,748	\$ 12,748

Advances To/From Primary Government

<u>Fund Type/Fund</u>	<u>Advances To</u>	<u>Advances From</u>
Component Unit: (Enterprise)		
Municipal Bond Bank	\$ 12,748	\$ 12,748

Residual Equity Transfer

The Student Loan Trust made a residual equity transfer of \$300,000 to the North Dakota Guaranteed Student Loan Program pursuant to the Guarantee Reserve Agreement dated June 27, 1996 between the Trust and the Program. The Program is required to maintain a guarantee fund with the escrow agent, the Bank of North Dakota, equal to ten percent of the unpaid principal amount of all student loans insured or guaranteed by the Program which are not subject to federal reinsurance.

G. Fixed Assets

The following is a summary of fixed assets at June 30, 1997 (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	\$ 781	\$ -	\$ -	\$ 18,372	\$ 14,906	\$ -
Buildings	26,429	-	976	274,373	472,555	-
Improvements Other Than Buildings	4,070	-	-	46,966	58,579	-
Equipment	39,096	74,705	106	111,846	255,810	102
Construction in Progress	120	-	-	6,099	14,637	-
Total Fixed Assets (Gross)	70,496	74,705	1,082	457,656	816,487	102
Less: Accumulated Depreciation	(38,648)	(37,010)	(78)	-	-	(57)
Total Fixed Assets (Net)	<u>\$ 31,848</u>	<u>\$ 37,695</u>	<u>\$ 1,004</u>	<u>\$ 457,656</u>	<u>\$ 816,487</u>	<u>\$ 45</u>

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

<u>Description</u>	<u>Balance July 1, 1996</u>	<u>Adjustments to Beginning Balances</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers Between Asset Class and Funds</u>	<u>Balance June 30, 1997</u>
Land	\$ 18,215	\$ (37)	\$ 223	\$ (29)	\$ -	\$ 18,372
Buildings	255,962	139	6,384	(1,187)	13,075	274,373
Improvements Other Than Buildings	43,036	-	2,524	(205)	1,611	46,966
Equipment	91,192	268	11,050	(3,846)	13,182	111,846
Construction in Progress	25,345	358	8,228	-	(27,832)	6,099
Total General Fixed Assets	<u>\$ 433,750</u>	<u>\$ 728</u>	<u>\$ 28,409</u>	<u>\$ (5,267)</u>	<u>\$ 36</u>	<u>\$ 457,656</u>

STATE OF NORTH DAKOTA

Notes To The Financial Statements

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

<u>Project Description</u>			
<u>Enterprise Funds</u>	<u>Amount Authorized</u>	<u>Amount Expended Through June 30, 1997</u>	<u>Balance Authorized</u>
Mill and Elevator:			
DBC Software Phase II	\$ 66	\$ 63	\$ 3
Telephone System	15	15	-
Butler Packing Line Metal Detector	13	10	3
K-mill Line Shaft Horsepower Increase	47	32	15
	<u>\$ 141</u>	<u>\$ 120</u>	<u>\$ 21</u>

<u>Project Description</u>			
<u>General Fixed Assets Account Group</u>	<u>Amount Authorized</u>	<u>Amount Expended Through June 30, 1997</u>	<u>Balance Authorized</u>
Roof Repair	\$ 55	\$ 39	\$ 16
Air Conditioner	33	21	12
Bathtub	25	13	12
Laundry Smokestack	8	-	8
Front Entrance	38	1	37
Tunnel System	2,089	1,942	147
West Tower - Penitentiary	188	8	180
Code Renovation Projects	363	238	125
Med Security Facility	4,896	287	4,609
Pain Shop MCA	2,266	2,139	127
MTSB MCA	709	699	10
TWDS MCA	484	484	-
Lot Improvements	210	178	32
Surface West Lot	30	9	21
Parking Lot Outlets	6	4	2
Road Oil Tank	48	37	11
Total General Fixed Asset Account Group	<u>\$ 11,448</u>	<u>\$ 6,099</u>	<u>\$ 5,349</u>

<u>Project Description</u>			
<u>University System</u>	<u>Amount Authorized</u>	<u>Amount Expended Through June 30, 1997</u>	<u>Balance Authorized</u>
Science System	\$ 8,884	\$ 5,688	\$ 3,196
Armory Repair	4	1	3
Klinefelter Hall	3,318	2,527	791
Skywalk	1	1	-
Apartment Storage Facility	3	3	-
Recycling Facility	430	403	27
Abbott Renovation	3,682	1,996	1,686
McCannel Renovation	4,023	3,804	219
Networking	274	172	102
Networking	42	42	-
Total	<u>\$ 20,661</u>	<u>\$ 14,637</u>	<u>\$ 6,024</u>

STATE OF NORTH DAKOTA

Notes To The Financial Statements

H. Operating Leases

Payments 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, 1997 amounted to \$10,704,461.

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, 1997 for all fund types are as follows (expressed in thousands):

Year Ending June 30	Amounts
1998	\$ 8,611
1999	7,555
2000	5,470
2001	4,483
2002	3,435
Thereafter	9,186
Total Minimum Lease Payments	<u>\$ 38,740</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, 1997 (expressed in thousands):

Year Ending June 30	Amounts
1998	\$ 459
1999	460
2000	445
2001	446
2002	411
Thereafter	503
Future Income on Noncancellable Operating Leases	<u>\$ 2,724</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, 1997 (expressed in thousands):

Year Ending June 30	Governmental Fund Types	Proprietary Fund Types	University System
1998	\$ 3,311	\$ 189	\$ 6,866
1999	2,392	165	5,259
2000	3,041	111	4,485
2001	1,563	24	3,817
2002	1,381	-	3,618
Thereafter	-	-	10,412
Total Minimum Lease Payments	11,688	489	34,457
Less: Amount Representing Interest	(1,485)	(70)	(6,773)
Present Value of Future Minimum Lease Payments	<u>\$ 10,203</u>	<u>\$ 419</u>	<u>\$ 27,684</u>

Changes in Capital Lease Obligations for the year ended June 30, 1997 are as follows (expressed in thousands):

	Governmental Fund Types	Proprietary Fund Types	University System
Balance at July 1, 1996	\$ 8,120	\$ 566	\$ 35,725
Leases Added	5,840	-	1,823
Payments	(3,757)	(147)	(9,864)
Balance at June 30, 1997	<u>\$ 10,203</u>	<u>\$ 419</u>	<u>\$ 27,684</u>

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, 1997 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:

STATE OF NORTH DAKOTA

Notes To The Financial Statements

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, 1997
Real Estate Trust: Real Estate Series	2014	6.00-7.375	\$ 33,084

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
1998	\$ 1,795	\$ 2,238
1999	1,725	2,115
2000	1,730	1,993
2001	1,635	1,873
2002	1,690	1,753
Thereafter	26,100	14,734
Less Bond Discount	(1,591)	
Total	\$ 33,084	\$ 24,706

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, 1997 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 \$3,320,000 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 1997 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 C bonds were used to provide funds for the refunding of the January 1, 1997 principal of the 1988 Series A bonds. At the option of the Commission, these bonds are not subject to redemption prior to maturity, except under extraordinary redemption at the times and on the terms and conditions set forth in Schedule B-2 of the First Supplemental Resolution to the State of North Dakota Student Loan Revenue Bonds Second General Bond Resolution.

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.

The proceeds of the Series 1997 bonds were used to refund the current maturities of the 1988 Series A and B, 1989 Series B and 1992 Series A bonds, and to current refund and redeem the remainder of the 1988 Series A bonds. The 1997 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. Details of the terms and provisions of the auction rate bonds are outlined in Schedule A of the Second Supplemental Resolution to the State of North Dakota Student Loan Revenue Bonds Second General Bond Resolution. Under certain conditions, the Industrial Commission may call for an early redemption of the 1997 Series A and B bonds at a redemption price equal to 100% of the principal amount plus accrued interest to date of redemption. The 1997 Series A bonds are subject to mandatory redemption prior to maturity at a redemption price equal to 100% of the principal amount of \$2,500,000 at July 1, 1998 and \$5,350,000 at July 1, 2001, plus accrued interest. The 1997 Series B bonds are subject to mandatory redemption prior to maturity at a redemption price equal to 100% of the principal amount of \$11,600,000, plus accrued interest, on January 1, 2006.

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 \$7,535,000 outstanding letters of credit related to the single family bonds at June 30, 1997. 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, 1997, the Agency has not drawn on letters of credit.

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 6/30/97
Primary Government			
General Long-Term Debt Account Group:			
<u>Building Authority</u>			
Series A:			
1988	1998-1999	7.00-7.10	\$ 315
1991	1998-2011	6.05-6.75	12,390
1992	1998-2008	5.20-6.40	2,455
1993	1998-2010	4.70-6.00	25,820
1995	1998-2017	5.00-6.10	15,928
Series B:			
1988	1998-1999	7.00-7.10	120
1993	1998-2015	3.90-5.50	14,509
Series C:			
1988	1998-1999	6.80-6.85	2,300
Subtotal			<u>73,837</u>

STATE OF NORTH DAKOTA

Notes To The Financial Statements

Description	Maturity Date	Interest Rate (%)	Balance 6/30/97
<u>Lignite Research</u>			
Series A:			
1995	1998-2006	4.25-5.75	8,205
Enterprise Funds:			
<u>State Fair</u>			
Series A:			
1994	1998-2012	3.50-6.00	3,041
<u>Student Loan Trust</u>			
Series A:			
1988	1998-2003	7.25-7.75	47,115
1989	2002-2006	6.90-7.00	19,074
1992	1998	5.70	7,830
1996	1999-2003	3.875	15,350
1997	1999-2003	3.84	55,290
Series B:			
1988	1998-2003	7.35-7.90	8,555
1989	1998-2001	7.10-7.125	41,477
1996	2006	3.65	10,550
1997	2006-2028	3.84	15,287
Series C:			
1989	2003-2006	7.20-7.25	4,431
1996	2003	5.45	4,160
Series D:			
1996	2007-2015	5.80-6.40	3,000
Subtotal			232,119
<u>Housing Finance</u>			
<u>Multi-Family Bonds</u>			
Series 1990 A:			
Serial Bonds	1998-2000	7.10-7.40	160
Term Bonds	2000-2016	7.75	2,170
Series 1990 B:			
Serial Bonds	1998-2000	7.10-7.40	105
Term Bonds	2000-2016	7.75	1,445
Series 1990 C:			
Serial Bonds	1998-2000	7.10-7.40	50
Term Bonds	2000-2016	7.75	775
Series 1990 D:			
Serial Bonds	1998-2000	7.10-7.40	25
Term Bonds	2000-2016	7.75	300
Series 1990 E:			
Serial Bonds	1998-2000	7.10-7.40	25
Term Bonds	2000-2016	7.75	285
Series 1990 F:			
Serial Bonds	1998-2000	7.10-7.40	50
Term Bonds	2000-2016	7.75	570
Series 1993 A:			
Term Bonds	1998-2005	5.125	130
Term Bonds	2004-2024	5.75	1,791
Series 1995 A:			

Description	Maturity Date	Interest Rate (%)	Balance 6/30/97
Serial Bonds	1998-2008	4.30-5.50	1,995
Term Bonds	2016	6.125	3,590
Term Bonds	2018	6.15	1,300
Term Bonds	2021	6.20	2,325
Series 1995 B:			
Serial Bonds	1998-2005	5.95-6.85	480
<u>Single Family Bonds</u>			
Series 1985 A:			
Capital Appreciation			
Serial Bonds	1998-2001	8.25-9.00	1,714
Principal Appreciation			
Conversion Securities	2018	9.625	1,605
Series 1986 A:			
Serial Bonds	1998-2002	6.40-7.05	1,020
Term Bonds	2008	7.25	1,809
Term Bonds	2018	7.375	5,633
Series 1987 A:			
Term Bonds	2016	8.05	5,025
Term Bonds	2017	8.50	180
Series 1987 B:			
Serial Bonds	1998-2003	7.80-8.55	395
Term Bonds	2008	9.00	625
Term Bonds	2019	9.25	250
Series 1988 A:			
Serial Bonds	1998-2004	7.35-8.10	2,230
Term Bonds	2016	8.10	5,985
Term Bonds	2020	8.375	6,422
Series 1989 A:			
Serial Bonds	1998-2005	7.50-8.00	4,190
Cap. Apprec. Bonds	2005-2009	8.00-8.10	5,703
Term Bonds	2012	8.30	2,801
Term Bonds	2022	8.375	13,830
Series 1989 B:			
Term Bonds	2014	8.00	1,700
Series 1990 A:			
Serial Bonds	1998-2006	6.80-7.50	1,535
Term Bonds	2011	7.90	1,480
Term Bonds	2024	8.05	8,555
Series 1990 B:			
Serial Bonds	1998-2006	6.20-7.20	1,865
Term Bonds	2011	7.625	1,815
Term Bonds	2025	7.75	10,570
Series 1990 C:			
Serial Bonds	1998-2006	6.05-7.00	2,160
Term Bonds	2011	7.25	2,035
Term Bonds	2025	7.30	12,265
Series 1991 A:			
Serial Bonds	1998-2007	5.55-6.75	2,045
Term Bonds	2013	6.95	2,035
Term Bonds	2024	7.00	6,590
Series 1992 A:			
Serial Bonds	1998-2007	5.25-6.50	3,405

STATE OF NORTH DAKOTA

Notes To The Financial Statements

Description	Maturity Date	Interest Rate (%)	Balance 6/30/97
Term Bonds	2013	6.75	3,350
Term Bonds	2017	6.10	1,115
Term Bonds	2024	6.80	9,570
Series 1992 B:			
Serial Bonds	1998-2007	4.60-6.25	5,625
Term Bonds	2014	6.70	4,570
Term Bonds	2019	6.00	7,495
Term Bonds	2026	6.80	5,360
Series 1993 A:			
Serial Bonds	1998-2009	3.50-5.10	2,490
Term Bonds	2014	4.55	1,060
Term Bonds	2025	5.55	6,060
Series 1994 A:			
Serial Bonds	2003-2010	5.10-5.50	2,945
Term Bonds	2015	5.00	2,200
Term Bonds	2026	5.95	4,935
Series 1994 B:			
Serial Bonds	1998-2003	3.70-4.80	1,670
Term Bonds	2026	5.80	5,580
Series 1994 C:			
Serial Bonds	1998-2010	4.50-6.40	3,855
Term Bonds	2017	6.25	3,670
Term Bonds	2026	6.95	8,790
Series 1994 D:			
Serial Bonds	1998-2010	4.50-6.25	11,105
Term Bonds	2020	6.25	5,425
Term Bonds	2025	6.75	9,255
Series 1994 E:			
Term Bonds	2015	6.30	7,425
Series 1995 A:			
Serial Bonds	1998-2010	5.30-7.15	4,840
Term Bonds	2016	7.40	4,290
Term Bonds	2021	7.10	4,465
Term Bonds	2027	7.50	8,220
Series 1995 B:			
Serial Bonds	1998-2011	4.60-6.00	6,205
Term Bonds	2016	6.25	3,815
Term Bonds	2019	5.875	3,220
Term Bonds	2027	6.32	10,350
Series 1995 D:			
Serial Bonds	1998-2012	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 F:			
Serial Bonds	1998-2011	4.20-5.85	4,775
Term Bonds	2016	6.00	2,885
Term Bonds	2020	5.50	2,560
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

Description	Maturity Date	Interest Rate (%)	Balance 6/30/97
Term Bonds	2017	6.30	3,650
Term Bonds	2021	5.80	3,830
Term Bonds	2028	6.325	9,395
Series 1996 B:			
Serial Bonds	1999-2012	4.40-6.05	5,910
Term Bonds	2017	6.25	3,475
Term Bonds	2021	5.70	3,040
Term Bonds	2028	6.40	4,575
Term Bonds	2028	6.45	5,000
Series 1996 C:			
Serial Bonds	1999-2013	4.00-5.75	9,500
Term Bonds	2018	5.95	5,445
Term Bonds	2021	5.15	4,780
Term Bonds	2029	6.10	14,275
Series 1996 D:			
Interim Bonds	1998	4.15	22,000
Series 1996 E:			
Interim Bonds	1998	4.45	32,000
Series 1997 A:			
Serial Bonds	1999-2012	4.20-5.90	4,290
Term Bonds	2018	6.00	2,485
Term Bonds	2021	5.30	2,055
Term Bonds	2028	6.15	2,370
Term Bonds	2028	6.15	3,800
Subtotal			466,868

University System

VCSU-Valley City:

Dormitory Bonds of 1961	2002	4.25	49
Student Center Bonds of 1968	1998	3.00	35
Dormitory Bonds of 1971	2011	7.20-7.25	520
Technology Fee-1996	2006	3.85-4.75	271

UND-Williston:

Williston Center Auxiliary	2004	5.25-6.25	340
Williston Center	2019	3.00	366
Technology Fee-1996	2006	3.85-4.75	67

UND-Lake Region:

Dorm Revenue Bonds of 1965	2004	4.20	150
Dorm Revenue Bonds of 1967	1999	5.00	50
Building Revenue Bonds of 1972	2013	5.90	845

UND-Grand Forks:

Housing and Auxiliary Facilities 88A	2014	6.80-7.85	20,480
Housing and Auxiliary Facilities 88B	2004	6.80-7.40	280
EERC Revenue Bonds 92	2003	4.40-6.40	1,885
Housing and Auxiliary Facilities 93A	2013	4.25-5.25	4,665

STATE OF NORTH DAKOTA

Notes To The Financial Statements

Description	Maturity Date	Interest Rate (%)	Balance 6/30/97
Building Authority	2010	-	169
Technology Fee-1996	2006	3.85-4.75	1,303
Building Authority	2002	-	872
NDSU-Fargo:			
1988 Memorial Union Addition	2007	6.90-7.70	795
1992 Refunding	2011	5.60-6.50	8,465
IACC Building Match	2009	-	332
Technology Fee-1996	2006	3.85-4.75	904
1996B Refunding	2008	4.00-5.25	1,165
NDSU-Wahpeton:			
Babcock Hall	2003	4.25	97
McMahon & Forkner Halls	2006	3.60-4.00	255
Robertson Hall	2008	4.50	500
Married Student Housing	2012	6.50-7.50	319
Schulz & Forkner Addition	2012	7.00-7.25	610
Nordgaard Hall	2014	6.25-6.30	1,060
Building Authority	2010	-	188
Technology Fee-1996	2006	3.85-4.75	232
MISU-Minot:			
1992 Refunding Bonds	2006	6.00-6.75	1,925
Student Center 1994	2014	3.60-5.40	1,845
Building Authority	2013	-	106
Building Authority	2010	-	1,186
Technology Fee-1996	2006	3.85-4.75	278
MISU-Bottineau			
1961 Gross Hall	2000	4.25	32
1971 Milligan Hall	2011	6.90	276
Technology Fee - 1996	2006	3.85-4.75	27
MSU-Mayville:			
Berg Hall	1998	3.00	12
Agassiz Hall	2007	3.00	305
Student Center	2008	7.25-7.75	675
Technology Fee-1996	2006	3.85-4.75	152
DSU-Dickinson:			
Pulver Hall	1999	4.60	90
Technology Fee-1996	2006	3.85-4.75	318
Building Authority	2002	-	275
BSC-Bismarck:			
Werner Hall 1964	2005	4.00	174
Swenson Hall 1971	2005	7.10-7.40	180
Student Union	2008	6.00-6.10	465
Revenue Bonds-1996	2003	3.90-4.40	425
Technology Fee-1996	2006	3.85-4.75	153
Building Authority	2002	-	1,060
Subtotal			57,228
Total Revenue Bonds Payable			
Primary Government			\$ 841,298

Description	Maturity Date	Interest Rate (%)	Balance 6/30/97
Component Units			
<u>Municipal Bond Bank</u>			
Series A:			
1977	1998	4.75-5.00	\$ 270
1979	1998-2000	6.20-6.25	3,485
1989	1998-2014	10.20-10.50	9,920
Series A thru O:			
1990	1998-2010	6.50-7.85	1,005
Series A thru I:			
1991	1998-2012	5.40-8.75	3,570
Series A thru K:			
1992	1998-2012	4.50-6.60	9,165
Series A thru F:			
1993	1998-2013	3.50-5.75	6,240
Series A:			
1993	1998-2015	4.30-6.25	18,851
Series A:			
1994	1998-2014	4.00-6.50	4,275
Series A Thru C:			
1995	1998-2015	4.00-6.00	2,035
Series A:			
1995	1998-2016	5.00-6.30	6,557
Series A Thru D:			
1996	1998-2016	4.10-6.40	1,780
Series A:			
1996	1998-2018	3.80-5.50	29,991
Total Revenue Bonds Payable-Component Units			<u>\$ 97,144</u>

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
1998	\$ 96,439	\$ 47,576
1999	47,283	44,040
2000	34,409	41,751
2001	23,558	39,874
2002	27,194	38,466
Thereafter	617,620	424,059
Less Bond Discount	(706)	706
Accrued Interest at Maturity on Zero Coupon Bonds	(4,499)	4,499
Total	<u>\$ 841,298</u>	<u>\$ 640,971</u>

STATE OF NORTH DAKOTA

Notes To The Financial Statements

Component Units

Fiscal Year	Principal	Interest
1998	\$ 5,565	\$ 5,867
1999	4,910	5,569
2000	5,295	5,289
2001	5,080	4,993
2002	4,615	4,701
Thereafter	71,679	34,215
Total	<u>\$ 97,144</u>	<u>\$ 60,634</u>

3. Notes Payable

The following is a schedule of notes payable outstanding at June 30, 1997 (expressed in thousands):

Description	Maturity Date	Interest Rate (%)	Balance 6/30/97
<u>General Long-Term Debt</u>			
<u>Account Group</u>			
Job Service	2004	7.90-9.00	\$ 880
<u>Governmental Funds</u>			
**General Fund	1999	7.75	1,700
Adjutant General	1998	7.50-7.75	3,450
<u>Enterprise Funds</u>			
Housing Finance	2000	6.05*	3,300
Bank of North Dakota	2000-2007	5.84-8.19	14,500
<u>Internal Service Funds</u>			
Information Services	1999	4.25-5.07	2,962
University System	1998-2004	4.79-9.50	6,328
Total Primary Government			<u>\$ 33,120</u>

* Variable at the weekly average yield of three month Treasury.

** The general fund has a \$15 million line of credit with the Bank of North Dakota to fund disaster recovery costs.

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
1998	\$ 11,207	\$ 1,577
1999	4,989	1,436
2000	5,576	1,015
2001	4,145	706
2002	2,533	438
Thereafter	4,670	945
Total	<u>\$ 33,120</u>	<u>\$ 6,117</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, (7.75% at June 30, 1997) 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, 1997 is \$370,946.

Changes in General Long-Term Debt Account Group

Changes in General Long-Term Debt Account Group for the year ended June 30, 1997, were (expressed in thousands):

	Balance July 1, 1996	Additions	Deletions	Balance June 30, 1997
Notes Payable	\$ 993	\$ -	\$ (113)	\$ 880
Bonds Payable	86,488	-	(4,446)	82,042
Claims/Judgments Payable	3,011	1,484	(374)	4,121
Capital Leases	8,120	5,840	(3,757)	10,203
Total	<u>\$ 98,612</u>	<u>\$ 7,324</u>	<u>\$ (8,690)</u>	<u>\$ 97,246</u>

Compensated Absences at June 30, 1997 were approximately \$20,795,000 a net increase of \$1,015,000 from the June 30, 1996 balance of approximately \$19,780,000.

5. Defeased Debt

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, 1997, \$26,470,000 of bonds outstanding are considered defeased.

Student Loan Trust

On June 12, 1997, the Trust deposited \$9,103,789 with an escrow agent to provide for all future debt service payments on the 1992 Series A bonds (except for the \$7,830,000 maturing July 1, 1997). As a result, \$8,790,000 of the 1992 Series A bonds were considered to be defeased and the liability for those bonds is not reflected in the State's financial statements, except for the 1992 Series A bonds maturity on July 1, 1997.

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.

The principal amount outstanding as of June 30, 1997, of the original bonds refunded (considered defeased) by the advance refunding total \$410,000.

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 amount outstanding as of June 30, 1997 of the original bonds refunded by the advance refunding of 1985 totaled \$14,520,000.

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 amount outstanding as of June 30, 1997 of the original bonds refunded by the advance refunding of 1984 totaled \$6,800,000.

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 amount outstanding as of June 30, 1997 of the original bonds refunded by the advance refunding of 1975 totaled \$2,130,000.

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.

Certificates of Participation totaling \$20,450,000 were originally issued by UND in 1990 to: (1) reimburse the University for certain expenses incurred for capital improvements; (2) refinance the costs of certain equipment; and (3) finance the acquisition of certain equipment and real property, to fund a reserve, and to pay the costs of issuance. Subsequent to this issuance, the Legislative Assembly, in House Bill 1003, directed the University to retire those certificates originally issued for the acquisition of certain equipment and real property and to fund a reserve. Therefore in December, 1991, \$6,025,000 in certificates were defeased. The principal amount outstanding as of June 30, 1997, of the defeased certificates totals \$4,625,000.

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%. 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 amount outstanding as of June 30, 1997 of the original bonds refunded by the advance refunding total \$4,445,000.

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, 1997.

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. The Series 1988 bonds are callable at the option of the Board on or after April 1, 2006. 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, 1997, the principal amount outstanding of the advance refunded portion of the Series 1988 bonds is \$975,000. As of June 30, 1997, 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 \$795,000.

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 other issuance costs allocated using a

STATE OF NORTH DAKOTA

Notes To The Financial Statements

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, 1996, \$6,455,000 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 \$625,000 at June 30, 1997. These amounts are reported in the Debt Service and Enterprise Funds as an intergovernmental payable.

NOTE 4 - CONTRIBUTED CAPITAL RECONCILIATION

Changes in contributed capital for the year ended June 30, 1997 were (expressed in thousands):

	Enterprise	Internal Service	Total
Contributed Capital, June 30, 1995	\$ 28,351	\$ 21,295	\$ 49,646
Additions	300	5	305
Deletions	(4,000)	-	(4,000)
Contributed Capital, June 30, 1997	<u>\$ 24,651</u>	<u>\$ 21,300</u>	<u>\$ 45,951</u>

Contributed capital increased in the Guaranteed Student Loan Program by \$300,000 as a result of funds contributed from the North Dakota Student Loan Trust Program for a new loan program.

Contributed capital decreased in the Beginning Farmer Revolving Loan Fund by \$4,000,000 as a result of a prior period adjustment for the correction of an error.

Contributed capital increased in Fleet Services by \$5,000 as a result of equipment gifted by a political subdivision.

NOTE 5 - RETAINED EARNINGS/FUND EQUITY - SPECIFIC RESERVES

Certain fund equity reserves presented in the accompanying financial statements as of June 30, 1997 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)	8,664
Debt Service on Mortgage Loans (Housing Finance)	20,116
Political Subdivision Water Facilities (Community Water Facilities)	5,159
Loans to Beginning Farmers (Beginning Farmer)	7,326
Capital Construction for Dev. Disabled (Developmentally Disabled Facility)	1,746
Other (Student Loan)(1)	61,624
Total	<u><u>\$ 146,885</u></u>

- (1) For:
- Acquisition of New and Existing Student Loans
 - 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.)	\$ 3,811
Contingencies (Comprehensive Health Association)	(1,502)
Debt Service or Purchase of Municipal Securities (Municipal Bond Bank)	34,841
Total	<u><u>\$ 37,150</u></u>

B. Fund Balance:

	Reserved For Other	General Fund	Special Revenue	Trust and Agency	University System
Inventory	\$ 688	\$ 5,656	\$ -	\$ -	-
Long-Term Receivables	5,072	67,189	-	-	-
Legal Requirements	-	-	447,681	-	-
Pension Benefits	-	-	1,952,492	-	-
Postemployment Healthcare Benefits	-	-	16,616	-	-
Prepaid Expenditures	-	2,767	-	-	-

STATE OF NORTH DAKOTA

Notes To The Financial Statements

	General Fund	Special Revenue	Trust and Agency	University System
Federal Loan Funds	-	-	-	31,010
Institutional Restricted	-	-	-	5,086
Agric. Experiment Stn.	-	-	-	1,383
Coop. Extension Service	-	-	-	166
Institutional Loan Endowment	-	-	-	8,662
Restricted	-	-	-	8,903
Quasi Endowment Restricted	-	-	-	101
Term Endowment Restricted	-	-	-	5
Institutional Unexpended Plant	-	-	-	8,724
Retirement of Debt/Repair and Replacement	-	-	-	11,449
Total	\$ 5,760	\$ 75,612	\$ 2,416,789	\$ 75,489

C. Fund Balance:

Unreserved - Designated For Other	Special Revenue	Trust and Agency
Trust Purposes	\$ -	\$ 940
Fund Activities	9	-
Patients Welfare	466	-
PACE Fund Activity	6,918	-
Total All Funds	\$ 7,393	\$ 940

NOTE 6 - DEFICIT FUND EQUITY

Proprietary Funds

Risk Management Fund

At June 30, 1997, the Risk Management Fund had a deficit of \$172,732. Future premium contributions will be used to cover the deficit.

Component Units

Comprehensive Health Association of North Dakota (CHAND)

At December 31, 1996, CHAND had a deficit of \$1,501,884. A member assessment of \$2,000,000 is expected to cover the deficit.

NOTE 7 - RETIREMENT SYSTEMS

A. Description of Plans

The State of North Dakota administers four major retirement systems: North Dakota Public Employees' Retirement System, North Dakota Highway Patrolmen's Retirement System, Retirement Plan for the Employees of Job Service North Dakota and the Teachers' Fund for Retirement. 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, 1997, the number of participating local political subdivisions in PERS was:

Cities and Park Districts	47
Counties	40
School Districts	60
Other	40
Total Participating Local Political Subdivisions	187

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 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 (85 effective August 1, 1997), or at normal retirement age (65), equal to 1.74% (1.77% effective August 1, 1997) 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 2.80% 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 (1.77% effective August 1, 1997) percent multiplier. The monthly pension benefit for security officers' or firefighters at normal retirement age (55) is equal to 1.74% (1.77% effective August 1, 1997) 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 14.52 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% (3.25% effective August 1, 1997) 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 23.73% for fiscal year 1997. 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, 1997, the number of participating employer units in TFFR was:

Type	Number
Special Education Units	21
Vocational Education Units	6
Public School Districts	236
County Superintendents	26
Other	18
Total	307

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% (1.75% effective July 1, 1997) 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. Effective July 1, 1997, a \$30 per month benefit improvement was granted to all retirees and beneficiaries.

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

STATE OF NORTH DAKOTA

Notes To The Financial Statements

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% (7.75% effective July 1, 1997) 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% (7.75% effective July 1, 1997) 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:

	PERS	NDHPRS	JSND	TFFR
Retirees and Beneficiaries Currently Receiving Benefits:	3,923	70	172	4,462
Special Prior Service Retirees:	281	-	-	-
Terminated Employees:				
Vested	81	1	6	1,006
Nonvested	2,043	3	-	245
Total Terminated Employees	2,124	4	6	1,251
Active Employees:				
Vested	10,169	58	127	7,899
Nonvested	5,508	66	-	2,111
Total Active Employees	15,677	124	127	10,010
Date of Annual Valuation	July 1, 1997	July 1, 1997	July 1, 1997	July 1, 1997

(*) 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 are 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 51% 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 \$28,164,214 at June 30, 1997.

STATE OF NORTH DAKOTA

Notes To The Financial Statements

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, 1997, were \$27,050,444.

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.

C. Funding Status and Progress

	PERS NDHPRS	Job Service North Dakota	TFFR
Valuation date	July 1, 1997	July 1, 1997	July 1, 1997
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	16 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%	4.0%
Post retirement cost-of-living adjustment	None	5%	None

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

**Statutory 7.75% employer contribution rate produces 12.3 year funding period.

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, 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%)
July 1, 1997	704.5	646.9	(57.6)	108.9%	359.0	(16.0%)
NDHPRS						
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%
July 1, 1997	24.9	27.5	2.6	90.3%	4.2	61.9%

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, 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%)
July 1, 1997	51.0	44.1	(6.9)	115.6%	4.7	(146.8%)
TFFR						
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%
July 1, 1997	823.4	977.1	153.6	84.3%	294.1	52.2%

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 Initial Actuarial Accrued 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 15-39.1-09. It is required that every eligible teacher be a member of the Fund and assessed at a rate of 6.75% (7.75% effective July 1, 1997) of gross salary and that every governmental body employing a teacher pay into the plan a sum equal to 6.75% (7.75% effective July 1, 1997) 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.

For NDHPRS and JSND, sole employer plans, contributions for the years ended June 30, 1997, 1996 and 1995 were \$439,900, \$468,100 and \$507,600 and \$1,189,411, \$1,324,089 and \$1,325,997, 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		
1995	\$ 12,544,500	100%
1996	10,588,800	100%
1997	11,421,000	100%
TFFR		
1995	\$ 18,326,881	100%
1996	18,988,538	100%
1997	19,693,130	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%

STATE OF NORTH DAKOTA

Notes To The Financial Statements

Employment Class	Years of Service	By The Participant	By The Institution	Total
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 \$12,247,740, which is the required contribution, for the fiscal year ended June 30, 1997.

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 8 - 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. 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. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the Public Employees Retirement System (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 \$154,631 for the period ending June 30, 1997. The number of employees, from Job Service, using the credit was 120 at June 30, 1997. 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, 1997. 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	.01%	\$ 36,313
Benefit Improvements	.01%	36,313
Changes in plan experience	.01%	36,313
	<u>.03%</u>	<u>\$ 108,939</u>

Employer contributions totaling \$3,439,092 were made for the year ended June 30, 1997. The actuarially required employer contribution of \$3,677,500 for the year ended June 30, 1997 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, 1997, the cost of benefits incurred for the fund was \$2,695,138.

STATE OF NORTH DAKOTA

Notes To The Financial Statements

Employee membership is as follows:

Retirees receiving benefit	2,639
Active participants	15,801
Total Membership	18,440

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	\$ 51,750,066
Net assets available for benefits, at actuarial value	13,653,158
"Unfunded" accrued liability	\$ 38,096,908

The fair value of the net assets available for benefits at June 30, 1997 is \$16,615,515.

NOTE 9 - 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 \$61,775,177 in the plan at June 30, 1997, \$59,304,170 or 96% was applicable to the State of North Dakota, while the remaining \$2,471,007 represents the assets of other jurisdictions participating in the plan.

NOTE 10 - 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. 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.

Segment financial information for the fiscal year ended June 30, 1997 is as follows (expressed in thousands):

STATE OF NORTH DAKOTA

Schedule of Segment Information - Enterprise Funds

For The Fiscal Year Ended June 30, 1997

(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	\$ 75,542	\$ 658	\$ 120	\$ 461	\$ 687	\$ 2,897	\$ 2,098
Operating Expenses	52,129	430	194	77	375	8,331	2,396
Depreciation	580	-	-	-	-	5	-
Operating Income (Loss)	23,413	228	(74)	384	312	(5,434)	(298)
Operating Grants, Entitlements, and Shared Revenue	-	-	-	-	-	-	-
Operating Transfers:							
In	294	-	-	-	-	-	-
Out	-	-	-	-	-	(370)	-
Net Income (Loss)	23,707	228	203	384	312	(4,572)	312
Current Capital Contributions and Transfers	-	-	-	-	-	-	300
Property, Plant, and Equipment :							
Balance June 30, 1997	3,504	-	-	-	-	19	-
Additions	659	-	-	-	-	8	-
Deletions	-	-	-	-	-	-	-
Total Assets	1,068,082	15,065	5,135	15,178	11,743	18,778	13,732
Net Working Capital	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Liabilities Payable From Operating Revenues	27,248	-	138	-	5,366	4,488	-
Total Equity	99,138	15,051	3,948	15,159	6,365	10,057	10,729

N/A: Not Available

									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 1997	
\$ 45,952	\$ 82,877	\$ 722	\$ 2,788	\$ 2,546	\$ 2,974	\$ 18,596	\$ 130,825	\$ 369,743	
41,764	78,062	554	2,793	2,657	3,144	15,691	92,610	301,207	
42	1,567	-	-	67	420	-	600	3,281	
4,188	4,815	168	(5)	(111)	(170)	2,905	38,215	68,536	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	144	-	-	438	
(25)	(1,029)	-	-	-	-	-	-	(1,424)	
4,163	3,970	240	(5)	(91)	(153)	2,905	87,775	119,378	
-	-	-	-	-	-	-	-	300	
86	17,262	-	-	402	8,417	-	2,159	31,849	
26	544	-	-	18	462	-	457	2,174	
(3)	-	-	-	(3)	(20)	-	(43)	(69)	
510,934	43,811	11,015	34,078	1,799	9,667	299,776	723,601	2,782,394	
N/A	23,061	N/A	N/A	1,144	966	N/A	N/A	25,171	
470,261	396	27	33,084	60	2,841	232,119	497,217	1,273,245	
23,004	41,134	1,050	214	1,530	6,559	61,624	38,125	333,687	

NOTE 11 - COMPONENT UNIT FUNDS

The State's Component Units, which are all proprietary funds, consist of the following:

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.

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.

Condensed financial statements for the component unit funds for the fiscal year ended June 30, 1997 are as follows (expressed in thousands):

STATE OF NORTH DAKOTA

Condensed Financial Information - Component Units For The Fiscal Year Ended June 30, 1997

Condensed Balance Sheet

	Comprehensive Health Association	Municipal Bond Bank	North Dakota Development Fund	Technology Transfer Inc.	Total June 30 1997
Assets					
Cash	\$ 384	\$ 719	\$ 3,880	\$ 470	\$ 5,453
Investments	-	130,938	9,947	315	141,200
Interest Receivable - Net	-	1,546	145	-	1,691
Loans And Notes Receivable - Net	-	-	6,644	1,394	8,038
Intergovernmental Receivable - Net	26	-	-	-	26
Advances To Primary Government	-	12,748	-	-	12,748
Prepaid Items	-	-	-	135	135
Unamortized Bond Issuance Costs	-	1,129	-	-	1,129
Fixed Assets (Net Of Depreciation)	-	13	8	24	45
Total Assets	\$ 410	\$ 147,093	\$ 20,624	\$ 2,338	\$ 170,465
Liabilities					
Accounts Payable	\$ 591	\$ -	\$ -	\$ 4	\$ 595
Interest Payable	-	1,349	-	-	1,349
Intergovernmental Payable	-	117	-	-	117
Claims/Judgements Payable	1,125	-	-	-	1,125
Accrued Payroll	-	-	-	8	8
Compensated Absences Payable	-	-	-	10	10
Due To Primary Government	-	14	-	25	39
Advances From Primary Government	-	12,748	-	-	12,748
Bonds Payable	-	97,144	-	-	97,144
Deferred Revenue	196	880	1	-	1,077
Other Liabilities	-	-	-	3	3
Total Liabilities	1,912	112,252	1	50	114,215
Equity					
Retained Earnings	(1,502)	34,841	20,623	2,288	56,250
Total Liabilities And Equity	\$ 410	\$ 147,093	\$ 20,624	\$ 2,338	\$ 170,465

Classified balance sheets are not available for the component unit financial statements.

Condensed Statement of Revenues, Expenses, and Changes in Fund Equity

	Comprehensive Health Association	Municipal Bond Bank	North Dakota Development Fund	Technology Transfer Inc.	Total June 30 1997
Operating Revenues	\$ 2,924	\$ 6,784	\$ 851	\$ 64	\$ 10,623
Operating Expenses					
Depreciation	-	(5)	-	(7)	(12)
Other	(4,486)	(6,356)	(2,027)	(834)	(13,703)
Operating Income (Loss)	(1,562)	423	(1,176)	(777)	(3,092)
Nonoperating Revenues	20	8,691	-	174	8,885
Operating Transfers To Primary Government	-	-	-	(107)	(107)
Net Income (Loss)	(1,542)	9,114	(1,176)	(710)	5,686
Fund Equity - Beginning Of Year As Previously Reported	40	25,727	21,799	2,998	50,564
Fund Equity - End Of Year	\$ (1,502)	\$ 34,841	\$ 20,623	\$ 2,288	\$ 56,250

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	\$ 33,826
Commitments to extend credit	104,617
	<u>\$ 138,443</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.

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 \$21,793,000 at June 30, 1997. 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 \$19,142,000 at June 30, 1997.

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 \$24,167,000 at December 31, 1996.

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 waterfacilities, 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.

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 1997, a total of \$80,278,367 in claims was recognized. Incurred but not reported claims of \$496,900,000 have been accrued as a liability based primarily upon actuarial estimates.

Risk Management Fund

Due to the loss of sovereign immunity, the 1995 Legislature established the Risk Management Fund to pay money damages for claims for which the state is liable. Revenues to the Fund are generated from contributions required from state agencies, boards and commissions, and the University system. The risk Management fund continues to transfer liabilities for medical malpractice and aviation 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.

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 for the fiscal years ending June 30, 1996 and June 30, 1997:

Fiscal Year	Beginning Balance	Current Year Claims and Changes In Estimates	Claims Payments	Ending Balance
1996	\$ 355,718	\$ 2,134,307	\$ 5,973	\$ 2,484,052
1997	2,484,052	2,134,307	38,698	4,579,661

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 the winter show. The Fire and Tornado Fund has issued 1,092 policies to participating entities for a total building and content coverage of \$4,250,747,654. The Bonding fund is used to provide fidelity bonding of public employees and officials. The fund has issued 2,878 policies to participating entities. The total coverage for the Bonding Fund is \$499,505,371. 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 judgements 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 apportion 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, 1997, 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, 1997 coverage extended to the following employer units:

Cities And Townships	407
Counties	1
State Agencies	93
Private Employers	20,715
Total	<u>21,216</u>

STATE OF NORTH DAKOTA

Notes To The Financial Statements

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, 1997, 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)	\$ 680,000	\$ 759,700	\$ 900,000
Discounted at 6 percent rate	*	434,900	520,000
Discounted plus contingency reserve	-	496,900	-
*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 \$496.9 million at June 30, 1997. This adjustment resulted in an increase to expenses of \$23.8 million in 1997.

The June 30, 1996, liability of \$480.4 million was also recorded at the discounted rate of 6 percent. The 1996 liability resulted in an increase to expenses of \$76.7 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, 1997.

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	
	1997	1996	1997	1996	1997	1996
Unpaid claims and claims adjustment expenses at the beginning of the year	\$ 1,603	\$ 1,668	\$ 127	\$ 441	\$ 480,400	\$ 453,200
Incurring claims and claims adjustment expenses:						
Provision for current fiscal year	7,612	1,598	133	11	84,551	94,160
Change in provision for prior fiscal year	-	-	-	-	(18,553)	(120,430)
Payments and claims and adjustment expenses attributable to:						
Current fiscal year insured events	(3,143)	5	-	(11)	(12,953)	(13,275)
Prior fiscal years' insured events	(1,603)	(1,668)	(127)	(314)	(53,505)	(54,815)
Total Payments	(4,746)	(1,663)	(127)	(325)	(66,458)	(68,090)
Change in provision for discount	-	-	-	-	(46,100)	86,800
Contingency reserve for adverse deviation	-	-	-	-	62,000	35,000
Other	-	-	-	-	1,060	(240)
Total unpaid claims and claims adjustment expenses at the end of the year	\$ 4,469	\$ 1,603	\$ 133	\$ 127	\$ 496,900	\$ 480,400

STATE OF NORTH DAKOTA

Notes To The Financial Statements

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, 1997, totaled \$2,133,377.

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, 1996, which total \$71,227. In addition, the Loan Fund has committed to fund \$346,800 in Beginning Farmer Loans at December 31, 1996.

Building Authority

The Authority has committed funds to complete various construction and modernization programs at June 30, 1997 as follows (expressed in thousands):

State Board of Higher Education	<u>\$ 6.101</u>
---------------------------------	-----------------

Job Service North Dakota

The Agency has commitments to pay \$138,154 at June 30, 1997, for purchase orders and contracts awarded for goods and services to be provided in future periods.

Community Water Facility Loan Fund

The Loan Fund has commitments to grant loans in the amount of \$500,000 at December 31, 1996.

Technology Transfer

At June 30, 1997, TTI has contractual commitments to provide project funding and contract payments of approximately \$171,000.

Land Department

The Board of University and School Lands has entered into various construction contracts in connection with the construction of an office building. At June 30, 1997, future commitments on the construction contracts totaled approximately \$178,000.

Department of Human Services

As of June 30, 1997, the Department of Human Services had significant commitments for the purchase of services as follows (expressed in thousands):

Administrative Services	\$ 1,912
Disaster Relief	105
Family Focused	123
Intensive In Home	125
JOBS Program	139
Refugee Assistance	152
	<u>\$ 2,556</u>

Public Service Commission

As of June 30, 1997, the Public Service Commission had significant commitments of \$949,512. This amount consists primarily of contractor charges associated with the Abandoned Mine Lands.

Aeronautics Commission

As of June 30, 1997, the Aeronautics Commission had significant commitments of \$973,239. This amount consists of grants to political subdivisions for maintenance and improvements of their airports.

Radio Communications

As of June 30, 1997, Radio Communications had significant commitments of \$151,000. This amount consists of obligations to purchase new radio consoles.

Dairy Products Promotion Commission

As of June 30, 1997, the Dairy Products Promotion Commission had significant commitments of \$381,000. 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.

North Dakota Soybean Council

As of June 30, 1997 the North Dakota Soybean Council had significant commitments of \$119,424. This amount mainly consists of grants for the research and development of soybeans.

Agricultural Products Promotion Commission

As of June 30, 1997, the Agricultural Products Promotion Commission had significant commitments of \$484,907. This amount consists of grants for the research and development of North Dakota agricultural products.

State Water Commission

As of June 30, 1997, the State Water Commission had long-term commitments of the following (expressed in thousands):

Maple River Flood Control	\$ 109
Devils Lake	231
General Projects	440
Division of Water Appropriation Project	
Contracts	14
Northwest Area Water Supply	19
Available Storage Acreage Program	224
	<u>\$ 1,037</u>

North Dakota Department of Transportation

At June 30, 1997, the North Dakota Department of Transportation (Special Revenue Fund) had no construction contract commitments of approximately \$3.3 million of which

STATE OF NORTH DAKOTA

Notes To The Financial Statements

\$1.9 million represents Federal programs which are cost reimbursable. Construction commitments at June 30, 1997 totaled approximately \$127.8 million of which \$97.7 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:			
Rural Technology	\$ 2,870	\$ 2,816	\$ 54
McCannel Hall	3,516	3,297	219
RTC Access Road	376	338	38
Abbott Hall	2,731	1,045	1,686
42nd Street Skywalk	1,090	-	1,090
Johnstone Fulton Skywalk	914	-	914
Coal Conveyor Boiler	96	69	27
Tennis Courts	93	-	93
Bismarck State College:			
Science Center	8,417	5,221	3,196
Armory Repair	3	-	3
Minot State University:			
Memorial Hall	3,173	498	2,675
Valley City State University:			
Networking	220	118	102
Dickinson State University:			
Klinefelter Hall	3,347	2,556	791
North Dakota State University:			
Emission Control-Power Plant	2,145	804	1,341

University of North Dakota

The University has long held that medical residents are students for social security purposes and therefore has not subjected payroll expenditures to the residents for social security tax. In May 1994, the University was notified by the Internal Revenue Service that the Social Security Administration does not consider medical residents, students, for social security purposes. If that is true, the University estimates it would owe approximately \$1,244,000 in social security taxes for calendar year 1991, 1992, 1993 and 1994, representing both the employer and employee share. In addition, the IRS has assessed a liability of \$333,277, for the same period for other employer related FICA tax issues including payments to nonresident aliens, tenure by out payments, taxable fringe benefits, cash awards and independent contractor payments. The University is vigorously contesting these issues - no liability for these taxes has been recorded in the financial statements.

Other Construction Commitments

The State has various long-term construction commitments in the following agencies at June 30, 1997 (expressed in thousands):

Department of Human Services	\$	37
Adjutant General's Office		137
Department of Corrections		207
ND Veterans Home		87

B. Litigation

The estimated range of loss in all of the litigation against the State in which a loss to the State is probable was \$650,000 to \$1,550,000. An accrual has been set up in the General Long-Term Debt Account Group for \$500,000 and \$150,000 in the Risk Management Fund for litigation. Litigation that is reasonably possibly to result in an unfavorable outcome is estimated at \$50,000 to \$500,000.

The estimated gain in all the litigation brought by the State in which a gain is probable was \$113,000. This amount was not accrued in these financial statements.

The State had not settled any cases before June 30 1997, in which the settlement had not been paid as of June 30, 1997.

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, 1996 was completed in April of 1997. As a result of this audit, approximately \$750,000 of identifiable questioned costs were noted. Also there were several findings which had potentially significant, unknown, questioned costs. The State is cooperating with the federal government to resolve the findings and is optimistic these findings will not have a material impact on the State.

NOTE 17 - SUBSEQUENT EVENTS

Building Authority

In September, 1997 the Industrial Commission approved a resolution of intent to issue and sell \$15,100,000 of North Dakota Building Authority Bonds. The Commission also approved proceeding with refunding a portion of the outstanding North Dakota Building Authority Bonds 1991 Series A and 1992 Series A.

Student Loan Trust

During August 1997, the Trust has optionally redeemed the remaining \$44,130,000 1988 Series A bonds. The funds used to redeem the bonds came from the proceeds of the 1997 Series A & B bonds. These bonds were redeemed at 103 percent plus accrued interest.

Municipal Bond Bank

On January 16, 1997, the Bond Bank (a component unit) issued \$540,000 of Tax Exempt Capital Financing Program Series A Bonds. These bonds are for the express purpose of providing funds for a city project. Interest rates vary from 3.80 percent to 5.20 percent with maturities ranging from June 1, 1997 to June 1, 2011.

On February 14, 1997, the Bond Bank entered into an agreement with the Bank of North Dakota to make a loan or a series of loans under the State Revolving Fund Program (SRF) at below market interest rates in the total amount not to exceed \$1,500,000 to fund the Bank's Irrigation Loan Program. The Bank will make loans to qualified borrowers with the proceeds for the purchase, development or repair of irrigation systems.

On February 26, 1997, the Industrial Commission approved executing a standby Bond Purchase Agreement contingent upon the Central Dakota Irrigation District receiving an investment grade rating from Standard and Poor's Rating Service. The Bond Bank would serve as a back-up financing source if the District would experience financial difficulties.

The Industrial Commission approved the issuance of a total \$11,530,000 of Capital Financing Program Bonds Series 1997 B through G. These bonds are for the express purpose of providing funds to make loans to certain political subdivisions. Interest rates vary from 4.25% to 7.15% with maturities ranging from December 31, 1997 to June 1, 2017.

Housing Finance

In July 1997, the agency entered into a series of transactions resulting in the issuance of \$10,000,000 1997 Series B, \$32,000,000 1997 Series C Interim, \$38,000,000 Series D Interim, and \$20,000,000 Series E Interim Home Mortgage Finance Program Bonds.

In October 1997, the Agency entered into a series of transactions to remarket the \$22,000,000 1996 Series D Interim and issue the \$15,000,000 1997 Series F and \$30,000,000 Series G Home Mortgage Finance Program Bonds. The remarketing resulted in the issuance of \$22,000,000 1996 Series D Home Mortgage Finance Program Bonds and the issuance of \$15,000,000 1997 Series F Home Mortgage Finance Program Bonds.

In September 1997, the agency obtained a \$20,000,000 line of credit from the Bank of North Dakota to allow the agency to make loan commitments during periods when bond funds are not available.

Workers Compensation

Subsequent to June 30, 1997, the North Dakota Supreme Court ruled that the Bureau was liable for payment of certain PPI claims that occurred in prior years. Based upon evaluations of prior claims affected by this ruling, the estimated range of liability for the Bureau will be approximately \$2 million to \$2.3 million.

The effects of this ruling have been considered in the calculation of the estimated liability for incurred but not reported and incomplete claims expense for the current fiscal year.

Technology Transfer

Beginning July 1, 1997, Technology Transfer, Inc. transferred the administration of the National Institute of Standards and Technology's Technology Reinvestment Project (North Dakota Manufacturing Technology Partnership) to North Dakota State University. This program is a federal grant award received from the U.S. Department of Commerce.

Comprehensive Health Association of North Dakota

During January 1997, the Association's board of directors approved and issued \$2,000,000 in participating member assessments. Blue Cross Blue Shield of North Dakota's share of the assessment totaled \$1,588,000.

University System

Beginning with a sleet storm on April 6, 1997, and followed by the Flood of 1997, beginning on April 18, 1997, the University of North Dakota suffered about \$34 million in damage to the infrastructure and buildings, as well as loss of equipment and furnishings. UND has filed claims with the federal Emergency Management Agency (FEMA) to recover damages to the extent allowed by FEMA. On August 11, 1997, the North Dakota Emergency Commission authorized UND to borrow up to \$12 million from the Bank of North Dakota for purposes of expediting the repair of buildings and infrastructure as well as the replacement of equipment and furnishings lost in the disaster. FEMA reimbursement is expected to be from 65% to 90% of the losses claimed, so the University likely will ask the 1999 Legislature to appropriate funds to cover any losses not reimbursed by FEMA.

At the September 18-19, 1997 State Board of Higher Education meeting, the SBHE voted to approve the initial authorizing resolution for the issuance of not to exceed \$21,500,000 of University of North Dakota Housing and Auxiliary Facilities refunding Bonds and not to exceed \$450,000 of University of North Dakota and Auxiliary Facilities Revenue Bonds. The purpose of the issues is to realize potential savings in future bond and interest payments of \$3.1 million.

On November 1, 1997, Minot State University's Harnett Hall received extensive damage as a result of a fire. The building will be out of service for an unknown period of time for reconstruction. Estimates of damage and loss are not currently known.



The scenic view from the top of a butte in the Theodore Roosevelt National Park in the North Dakota Badlands is always awe-inspiring. This unique, rugged country can be seen by car, bike, canoe, horse, or by hiking designated trails through both the North and South units.

Combining, Individual Fund, and Account Group Statements and Schedules



Fort Totten State Historic Site near Devils Lake is one of the best preserved frontier Army posts in the United States. Many of the mid-1860's original buildings still stand today. Tour the Pioneer Daughters Museum and the other buildings to appreciate what life was like at this military fort during the late 1800's.

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, 1997**

**June 30
1997**

Assets

Cash Deposits At The Bank Of North Dakota	\$ 99,199,022
Cash And Cash Equivalents	532,428
Accounts Receivable - Net	384,818
Taxes Receivable - Net	78,828,574
Interest Receivable - Net	701,172
Loans And Notes Receivable - Net	71,730
Interfund Receivable	11,022,696
Due From Other Funds	29,194,797
Advances To Other Funds	5,000,000
Inventory	687,971
Total Assets	\$ 225,623,208

Liabilities

Accounts Payable	\$ 22,028,280
Notes Payable	1,700,000
Contracts Payable	20,161
Tax Refunds Payable	25,158,758
Intergovernmental Payable	26,442
Accrued Payroll	11,970,881
Due To Other Funds	7,782,619
Deferred Revenue	41,914,378
Total Liabilities	110,601,519

Equity

Fund Balance:	
Reserved For:	
Inventory	687,971
Long - Term Receivables	5,071,730
Unreserved:	
Undesignated	109,261,988
Total Equity	115,021,689
Total Liabilities And Equity	\$ 225,623,208

STATE OF NORTH DAKOTA**Statement Of Revenues, Expenditures And
Changes In Fund Balances
General Fund
For The Fiscal Year Ended June 30, 1997**

	<u>June 30 1997</u>
Revenues:	
Taxes	\$ 646,167,720
Licenses And Permits	7,550,901
Intergovernmental	323,609
Sales And Services	1,585,748
Royalties And Rents	4,519,976
Fines And Forfeits	2,283,862
Interest	6,275,629
Miscellaneous	232,654
Total Revenues	<u>668,940,099</u>
Expenditures:	
Current:	
General Government	52,349,646
Education	254,472,214
Health And Human Services	160,549,472
Regulatory	5,195,620
Public Safety	24,087,054
Agriculture And Economic Development	5,053,026
Natural Resources	10,729,463
Capital Outlay	2,969,065
Debt Service:	
Interest And Other Charges	147,866
Total Expenditures	<u>515,553,426</u>
Revenues Over Expenditures	<u>153,386,673</u>
Other Financing Sources (Uses):	
Operating Transfers In	5,174,452
Operating Transfers Out	(167,640,325)
Proceeds From Capital Leases	2,969,065
Proceeds From Sale Of General Fixed Assets	13,363
Total Other Financing Sources (Uses)	<u>(159,483,445)</u>
Revenues And Other Financing Sources Under Expenditures And Other Financing Uses	<u>(6,096,772)</u>
Fund Balance - Beginning of Year As Previously Reported	121,118,461
Fund Balance - End Of Year	<u>\$ 115,021,689</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)

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

264 - Anhydrous Ammonia Storage Inspection Fund

Account for inspection fees collected which are related to the distribution of anhydrous ammonia. (NDCC 19-20.2)

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

234 - Fossil Excavation and Restoration Fund

Used for funds received by the geological survey for the excavation and restoration of fossils. (NDCC 54-17.4-09.1)

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)

271 - Vision Aids and Appliances Fund

Used by the School for the Blind to purchase and resell vision specific adaptive aids, devices and appliances to be used by blind and visually impaired persons resident in state. (NDCC 25-06)

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 transplantpatients. (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.) *ch 299 1991 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)

378 - state Hazardous Chemicals Fund

Account for revenue collected from the state hazardous chemical fee system. (NDCC 37-17.1-07.1)

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)

248 - Public Service Commission Valuation Revolving Fund
Accounts for revenues and expenditures associated with rate hearings, investigations and proceedings. The utility being investigated pays these expenses. (NDCC 49-21-01.7 and 49-02-02)

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)

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)

51380,000

STATE OF NORTH DAKOTA
**Combining Balance Sheet
Special Revenue Funds
June 30, 1997**

	Administration	Aeronautics And Other Transportation	Agriculture	Commodity Promotion	Cultural And Historical	Education
Assets						
Cash Deposits At The Bank Of North Dakota	\$ 503,406	\$ 1,959,822	\$ 1,291,601	\$ 1,873,652	\$ 200,349	\$ 5,833,295
Cash And Cash Equivalents	-	13,198	227,903	616,802	-	96,083
Investments At The Bank Of North Dakota	-	-	1,250,000	-	7,743	127,256
Investments	-	-	-	1,060,206	135,998	-
Accounts Receivable - Net	16,769	-	75,983	889,334	9,692	89,317
Taxes Receivable - Net	63,908	122,812	-	-	-	-
Interest Receivable - Net	-	-	111	7,292	1,901	1,361
Loans And Notes Receivable - Net	-	-	-	-	-	-
Due From Other Funds	43,414	-	134,673	5,541	12,198	1,910,123
Intergovernmental Receivable - Net	100,237	-	-	-	-	-
Advances To Other Funds	-	600,000	-	-	-	-
Prepaid Items	-	-	-	-	-	-
Inventory	-	-	-	-	-	77,181
Total Assets	\$ 727,734	\$ 2,695,832	\$ 2,980,271	\$ 4,452,827	\$ 367,881	\$ 8,134,616
Liabilities						
Accounts Payable	\$ 79,739	\$ 106,750	\$ 97,777	\$ 239,415	\$ 23,333	\$ 296,722
Notes Payable	-	-	-	-	-	-
Interest Payable	-	-	-	-	-	-
Contracts Payable	-	-	-	-	-	-
Securities Lending Collateral	-	-	-	-	-	-
Intergovernmental Payable	-	-	-	-	-	8,397
Accrued Payroll	65,105	18,185	126,243	61,396	-	108,618
Interfund Payable	-	-	-	-	-	-
Due To Other Funds	14,259	7,518	7,984	3,149	691	249,830
Advances From Other Funds	-	-	-	-	-	-
Deferred Revenue	234,893	18,353	30,941	125,490	1,900	212,544
Total Liabilities	393,996	150,806	262,945	429,450	25,924	876,111
Equity						
Fund Balance:						
Reserved For:						
Inventory	-	-	-	-	-	77,181
Long - Term Receivables	-	600,000	-	-	-	-
Prepaid Expenditures	-	-	-	-	-	-
Unreserved:						
Designated For:						
Fund Activities	-	-	-	-	-	-
Patients Welfare	-	-	-	-	-	-
Undesignated	333,738	1,945,026	2,717,326	4,023,377	341,957	7,181,324
Total Equity	333,738	2,545,026	2,717,326	4,023,377	341,957	7,258,505
Total Liabilities And Equity	\$ 727,734	\$ 2,695,832	\$ 2,980,271	\$ 4,452,827	\$ 367,881	\$ 8,134,616

(Continued On The Next Page)

Federal	Health And Human Services	Highway	Home Quarter Purchase	Insurance	Inter- Governmental Assistance	Job Service	Judicial And Legal
\$ 22,876,209	\$ 13,846,692	\$ 34,824,314	\$ 122,875	\$ 659,339	\$ 4,278,015	\$ 498,815	\$ 958,575
30,574	440,527	145,087	-	-	-	-	17,274
-	239,999	-	120,798	-	3,500,000	1,060,000	-
-	98,097	-	-	10,663,609	-	-	-
799,618	7,942,875	125,955	-	81,033	-	-	15,373
-	611	44,403	-	-	-	-	-
-	204	141,712	-	50,712	409,551	171,545	341
-	-	3,782,737	19,435	-	10,121,611	-	-
7,821,717	1,015,711	22,902,725	-	24	6,007	619,956	103,078
99,489,460	2,334,734	355,317	-	-	-	1,512,824	-
-	-	23,625,000	-	1,000	-	-	-
-	-	-	-	-	-	-	-
2,573,939	-	4,903,611	-	-	-	-	-
\$133,591,517	\$ 25,919,450	\$ 90,850,861	\$ 263,108	\$ 11,455,717	\$ 18,315,184	\$ 3,863,140	\$ 1,094,641
\$ 54,327,729	\$ 2,445,058	\$ 13,275,762	\$ -	\$ 61,250	\$ 156,300	\$ 866,024	\$ 57,036
-	-	370,946	-	-	-	-	-
-	-	1,198	-	-	-	-	-
2,771,118	-	727,666	-	-	-	-	-
-	-	-	-	2,022,336	-	-	-
4,812,137	432,665	-	-	-	-	-	-
2,871,857	103,941	3,239,339	-	134,752	-	-	73,523
11,022,696	-	-	-	-	-	-	-
21,563,772	10,325,224	1,080,527	-	11,774	56,463	1,154,396	168,152
27,266,000	-	-	-	-	-	-	-
5,488,802	7,412,373	174,566	-	125,929	396,842	58,836	-
130,124,111	20,719,261	18,870,004	-	2,356,041	609,605	2,079,256	298,711
235,633	-	4,903,611	-	-	-	-	-
-	-	27,407,737	19,435	1,000	10,121,611	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	8,784
-	466,041	-	-	-	-	-	-
3,231,773	4,734,148	39,669,509	243,673	9,098,676	7,583,968	1,783,884	787,146
3,467,406	5,200,189	71,980,857	263,108	9,099,676	17,705,579	1,783,884	795,930
\$133,591,517	\$ 25,919,450	\$ 90,850,861	\$ 263,108	\$ 11,455,717	\$ 18,315,184	\$ 3,863,140	\$ 1,094,641

STATE OF NORTH DAKOTA

Combining Balance Sheet
Special Revenue Funds (Continued)
June 30, 1997

	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	\$ 2,061	\$ 2,280,022	\$ 2,362,469	\$ 484,505	\$ 1,143,957	\$ 479,126	\$ 9,057,387
Cash And Cash Equivalents	-	-	-	-	-	14,252	240
Investments At The Bank Of North Dakota	-	-	-	-	-	-	1,005,306
Investments	29,750,715	-	3,009,988	-	-	-	-
Accounts Receivable - Net	-	-	-	5,084	-	102,338	413,301
Taxes Receivable - Net	-	-	-	-	-	-	369
Interest Receivable - Net	398,838	-	82,265	-	-	-	25,856
Loans And Notes Receivable - Net	19,662,363	-	-	-	-	9,088	-
Due From Other Funds	662,796	186,720	54,836	-	114,781	17,642	602,822
Intergovernmental Receivable - Net	-	-	-	-	-	-	-
Advances To Other Funds	-	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	40,145
Total Assets	\$ 50,476,773	\$ 2,466,742	\$ 5,509,558	\$ 489,589	\$ 1,258,738	\$ 622,446	\$ 11,145,426
Liabilities							
Accounts Payable	\$ 10,623	\$ 4,961	\$ -	\$ 11,700	\$ 20,573	\$ 400,618	\$ 1,355,246
Notes Payable	-	-	-	-	-	3,450,000	-
Interest Payable	-	-	-	-	-	37,342	-
Contracts Payable	-	-	-	-	-	8,470	-
Securities Lending Collateral	-	-	-	-	-	-	-
Intergovernmental Payable	-	-	-	-	-	-	-
Accrued Payroll	-	3,660	-	63,767	4,745	125,575	35,748
Interfund Payable	-	-	-	-	-	-	-
Due To Other Funds	197,067	877	98,163	6,207	38,097	35,679	95,076
Advances From Other Funds	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	669	-	170,088
Total Liabilities	207,690	9,498	98,163	81,674	64,084	4,057,684	1,656,158
Equity							
Fund Balance:							
Reserved For:							
Inventory	-	-	-	-	-	-	40,145
Long - Term Receivables	19,662,363	-	-	-	-	9,088	-
Prepaid Expenditures	-	-	-	-	-	-	-
Unreserved:							
Designated For:							
Fund Activities	-	-	-	-	-	-	-
Patients Welfare	-	-	-	-	-	-	-
Undesignated	30,606,720	2,457,244	5,411,395	407,915	1,194,654	(3,444,326)	9,449,123
Total Equity	50,269,083	2,457,244	5,411,395	407,915	1,194,654	(3,435,238)	9,489,268
Total Liabilities And Equity	\$ 50,476,773	\$ 2,466,742	\$ 5,509,558	\$ 489,589	\$ 1,258,738	\$ 622,446	\$ 11,145,426

Oil Tax Resources	Other Special	PACE Fund	Public Safety And Penal Institutions	Recreation	Regulatory	Veterans	Total June 30 1997
\$ 1,359,769	\$ 875,128	\$ 9,125,153	\$ 1,960,579	\$ 4,814,731	\$ 1,002,002	\$ 1,039,488	\$ 125,713,336
-	42,543	-	11,682	610,516	70,394	12,304	2,349,379
-	12,790	-	-	9,400,000	-	-	16,723,892
-	-	-	-	-	-	4,534,595	49,253,208
-	38,557	-	484,033	20,010	33,692	139,717	11,282,681
-	-	-	-	-	-	-	232,103
71,886	6	-	-	4,882	17	54,288	1,422,768
7,664,219	-	-	-	-	-	163,120	41,422,573
649,393	70,582	-	12,139	497,458	2,450	4,440	37,451,226
-	-	-	-	-	-	-	103,792,572
-	-	-	-	1,540,000	-	-	25,766,000
-	-	633,896	-	-	-	-	633,896
-	276,235	-	-	-	123,341	-	7,994,452
\$ 9,745,267	\$ 1,315,841	\$ 9,759,049	\$ 2,468,433	\$ 16,887,597	\$ 1,231,896	\$ 5,947,952	\$ 424,038,086
\$ -	\$ 94,847	\$ -	\$ 187,911	\$ 578,647	\$ 28,480	\$ 149,525	\$ 74,876,026
-	-	-	-	-	-	-	3,820,946
-	-	-	-	-	-	-	38,540
-	-	-	151,284	-	-	-	3,658,538
-	-	-	-	-	-	-	2,022,336
-	-	-	17,004	-	-	-	5,270,203
-	18,552	-	46,102	517,295	100,478	177,944	7,896,825
-	-	-	-	-	-	-	11,022,696
200,000	15,929	-	16,983	441,710	167,219	10,012	35,966,758
-	-	-	-	-	-	-	27,266,000
142,575	-	-	438,588	-	-	131,159	15,164,548
342,575	129,328	-	857,872	1,537,652	296,177	468,640	187,003,416
-	276,235	-	-	-	123,341	-	5,656,146
7,664,219	-	-	-	1,540,000	-	163,120	67,188,573
-	-	2,767,273	-	-	-	-	2,767,273
-	-	6,918,200	-	-	-	-	6,926,984
-	-	-	-	-	-	-	466,041
1,738,473	910,278	73,576	1,610,561	13,809,945	812,378	5,316,192	154,029,653
9,402,692	1,186,513	9,759,049	1,610,561	15,349,945	935,719	5,479,312	237,034,670
\$ 9,745,267	\$ 1,315,841	\$ 9,759,049	\$ 2,468,433	\$ 16,887,597	\$ 1,231,896	\$ 5,947,952	\$ 424,038,086

STATE OF NORTH DAKOTA

Combining Statement Of Revenues, Expenditures And
Changes In Fund Balance
Special Revenue
For The Fiscal Year Ended June 30, 1997

	Administration	Aeronautics And Other Transportation	Agriculture	Commodity Promotion	Cultural And Historical	Education
Revenues:						
Taxes	\$ 232,067	\$ 917,880	\$ -	\$ -	\$ -	\$ 1,846,886
Licenses And Permits	-	754,577	312,799	6,790,419	8,350	296,040
Intergovernmental	191,114	1,385	-	11,517	60,058	341,461
Sales And Services	1,169,527	2,729	2,184,446	21,329	1,463	2,794,720
Royalties And Rents	-	-	-	-	-	224,123
Fines And Forfeits	62	-	18,750	269	-	2,493,894
Interest	-	-	61,518	121,880	8	11,773
Miscellaneous	157,679	-	191,546	43,491	243,263	518,930
Total Revenues	1,750,449	1,676,571	2,769,059	6,988,905	313,142	8,527,827
Expenditures:						
Current:						
General Government	1,766,053	-	-	-	-	-
Education	-	-	-	-	-	28,901,183
Health And Human Services	-	-	-	-	-	-
Regulatory	-	795,541	-	-	-	-
Public Safety	-	-	-	-	-	-
Agriculture And Economic Development	-	-	2,460,677	6,843,717	-	-
Natural Resources	-	-	-	-	283,041	-
Highways	-	741,731	-	-	-	82,106
Capital Outlay	-	-	-	-	-	-
Total Expenditures	1,766,053	1,537,272	2,460,677	6,843,717	283,041	28,983,289
Revenues Over (Under) Expenditures	(15,604)	139,299	308,382	145,188	30,101	(20,455,462)
Other Financing Sources (Uses):						
Operating Transfers In	-	-	104,662	-	-	25,734,579
Operating Transfers Out	-	-	(115,808)	(262,185)	-	(2,474,911)
Proceeds From Capital Leases	-	-	-	-	-	-
Other	-	-	35,000	-	-	-
Total Other Financing Sources (Uses)	-	-	23,854	(262,185)	-	23,259,668
Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Uses	(15,604)	139,299	332,236	(116,997)	30,101	2,804,206
Fund Balances - Beginning of Year As Previously Reported	349,342	2,405,727	2,385,090	4,140,374	311,856	4,454,299
Fund Balances - End Of Year	\$ 333,738	\$ 2,545,026	\$ 2,717,326	\$ 4,023,377	\$ 341,957	\$ 7,258,505

Federal	Health And Human Services	Highway	Home Quarter Purchase	Insurance	Inter- Governmental Assistance	Job Service	Judicial And Legal
\$ -	\$ 19,082	\$ 84,825,277	\$ -	\$ 5,557	\$ -	\$ -	\$ -
2,344	1,458,971	12,928,650	-	143,756	-	-	-
646,869,388	14,935,715	14,842,508	7,254	-	-	25,699,414	-
214,352	17,414,095	417,679	59,615	3,200,821	-	-	829,586
-	191,265	145,334	-	-	-	-	-
-	-	-	-	-	-	-	152,575
-	58,903	1,370,546	-	970,435	648,679	218,687	-
74,107	700,376	267,734	-	24,576	86,404	173,894	137,725
647,160,191	34,778,407	114,797,728	66,869	4,345,145	735,083	26,091,995	1,119,886
19,320,672	-	-	-	-	2,008,675	-	1,395,324
60,046,987	-	-	-	-	-	-	-
350,419,221	46,079,453	-	-	-	-	27,935,840	-
2,629,349	-	-	-	2,416,733	-	-	-
51,562,073	-	10,266,039	-	-	-	-	-
1,295,399	690,500	-	6,365	-	-	-	-
8,661,793	-	-	-	-	-	-	-
132,693,146	-	103,041,987	-	-	-	-	-
-	-	2,870,912	-	-	-	-	-
626,628,640	46,769,953	116,178,938	6,365	2,416,733	2,008,675	27,935,840	1,395,324
20,531,551	(11,991,546)	(1,381,210)	60,504	1,928,412	(1,273,592)	(1,843,845)	(275,438)
1,335,196	11,134,153	9,566,266	-	-	2,137,707	2,188,629	370,320
(26,113,861)	(1,644,845)	(444,348)	(59,782)	(450,645)	(320,842)	(313,500)	(7,500)
-	-	2,870,912	-	-	-	-	-
-	1,500	14,926	9,350	-	-	-	435
(24,778,665)	9,490,808	12,007,756	(50,432)	(450,645)	1,816,865	1,875,129	363,255
(4,247,114)	(2,500,738)	10,626,546	10,072	1,477,767	543,273	31,284	87,817
7,714,520	7,700,927	61,354,311	253,036	7,621,909	17,162,306	1,752,600	708,113
\$ 3,467,406	\$ 5,200,189	\$ 71,980,857	\$ 263,108	\$ 9,099,676	\$ 17,705,579	\$ 1,783,884	\$ 795,930

STATE OF NORTH DAKOTA

Combining Statement Of Revenues, Expenditures And
Changes In Fund Balance
Special Revenue (Continued)
For The Fiscal Year Ended June 30, 1997

	Land Department						
	Coal Severance	Energy Development Impact	Land And Mineral	Land Maintenance	Motor Vehicle	National Guard	Natural Resources
Revenues:							
Taxes	\$ 3,642,647	\$ 2,312,017	\$ -	\$ -	\$ 1,339,518	\$ -	\$ 592,048
Licenses And Permits	-	-	-	-	55,100	-	408,993
Intergovernmental	-	-	-	-	-	17,286	623,100
Sales And Services	-	-	-	1,315,643	-	91,821	46,827
Royalties And Rents	-	-	2,318,605	-	-	111,120	-
Fines And Forfeits	-	-	-	-	-	-	150
Interest	2,634,745	-	392,840	-	-	14,778	1,034,686
Miscellaneous	-	-	-	-	580	69,698	556,733
Total Revenues	6,277,392	2,312,017	2,711,445	1,315,643	1,395,198	304,703	3,262,537
Expenditures:							
Current:							
General Government	-	-	-	-	-	-	-
Education	252,121	2,055,546	198,224	1,101,133	-	-	-
Health And Human Services	-	-	-	-	147,866	-	-
Regulatory	-	-	-	-	-	-	8,250,622
Public Safety	-	-	-	-	-	5,526,823	-
Agriculture And Economic Development	-	-	-	-	1,276,556	-	34,614
Natural Resources	-	-	-	-	-	-	6,780,436
Highways	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures	252,121	2,055,546	198,224	1,101,133	1,424,422	5,526,823	15,065,672
Revenues Over (Under) Expenditures	6,025,271	256,471	2,513,221	214,510	(29,224)	(5,222,120)	(11,803,135)
Other Financing Sources (Uses):							
Operating Transfers In	-	-	673,695	-	-	1,052,528	8,324,729
Operating Transfers Out	(4,444,022)	-	(1,920,477)	-	(103,139)	(16,327)	(1,346,802)
Proceeds From Capital Leases	-	-	-	-	-	-	-
Other	-	-	-	-	-	(37,342)	-
Total Other Financing Sources (Uses)	(4,444,022)	-	(1,246,782)	-	(103,139)	998,859	6,977,927
Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Uses	1,581,249	256,471	1,266,439	214,510	(132,363)	(4,223,261)	(4,825,208)
Fund Balances - Beginning of Year As Previously Reported	48,687,834	2,200,773	4,144,956	193,405	1,327,017	788,023	14,314,476
Fund Balances - End Of Year	\$ 50,269,083	\$ 2,457,244	\$ 5,411,395	\$ 407,915	\$ 1,194,654	\$ (3,435,238)	\$ 9,489,268

							Total
Oil Tax Resources	Other Special	PACE Fund	Public Safety And Penal Institutions	Recreation	Regulatory	Veterans	June 30 1997
\$ 3,713,069	\$ -	\$ -	\$ -	\$ 282,706	\$ -	\$ -	\$ 99,728,754
-	23,036	-	523,133	6,538,098	440,314	8,262	30,692,842
743,079	6,443	-	398,406	76,954	25,199	-	704,850,281
-	1,092,567	-	328,858	971,751	1,210,043	1,136,573	34,504,445
-	25,995	-	294,695	41,413	-	1,052	3,353,602
-	-	-	-	761	200	-	2,666,661
363,562	599	391,649	-	61,770	38,714	316,339	8,712,111
268,710	881,754	-	37,963	114,970	12,868	21,016	4,584,017
5,088,420	2,030,394	391,649	1,583,055	8,088,423	1,727,338	1,483,242	889,092,713
-	1,011,605	-	-	-	115,687	-	25,618,016
-	81,788	-	-	-	-	-	92,636,982
-	72,355	-	-	-	-	1,216,814	425,871,549
-	3,880	-	-	-	1,251,768	-	15,347,893
-	10,405	-	6,014,147	-	-	31,543	73,411,030
-	172,979	2,516,102	-	-	194,034	-	15,490,943
-	525,189	-	-	7,925,098	-	-	24,175,557
-	184,189	-	-	-	-	-	236,743,159
-	-	-	-	-	-	-	2,870,912
-	2,062,390	2,516,102	6,014,147	7,925,098	1,561,489	1,248,357	912,166,041
5,088,420	(31,996)	(2,124,453)	(4,431,092)	163,325	165,849	234,885	(23,073,328)
-	300,000	-	4,275,602	110,000	100,798	130,857	67,539,721
(5,901,606)	(91,648)	-	-	(183,321)	(18,382)	(414,971)	(46,648,922)
-	-	-	-	-	-	-	2,870,912
-	-	-	52,076	4,643	-	-	80,588
(5,901,606)	208,352	-	4,327,678	(68,678)	82,416	(284,114)	23,842,299
(813,186)	176,356	(2,124,453)	(103,414)	94,647	248,265	(49,229)	768,971
10,215,878	1,010,157	11,883,502	1,713,975	15,255,298	687,454	5,528,541	236,265,699
\$ 9,402,692	\$ 1,186,513	\$ 9,759,049	\$ 1,610,561	\$ 15,349,945	\$ 935,719	\$ 5,479,312	\$ 237,034,670



Cross Ranch State Park near Sanger is a great place to experience the Missouri River. Located in the tall cottonwood trees on the banks of the river, this state park offers outdoor adventures that include canoeing, biking, hiking, cross-country skiing or just enjoying a quiet walk through the native prairie grass and beautiful fall colors.

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, 1997

			Total
	Building Authority	Lignite Research	June 30 1997
Assets			
Cash Deposits At The Bank Of North Dakota	\$ 142,000	\$ 50,724	\$ 192,724
Investments At The Bank Of North Dakota	7,916,000	882,500	8,798,500
Investments	1,692,000	-	1,692,000
Interest Receivable - Net	209,000	-	209,000
Total Assets	\$ 9,959,000	\$ 933,224	\$ 10,892,224
Liabilities			
Intergovernmental Payable	\$ -	\$ 50,724	\$ 50,724
Total Liabilities	-	50,724	50,724
Equity			
Fund Balance:			
Reserved For:			
Debt Service	9,959,000	882,500	10,841,500
Total Equity	9,959,000	882,500	10,841,500
Total Liabilities And Equity	\$ 9,959,000	\$ 933,224	\$ 10,892,224

STATE OF NORTH DAKOTA

Combining Statement Of Revenues, Expenditures And
Changes In Fund Balance
Debt Service Fund
For The Fiscal Year Ended June 30, 1997

			Total
	Building Authority	Lignite Research	June 30 1997
Revenues:			
Interest	\$ 641,000	\$ 53,740	\$ 694,740
Miscellaneous	156,000	-	156,000
Total Revenues	797,000	53,740	850,740
Expenditures:			
Debt Service:			
Principal	3,826,000	620,000	4,446,000
Interest And Other Charges	4,670,000	476,630	5,146,630
Total Expenditures	8,496,000	1,096,630	9,592,630
Revenues Under Expenditures	(7,699,000)	(1,042,890)	(8,741,890)
Other Financing Sources:			
Operating Transfers In	6,521,000	1,042,890	7,563,890
Total Other Financing Sources	6,521,000	1,042,890	7,563,890
Revenues And Other Financing Sources Under Expenditures	(1,178,000)	-	(1,178,000)
Funding Balances - Beginning Of Year As Previously Reported	11,137,000	882,500	12,019,500
Fund Balances - End Of Year	\$ 9,959,000	\$ 882,500	\$ 10,841,500

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, 1997****June 30
1997****Assets**

Cash Deposits At The Bank Of North Dakota	\$ 8,004,000
Total Assets	<u>\$ 8,004,000</u>

Liabilities

Due To Other Funds	\$ 3,332,000
Total Liabilities	<u>3,332,000</u>

Equity

Fund Balance:	
Reserved For:	
Capital Projects	4,672,000
Total Equity	<u>4,672,000</u>
Total Liabilities And Equity	<u>\$ 8,004,000</u>

STATE OF NORTH DAKOTA**Statement Of Revenues, Expenditures And
Changes In Fund Balance
Capital Projects Fund
For The Fiscal Year Ended June 30, 1997**

	<u>June 30 1997</u>
Revenues:	
Interest	\$ 697,000
Total Revenues	<u>697,000</u>
Expenditures:	
Capital Outlay	15,000
Total Expenditures	<u>15,000</u>
Revenues Over Expenditures	<u>682,000</u>
Other Financing Uses:	
Operating Transfers Out	(8,725,000)
Total Other Financing Uses	<u>(8,725,000)</u>
Revenues Under Expenditures And Other Financing Uses	(8,043,000)
Fund Balances - Beginning Of Year As Previously Reported	<u>12,715,000</u>
Fund Balances - End Of Year	<u>\$ 4,672,000</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.



Icelandic State Park is a favorite spot for summer camping, boating, fishing, hiking and historical reenactments. The Pioneer Heritage Center interprets the settlement of this area by Scandinavian farmers. A tour of the one-room schoolhouse is a history lesson in itself.

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, 1997**

	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	\$ -	\$ 2,526,179	\$ 68,234	\$ 1,273,638	\$ 3,014,733	\$ 121,280	\$ 747,562
Cash And Cash Equivalents	226,234,000	-	-	-	-	-	-
Investments At The Bank Of North Dakota	-	-	-	-	-	-	10,614,000
Investments	271,743,000	-	4,917,009	-	-	18,544,248	-
Accounts Receivable - Net	-	-	42,104	-	-	4,002	110,953
Interest Receivable - Net	13,975,000	372,253	7,395	127,689	36,324	87,433	354,546
Loans And Notes Receivable - Net	536,294,000	10,483,902	-	13,776,361	8,692,175	-	-
Due From Component Units	14,000	-	-	-	-	-	-
Due From Other Funds	1,237,000	-	99,889	-	-	1,527	-
Intergovernmental Receivable - Net	-	-	-	-	-	-	1,770,453
Advances To Component Units	12,748,000	-	-	-	-	-	-
Prepaid Items	-	1,682,437	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Unamortized Bond Issuance Costs	-	-	-	-	-	-	-
Fixed Assets (Net Of Depreciation)	3,504,000	-	-	-	-	19,137	-
Other Assets	2,333,000	-	-	-	-	-	134,960
Total Assets	\$ 1,068,082,000	\$ 15,064,771	\$ 5,134,631	\$ 15,177,688	\$ 11,743,232	\$ 18,777,627	\$ 13,732,474
Liabilities							
Accounts Payable	\$ -	\$ -	\$ 3,853	\$ -	\$ -	\$ 285,524	\$ 239,060
Notes Payable	14,500,000	-	-	-	-	-	-
Interest Payable	4,580,000	-	-	-	-	-	-
Federal Funds Purchased	140,352,000	-	-	-	-	-	-
Securities Lending Collateral	57,756,000	-	1,008,482	-	-	3,891,085	-
Intergovernmental Payable	-	-	-	-	-	-	731,044
Claims/Judgements Payable	-	-	133,000	-	-	4,469,196	-
Accrued Payroll	-	-	2,973	-	-	19,742	-
Compensated Absences Payable	-	-	4,746	-	-	19,095	-
Amounts Held In Custody For Others	-	-	-	-	-	-	-
Deposits Held For Other Funds	496,957,000	-	-	-	-	-	-
Other Deposits	218,417,000	-	-	-	-	-	-
Interfund Payable	12,796,000	-	-	-	-	-	-
Due To Other Funds	313,000	13,647	33,480	18,354	11,928	36,357	169,261
Advances From Other Funds	-	-	-	-	5,366,366	-	-
Advances From Component Units	12,748,000	-	-	-	-	-	-
Bonds Payable	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	1,864,439
Other Liabilities	10,525,000	-	-	-	-	-	-
Total Liabilities	968,944,000	13,647	1,186,534	18,354	5,378,294	8,720,999	3,003,804
Equity							
Contributed Capital	2,000,000	7,725,478	-	10,000,000	4,619,306	-	300,000
Unrealized Gain On Investments	(61,000)	-	188,334	-	-	199,891	-
Retained Earnings:							
Reserved For:							
Debt Requirements	-	-	-	-	-	-	-
Loan Purposes	-	7,325,646	-	5,159,334	-	-	-
Capital Construction	-	-	-	-	1,745,632	-	-
Capital Growth	42,000,000	-	-	-	-	-	-
Escrow Requirements	-	-	-	-	-	-	8,663,530
Unreserved	55,199,000	-	3,759,763	-	-	9,856,737	1,765,140
Total Equity	99,138,000	15,051,124	3,948,097	15,159,334	6,364,938	10,056,628	10,728,670
Total Liabilities And Equity	\$ 1,068,082,000	\$ 15,064,771	\$ 5,134,631	\$ 15,177,688	\$ 11,743,232	\$ 18,777,627	\$ 13,732,474

Housing Finance	Mill And Elevator	PERS Uniform Group Insurance	Real Estate Trust	Roughrider Industries	State Fair	Student Loan	Workers Compensation	Total June 30 1997
\$ 3,274,000	\$ 4,262,026	\$ 1,112,431	\$ 3,685,211	\$ 522,596	\$ 773,701	\$ 97,699,689	\$ 1,295,589	\$ 120,376,869
139,024,000	-	9,873,774	-	200	182,716	-	-	375,314,690
-	-	-	18,362,193	-	-	32,757,395	-	61,733,588
33,571,000	-	-	-	-	249,163	19,138,307	682,443,681	1,030,606,408
544,000	13,390,025	21,926	-	130,117	12,638	-	33,652,208	47,907,973
3,205,000	-	-	1,013,036	-	-	2,048,460	4,037,982	25,265,118
324,685,000	992,905	-	10,850,963	-	-	144,971,979	-	1,050,747,285
-	-	-	-	-	-	-	-	14,000
5,000	-	6,874	1,932	196,400	-	-	-	1,548,622
93,000	-	-	-	-	-	1,523,678	-	3,387,131
-	-	-	-	-	-	-	-	12,748,000
768,000	156,946	-	-	-	8,782	-	13,101	2,629,266
-	7,747,479	-	-	503,620	-	-	-	8,251,099
5,679,000	-	-	20,628	-	-	1,518,619	-	7,218,247
86,000	17,261,620	-	-	401,525	8,417,044	-	2,159,036	31,848,362
-	-	-	143,930	44,559	22,500	117,942	-	2,796,891
\$ 510,934,000	\$ 43,811,001	\$ 11,015,005	\$ 34,077,893	\$ 1,799,017	\$ 9,666,544	\$ 299,776,069	\$ 723,601,597	\$ 2,782,393,549
\$ 825,000	\$ 2,140,348	\$ 5,954	\$ -	\$ 121,098	\$ 23,897	\$ 64,426	\$ 895,820	\$ 4,604,980
3,300,000	-	-	-	-	-	-	-	17,800,000
13,941,000	-	-	766,475	-	13,878	4,892,573	-	24,193,926
-	-	-	-	-	-	-	-	140,352,000
-	-	-	-	-	-	-	135,490,905	198,146,472
528,000	-	-	-	-	-	234,776	-	1,493,820
-	-	-	-	-	-	-	496,900,000	501,502,196
-	140,816	26,637	-	73,782	-	-	-	263,950
93,000	395,900	26,581	-	60,011	28,564	-	317,054	944,951
2,144,000	-	9,873,774	-	-	-	-	-	12,017,774
-	-	-	-	-	-	-	-	496,957,000
-	-	-	-	-	-	-	-	218,417,000
-	-	-	-	-	-	-	-	12,796,000
4,000	-	12,406	-	12,819	-	841,290	41,569	1,508,111
-	-	-	-	-	-	-	-	5,366,366
-	-	-	-	-	-	-	-	12,748,000
466,868,000	-	-	33,083,824	-	3,041,290	232,118,818	-	735,111,932
227,000	-	-	7,585	-	-	-	51,831,309	53,930,333
-	-	19,112	6,058	1,692	-	-	-	10,551,862
487,930,000	2,677,064	9,964,464	33,863,942	269,402	3,107,629	238,151,883	685,476,657	2,448,706,673
-	5,985	-	-	-	-	-	-	24,650,769
-	-	-	-	-	-	-	37,212,706	37,539,931
20,116,000	-	-	-	-	250,000	-	-	20,366,000
-	-	-	-	-	-	61,624,186	-	74,109,166
-	-	-	-	-	-	-	-	1,745,632
-	-	-	-	-	-	-	-	42,000,000
-	-	-	-	-	-	-	-	8,663,530
2,888,000	41,127,952	1,050,541	213,951	1,529,615	6,308,915	-	912,234	124,611,848
23,004,000	41,133,937	1,050,541	213,951	1,529,615	6,558,915	61,624,186	38,124,940	333,686,876
\$ 510,934,000	\$ 43,811,001	\$ 11,015,005	\$ 34,077,893	\$ 1,799,017	\$ 9,666,544	\$ 299,776,069	\$ 723,601,597	\$ 2,782,393,549

STATE OF NORTH DAKOTA
Combining Statement Of Revenues, Expenses And Changes In Fund Equity
Enterprise Funds

For The Fiscal Year Ended June 30, 1997

	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	\$ 7,981,000	\$ -	\$ 120,145	\$ -	\$ -	\$ 2,897,289	\$ 2,096,647
Royalties And Rents	-	-	-	-	-	-	-
Fines And Forfeits	-	-	-	-	-	-	-
Interest	67,508,000	658,147	-	460,698	686,947	-	-
Investment	53,000	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	1,215
Total Operating Revenues	75,542,000	658,147	120,145	460,698	686,947	2,897,289	2,097,862
Operating Expenses:							
Cost Of Sales And Services	-	-	-	-	-	-	-
Salaries And Benefits	5,794,000	-	36,361	-	-	242,061	-
Operating	5,890,000	55,384	61,646	76,809	52,330	472,565	2,334,938
Benefits	-	-	96,421	-	-	7,612,107	-
Refunds	-	-	-	-	-	-	-
Interest	39,865,000	369,931	-	-	322,409	-	-
Depreciation	580,000	-	-	-	-	4,673	-
Miscellaneous	-	4,665	-	-	-	-	61,403
Total Operating Expenses	52,129,000	429,980	194,428	76,809	374,739	8,331,406	2,396,341
Operating Income (Loss)	23,413,000	228,167	(74,283)	383,889	312,208	(5,434,117)	(298,479)
Nonoperating Revenues (Expenses):							
Interest Revenue	-	-	298,807	-	-	1,346,129	610,680
Interest Expense	-	-	(21,826)	-	-	(113,714)	-
Gain (Loss) On Sale Of Fixed Assets	-	-	-	-	-	-	-
Gain (Loss) On Sale Of Investments	-	-	-	-	-	-	-
Flood Insurance Proceeds	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	-	-	276,981	-	-	1,232,415	610,680
Income (Loss) Before Operating Transfers	23,413,000	228,167	202,698	383,889	312,208	(4,201,702)	312,201
Operating Transfers In	294,000	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	(370,320)	-
Net Income (Loss)	23,707,000	228,167	202,698	383,889	312,208	(4,572,022)	312,201
Fund Equity - Beginning Of Year As Previously Reported	76,000,000	14,822,957	3,722,552	14,775,445	6,052,730	14,546,818	10,116,469
Residual Equity Transfers Out	-	-	-	-	-	-	-
Unrealized Gain (Loss) On Investments	(569,000)	-	22,847	-	-	81,832	-
Contributed Capital	-	-	-	-	-	-	300,000
Fund Equity - End Of Year	\$ 99,138,000	\$15,051,124	\$3,948,097	\$ 15,159,334	\$6,364,938	\$10,056,628	\$ 10,728,670

Housing Finance	Mill And Elevator	PERS Uniform Group Insurance	Real Estate Trust	Roughrider Industries	State Fair	Student Loan	Workers Compensation	Totals
								June 30 1997
\$ 371,000	\$82,876,788	\$ 721,741	\$ -	\$ 2,528,471	\$ 2,787,155	\$ -	\$ 127,377,811	\$ 229,758,047
-	-	-	29,145	12,687	-	-	-	41,832
-	-	-	-	-	-	-	3,447,280	3,447,280
45,580,000	-	-	2,683,847	-	-	13,514,057	-	131,091,696
1,000	-	-	-	-	-	5,082,431	-	5,136,431
-	-	-	74,975	4,568	187,334	-	-	268,092
45,952,000	82,876,788	721,741	2,787,967	2,545,726	2,974,489	18,596,488	130,825,091	369,743,378
-	74,589,951	-	-	1,563,556	-	-	-	76,153,507
-	1,041,180	313,662	-	789,840	677,750	-	-	8,894,854
2,657,000	863,461	240,331	425,792	210,523	2,043,076	4,424,417	11,731,201	31,539,473
-	-	-	-	-	-	-	80,278,367	87,986,895
-	-	-	-	26,220	-	-	-	26,220
39,065,000	-	-	2,367,571	-	-	11,266,963	-	93,256,874
42,000	1,567,480	-	-	66,737	420,067	-	599,996	3,280,953
-	-	-	-	-	3,750	-	-	69,818
41,764,000	78,062,072	553,993	2,793,363	2,656,876	3,144,643	15,691,380	92,609,564	301,208,594
4,188,000	4,814,716	167,748	(5,396)	(111,150)	(170,154)	2,905,108	38,215,527	68,534,784
-	78,511	72,300	-	16,429	52,472	-	30,367,186	32,842,514
-	(142,578)	-	-	-	(179,319)	-	(5,082,087)	(5,539,524)
-	-	-	-	3,941	-	-	(25,546)	(21,605)
-	-	-	-	-	-	-	24,300,127	24,300,127
-	248,137	-	-	-	-	-	-	248,137
-	184,070	72,300	-	20,370	(126,847)	-	49,559,680	51,829,649
4,188,000	4,998,786	240,048	(5,396)	(90,780)	(297,001)	2,905,108	87,775,207	120,364,433
-	-	-	-	-	144,400	-	-	438,400
(25,000)	(1,028,979)	-	-	-	-	-	-	(1,424,299)
4,163,000	3,969,807	240,048	(5,396)	(90,780)	(152,601)	2,905,108	87,775,207	119,378,534
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
-	-	-	-	-	-	(300,000)	-	(300,000)
-	-	-	-	-	-	-	23,041,602	22,577,281
-	-	-	-	-	-	-	-	300,000
\$23,004,000	\$41,133,937	\$ 1,050,541	\$ 213,951	\$ 1,529,615	\$ 6,558,915	\$61,624,186	\$ 38,124,940	\$ 333,686,876

STATE OF NORTH DAKOTA

Combining Statement Of Cash Flows
Enterprise Funds

For The Fiscal Year Ended June 30, 1997

	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)	\$ 23,413,000	\$ 228,167	\$ (74,283)	\$ 383,889	\$ 312,208	\$ (5,434,117)
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:						
Depreciation	580,000	-	-	-	-	4,673
Amortization\Accretion	49,000	-	-	-	-	-
Reclassification Of Interest Revenue\Expense	(27,643,000)	(658,147)	-	(460,698)	(364,538)	-
Gain On Sale Of Real Estate	-	-	-	-	-	-
Gain On Sale Of Securities	(53,000)	-	-	-	-	-
Interest Received On Program Loans	-	-	-	-	-	-
Disbursements For Loans And Loan Purchases	-	-	-	-	-	-
Receipt Of Loan Principal Repayments	-	-	-	-	-	-
Provision For Losses	600,000	-	-	-	-	-
Premiums Collected	-	-	-	-	-	-
Premiums Paid	-	-	-	-	-	-
Other	-	-	-	-	-	-
Change In Assets And Liabilities:						
(Increase) Decrease In Accounts Receivable	-	-	(1,376)	-	-	540
(Increase) Decrease In Due From	60,000	-	(60,499)	-	-	9,502
Increase In Intergovernmental Receivable	-	-	-	-	-	-
(Increase) Decrease In Prepaid Items	-	(259,562)	2,963	-	-	8,046
Increase In Inventories	-	-	-	-	-	-
(Increase) Decrease In Other Assets	(52,000)	-	-	-	-	-
Increase (Decrease) In Accounts Payable	-	-	(767)	-	-	241,464
Increase In Claims\Judgements Payable	-	-	5,685	-	-	2,866,236
Increase (Decrease) In Intergovernmental Payable	-	-	-	-	-	-
Increase (Decrease) In Accrued Payroll	-	-	114	-	-	(764)
Increase (Decrease) In Compensated Absences Payable	-	-	1,234	-	-	2,714
Increase (Decrease) In Amounts Held For Others	-	-	-	-	-	-
Increase (Decrease) In Due To	107,000	(1,207)	30,133	233	(1,347)	757
Increase (Decrease) In Deferred Revenue	-	-	-	-	-	-
Increase (Decrease) In Other Liabilities	5,623,000	-	-	-	-	-
Net Cash Provided By (Used For) Operating Activities	2,684,000	(690,749)	(96,796)	(76,576)	(53,677)	(2,300,949)
Cash Flows From Noncapital Financing Activities:						
Proceeds From Bonds	-	-	-	-	-	-
Proceeds From Sale Of Notes And Other Borrowings	7,500,000	-	-	-	-	-
Principal Payments - Bonds	-	-	-	-	-	-
Principal Payments - Notes And Other Borrowings	(50,000,000)	-	-	-	-	-
Interest Payments - Bonds	-	-	-	-	-	-
Interest Payments - Notes And Other Borrowings	(4,696,000)	-	-	-	(322,409)	-
Payment Of Bond Issue Costs	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	(37,538,000)	-	-	-	-	(370,320)
Residual Equity Transfer Out	-	-	-	-	-	-
Net Decrease In Non-Interest Bearing Deposits	(11,459,000)	-	-	-	-	-
Net Increase In Interest Bearing Deposits	62,282,000	-	-	-	-	-
Payments Of Interest On Deposits	(25,011,000)	-	-	-	-	-
Proceeds From Advances	1,000,000	-	-	-	-	-
Principal Payments On Advances	(499,000)	-	-	-	(395,633)	-
Interest Paid On Federal Funds And Reverse Repurchase Agreements	(8,903,000)	-	-	-	-	-
Net Increase In Federal Funds And Reverse Repurchase Agreements	33,152,000	-	-	-	-	-
Advances Made	(1,000,000)	-	-	-	-	-
Collection Of Advances Made	499,000	-	-	-	-	-
Contributions	-	-	-	-	-	-
Net Cash Provided By (Used For) Noncapital Financing Activities	(34,673,000)	-	-	-	(718,042)	(370,320)

									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 1997
\$ (298,479) \$	4,188,000 \$	4,814,716 \$	167,748 \$	(5,396) \$	(111,150) \$	(170,154) \$	2,905,108 \$	38,215,527 \$	68,534,784
-	42,000	1,567,480	-	-	66,737	420,067	-	599,996	3,280,953
402	1,606,000	-	-	381,560	-	3,750	1,526,874	-	3,567,586
-	(6,420,000)	-	-	(316,276)	-	-	(8,244,777)	-	(44,107,436)
-	-	-	-	(74,735)	-	-	-	-	(74,735)
-	(1,000)	-	-	-	-	-	-	-	(54,000)
-	23,409,000	-	-	-	-	-	13,151,809	-	36,560,809
-	(68,776,000)	-	-	-	-	-	(28,808,960)	-	(97,584,960)
-	27,371,000	-	-	-	-	-	18,362,292	-	45,733,292
-	-	-	-	-	-	6,000	-	1,288,028	1,894,028
-	-	-	67,209,342	-	-	-	-	-	67,209,342
-	-	-	(67,209,342)	-	-	-	-	-	(67,209,342)
-	3,000	248,137	191	-	-	-	-	-	251,328
(14,849)	(92,000)	(760,806)	(10,646)	-	152,752	2,939	-	(1,242,541)	(1,965,987)
-	79,000	-	(2,297)	(1,772)	(113,448)	-	-	-	(29,514)
(265,459)	(2,000)	-	-	-	-	-	-	-	(267,459)
-	(182,000)	(18,835)	-	-	2,807	8,542	-	465,027	26,988
-	-	4,396,460	-	-	78,482	-	-	-	4,474,942
62,322	-	-	-	-	-	-	-	-	10,322
(81,207)	390,000	(812,974)	5,098	-	54,574	3,761	64,426	428,387	292,762
-	-	-	-	-	-	-	-	16,500,000	19,371,921
135,283	(30,000)	-	-	-	-	-	234,776	-	340,059
-	-	54,304	1,790	-	(966)	-	-	-	54,478
-	4,000	8,180	3,139	-	(3,327)	2,998	-	35,824	54,762
-	523,000	-	(5,036,193)	-	-	-	-	-	(4,513,193)
(1,579)	(1,000)	-	2,922	-	658	-	24,109	(27,592)	133,087
50,083	55,000	-	-	(10,266)	(390)	-	-	642,123	736,550
-	-	-	(901)	(9,974)	2	-	-	-	5,612,127
(413,483)	(17,834,000)	9,496,662	(4,869,149)	(36,859)	126,731	277,903	(784,343)	56,904,779	42,333,494
-	179,816,000	-	-	-	-	-	74,736,400	-	254,552,400
-	3,300,000	-	-	-	-	-	-	-	10,800,000
-	(111,421,000)	-	-	(6,155,000)	-	-	(39,506,251)	-	(157,082,251)
-	(2,000,000)	(4,200,000)	-	-	-	-	-	-	(56,200,000)
-	(27,565,000)	-	-	(2,503,865)	-	-	(10,844,752)	-	(40,913,617)
-	-	(142,578)	-	-	-	-	-	-	(5,160,987)
-	-	-	-	-	-	-	(325,779)	-	(325,779)
-	-	-	-	-	-	144,400	-	-	144,400
-	(25,000)	(1,028,979)	-	-	-	-	-	-	(38,962,299)
-	-	-	-	-	-	-	(300,000)	-	(300,000)
-	-	-	-	-	-	-	-	-	(11,459,000)
-	-	-	-	-	-	-	-	-	62,282,000
-	-	-	-	-	-	-	-	-	(25,011,000)
-	-	-	-	-	-	-	-	-	1,000,000
-	-	-	-	-	-	-	-	-	(894,633)
-	-	-	-	-	-	-	-	-	(8,903,000)
-	-	-	-	-	-	-	-	-	33,152,000
-	-	-	-	-	-	-	-	-	(1,000,000)
-	-	-	-	-	-	-	-	-	499,000
300,000	-	-	-	-	-	-	-	-	300,000
300,000	42,105,000	(5,371,557)	-	(8,658,865)	-	144,400	23,759,618	-	16,517,234

STATE OF NORTH DAKOTA

Combining Statement Of Cash Flows
Enterprise Funds (Continued)
For The Fiscal Year Ended June 30, 1997

	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	(659,000)	-	-	-	-	(8,041)
Proceeds From Sale Of Fixed Assets	-	-	-	-	-	-
Principal Payments - Bonds	-	-	-	-	-	-
Interest Payments - Bonds	-	-	-	-	-	-
Net Cash Used For Capital And Related Financing Activities	(659,000)	-	-	-	-	(8,041)
Cash Flows From Investing Activities:						
Proceeds From Sale And Maturities Of Investment Securities	355,228,000	-	-	-	-	1,496,087
Purchase Of Investment Securities	(292,603,000)	-	(148,779)	-	-	-
Interest And Dividends On Investments	25,298,000	81,888	273,079	29,510	93,305	1,203,448
Proceeds From Sale Of Other Real Estate	-	-	-	-	-	-
Net Increase In Loans	(66,811,000)	-	-	-	-	-
Disbursements For Loans And Loan Purchases	-	-	-	-	(20,000)	-
Receipt Of Loan Principal Repayments	-	825,588	-	313,041	1,046,641	-
Loan Income Received	42,110,000	572,796	-	433,212	591,796	-
Net Cash Provided By (Used For) Investing Activities	63,222,000	1,480,272	124,300	775,763	1,711,742	2,699,535
Net Change In Cash:						
Net Increase (Decrease) In Cash And Cash Equivalents						
And Cash Deposits At The Bank Of North Dakota	30,574,000	789,523	27,504	699,187	940,023	20,225
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
Cash And Cash Equivalents And Cash Deposits						
At The Bank Of North Dakota At June 30, 1997	\$ 226,234,000	\$ 2,526,179	\$ 68,234	\$ 1,273,638	\$ 3,014,733	\$ 121,280
Reconciliation:						
Cash Deposits At The Bank Of North Dakota	\$ -	\$ 2,526,179	\$ 68,234	\$ 1,273,638	\$ 3,014,733	\$ 121,280
Cash And Cash Equivalents	226,234,000	-	-	-	-	-
Cash And Cash Equivalents And Cash Deposits						
At The Bank Of North Dakota	\$ 226,234,000	\$ 2,526,179	\$ 68,234	\$ 1,273,638	\$ 3,014,733	\$ 121,280
Noncash Transactions:						
Real Estate Acquired In Settlement Of Loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrealized Gains On Investments	-	-	22,847	-	-	81,832
Unrealized Losses On Investments	569,000	-	-	-	-	-
Reduction In Appropriation	294,000	-	-	-	-	-
Total Noncash Transactions	\$ 863,000	\$ -	\$ 22,847	\$ -	\$ -	\$ 81,832

Guaranteed Student Loan	Housing Finance	Mill And Elevator	PERS Uniform Group Insurance	Real Estate Trust	Roughrider Industries	State Fair	Student Loan	Workers Compensation	Total
									June 30 1997
-	(26,000)	(543,662)	-	-	(17,694)	(461,963)	-	(457,215)	(2,173,575)
-	-	-	-	-	6,500	20,000	-	17,284	43,784
-	-	-	-	-	-	(195,000)	-	-	(195,000)
-	-	-	-	-	-	(174,772)	-	-	(174,772)
-	(26,000)	(543,662)	-	-	(11,194)	(811,735)	-	(439,931)	(2,499,563)
9,257,500	1,243,000	-	-	11,191,000	-	-	109,832,916	31,785,099	520,033,602
(10,614,000)	(1,099,000)	-	-	(4,020,000)	-	-	(103,882,540)	(115,602,416)	(527,969,735)
398,838	11,833,000	78,511	72,109	1,582,370	16,429	52,472	5,154,251	23,247,154	69,414,364
-	-	-	-	253,159	-	-	-	-	253,159
-	-	-	-	-	-	-	-	-	(66,811,000)
-	-	-	-	-	-	-	-	-	(20,000)
-	-	-	-	1,769,070	-	-	-	-	3,954,340
-	-	-	-	1,328,223	-	-	-	-	45,036,027
(957,662)	11,977,000	78,511	72,109	12,103,822	16,429	52,472	11,104,627	(60,570,163)	43,890,757
(1,071,145)	36,222,000	3,659,954	(4,797,040)	3,408,098	131,966	(336,960)	34,079,902	(4,105,315)	100,241,922
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
\$ 747,562	\$ 142,298,000	\$ 4,262,026	\$ 10,986,205	\$ 3,685,211	\$ 522,796	\$ 956,417	\$ 97,699,689	\$ 1,295,589	\$ 495,691,559
\$ 747,562	\$ 3,274,000	\$ 4,262,026	\$ 1,112,431	\$ 3,685,211	\$ 522,596	\$ 773,701	\$ 97,699,689	\$ 1,295,589	\$ 120,376,869
-	139,024,000	-	9,873,774	-	200	182,716	-	-	375,314,690
\$ 747,562	\$ 142,298,000	\$ 4,262,026	\$ 10,986,205	\$ 3,685,211	\$ 522,796	\$ 956,417	\$ 97,699,689	\$ 1,295,589	\$ 495,691,559
\$ -	\$ -	\$ -	\$ -	\$ 69,725	\$ -	\$ -	\$ -	\$ -	\$ 69,725
-	-	-	-	-	-	-	-	23,041,602	23,146,281
-	-	-	-	-	-	-	-	-	569,000
-	-	-	-	-	-	-	-	-	294,000
\$ -	\$ -	\$ -	\$ -	\$ 69,725	\$ -	\$ -	\$ -	\$ 23,041,602	\$ 24,079,006



Several fishing tournaments are held annually on Lake Sakakawea. It offers anglers challenging and friendly competition as they strive to be "the best of the best."

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, 1997**

	Central Services	Fleet Services	Information Services Division	Risk Management	State Investment Board	Total June 30 1997
Assets						
Cash Deposits At The Bank Of North Dakota	\$ 373,139	\$ 391,963	\$ 809,697	\$ 829,093	\$ 160,467	\$ 2,564,359
Cash And Cash Equivalents	100	-	-	-	-	100
Investments	-	-	-	4,114,443	-	4,114,443
Accounts Receivable - Net	10,540	15,701	53,949	-	947	81,137
Interest Receivable - Net	-	-	-	11,544	-	11,544
Due From Component Units	-	-	349	-	-	349
Due From Other Funds	210,279	1,358,117	1,881,386	279,469	44,755	3,774,006
Intergovernmental Receivable - Net	42,479	4,980	5,962	1,500	-	54,921
Prepaid Items	2,220	-	854,593	-	-	856,813
Inventory	161,128	-	-	-	-	161,128
Fixed Assets (Net Of Depreciation)	352,024	31,249,965	6,010,752	33,609	48,862	37,695,212
Total Assets	\$ 1,151,909	\$ 33,020,726	\$ 9,616,688	\$ 5,269,658	\$ 255,031	\$ 49,314,012
Liabilities						
Accounts Payable	\$ 15,367	\$ 171,882	\$ 300,248	\$ 11,191	\$ 142,180	\$ 640,868
Notes Payable	-	-	2,962,314	-	-	2,962,314
Securities Lending Collateral	-	-	-	778,620	-	778,620
Intergovernmental Payable	244	-	-	-	-	244
Claims/Judgements Payable	-	-	-	4,579,661	-	4,579,661
Accrued Payroll	55,639	69,892	505,933	5,653	-	637,117
Compensated Absences Payable	77,957	32,323	537,345	-	-	647,625
Due To Other Funds	11,920	234,439	17,071	67,265	74,192	404,887
Advances From Other Funds	-	3,500,000	-	-	-	3,500,000
Capital Leases Payable	301,156	118,312	-	-	-	419,468
Total Liabilities	462,283	4,126,848	4,322,911	5,442,390	216,372	14,570,804
Equity						
Contributed Capital	774,154	19,614,547	911,861	-	-	21,300,562
Retained Earnings:						
Unreserved	(84,528)	9,279,331	4,381,916	(172,732)	38,659	13,442,646
Total Equity	689,626	28,893,878	5,293,777	(172,732)	38,659	34,743,208
Total Liabilities And Equity	\$ 1,151,909	\$ 33,020,726	\$ 9,616,688	\$ 5,269,658	\$ 255,031	\$ 49,314,012

STATE OF NORTH DAKOTA
Combining Statement Of Revenues, Expenses And Changes In Fund Equity
Internal Service Funds

For The Fiscal Year Ended June 30, 1997

						Totals
	Central Services	Fleet Services	Information Services Division	Risk Management	State Investment Board	June 30 1997
Operating Revenues:						
Sales And Services	\$ 2,107,408	\$ 12,776,540	\$ 20,611,557	\$ 2,757,800	\$ 1,089,287	\$ 39,342,592
Miscellaneous	-	73,213	-	-	3,247	76,460
Total Operating Revenues	2,107,408	12,849,753	20,611,557	2,757,800	1,092,534	39,419,052
Operating Expenses:						
Cost Of Sales And Services	826,923	-	-	-	-	826,923
Salaries And Benefits	662,610	859,556	6,075,625	33,171	602,926	8,233,888
Operating	473,430	6,141,207	11,125,356	263,376	461,912	18,465,281
Benefits	-	-	-	2,134,307	-	2,134,307
Depreciation	118,947	3,938,389	3,848,766	8,247	22,213	7,936,562
Total Operating Expenses	2,081,910	10,939,152	21,049,747	2,439,101	1,087,051	37,596,961
Operating Income (Loss)	25,498	1,910,601	(438,190)	318,699	5,483	1,822,091
Nonoperating Revenues (Expenses):						
Interest Revenue	-	-	-	282,785	3,165	285,950
Interest Expense	(34,365)	(15,602)	(92,558)	(31,113)	-	(173,638)
Gain (Loss) On Sale Of Fixed Assets	(317)	188,355	(47,492)	-	-	140,546
Other	855	-	-	-	-	855
Total Nonoperating Revenues (Expenses)	(33,827)	172,753	(140,050)	251,672	3,165	253,713
Net Income (Loss)	(8,329)	2,083,354	(578,240)	570,371	8,648	2,075,804
Fund Equity - Beginning Of Year As Previously Reported	697,955	26,805,524	5,872,017	(743,103)	30,011	32,662,404
Contributed Capital	-	5,000	-	-	-	5,000
Fund Equity - End Of Year	\$ 689,626	\$ 28,893,878	\$ 5,293,777	\$ (172,732)	\$ 38,659	\$ 34,743,208

STATE OF NORTH DAKOTA

Combining Statement Of Cash Flows
Internal Service Funds
For The Fiscal Year Ended June 30, 1997

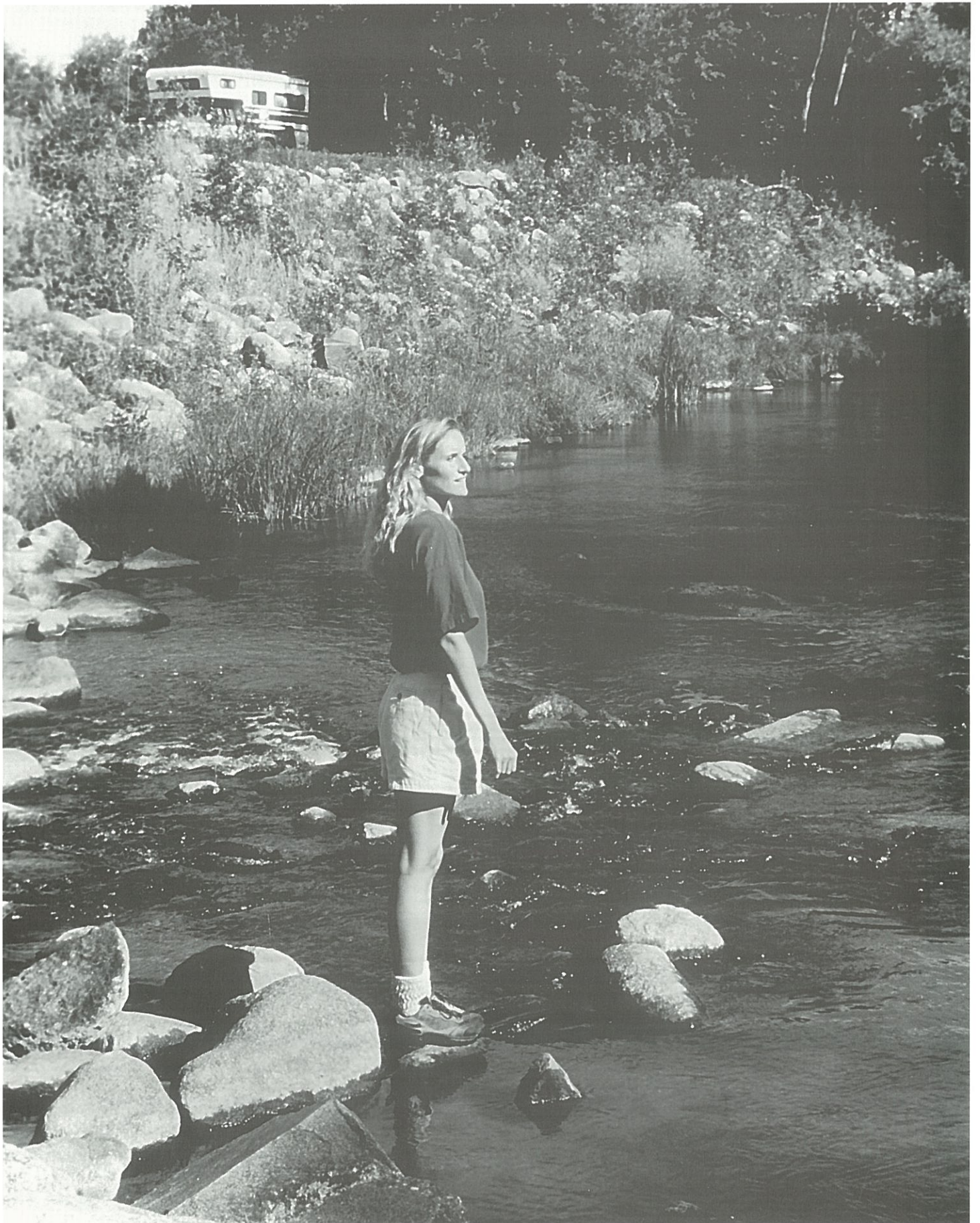
	Central Services	Fleet Services	Information Services Division	Risk Management	State Investment Board	Total June 30 1997
Cash Flows From Operating Activities:						
Operating Income (Loss)	\$ 25,498	\$ 1,910,601	\$ (438,190)	\$ 318,699	\$ 5,483	\$ 1,822,091
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:						
Depreciation	118,947	3,938,389	3,848,766	8,247	22,213	7,936,562
Amortization/Accretion	-	-	461,668	-	-	461,668
Other	855	-	-	-	-	855
Change In Assets And Liabilities:						
(Increase) Decrease In Accounts Receivable	(6,050)	719,375	206,496	-	79	919,900
Increase In Due From	(73,589)	(478,772)	(288,948)	(279,469)	(36,916)	(1,157,694)
(Increase) Decrease In Intergovernmental Receivable	(18,720)	1,500	1,261	1,204	-	(14,755)
Decrease In Prepaid Items	7,920	-	-	-	-	7,920
Increase In Inventories	(5,426)	-	-	-	-	(5,426)
Increase (Decrease) In Accounts Payable	(16,754)	(72,446)	2,082	(5,354)	(3,974)	(96,446)
Increase In Claims/Judgements Payable	-	-	-	2,095,609	-	2,095,609
Decrease In Intergovernmental Payable	(284)	-	-	-	-	(284)
Increase In Accrued Payroll	1,051	7,797	26,590	941	-	36,379
Increase (Decrease) In Compensated Absences Payable	(895)	(994)	23,305	-	-	21,416
Increase (Decrease) In Due To	9,295	32,680	3,888	55,758	(119,144)	(17,523)
Decrease In Deferred Revenue	-	-	-	(1,533,897)	-	(1,533,897)
Net Cash Provided By (Used For) Operating Activities	41,848	6,058,130	3,846,918	661,738	(132,259)	10,476,375
Cash Flows From Capital And Related Financing Activities:						
Acquisition And Construction Of Capital Assets	(8,861)	(6,566,000)	(1,595,368)	(35,411)	(38,610)	(8,244,250)
Proceeds From Sale Of Fixed Assets	-	766,143	31,509	-	4,501	802,153
Principal Payments - Notes And Other Borrowings	(93,945)	(51,911)	(1,979,745)	-	-	(2,125,601)
Interest Payments - Notes And Other Borrowings	(34,365)	(15,602)	(92,558)	-	-	(142,525)
Net Cash Used For Capital And Related Financing Activities	(137,171)	(5,867,370)	(3,636,162)	(35,411)	(34,109)	(9,710,223)
Cash Flows From Investing Activities:						
Purchase Of Investment Securities	-	-	-	(3,335,823)	-	(3,335,823)
Interest And Dividends On Investments	-	-	-	249,560	3,165	252,725
Net Cash Provided By (Used For) Investing Activities	-	-	-	(3,086,263)	3,165	(3,083,098)
Net Change In Cash:						
Net Increase (Decrease) In Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	(95,323)	190,760	210,756	(2,459,936)	(163,203)	(2,316,946)
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
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1997	\$ 373,239	\$ 391,963	\$ 809,697	\$ 829,093	\$ 160,467	\$ 2,564,459
Reconciliation:						
Cash Deposits At The Bank Of North Dakota	\$ 373,139	\$ 391,963	\$ 809,697	\$ 829,093	\$ 160,467	\$ 2,564,359
Cash And Cash Equivalents	100	-	-	-	-	100
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	\$ 373,239	\$ 391,963	\$ 809,697	\$ 829,093	\$ 160,467	\$ 2,564,459
Noncash Transactions:						
Purchased Fixed Assets Through Assumption Of Note Payable	\$ -	\$ -	\$ 2,023,772	\$ -	\$ -	\$ 2,023,772
Purchased Prepaid Expenses Through Assumption Of Note Payable	-	-	607,108	-	-	607,108
Assets Acquired By Contributed Capital	-	5,000	-	-	-	5,000
Total Noncash Transactions	\$ -	\$ 5,000	\$ 2,630,880	\$ -	\$ -	\$ 2,635,880



Fort Abercrombie in southeastern North Dakota was the first permanent U. S. Military fort established in what was to become North Dakota. It was built to protect early settlers and guard the trade traffic along the Red River.

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.



Hiking is a favorite past time for many campers who enjoy the scenic wonders of our state parks. The tranquil Turtle River in the Turtle River State Park in eastern North Dakota offers visitors a variety of outdoor activities and a series of hiking trails.

TRUST AND AGENCY FUNDS

I. EXPENDABLE TRUSTS

DONATION EXPENDABLE

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)

VETERANS HOME

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)

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

Monies 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, 1997

	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	\$ 87,779	\$ 10,248	\$ 119,124	\$ 76,905	\$ 645,688	\$ -	\$ 184	\$ 401,877
Cash And Cash Equivalents	-	33,538,615	-	-	-	13,289	11,789	-
Investments At The Bank Of North Dakota	14,842	390,000	-	-	-	-	6,052	-
Investments	-	-	680,472	999,812	-	5,000	18,568	379,540,186
Accounts Receivable - Net	-	7,935,136	-	-	271,995	-	-	-
Taxes Receivable - Net	-	-	-	-	-	-	-	-
Interest Receivable - Net	-	639,813	102	2,033	-	36	42	4,898,455
Loans And Notes Receivable - Net	-	-	-	-	-	690	-	51,415,626
Due From Other Funds	-	416,594	-	-	25,818	-	-	412,042
Intergovernmental Receivable - Net	-	242,957	-	-	-	-	-	-
Advances To Other Funds	-	-	620,302	-	-	-	-	6,102,943
Fixed Assets (Net Of Depreciation)	-	-	-	-	-	-	-	972,550
Other Assets	-	-	-	-	-	-	-	-
Total Assets	\$ 102,621	\$ 43,173,363	\$ 1,420,000	\$ 1,078,750	\$ 943,501	\$ 19,015	\$ 36,635	\$ 443,743,679
Liabilities								
Accounts Payable	\$ -	\$ 1,890,856	\$ -	\$ -	\$ 17,412	\$ -	\$ -	\$ 198,360
Securities Lending Collateral	-	-	-	-	-	-	-	29,193,486
Tax Refunds Payable	-	-	-	-	-	-	-	-
Intergovernmental Payable	-	1,409,570	-	-	-	-	-	-
Claims/Judgements Payable	-	-	1,420,000	-	-	-	-	-
Accrued Payroll	-	-	-	-	7,152	-	-	-
Compensated Absences Payable	-	-	-	-	-	-	-	-
Amounts Held In Custody For Others	-	-	-	-	-	-	-	-
Due To Other Funds	-	811,367	-	-	2,231	-	-	98,163
Advances From Other Funds	-	-	-	-	-	-	-	620,302
Deferred Compensation	-	-	-	-	-	-	-	-
Deferred Revenue	-	250,898	-	-	-	-	-	-
Total Liabilities	-	4,362,691	1,420,000	-	26,795	-	-	30,110,311
Equity								
Fund Balance:								
Reserved For:								
Legal Requirements	102,621	38,810,672	-	-	-	-	32,572	408,734,913
Pension And Other Benefits	-	-	-	-	-	-	-	-
Unreserved:								
Designated For:								
Trust Purposes	-	-	-	-	916,706	19,015	4,063	-
Undesignated	-	-	-	1,078,750	-	-	-	4,898,455
Total Equity	102,621	38,810,672	-	1,078,750	916,706	19,015	36,635	413,633,368
Total Liabilities And Equity	\$ 102,621	\$ 43,173,363	\$ 1,420,000	\$ 1,078,750	\$ 943,501	\$ 19,015	\$ 36,635	\$ 443,743,679

Pension					Agency					Total
Highway Patrolmen's Retirement	Job Service Retirement	Prefunded Retiree Health Program	Public Employees Retirement	Teachers' Retirement	Bonding	Deferred Compensation	Payroll	Student And Other	Tax Collection	June 30 1997
\$ -	\$ 55,348	\$ 186,132	\$ 726,452	\$ 4,835,585	\$ 1,535,253	\$ -	\$ 5,219,701	\$ 571,167	\$55,214,208	\$ 69,685,651
-	-	-	-	-	-	-	-	79,334	1,469,593	35,112,620
149,191	-	-	4,214,031	16,200,000	7,374,099	-	-	50,000	-	28,398,215
34,454,216	56,678,729	16,458,388	972,580,427	1,100,592,821	2,609,957	61,775,177	-	28,304,026	-	2,654,697,779
-	8,019	256,348	2,155,570	3,561,950	-	-	577,939	51,205	284,946	15,103,108
-	-	-	-	-	-	-	-	-	31,601,671	31,601,671
131,901	4,268	84	3,725,641	5,339,539	-	-	-	37,154	-	14,779,068
-	-	-	-	-	-	-	-	-	-	51,416,316
-	-	-	158,142	7,755	-	-	530	-	-	1,020,881
-	-	-	-	-	-	-	-	-	-	242,957
-	-	-	-	-	-	-	-	-	-	6,723,245
-	-	-	31,683	-	-	-	-	-	-	1,004,233
-	-	-	-	-	-	-	-	68,490	-	68,490
\$ 34,735,308	\$56,746,364	\$16,900,952	\$ 983,591,946	\$ 1,130,537,650	\$11,519,309	\$ 61,775,177	\$ 5,798,170	\$29,161,376	\$88,570,418	\$ 2,909,854,234
\$ -	\$ 31,836	\$ 20,372	\$ 711,858	\$ 856,271	\$ -	\$ -	\$ -	\$ 19,607	\$ -	\$ 3,746,572
4,174,377	1,464,071	-	117,300,981	128,600,360	-	-	-	3,976,609	-	284,709,884
-	-	-	-	-	-	-	-	-	753,946	753,946
-	-	-	-	-	-	-	4,708,842	-	56,236,134	62,354,546
-	-	-	-	-	-	-	-	-	-	1,420,000
-	-	-	25,268	-	-	-	-	-	-	32,420
-	-	-	17,182	-	-	-	-	-	-	17,182
-	-	-	-	-	11,519,309	-	1,062,784	25,165,160	-	37,747,253
20,058	994	107,220	30,189	43,133	-	-	26,544	-	31,580,338	32,720,237
-	-	-	-	-	-	-	-	-	-	620,302
-	-	-	-	-	-	61,775,177	-	-	-	61,775,177
-	-	-	141	-	-	-	-	-	-	251,039
4,194,435	1,496,901	127,592	118,085,619	129,499,764	11,519,309	61,775,177	5,798,170	29,161,376	88,570,418	486,148,558
-	-	-	-	-	-	-	-	-	-	447,680,778
30,540,873	55,249,463	16,773,360	865,506,327	1,001,037,886	-	-	-	-	-	1,969,107,909
-	-	-	-	-	-	-	-	-	-	939,784
-	-	-	-	-	-	-	-	-	-	5,977,205
30,540,873	55,249,463	16,773,360	865,506,327	1,001,037,886	-	-	-	-	-	2,423,705,676
\$ 34,735,308	\$56,746,364	\$16,900,952	\$ 983,591,946	\$ 1,130,537,650	\$11,519,309	\$ 61,775,177	\$ 5,798,170	\$29,161,376	\$88,570,418	\$ 2,909,854,234

STATE OF NORTH DAKOTA

Combining Statement of Plan Net Assets
Pension Trust Funds
June 30, 1997

	Highway Patrolmen's Retirement	Job Service Retirement	Prefunded Retiree Health Program	Public Employees' Retirement	Teachers' Retirement	Total June 30 1997
Assets						
Cash Deposits At The Bank Of North Dakota	\$ -	\$ 55,348	\$ 186,132	\$ 726,452	\$ 4,835,585	\$ 5,803,517
Receivables:						
Contributions Receivable	-	8,019	256,348	2,154,908	3,561,950	5,981,225
Interest Receivable - Net	131,901	4,268	84	3,725,641	5,339,539	9,201,433
Accounts Receivable	-	-	-	662	-	662
Due From Other Funds	-	-	-	158,142	7,755	165,897
Total Receivables	131,901	12,287	256,432	6,039,353	8,909,244	15,349,217
Investments, At Fair Value:						
Equity Pool	18,073,852	27,050,444	9,925,979	510,511,113	594,072,522	1,159,633,910
Fixed Income	593,860	-	6,532,409	16,774,084	-	23,900,353
Fixed Income Pool	10,577,625	-	-	298,773,887	353,136,196	662,487,708
Cash And Cash Pool	431,053	-	-	12,175,458	21,560,021	34,166,532
Guaranteed Investment Contract	-	28,164,214	-	-	-	28,164,214
Real Estate Pool	510,723	-	-	14,425,793	14,936,515	29,873,031
Venture Capital	241,917	-	-	6,833,142	4,487,207	11,562,266
Total Investments	30,429,030	55,214,658	16,458,388	859,493,477	988,192,461	1,949,788,014
Invested Securities Lending Collateral	4,174,377	1,464,071	-	117,300,981	128,600,360	251,539,789
Fixed Assets (Net Of Depreciation)	-	-	-	31,683	-	31,683
Total Assets	34,735,308	56,746,364	16,900,952	983,591,946	1,130,537,650	2,222,512,220
Liabilities						
Accrued Payroll	-	-	-	25,268	-	25,268
Accounts Payable	-	31,836	20,372	711,858	856,271	1,620,337
Due To Other Funds	20,058	994	107,220	30,189	43,133	201,594
Securities Lending Collateral	4,174,377	1,464,071	-	117,300,981	128,600,360	251,539,789
Compensated Absences Payable	-	-	-	17,182	-	17,182
Deferred Contributions	-	-	-	141	-	141
Total Liabilities	4,194,435	1,496,901	127,592	118,085,619	129,499,764	253,404,311
Net Assets Held In Trust For Pension Benefits	\$ 30,540,873	\$ 55,249,463	\$ 16,773,360	\$ 865,506,327	\$ 1,001,037,886	\$ 1,969,107,909

STATE OF NORTH DAKOTA

Combining Statement Of Revenues, Expenditures And Changes In Fund Balance Expendable Trust Funds For The Fiscal Year Ended June 30, 1997

							Total
	Donation Expendable	Job Service Expendable	Land Abandoned Property	Land Capitol Building	PERS Flexcomp	Veterans Home	June 30 1997
Revenues:							
Taxes	\$ -	\$ 24,223,267	\$ -	\$ -	\$ -	\$ -	\$ 24,223,267
Intergovernmental	-	1,137,975	-	-	-	-	1,137,975
Sales And Services	-	-	-	-	3,845,765	-	3,845,765
Royalties And Rents	-	-	-	183,204	-	-	183,204
Fines And Forfeits	-	-	1,297,654	-	-	-	1,297,654
Interest	2,936	3,150,065	5,732	51,528	20,931	5,319	3,236,511
Miscellaneous	22,195	-	-	-	-	32,182	54,377
Total Revenues	25,131	28,511,307	1,303,386	234,732	3,866,696	37,501	33,978,753
Expenditures:							
Current:							
General Government	-	-	-	-	3,689,849	-	3,689,849
Education	8,788	-	30	6,416	-	-	15,234
Health And Human Services	-	41,377,263	-	-	-	37,949	41,415,212
Total Expenditures	8,788	41,377,263	30	6,416	3,689,849	37,949	45,120,295
Revenues Over (Under) Expenditures	16,343	(12,865,956)	1,303,356	228,316	176,847	(448)	(11,141,542)
Other Financing Uses:							
Operating Transfers Out	-	-	(1,303,356)	(300,000)	-	-	(1,603,356)
Total Other Financing Uses	-	-	(1,303,356)	(300,000)	-	-	(1,603,356)
Revenues Over (Under) Expenditures And Other Financing Uses	16,343	(12,865,956)	-	(71,684)	176,847	(448)	(12,744,898)
Fund Balances - Beginning Of Year As Previously Reported	86,278	51,676,628	-	1,150,434	739,859	19,463	53,672,662
Fund Balances - End Of Year	\$ 102,621	\$ 38,810,672	\$ -	\$ 1,078,750	\$ 916,706	\$ 19,015	\$ 40,927,764

STATE OF NORTH DAKOTA

Combining Statement Of Revenues, Expenses And Changes In Fund Equity Nonexpendable Trust Funds For The Fiscal Year Ended June 30, 1997

	Donation Non- Expendable	Land Department Permanent	Totals June 30 1997
Operating Revenues:			
Royalties And Rents	\$ -	\$ 13,624,886	\$ 13,624,886
Interest	1,560	25,114,256	25,115,816
Investment	-	8,630,658	8,630,658
Total Operating Revenues	1,560	47,369,800	47,371,360
Operating Expenses:			
Operating	-	1,779,437	1,779,437
Grant Expenditures	283	-	283
Depreciation	-	1,556	1,556
Miscellaneous	200	-	200
Total Operating Expenses	483	1,780,993	1,781,476
Operating Income	1,077	45,588,807	45,589,884
Nonoperating Revenues:			
Tax Revenue	-	2,079,951	2,079,951
Total Nonoperating Revenues	-	2,079,951	2,079,951
Income Before Operating Transfers	1,077	47,668,758	47,669,835
Operating Transfers In	-	1,303,356	1,303,356
Operating Transfers Out	-	(25,014,999)	(25,014,999)
Net Income	1,077	23,957,115	23,958,192
Fund Equity - Beginning Of Year As Previously Reported	35,558	389,676,253	389,711,811
Fund Equity - End Of Year	\$ 36,635	\$ 413,633,368	\$ 413,670,003

STATE OF NORTH DAKOTA
**Combining Statement Of Cash Flows
Nonexpendable Trust Funds
For The Fiscal Year Ended June 30, 1997**

	Donation Non- Expendable	Land Department Permanent	Total June 30 1997
Cash Flows From Operating Activities:			
Operating Income	\$ 1,077	\$ 45,588,807	\$ 45,589,884
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:			
Depreciation	-	1,556	1,556
Reclassification Of Interest Revenue\Expense	(1,560)	(25,114,255)	(25,115,815)
(Gain) Loss On Sale Of Real Estate	-	(6,150)	(6,150)
(Gain) Loss On Sale Of Securities	-	(8,624,508)	(8,624,508)
Change In Assets And Liabilities:			
Increase In Due From	-	(217,716)	(217,716)
Increase In Accounts Payable	-	64,807	64,807
Increase In Due To	-	19,607	19,607
Net Cash Provided By (Used For) Operating Activities	(483)	11,712,148	11,711,665
Cash Flows From Noncapital Financing Activities:			
Tax Collections	-	2,079,951	2,079,951
Operating Transfers In	-	1,303,356	1,303,356
Operating Transfers Out	-	(25,014,999)	(25,014,999)
Proceeds From Advances From Other Funds	-	35,644	35,644
Collection Of Advances Made	-	247,511	247,511
Interest Received On Advances Made	-	672,966	672,966
Net Cash Used For Noncapital Financing Activities	-	(20,675,571)	(20,675,571)
Cash Flows From Capital And Related Financing Activities:			
Acquisition And Construction Of Capital Assets	-	(696,306)	(696,306)
Net Cash Used For Capital And Related Financing Activities	-	(696,306)	(696,306)
Cash Flows From Investing Activities:			
Proceeds From Sale And Maturities Of Investment Securities	-	42,050,841	42,050,841
Purchase Of Investment Securities	-	(55,804,792)	(55,804,792)
Interest And Dividends On Investments	1,559	19,882,880	19,884,439
Proceeds From Sale Of Other Real Estate	-	6,617	6,617
Disbursements For Loans And Loan Purchases	-	(6,711,157)	(6,711,157)
Receipt Of Loan Principal Repayments	-	4,289,802	4,289,802
Loan Income Received	-	4,484,831	4,484,831
Net Cash Provided By Investing Activities	1,559	8,199,022	8,200,581
Net Change In Cash:			
Net Increase (Decrease) In Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	1,076	(1,460,707)	(1,459,631)
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
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1997	\$ 11,973	\$ 401,877	\$ 413,850
Reconciliation:			
Cash Deposits At The Bank Of North Dakota	\$ 184	\$ 401,877	\$ 402,061
Cash And Cash Equivalents	11,789	-	11,789
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	\$ 11,973	\$ 401,877	\$ 413,850
Noncash Transactions:			
Real Estate Acquired In Settlement Of Loans	\$ -	\$ 309,190	\$ 309,190
Total Noncash Transactions	\$ -	\$ 309,190	\$ 309,190

STATE OF NORTH DAKOTA

Combining Statement Of Changes In Assets And Liabilities

Agency Funds

For The Fiscal Year Ended June 30, 1997

	June 30 1996	Additions	Deductions	June 30 1997
Bonding				
Assets				
Cash Deposits At The Bank Of North Dakota	\$ 1,591,808	\$ 1,959,974	\$ 2,016,529	\$ 1,535,253
Investments At The Bank Of North Dakota	7,834,785	557,750	1,018,436	7,374,099
Investments	3,108,160	412,983	911,186	2,609,957
Accounts Receivable - Net	-	1,500	1,500	-
Total Assets	\$ 12,534,753	\$ 2,932,207	\$ 3,947,651	\$ 11,519,309
Liabilities				
Amounts Held In Custody For Others	\$ 12,534,753	\$ 2,930,707	\$ 3,946,151	\$ 11,519,309
Total Liabilities	\$ 12,534,753	\$ 2,930,707	\$ 3,946,151	\$ 11,519,309
Deferred Compensation				
Assets				
Investments	\$ 53,414,846	\$ 11,318,844	\$ 2,958,513	\$ 61,775,177
Total Assets	\$ 53,414,846	\$ 11,318,844	\$ 2,958,513	\$ 61,775,177
Liabilities				
Deferred Compensation	\$ 53,414,846	\$ 11,318,844	\$ 2,958,513	\$ 61,775,177
Total Liabilities	\$ 53,414,846	\$ 11,318,844	\$ 2,958,513	\$ 61,775,177
Payroll				
Assets				
Cash Deposits At The Bank Of North Dakota	\$ 5,572,011	\$ 56,512,981	\$ 56,865,291	\$ 5,219,701
Accounts Receivable - Net	-	57,068,746	56,490,807	577,939
Due From Other Funds	3,307	68,630	71,407	530
Total Assets	\$ 5,575,318	\$ 113,650,357	\$ 113,427,505	\$ 5,798,170
Liabilities				
Accounts Payable	\$ 743,803	\$ -	\$ 743,803	\$ -
Intergovernmental Payable	-	60,435,117	55,726,275	4,708,842
Amounts Held In Custody For Others	4,805,272	57,142,978	60,885,466	1,062,784
Due To Other Funds	26,243	436,690	436,389	26,544
Total Liabilities	\$ 5,575,318	\$ 118,014,785	\$ 117,791,933	\$ 5,798,170
Student And Other				
Assets				
Cash Deposits At The Bank Of North Dakota	\$ 561,890	\$ 3,290,490	\$ 3,281,213	\$ 571,167
Cash And Cash Equivalents	95,621	1,381,580	1,397,867	79,334
Investments At The Bank Of North Dakota	149,210	-	99,210	50,000
Investments	20,521,040	8,163,002	380,016	28,304,026
Accounts Receivable - Net	41,005	401,137	390,937	51,205
Interest Receivable - Net	42,397	-	5,243	37,154
Due From Other Funds	-	2,000	2,000	-
Other Assets	17,718	431,422	380,650	68,490
Total Assets	\$ 21,428,881	\$ 13,669,631	\$ 5,937,136	\$ 29,161,376
Liabilities				
Accounts Payable	\$ 17,080	\$ 62,248	\$ 59,721	\$ 19,607
Securities Lending Collateral	-	3,976,609	-	3,976,609
Amounts Held In Custody For Others	21,411,801	9,325,659	5,572,300	25,165,160
Due To Other Funds	-	150	150	-
Total Liabilities	\$ 21,428,881	\$ 13,364,666	\$ 5,632,171	\$ 29,161,376

	June 30 1996	Additions	Deductions	June 30 1997
Tax Collection				
Assets				
Cash Deposits At The Bank Of North Dakota	\$ 50,551,472	\$ 339,756,413	\$ 335,093,677	\$ 55,214,208
Cash And Cash Equivalents	1,298,534	171,059	-	1,469,593
Accounts Receivable - Net	281,971	2,975	-	284,946
Taxes Receivable - Net	34,987,546	333,327,129	336,713,004	31,601,671
Due From Other Funds	-	120,341	120,341	-
Total Assets	\$ 87,119,523	\$ 673,377,917	\$ 671,927,022	\$ 88,570,418
Liabilities				
Tax Refunds Payable	\$ 523,270	\$ 230,676	\$ -	\$ 753,946
Intergovernmental Payable	56,310,840	581,909,312	581,984,018	56,236,134
Due To Other Funds	30,285,412	88,516,444	87,221,518	31,580,338
Total Liabilities	\$ 87,119,522	\$ 670,656,432	\$ 669,205,536	\$ 88,570,418
Total Assets And Liabilities-Agency Funds				
Assets				
Cash Deposits At The Bank Of North Dakota	\$ 58,277,181	\$ 401,519,858	\$ 397,256,710	\$ 62,540,329
Cash And Cash Equivalents	1,394,155	1,552,639	1,397,867	1,548,927
Investments At The Bank Of North Dakota	7,983,995	557,750	1,117,646	7,424,099
Investments	77,044,046	19,894,829	4,249,715	92,689,160
Accounts Receivable - Net	322,976	57,474,358	56,883,244	914,090
Taxes Receivable - Net	34,987,546	333,327,129	336,713,004	31,601,671
Interest Receivable - Net	42,397	-	5,243	37,154
Due From Other Funds	3,307	190,971	193,748	530
Other Assets	17,718	431,422	380,650	68,490
Total Assets	\$ 180,073,321	\$ 814,948,956	\$ 798,197,827	\$ 196,824,450
Liabilities				
Accounts Payable	\$ 760,883	\$ 62,248	\$ 803,524	\$ 19,607
Tax Refunds Payable	523,270	230,676	-	753,946
Intergovernmental Payable	56,310,840	642,344,429	637,710,293	60,944,976
Securities Lending Collateral	-	3,976,609	-	3,976,609
Amounts Held In Custody For Others	38,751,826	69,399,344	70,403,917	37,747,253
Due To Other Funds	30,311,655	88,953,284	87,658,057	31,606,882
Deferred Compensation	53,414,846	11,318,844	2,958,513	61,775,177
Total Liabilities	\$ 180,073,320	\$ 816,285,434	\$ 799,534,304	\$ 196,824,450



Several scenic North Dakota lakes offer outdoor adventure and serenity. Inviting waters welcome boaters, anglers and families to their shores. You will find uncrowded beaches, clean water, modern campgrounds and great fishing in the wide-open outdoors.

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, 1997

(Expressed In Thousands)

	<u>June 30 1997</u>
General Fixed Assets	
Land	\$ 18,372
Buildings	274,373
Improvements Other Than Buildings	46,966
Equipment	111,846
Construction In Progress	<u>6,099</u>
Total General Fixed Assets	<u>\$ 457,656</u>
 Investment In General Fixed Assets By Source	
Pre-June 30, 1991	\$ 307,559
General Fund	47,227
Federal Grants	64,165
Special Revenue Funds	37,545
Donations	<u>1,160</u>
Total Investment In General Fixed Assets	<u>\$ 457,656</u>

STATE OF NORTH DAKOTA

Schedule Of General Fixed Assets By Function

June 30, 1997

(Expressed In Thousands)

Function	Land	Buildings	Improvements Other Than Buildings	Equipment	Construction In Progress	Total
General Government	\$ 2,210	\$ 49,195	\$ 295	\$ 9,509	\$ -	\$ 61,209
Education	110	6,174	840	3,836	-	10,960
Health And Human Services	1,303	82,767	4,264	39,317	2,016	129,667
Regulatory	503	746	-	3,089	-	4,338
Public Safety	2,298	101,982	19,046	7,721	3,855	134,902
Agriculture And Economic Development	-	2,343	-	1,232	-	3,575
Natural Resources	8,696	16,513	19,684	8,742	-	53,635
Highways	3,252	14,653	2,837	38,400	228	59,370
Total General Fixed Assets	<u>\$ 18,372</u>	<u>\$ 274,373</u>	<u>\$ 46,966</u>	<u>\$ 111,846</u>	<u>\$ 6,099</u>	<u>\$ 457,656</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, 1997

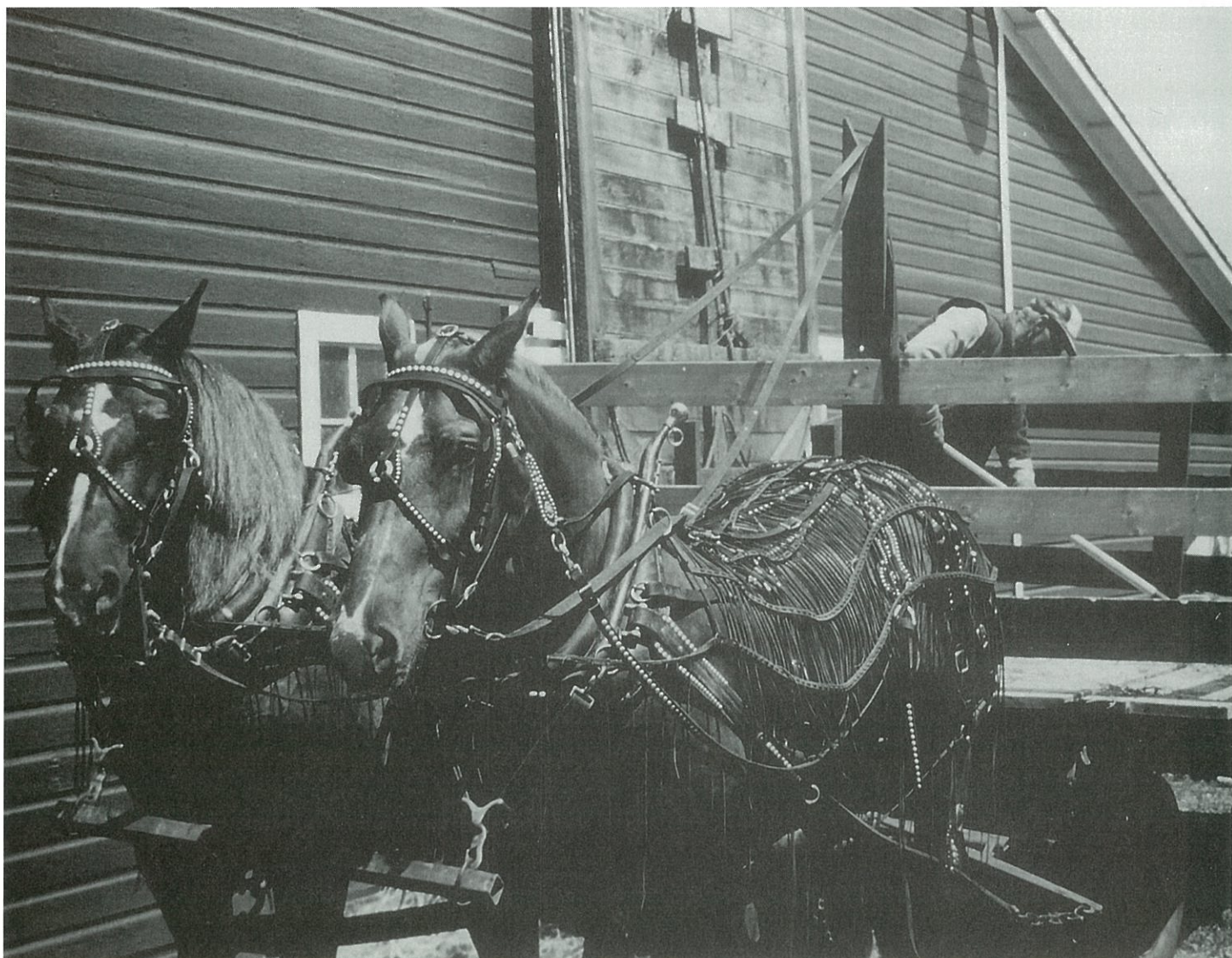
(Expressed In Thousands)

Function	General Fixed Assets June 30, 1996	Adjustments To Beginning Balance	Additions	Retirements	Transfers Between Asset Class And Funds	General Fixed Assets June 30, 1997
General Government	\$ 59,552	\$ 16	\$ 2,226	\$ (585)	\$ -	\$ 61,209
Education	10,681	34	583	(338)	-	10,960
Health And Human Services	122,536	710	8,261	(1,840)	-	129,667
Regulatory	4,177	(4)	376	(211)	-	4,338
Public Safety	125,952	(23)	9,577	(641)	37	134,902
Agriculture And Economic Development	3,295	(1)	385	(104)	-	3,575
Natural Resources	52,469	(79)	1,688	(443)	-	53,635
Highways	55,088	75	5,312	(1,105)	-	59,370
Total General Fixed Assets	\$ 433,750	\$ 728	\$ 28,408	\$ (5,267)	\$ 37	\$ 457,656

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.



Fort Ransom State Park, located south of Valley City, has a living-history farm, where Sodbuster Days give visitors a chance to see what farming was like with horsepower.

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

331 - NDSU 18th Street Development 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, 1997

	Current Funds				
	Unrestricted				Endowment And Similar
	General Operating	Auxiliary	Restricted	Loan	
Assets					
Cash Deposits At The Bank Of North Dakota	\$ 9,701,223	\$ 1,928,475	\$ 506,638	\$ 1,699,455	\$ 711,403
Cash And Cash Equivalents	2,736,452	771,973	75	6,357	189,617
Investments At The Bank Of North Dakota	10,642,186	6,918,691	1,500	22,346	2,773,182
Investments	1,321,122	1,087,968	3,207,117	93,328	14,897,500
Accounts Receivable - Net	11,169,693	1,575,089	24,518	12,561	-
Leases Receivable - Net	-	-	-	-	-
Interest Receivable - Net	129,417	87,167	24,730	1,466	21,350
Loans And Notes Receivable - Net	-	-	-	37,951,414	-
Interfund Receivable	2,696,108	556,184	72,617	-	2,748,970
Due From Component Units	-	-	24,666	-	-
Due From General Fund	4,271,186	-	-	-	-
Due From Other Funds	48,745	-	1,592,090	-	-
Intergovernmental Receivable	1,458,199	-	14,579,162	1,977	-
Advances To Other Funds	-	-	-	-	-
Prepaid Items	216,747	-	-	-	-
Inventory	2,356,764	4,543,792	-	-	-
Fixed Assets	156,294	-	-	-	-
Other Assets	1,531,155	1,198,975	1,630	14,994	-
Total Assets	\$ 48,435,291	\$ 18,668,314	\$ 20,034,743	\$ 39,803,898	\$ 21,342,022
Liabilities					
Accounts Payable	\$ 6,421,460	\$ 764,416	\$ 1,654,945	\$ 1,739	\$ -
Notes Payable	3,117,240	-	-	-	-
Interest Payable	-	-	-	-	-
Contracts Payable	672,510	-	-	-	-
Accrued Payroll	1,898,185	199,154	491,194	-	-
Compensated Absences Payable	11,906,587	879,412	48	-	-
Amounts Held In Custody For Others	-	-	-	-	-
Deposits	692,098	805,986	-	1,483	-
Interfund Payable	2,940,463	106,533	5,140,215	35,001	-
Due To General Fund	10,140	-	-	-	-
Due To Other Funds	668,897	44,679	4,439	-	-
Advances From Other Funds	103,025	-	-	-	-
Bonds Payable	-	-	-	-	-
Capital Leases Payable	-	-	-	-	-
Deferred Revenue	882,287	235,012	6,108,900	-	-
Other Liabilities	1,911	-	-	-	-
Total Liabilities	29,314,803	3,035,192	13,399,741	38,223	-
Equity					
Investment In Fixed Assets	-	-	-	-	-
Fund Balance:					
Reserved For:					
Federal Loan Funds	-	-	-	31,009,842	-
Other	-	-	6,635,002	8,662,038	9,009,339
Unreserved:					
Undesignated	19,120,488	15,633,122	-	93,795	12,332,683
Total Equity	19,120,488	15,633,122	6,635,002	39,765,675	21,342,022
Total Liabilities And Equity	\$ 48,435,291	\$ 18,668,314	\$ 20,034,743	\$ 39,803,898	\$ 21,342,022

Plant Funds				Total
Unexpended	Retirement Of Indebtedness	Investment In Plant	Agency	June 30 1997
\$ 3,003,088	\$ 1,645,275	\$ -	\$ 6,589,896	\$ 25,785,453
799,785	2,795,260	-	1,289,618	8,589,137
9,072,995	8,471,738	-	-	37,902,638
4,122,348	5,443,966	-	8,516,490	38,689,839
188,366	124,085	1,060,000	309,371	14,463,683
-	1,945,581	-	-	1,945,581
186,360	139,337	-	6,123	595,950
-	-	187,500	158,792	38,297,706
4,590,610	6,007	-	198,124	10,868,620
-	-	-	-	24,666
288,154	-	-	-	4,559,340
3,331,439	-	-	-	4,972,274
569,491	-	-	48,477	16,657,306
-	-	-	103,025	103,025
-	-	-	-	216,747
-	-	-	-	6,900,556
-	-	816,330,592	-	816,486,886
36,865	387,672	1,056,115	252,088	4,479,494
\$ 26,189,501	\$ 20,958,921	\$ 818,634,207	\$ 17,472,004	\$ 1,031,538,901
\$ 2,347,611	\$ 399	\$ -	\$ 2,169,740	\$ 13,360,310
1,000,000	2,017,830	5,372	187,500	6,327,942
-	1,314,173	-	-	1,314,173
-	-	-	-	672,510
-	-	-	1,765,758	4,354,291
-	-	-	-	12,786,047
-	-	-	11,598,529	11,598,529
-	-	-	102,080	1,601,647
2,406,336	-	-	240,072	10,868,620
-	-	-	-	10,140
-	-	-	1,408,325	2,126,340
-	-	-	-	103,025
1,738,766	280,000	55,209,253	-	57,228,019
-	2,330,550	25,353,739	-	27,684,289
40,000	-	-	-	7,266,199
809,923	-	230,224	-	1,042,058
8,342,636	5,942,952	80,798,588	17,472,004	158,344,139
-	-	737,835,619	-	737,835,619
-	-	-	-	31,009,842
8,724,062	11,449,058	-	-	44,479,499
9,122,803	3,566,911	-	-	59,869,802
17,846,865	15,015,969	737,835,619	-	873,194,762
\$ 26,189,501	\$ 20,958,921	\$ 818,634,207	\$ 17,472,004	\$ 1,031,538,901

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)

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, 1997

	Comprehensive Health Association	Municipal Bond Bank	North Dakota Development Fund	Technology Transfer Inc.	Total June 30 1997
Assets					
Cash Deposits At The Bank Of North Dakota	\$ -	\$ 719,000	\$ 3,880,131	\$ 470,185	\$ 5,069,316
Cash And Cash Equivalents	384,255	-	-	-	384,255
Investments At The Bank Of North Dakota	-	6,132,000	6,500,000	-	12,632,000
Investments	-	124,806,000	3,446,500	314,500	128,567,000
Interest Receivable - Net	-	1,546,000	145,331	-	1,691,331
Loans And Notes Receivable - Net	-	-	6,643,915	1,394,166	8,038,081
Intergovernmental Receivable - Net	26,054	-	-	-	26,054
Advances To Primary Government	-	12,748,000	-	-	12,748,000
Prepaid Items	-	-	-	135,000	135,000
Unamortized Bond Issuance Costs	-	1,129,000	-	-	1,129,000
Fixed Assets (Net Of Depreciation)	-	13,000	7,747	24,171	44,918
Total Assets	\$ 410,309	\$ 147,093,000	\$ 20,623,624	\$ 2,338,022	\$ 170,464,955
Liabilities					
Accounts Payable	\$ 591,305	\$ -	\$ -	\$ 3,808	\$ 595,113
Interest Payable	-	1,349,000	-	-	1,349,000
Intergovernmental Payable	-	117,000	-	-	117,000
Claims/Judgements Payable	1,125,000	-	-	-	1,125,000
Accrued Payroll	-	-	-	8,365	8,365
Compensated Absences Payable	-	-	-	10,096	10,096
Due To Primary Government	-	14,000	-	24,666	38,666
Advances From Primary Government	-	12,748,000	-	-	12,748,000
Bonds Payable	-	97,144,000	-	-	97,144,000
Deferred Revenue	195,888	880,000	1,000	-	1,076,888
Other Liabilities	-	-	-	2,595	2,595
Total Liabilities	1,912,193	112,252,000	1,000	49,530	114,214,723
Equity					
Retained Earnings:					
Reserved For:					
Contingencies	(1,501,884)	-	-	-	(1,501,884)
Equity Investments-Loans-Grants And Collections	-	-	3,811,476	-	3,811,476
Debt Service Or Purchase Of Municipal Securities	-	34,841,000	-	-	34,841,000
Unreserved	-	-	16,811,148	2,288,492	19,099,640
Total Equity	(1,501,884)	34,841,000	20,622,624	2,288,492	56,250,232
Total Liabilities And Equity	\$ 410,309	\$ 147,093,000	\$ 20,623,624	\$ 2,338,022	\$ 170,464,955

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, 1997

	Comprehensive Health Association	Municipal Bond Bank	North Dakota Development Fund	Technology Transfer Inc.	Total June 30 1997
Operating Revenues:					
Sales And Services	\$ 2,924,559	\$ 188,000	\$ 14,458	\$ 5,000	\$ 3,132,017
Interest	-	6,596,000	836,498	3,710	7,436,208
Miscellaneous	-	-	-	55,000	55,000
Total Operating Revenues	2,924,559	6,784,000	850,956	63,710	10,623,225
Operating Expenses:					
Salaries And Benefits	-	123,000	-	121,965	244,965
Operating	278,078	504,000	1,789,746	448,966	3,020,790
Benefits	4,207,996	-	-	-	4,207,996
Grants	-	-	237,500	262,577	500,077
Interest	-	5,726,000	-	-	5,726,000
Depreciation	-	5,000	-	6,844	11,844
Miscellaneous	-	3,000	-	-	3,000
Total Operating Expenses	4,486,074	6,361,000	2,027,246	840,352	13,714,672
Operating Income (Loss)	(1,561,515)	423,000	(1,176,290)	(776,642)	(3,091,447)
Nonoperating Revenues:					
Operating Grants	-	8,691,000	-	153,563	8,844,563
Interest Revenue	19,768	-	-	21,299	41,067
Total Nonoperating Revenues	19,768	8,691,000	-	174,862	8,885,630
Income (Loss) Before Operating Transfers	(1,541,747)	9,114,000	(1,176,290)	(601,780)	5,794,183
Operating Transfers To Primary Government	-	-	-	(107,416)	(107,416)
Net Income (Loss)	(1,541,747)	9,114,000	(1,176,290)	(709,196)	5,686,767
Fund Equity - Beginning Of Year As Previously Reported	39,863	25,727,000	21,798,914	2,997,688	50,563,465
Fund Equity - End Of Year	\$ (1,501,884)	\$ 34,841,000	\$ 20,622,624	\$ 2,288,492	\$ 56,250,232

STATE OF NORTH DAKOTA

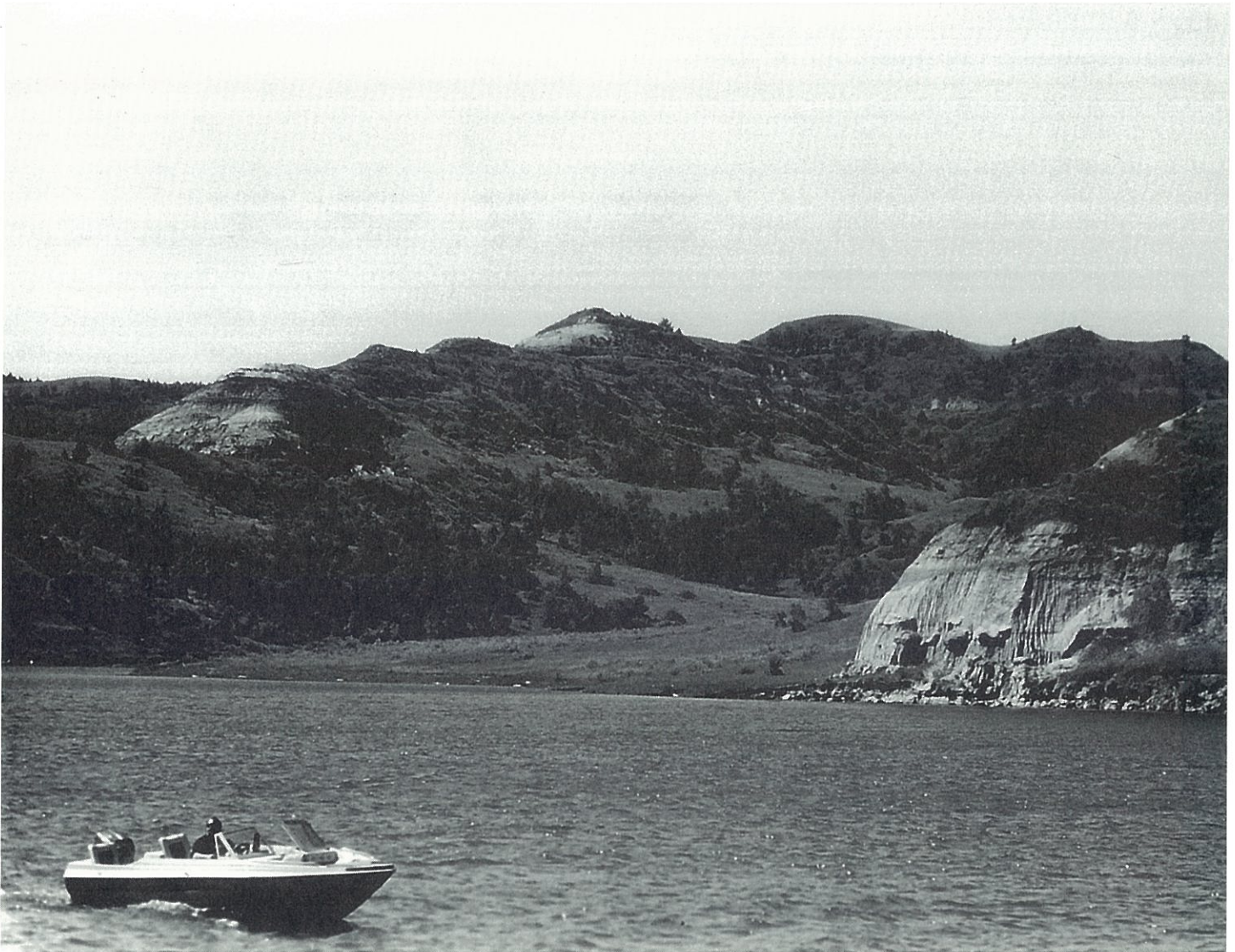
Combining Statement Of Cash Flows
Component Units - Proprietary Funds
For The Fiscal Year Ended June 30, 1997

	Comprehensive Health Association	Municipal Bond Bank	North Dakota Development Fund	Technology Transfer Inc.	Total June 30 1997
Cash Flows From Operating Activities:					
Operating Income (Loss)	\$ (1,561,515)	\$ 423,000	\$ (1,176,290)	\$ (776,642)	\$ (3,091,447)
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:					
Depreciation	-	5,000	-	6,844	11,844
Amortization\Accretion	-	56,000	-	-	56,000
Reclassification Of Interest Revenue\Expense	-	(915,000)	(836,498)	(3,710)	(1,755,208)
Provision For Losses	-	-	1,709,907	382,589	2,092,496
Other	-	-	4,723	-	4,723
Change In Assets And Liabilities:					
Decrease In Accounts Receivable	295,047	-	-	-	295,047
Increase (Decrease) In Accounts Payable	556,027	(10,000)	-	3,358	549,385
Decrease In Intergovernmental Payable	-	(65,000)	-	-	(65,000)
Decrease In Accrued Payroll	-	-	-	(941)	(941)
Increase In Compensated Absences Payable	-	-	-	1,661	1,661
Decrease In Due To	-	(3,000)	-	-	(3,000)
Increase (Decrease) In Deferred Revenue	8,203	-	(1,200)	-	7,003
Increase In Other Liabilities	-	-	-	154	154
Net Cash Used For Operating Activities	(702,238)	(509,000)	(299,358)	(386,687)	(1,897,283)
Cash Flows From Noncapital Financing Activities:					
Proceeds From Bonds	-	34,236,000	-	-	34,236,000
Principal Payments - Bonds	-	(6,675,000)	-	-	(6,675,000)
Interest Payments - Bonds	-	(5,390,000)	-	-	(5,390,000)
Payment Of Bond Issue Costs	-	(324,000)	-	-	(324,000)
Operating Grant Received	-	8,691,000	-	153,563	8,844,563
Operating Transfers Out	-	-	-	(154,633)	(154,633)
Proceeds From Advances	-	3,807,000	-	-	3,807,000
Principal Payments On Advances	-	(3,306,000)	-	-	(3,306,000)
Advances Made	-	(3,807,000)	-	-	(3,807,000)
Collection Of Advances Made	-	3,306,000	-	-	3,306,000
Net Cash Provided By (Used For) Noncapital Financing Activities	-	30,538,000	-	(1,070)	30,536,930

STATE OF NORTH DAKOTA

Combining Statement Of Cash Flows Component Units - Proprietary Funds For The Fiscal Year Ended June 30, 1997

	Comprehensive Health Association	Municipal Bond Bank	North Dakota Development Fund	Technology Transfer Inc.	Total June 30 1997
Cash Flows From Capital And Related Financing Activities:					
Acquisition And Construction Of Capital Assets	-	(7,000)	(3,708)	(14,984)	(25,692)
Net Cash Used For Capital And Related Financing Activities	-	(7,000)	(3,708)	(14,984)	(25,692)
Cash Flows From Investing Activities:					
Proceeds From Sale And Maturities Of Investment Securities	-	32,787,000	4,900,000	-	37,687,000
Purchase Of Investment Securities	-	(69,153,000)	(6,500,000)	-	(75,653,000)
Interest And Dividends On Investments	19,768	6,442,000	28,500	21,299	6,511,567
Disbursements For Loans And Loan Purchases	-	-	(2,901,530)	(141,572)	(3,043,102)
Receipt Of Loan Principal Repayments	-	-	670,675	99,008	769,683
Loan Income Received	-	-	844,650	10,790	855,440
Net Cash Provided By (Used For) Investing Activities	19,768	(29,924,000)	(2,957,705)	(10,475)	(32,872,412)
Net Change In Cash:					
Net Increase (Decrease) In Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	(682,470)	98,000	(3,260,771)	(413,216)	(4,258,457)
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
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1997	\$ 384,255	\$ 719,000	\$ 3,880,131	\$ 470,185	\$ 5,453,571
Reconciliation:					
Cash Deposits At The Bank Of North Dakota	\$ -	\$ 719,000	\$ 3,880,131	\$ 470,185	\$ 5,069,316
Cash And Cash Equivalents	384,255	-	-	-	384,255
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	\$ 384,255	\$ 719,000	\$ 3,880,131	\$ 470,185	\$ 5,453,571
Noncash Transactions:					
Loans Written Off	\$ -	\$ -	\$ 48,134	\$ 146,089	\$ 194,223
Investments Written Off	-	-	175,000	-	175,000
Total Noncash Transactions	\$ -	\$ -	\$ 223,134	\$ 146,089	\$ 369,223



Massive Lake Sakakawea offers a variety of outdoor recreational activities, including premier walleye fishing. This great lake, centrally located in the state, was formed when Garrison Dam was built to harness Missouri River waters. Today it beckons modern-day travelers to explore and enjoy the wonders of its waters and wetlands.

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 Seven Fiscal Years**

Expenditures By Function	1991	1992	1993	1994	1995	1996	1997
General Government	\$ 55,455,135	\$ 55,164,423	\$ 60,824,502	\$ 57,291,947	\$ 74,254,071	\$ 76,033,607	\$ 77,967,662
Education	295,803,837	310,846,537	319,303,546	319,807,479	329,249,027	340,073,362	347,109,196
Health And Human Services	389,343,954	458,734,584	487,209,146	487,094,893	528,052,295	558,607,421	586,421,021
Regulatory	33,903,400	13,213,371	14,598,564	13,198,075	14,799,694	17,713,334	20,543,513
Public Safety	31,956,403	36,702,182	36,606,107	45,062,470	47,240,295	54,442,837	97,498,084
Agriculture And Economic Development	15,996,052	15,749,268	19,006,063	17,312,943	19,657,470	19,318,823	20,543,969
Natural Resources	29,368,681	34,942,708	38,210,468	35,053,145	38,248,780	42,401,757	34,905,020
Highways	161,888,073	192,209,216	176,732,463	198,391,634	226,625,805	212,334,723	236,743,159
Capital Outlay	3,967,794	2,512,203	2,746,558	624,000	3,356,931	5,427,000	5,854,977
Debt Service:							
Principal	4,450,000	2,760,000	3,160,000	5,185,000	2,988,000	3,878,000	4,446,000
Interest And Other Charges	4,234,508	4,399,683	4,621,429	3,660,000	4,254,000	4,936,201	5,294,496
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	\$1,437,327,097

Notes: 1) Information For 1988-1990 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 Seven Fiscal Years

Revenues By Source	1991	1992	1993	1994	1995	1996	1997
Taxes	\$ 608,336,380	\$ 563,832,903	\$ 614,461,047	\$ 654,865,023	\$ 680,620,174	\$ 722,953,993	\$ 745,896,474
Licenses And Permits	26,901,790	29,519,822	33,144,069	31,786,386	34,820,364	39,120,413	38,243,743
Intergovernmental	445,679,137	514,798,251	542,878,583	566,392,538	623,519,979	669,853,161	705,173,890
Sales And Service	23,215,916	31,568,354	32,679,878	26,247,855	34,887,995	30,402,575	36,090,193
Royalties And Rents	9,578,233	9,242,544	10,000,973	6,384,580	7,110,601	7,361,399	7,873,578
Fines And Forfeits	1,482,408	1,711,145	1,774,814	1,845,085	1,900,506	4,583,362	4,950,523
Interest	24,152,410	15,492,677	10,321,126	9,455,022	13,576,229	14,458,661	16,379,480
Miscellaneous	6,642,986	11,569,365	5,698,309	4,634,577	4,747,351	4,520,210	4,972,671
Total Revenues By Source	\$1,145,989,260	\$1,177,735,061	\$1,250,958,799	\$1,301,611,066	\$1,401,183,199	\$1,493,253,774	\$1,559,580,552

Notes: 1) Information For 1988-1990 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 Ten Fiscal Years (In Bienniums)**

Revenues By Source	1987-1989	1989-1991	1991-1993	1993-1995	1995-1997
Sales And Use Tax	\$ 490,436,422	\$ 465,991,671	\$ 472,354,351	\$ 551,585,835	\$ 605,471,019
Income Tax	220,111,483	225,349,317	244,094,270	279,780,472	315,516,252
Corporate Income Tax	79,668,089	89,807,210	79,304,171	94,755,138	99,347,937
Business Privilege Tax	4,045,281	4,468,129	4,501,873	5,488,535	3,854,132
Oil And Gas Production Tax	40,659,853	51,866,716	34,068,927	23,560,500	33,042,320
Oil Extraction Tax	57,962,699	62,139,140	48,153,450	29,328,185	21,987,655
Insurance Premium Tax	27,806,653	32,723,215	32,522,677	32,120,236	36,968,670
Cigarette, Cigar And Tobacco Tax	28,580,223	29,680,052	27,524,919	44,864,988	45,030,090
Liquor And Beer Tax	11,128,198	11,550,832	10,151,036	10,370,481	10,339,078
Department Fees And Collections	22,669,027	22,653,224	23,362,701	22,083,103	28,737,207
Gaming Tax	-	7,749,304	11,477,000	22,371,750	22,848,486
Coal Severance Tax	20,950,460	21,924,265	23,244,128	23,828,544	22,245,267
Interest On Public Funds	21,191,413	27,848,014	16,134,417	13,603,488	15,554,914
Coal Conversion Tax	18,113,775	18,648,878	19,557,661	22,960,212	24,064,781
Mineral Leasing Tax	11,275,032	10,985,554	8,815,204	5,445,476	5,629,526
Bank Of North Dakota Profits - Transfer	12,000,000	14,000,000	27,217,457	14,100,000	50,214,540
Mill And Elevator Profits - Transfer	3,000,000	3,500,000	3,000,000	-	1,000,000
Gas Tax Administration - Transfer	835,300	959,268	988,904	1,025,000	1,071,878
Vietnam Post War Trust - Transfer	2,000,000	-	-	-	-
Budget Stabilization Fund - Transfer	-	-	23,328,283	-	-
Other Transfers	-	14,923,233	-	50,067,240	38,445,224
Total Revenues By Source	\$1,072,433,908	\$1,116,768,022	\$1,109,801,429	\$1,247,339,183	\$1,381,368,976

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 Seven 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	634,101	\$ 54,821,260	\$ 29,309,246	\$ 25,512,014	\$ 40.23
1992	635,326	52,283,032	28,157,168	24,125,864	37.97
1993	637,066	43,636,833	20,329,658	23,307,175	36.59
1994	639,695	39,229,787	15,427,389	23,802,398	37.21
1995	641,506	39,045,747	15,888,554	23,157,193	36.10
1996	643,539	38,834,919	38,834,919	-	-
1997	643,539	33,083,824	33,083,824	-	-

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 1988 - 1990 Is Not Available.
 3) Estimated Population.

Source: Job Service North Dakota
 Real Estate Trust
 North Dakota Census Data Center

**Revenue Bond Coverage
Last Nine 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			
					Principal	Interest	Total	Coverage
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
1996	6,784,000	9,020,000	966,000	14,838,000	6,675,000	5,390,000	12,065,000	1.23

STUDENT LOAN TRUST

Fiscal Year	Gross Revenues	Principal Proceeds	Direct Operating Expenses (3)	Net Revenue Available For Debt Service	Debt Service Requirements			
					Principal	Interest	Total	Coverage
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
1997	18,596,488	18,362,292	5,069,338	31,889,442	39,583,541	10,844,752	50,428,293	0.63

HOUSING FINANCE AGENCY

Fiscal Year	Gross Revenues	Principal Proceeds	Direct Operating Expenses (3)	Net Revenue Available For Debt Service	Debt Service Requirements			
					Principal	Interest	Total	Coverage
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
1997	45,952,000	27,371,000	14,182,000	59,141,000	113,421,000	27,565,000	140,986,000	0.42

STATE FAIR ASSOCIATION (2)

Fiscal Year	Gross Revenues	Principal Proceeds	Direct Operating Expenses (3)	Net Revenue Available For Debt Service	Debt Service Requirements			
					Principal (4)	Interest	Total	Coverage
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
1996	3,171,361	-	2,729,123	442,238	195,000	174,772	369,772	1.20

(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**

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Population (1)	671,000	667,000	660,000	638,800	634,101	635,326	637,066	639,695	641,506	643,539
Employed	315,000	316,000	317,000	308,000	299,760	298,440	306,230	322,820	323,240	332,920
Unemployed	17,000	16,000	14,000	13,000	13,330	15,900	13,990	13,040	10,940	10,540
Total Labor Force	332,000	332,000	331,000	321,000	313,090	314,340	320,220	335,860	334,180	343,460
N.D. Unemployment Rate	5.2%	4.8%	4.3%	4.0%	4.3%	5.1%	4.4%	3.9%	3.3%	3.1%
U.S. Unemployment Rate	6.2%	5.5%	5.3%	5.4%	6.7%	7.4%	6.8%	6.1%	5.6%	5.4%

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
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	634,101	15,572	33.0	117,719	4.3%
1992	635,326	17,225	33.5	118,094	5.1%
1993	637,066	17,223	33.8	118,500	4.4%
1994	639,695	18,166	34.2	118,649	3.9%
1995	641,506	18,621	34.5	118,606	3.3%
1996	643,539	20,710	34.9	117,816	3.1%
1997	N/A	N/A	N/A	116,103	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>
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	1,242,598,318
1995	5,798,621,358	1,362,289,677
1996	6,093,815,356	N/A

Source: Office Of State Tax Commissioner

N/A: Not Available

**Public School Enrollment And Average Cost Per Pupil
Last Ten Academic Years**

Academic Year	Kindergarten	Grades 1-3	Grades 4-6	Grades 7-8	Grades 9-12	Total Enrollment	Special Education Students Served
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	12,667
1997-98	8,177	25,204	26,037	18,740	37,945	116,103	N/A

Academic Year	Average Daily Membership	Total Cost Of Education	Average cost Per Pupil
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
1996-97	119,895	506,338,348	4,223

N/A: Not Available

Source: Department of Public Instruction

**University System Full-Time Equivalent Student Enrollment
Last Ten Academic Years**

	1988 FTE	1989 FTE	1990 FTE	1991 FTE	1992 FTE	1993 FTE	1994 FTE	1995 FTE	1996 FTE	1997 FTE
Bismarck State College	1,849	1,916	1,794	1,858	1,954	1,965	1,842	1,795	1,932	2,001
Dickinson State University	1,230	1,233	1,254	1,315	1,388	1,383	1,342	1,373	1,459	1,470
Mayville State University	700	730	732	739	693	676	708	739	723	635
Minot State University	3,038	3,313	3,394	3,349	3,278	3,417	3,216	3,134	2,964	2,727
MiSU - Bottineau	380	519	487	443	489	359	338	337	369	389
ND State College Of Science	2,401	2,278	2,093	2,047	2,091	2,014	2,170	2,259	2,340	2,271
North Dakota State University	8,368	8,193	7,243	7,254	7,504	7,917	8,092	8,196	8,190	8,079
University of North Dakota	10,166	10,315	9,837	9,786	10,059	9,671	9,463	9,390	9,221	8,725
UND - Lake Region	474	569	483	478	433	442	455	479	437	439
UND - Williston	487	545	599	622	717	738	702	714	702	663
Valley City State University	1,058	1,041	959	946	845	902	853	929	932	879
Total	30,151	30,652	28,875	28,837	29,451	29,484	29,181	29,345	29,269	28,278

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
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
1997	43,657,614	172,651,400	283,830,227	468,807,352	1,335,642,900	3,217,013,893	611,608,449	36,889,331	6,170,101,166

Fiscal Years - Percentage Change

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%
1997	-2.5%	7.6%	2.3%	4.4%	5.5%	3.1%	5.4%	-22.9%	3.8%

Source: Office Of State Tax Commissioner

**Nonagricultural Wage And Salary Employees By Industry
Last Ten Calendar Years**

Industry	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Manufacturing	15,700	16,350	16,500	17,350	17,850	18,350	19,500	21,500	21,300	21,550
Construction	10,800	9,900	9,800	10,100	10,300	11,000	11,800	12,800	13,500	14,900
Mining	4,100	4,250	4,050	4,300	4,250	3,900	3,850	3,700	3,850	4,100
Wholesale Trade	19,400	19,500	19,500	19,300	19,100	19,200	19,300	20,000	20,800	21,200
Retail Trade	48,100	48,750	49,950	50,850	52,500	53,600	55,350	56,700	58,300	58,800
Services	61,100	64,100	65,950	68,650	70,650	73,750	76,550	80,650	80,950	84,500
Finance, Insurance & Real Estate	12,650	12,300	12,200	12,450	12,700	13,050	13,450	13,950	13,750	14,400
Transp., Communi- cation & Utilities	16,300	16,750	17,000	17,100	17,200	17,550	17,950	18,550	18,450	18,250
Government	64,600	64,600	65,600	65,500	65,700	66,800	67,100	67,300	71,300	70,700
Total	252,750	256,500	260,550	265,600	270,250	277,200	284,850	295,150	302,200	308,400

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**

Sector	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Manufacturing	\$ 19,331	\$ 19,787	\$ 20,657	\$ 20,889	\$ 21,799	\$ 22,975	\$ 23,541	\$ 24,447	\$ 25,504	\$ 26,600
Construction	19,646	20,119	20,297	21,564	21,649	22,079	22,874	23,274	24,833	26,576
Mining	28,442	29,115	30,635	31,696	32,272	34,541	36,104	35,914	37,016	37,126
Wholesale Trade	19,859	20,499	21,361	22,541	23,029	23,968	24,847	25,817	26,196	27,342
Retail Trade	9,012	9,178	9,311	9,646	9,976	10,501	10,791	11,219	11,453	11,856
Services	14,537	15,059	15,406	16,198	16,705	17,492	17,735	17,980	18,648	19,351
Finance, Insurance & Real Estate	18,653	19,414	19,908	20,554	21,290	22,828	23,521	24,066	25,008	25,769
Transp., Communi- cation & Utilities	24,112	24,288	24,628	25,573	26,396	27,089	27,564	28,427	29,182	29,956
Government	17,780	17,975	18,630	19,451	20,189	21,133	21,716	22,248	22,779	23,396
All Industries	\$ 16,145	\$ 16,501	\$ 16,924	\$ 17,625	\$ 18,132	\$ 18,944	\$ 19,382	\$ 19,893	\$ 20,493	\$ 21,235

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>
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
1996	32,316,487	19

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>
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
1997	29,602,000	55,693,062,000

Source: Office Of State Tax Commissioner
North Dakota Industrial Commission, Oil And Gas Division

Value Of Export Shares Of Agricultural Commodities - 1995-1996 (1)

	1995 <u>Dollars</u> (Mil.)	1995 <u>% of U.S.</u>	1996 <u>Dollars</u> (Mil.)	1996 <u>% of U.S.</u>
Wheat And Products	\$ 914.2	17.4	\$ 1,179.9	16.6
Feeds Grains And Products	130.9	1.5	151.6	1.4
Sunflower Seed And Oil	186.3	46.2	124.2	44.4
Soybeans And Products	54.1	.8	67.5	.9
Vegetables And Preparations	94.2	2.4	91.4	2.4
Dairy Products	3.7	.5	3.1	.4
Animals And Meats Excluding Poultry	20.3	.4	19.6	.4
Hides And Skins	7.8	.4	6.6	.4
Fats, Oils And Greases	3.6	.4	2.6	.4
Feeds And Fodder	65.7	4.0	55.1	3.3
Seeds	25.8	3.9	23.7	3.3
Other	.6	--	.6	--
Total	\$1,507.3	2.8	\$ 1,725.9	2.9

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.

1996 Crop Rank Among States

North Dakota <u>Ranks</u>	<u>Crop Description</u>	North Dakota <u>Produces</u>
1st	All Edible Beans	28%
	Barley	36%
	Flaxseed	87%
	Pinto Beans	43%
	Sunflower	48%
	Wheat, All	17%
	Wheat, Durum	69%
	Wheat, Spring	46%
2nd	Oats	12%
	Navy Beans	33%
3rd	Sugarbeets	16%
	Total Cropland - 1992 Census	6%
	Area Harvested - Principal Crops	7%
4th	Rye	6%
	Honey	10%

Source: North Dakota Agricultural Statistics 1997

**Cash Receipts From
Farm Marketings And Government Payments - 1993-1996**

Item	1993	1994	1995	Percent Total 1995 Pct. (1)	1996 000 \$
	Thousand Dollars				
Crops	\$ 2,349,010	\$ 2,403,427	\$ 2,588,112	75.0	\$ 3,017,846
Food Grains	1,464,870	1,263,512	1,389,524	40.3	
Wheat	1,463,202	1,262,345	1,388,400	40.2	
Rye	1,668	1,167	1,124	--	
Feed Crops	315,358	360,094	410,593	11.9	
Barley	174,885	215,104	238,765	6.9	
Corn	49,809	61,539	101,003	2.9	
Hay	69,189	62,511	52,463	1.5	
Oats	21,475	20,940	18,362	.5	
Oil Crops	219,899	330,149	361,086	10.5	
Sunflower	126,131	218,287	213,510	6.2	
Soybeans	76,090	82,233	109,780	3.2	
Veg., Fruits, Nuts	183,111	231,774	226,681	6.6	
Dry Beans	80,056	93,123	109,267	3.2	
Potatoes	100,955	136,326	114,314	3.3	
Misc.	2,100	2,325	3,100	.1	
Other Crops	165,772	217,898	200,228	5.8	
Sugarbeets	127,903	172,589	158,408	4.6	
Other Field Crops	10,122	17,402	13,395	.4	
Greenhouse & Nursery	27,000	27,000	27,000	.8	
Other	747	907	1,425	--	
Livestock	600,407	624,595	565,653	16.4	522,706
Meat Animals	455,662	476,079	411,188	11.9	
Cattle And Calves	402,198	428,866	366,347	10.6	
Hogs	43,712	38,704	38,228	1.1	
Sheep And Lambs	9,752	8,509	6,613	.2	
Dairy Products	107,400	102,480	96,524	2.8	
Poultry And Eggs	10,805	11,716	15,162	.4	
Turkeys	6,843	9,108	12,275	.4	
Eggs	2,784	1,530	1,504	--	
Other Poultry	545	459	490	--	
Misc. Livestock	26,540	34,320	42,779	1.2	
Honey	10,296	15,566	14,969	.4	
Other Livestock	15,551	18,005	26,861	.8	
Total Crops & Livestock	2,949,417	3,028,022	3,153,765	91.4	3,540,552
Government Payments	564,531	457,317	296,215	8.6	351,520
Grand Total	\$ 3,513,948	\$ 3,485,339	\$ 3,449,980	100.0	\$ 3,892,072

Source: North Dakota Agricultural Statistics 1997

(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

	Fiscal And Policy Year Ended									
	<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>	<u>1997</u>
1 Net Earned Required Contribution And Investment Revenues	\$ 803	\$ 839	\$ 807	\$ 647	\$ 485	\$ 428	\$ 128	\$ 161	\$ 305	\$ 370
2 Unallocated Expenses	35	47	44	43	27	13	34	59	68	63
3 Estimated Incurred Claims And Expense, End Of Policy Year	28	61	10	4	50	31	208	249	325	91
4 Paid (Cumulative) As Of:										
End Of Policy Year	22	61	10	4	5	31	208	249	11	91
One Year Later	28	61	10	4	50	31	208	309	11	
Two Years Later	28	61	10	4	50	31	208	309		
Three Years Later	28	61	10	4	50	31	208			
Four Years Later	28	61	10	4	50	31				
Five Years Later	28	61	10	4	50					
Six Years Later	28	61	10	4						
Seven Years Later	28	61	10							
Eight Years Later	28	61								
Nine Years Later	28									
5 Reestimated Incurred Claims And Expenses:										
End Of Policy Year	28	61	10	4	50	31	208	309	11	91
One Year Later	28	61	10	4	50	31	208	309	11	
Two Years Later	28	61	10	4	50	31	208	309		
Three Years Later	28	61	10	4	50	31	208			
Four Years Later	28	61	10	4	50	31				
Five Years Later	28	61	10	4	50					
Six Years Later	28	61	10	4						
Seven Years Later	28	61	10							
Eight Years Later	28	61								
Nine Years Later	28									
6 Increase In Estimated Incurred Claims And Expense From End Of Policy Year	0	0	0	0	0	0	0	0	0	0

Claims Development Information
Last Ten Fiscal Years
(Expressed In Thousands)

Fire And Tornado Fund

	Fiscal And Policy Year Ended									
	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
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	\$ 3,946
2 Unallocated Expenses	387	446	398	428	407	553	539	596	422	345
3 Estimated Incurred Claims And Expense, End Of Policy Year	4,165	2,111	652	656	384	255	1,125	2,116	1,598	7,612
4 Paid (Cumulative) As Of:										
End Of Policy Year	1,999	555	377	310	174	213	733	448	(5)	3,143
One Year Later	4,165	2,111	652	655	174	213	733	448	(5)	
Two Years Later	4,165	2,111	652	655	174	213	733	448		
Three Years Later	4,165	2,111	652	655	174	213	733			
Four Years Later	4,165	2,111	652	655	174	213				
Five Years Later	4,165	2,111	652	655	174					
Six Years Later	4,165	2,111	652	655						
Seven Years Later	4,165	2,111	652							
Eight Years Later	4,165	2,111								
Nine Years Later	4,165									
5 Reestimated Incurred Claims And Expenses:										
End Of Policy Year	4,165	2,111	652	559	384	255	1,125	2,116	1,589	7,612
One Year Later	4,165	2,111	652	559	384	255	1,125	2,116	1,589	
Two Years Later	4,165	2,111	652	559	384	255	1,125	2,116		
Three Years Later	4,165	2,111	652	559	384	255	1,125			
Four Years Later	4,165	2,111	652	559	384	255				
Five Years Later	4,165	2,111	652	559	384					
Six Years Later	4,165	2,111	652	559						
Seven Years Later	4,165	2,111	652							
Eight Years Later	4,165	2,111								
Nine Years Later	4,165									
6 Increase In Estimated Incurred Claims And Expense From End Of Policy Year	0	0	0	0	0	0	0	0	0	0

Claims Development Information
Last Ten Fiscal Years
 (Expressed In Thousands)

Workers Compensation
Bureau

	Fiscal And Policy Year Ended									
	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
1 Net Earned Required Contribution And Investment Revenues	\$42,013	\$40,939	\$53,508	\$70,752	\$90,373	\$113,640	\$127,730	\$142,220	\$173,614	\$186,648
2 Unallocated Expenses	3,682	3,178	4,067	4,627	7,004	8,324	9,024	11,321	10,983	12,357
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	84,551
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	12,953
One Year Later	27,680	28,146	33,318	32,987	30,891	27,987	28,390	26,810	25,832	
Two Years Later	35,508	37,173	43,145	42,685	39,703	36,222	36,420	33,256		
Three Years Later	42,093	43,697	50,799	49,156	45,675	41,511	41,497			
Four Years Later	47,073	48,285	56,256	51,387	47,286	43,561				
Five Years Later	50,231	52,094	60,381	54,782	50,032					
Six Years Later	53,037	55,014	63,394	57,490						
Seven Years Later	55,050	57,462	66,072							
Eight Years Later	57,100	59,956								
Nine Years Later	58,851									
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	84,551
One Year Later	62,500	72,000	103,500	110,500	119,650	120,850	98,417	96,838	89,357	
Two Years Later	67,000	91,750	109,500	110,100	117,450	94,420	90,663	91,740		
Three Years Later	86,000	96,050	109,400	109,000	94,371	87,884	85,948			
Four Years Later	91,900	97,600	110,600	98,750	91,640	82,730				
Five Years Later	91,800	98,800	106,050	95,876	93,329					
Six Years Later	93,250	93,385	105,907	105,776						
Seven Years Later	86,725	92,851	102,100							
Eight Years Later	86,368	92,623								
Nine Years Later	85,122									
6 Increase In Estimated Incurred Claims And Expense From End Of Policy Year	23,622	25,623	22,600	(4,224)	(23,321)	(41,470)	(28,352)	(14,341)	(4,803)	

**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	
	1997	1996	1997	1996	1997	1996
Unpaid Claims And Claims Adjustment Expenses At The Beginning Of The Year	\$ 1,603	\$ 1,668	\$ 127	\$ 441	\$ 480,400	\$ 453,200
Incurring Claims And Claims Adjustment Expenses:						
Provision For Current Fiscal Year	7,612	1,598	133	11	84,551	94,160
Change In Provision For Prior Fiscal Year	-	-	-	-	(18,553)	(120,430)
1992 Reform Legislation	-	-	-	-	-	-
Payments And Claims And Adjustment Expenses Attributable To:						
Current Fiscal Year Insured Events	(3,143)	5	-	(11)	(12,953)	(13,275)
Prior Fiscal Years Insured Events	(1,603)	(1,668)	(127)	(314)	(53,505)	(54,815)
Total Payments	(4,746)	(1,663)	(127)	(325)	(66,458)	(68,090)
Premium Deficiency	-	-	-	-	-	-
Change In Provision For Discount	-	-	-	-	(46,100)	86,800
Other	-	-	-	-	1,060	(240)
Estimated Benefit From Impact Of 1995 Legislation	-	-	-	-	-	-
Contingency Reserve For Adverse Deviation	-	-	-	-	62,000	35,000
Total Unpaid Claims And Claims Adjustment Expenses At The End Of The Year	<u>\$ 4,469</u>	<u>\$ 1,603</u>	<u>\$ 133</u>	<u>\$ 127</u>	<u>\$ 496,900</u>	<u>\$ 480,400</u>

Source: Financial Statements